



## 96TH GENERAL ASSEMBLY

### State of Illinois

2009 and 2010

**HB3964**

Introduced 2/26/2009, by Rep. Deborah L. Graham

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/14-103.12

from Ch. 108 1/2, par. 14-103.12

Amends the State Employee Article of the Illinois Pension Code. In provisions concerning final average compensation, provides that for a member on leave of absence without pay who purchases service credit for that period of leave, earnings are assumed to be equal to the rate of compensation in effect immediately prior to the leave. Provides that, if no contributions are required to establish service credit for the period of leave, the member may elect to establish earnings credit for the leave period within 48 months after returning to work by making the employee and employer contributions, plus interest at the actuarially assumed rate. Effective immediately.

LRB096 05814 AMC 15893 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing  
5 Section 14-103.12 as follows:

6 (40 ILCS 5/14-103.12) (from Ch. 108 1/2, par. 14-103.12)  
7 Sec. 14-103.12. Final average compensation.

8 (a) For retirement and survivor annuities, "final average  
9 compensation" means the monthly compensation obtained by  
10 dividing the total compensation of an employee during the  
11 period of: (1) the 48 consecutive months of service within the  
12 last 120 months of service in which the total compensation was  
13 the highest, or (2) the total period of service, if less than  
14 48 months, by the number of months of service in such period;  
15 provided that for purposes of a retirement annuity the average  
16 compensation for the last 12 months of the 48-month period  
17 shall not exceed the final average compensation by more than  
18 25%.

19 (b) For death and disability benefits, in the case of a  
20 full-time employee, "final average compensation" means the  
21 greater of (1) the rate of compensation of the employee at the  
22 date of death or disability multiplied by 1 in the case of a  
23 salaried employee, by 174 in the case of an hourly employee,

1 and by 22 in the case of a per diem employee, or (2) for  
2 benefits commencing on or after January 1, 1991, final average  
3 compensation as determined under subsection (a).

4 For purposes of this paragraph, full or part-time status  
5 shall be certified by the employing agency. Final rate of  
6 compensation for a part-time employee shall be the total  
7 compensation earned during the last full calendar month prior  
8 to the date of death or disability.

9 (c) Notwithstanding the provisions of subsection (a), for  
10 the purpose of calculating retirement and survivor annuities of  
11 persons with at least 20 years of eligible creditable service  
12 as defined in Section 14-110, "final average compensation"  
13 means the monthly rate of compensation received by the person  
14 on the last day of eligible creditable service (but not to  
15 exceed 115% of the average monthly compensation received by the  
16 person for the last 24 months of service, unless the person was  
17 in service as a State policeman before the effective date of  
18 this amendatory Act of 1997), or the average monthly  
19 compensation received by the person for the last 48 months of  
20 service prior to retirement, whichever is greater.

21 (d) Notwithstanding the provisions of subsection (a), for a  
22 person who was receiving, on the date of retirement or death, a  
23 disability benefit calculated under subdivision (b) (2) of this  
24 Section, the final average compensation used to calculate the  
25 disability benefit may be used for purposes of calculating the  
26 retirement and survivor annuities.

1 (e) In computing the final average compensation, periods of  
2 military leave shall not be considered.

3 (f) The changes to this Section made by this amendatory Act  
4 of 1997 (redefining final average compensation for members  
5 under the alternative formula) apply to members who retire on  
6 or after January 1, 1998, without regard to whether employment  
7 terminated before the effective date of this amendatory Act of  
8 1997.

9 (g) For a member on leave of absence without pay who  
10 purchases service credit for such period of leave pursuant to  
11 subsection (l) of Section 14-104, earnings are assumed to be  
12 equal to the rate of compensation in effect immediately prior  
13 to the leave. If no contributions are required to establish  
14 service credit for the period of leave, the member may elect to  
15 establish earnings credit for the leave period within 48 months  
16 after returning to work by making the employee and employer  
17 contributions required by subsection (l) of Section 14-104,  
18 based on the rate of compensation in effect immediately prior  
19 to the leave, plus interest at the actuarially assumed rate. In  
20 determining the contributions required for establishing  
21 service credit under this subsection (g), the interest shall be  
22 calculated from the beginning of the leave of absence to the  
23 date of payment, unless the member establishes this earnings  
24 credit within 90 days after returning to work, in which case no  
25 interest is required.

26 (Source: P.A. 90-65, eff. 7-7-97.)

1           Section 99. Effective date. This Act takes effect upon  
2    becoming law.