



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB3969

Introduced 1/10/2012, by Rep. Tom Cross

SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-166 new
40 ILCS 5/2-108.1

from Ch. 108 1/2, par. 2-108.1

Amends the General Provisions and General Assembly Articles of the Illinois Pension Code. In the General Provisions Article, provides that, if a participant's final average salary in a participating system under the Retirement Systems Reciprocal Act, other than the General Assembly Retirement System, is used to calculate a proportional retirement annuity for that participant under the General Assembly Retirement System and if that final average salary is higher than the highest salary for annuity purposes of that person under the General Assembly Retirement System, then the increased cost of the proportional annuity paid by the General Assembly Retirement System that is attributable to that higher level of compensation shall be paid by the employer of the participant under that system and not by the General Assembly Retirement System. In the General Assembly Article, provides that certain limitations on highest salary for annuity purposes apply to the earnings of a person who first became a member of the General Assembly Retirement System before August 22, 1994 if, on or after the effective date of the amendatory Act, that member irrevocably elects to have those limitations apply. Effective immediately.

LRB097 16460 EFG 61624 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 2-108.1 and by adding Sections 1-166 and 2-126.2 as
6 follows:

7 (40 ILCS 5/1-166 new)

8 Sec. 1-166. Proportional annuity liability.

9 (a) If a participant's final average salary in a
10 participating system under the Retirement Systems Reciprocal
11 Act, other than the General Assembly Retirement System, is used
12 to calculate a proportional retirement annuity for that
13 participant under the General Assembly Retirement System and if
14 that final average salary is higher than the highest salary for
15 annuity purposes of that person under the General Assembly
16 Retirement System, then the increased cost of the proportional
17 annuity paid by the General Assembly Retirement System that is
18 attributable to that higher level of compensation shall be paid
19 by the employer of the participant under that system and not by
20 the General Assembly Retirement System.

21 (b) For the purposes of this Section, "final average salary
22 in a participating system under the Retirement Systems
23 Reciprocal Act, other than the General Assembly Retirement

1 System," includes:

2 (1) In Section 1-160 and Articles 16 and 18, "final
3 average salary".

4 (2) In Articles 7 and 15, "final rate of earnings".

5 (3) In Articles 8, 9, 10, 11, and 12, "highest average
6 annual salary for any 4 consecutive years within the last
7 10 years of service immediately preceding the date of
8 withdrawal".

9 (4) In Article 13, "average final salary".

10 (5) In Article 14, "final average compensation".

11 (6) In Article 17, "average salary".

12 (7) In Section 22-207, "wages or salary received by him
13 at the date of retirement or discharge".

14 (40 ILCS 5/2-108.1) (from Ch. 108 1/2, par. 2-108.1)

15 Sec. 2-108.1. Highest salary for annuity purposes.

16 (a) "Highest salary for annuity purposes" means whichever
17 of the following is applicable to the participant:

18 For a participant who first becomes a participant of this
19 System before August 10, 2009 (the effective date of Public Act
20 96-207):

21 (1) For a participant who is a member of the General
22 Assembly on his or her last day of service: the highest
23 salary that is prescribed by law, on the participant's last
24 day of service, for a member of the General Assembly who is
25 not an officer; plus, if the participant was elected or

1 appointed to serve as an officer of the General Assembly
2 for 2 or more years and has made contributions as required
3 under subsection (d) of Section 2-126, the highest
4 additional amount of compensation prescribed by law, at the
5 time of the participant's service as an officer, for
6 members of the General Assembly who serve in that office.

7 (2) For a participant who holds one of the State
8 executive offices specified in Section 2-105 on his or her
9 last day of service: the highest salary prescribed by law
10 for service in that office on the participant's last day of
11 service.

12 (3) For a participant who is Clerk or Assistant Clerk
13 of the House of Representatives or Secretary or Assistant
14 Secretary of the Senate on his or her last day of service:
15 the salary received for service in that capacity on the
16 last day of service, but not to exceed the highest salary
17 (including additional compensation for service as an
18 officer) that is prescribed by law on the participant's
19 last day of service for the highest paid officer of the
20 General Assembly.

21 (4) For a participant who is a continuing participant
22 under Section 2-117.1 on his or her last day of service:
23 the salary received for service in that capacity on the
24 last day of service, but not to exceed the highest salary
25 (including additional compensation for service as an
26 officer) that is prescribed by law on the participant's

1 last day of service for the highest paid officer of the
2 General Assembly.

3 For a participant who first becomes a participant of this
4 System on or after August 10, 2009 (the effective date of
5 Public Act 96-207) and before January 1, 2011 (the effective
6 date of Public Act 96-889), the average monthly salary obtained
7 by dividing the total salary of the participant during the
8 period of: (1) the 48 consecutive months of service within the
9 last 120 months of service in which the total compensation was
10 the highest, or (2) the total period of service, if less than
11 48 months, by the number of months of service in that period.

12 For a participant who first becomes a participant of this
13 System on or after January 1, 2011 (the effective date of
14 Public Act 96-889), the average monthly salary obtained by
15 dividing the total salary of the participant during the 96
16 consecutive months of service within the last 120 months of
17 service in which the total compensation was the highest by the
18 number of months of service in that period; however, beginning
19 January 1, 2011, the highest salary for annuity purposes may
20 not exceed \$106,800, except that that amount shall annually
21 thereafter be increased by the lesser of (i) 3% of that amount,
22 including all previous adjustments, or (ii) the annual
23 unadjusted percentage increase (but not less than zero) in the
24 consumer price index-u for the 12 months ending with the
25 September preceding each November 1. "Consumer price index-u"
26 means the index published by the Bureau of Labor Statistics of

1 the United States Department of Labor that measures the average
2 change in prices of goods and services purchased by all urban
3 consumers, United States city average, all items, 1982-84 =
4 100. The new amount resulting from each annual adjustment shall
5 be determined by the Public Pension Division of the Department
6 of Insurance and made available to the Board by November 1 of
7 each year.

8 (b) The earnings limitations of subsection (a) apply to
9 earnings under any other participating system under the
10 Retirement Systems Reciprocal Act that are considered in
11 calculating a proportional annuity under this Article, except
12 in the case of a person who first became a member of this
13 System before August 22, 1994 and has not, on or after the
14 effective date of this amendatory Act of the 97th General
15 Assembly, irrevocably elected to have those limitations apply.
16 The limitations of subsection (a) shall apply, however, to
17 earnings under any other participating system under the
18 Retirement Systems Reciprocal Act that are considered in
19 calculating the proportional annuity of a person who first
20 became a member of this System before August 22, 1994 if, on or
21 after the effective date of this amendatory Act of the 97th
22 General Assembly, that member irrevocably elects to have those
23 limitations apply.

24 (c) In calculating the subsection (a) earnings limitation
25 to be applied to earnings under any other participating system
26 under the Retirement Systems Reciprocal Act for the purpose of

1 calculating a proportional annuity under this Article, the
2 participant's last day of service shall be deemed to mean the
3 last day of service in any participating system from which the
4 person has applied for a proportional annuity under the
5 Retirement Systems Reciprocal Act.

6 (Source: P.A. 96-207, eff. 8-10-09; 96-889, eff. 1-1-11;
7 96-1490, eff. 1-1-11.)

8 Section 99. Effective date. This Act takes effect upon
9 becoming law.