



Sen. Don Harmon

Filed: 2/17/2012

09700SB3357sam001

LRB097 20012 EFG 65909 a

1 AMENDMENT TO SENATE BILL 3357

2 AMENDMENT NO. _____. Amend Senate Bill 3357 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Sections 1-160, 3-106, 3-124.1, 4-106, 4-117, and
6 7-144 and by adding Sections 3-124.3, 4-117.2, and 7-144.1 as
7 follows:

8 (40 ILCS 5/1-160)

9 Sec. 1-160. Provisions applicable to new hires.

10 (a) The provisions of this Section apply to a person who,
11 on or after January 1, 2011, first becomes a member or a
12 participant under any reciprocal retirement system or pension
13 fund established under this Code, other than a retirement
14 system or pension fund established under Article 2, 3, 4, 5, 6,
15 or 18 of this Code, notwithstanding any other provision of this
16 Code to the contrary, but do not apply to any self-managed plan

1 established under this Code, to any person with respect to
2 service as a sheriff's law enforcement employee under Article
3 7, or to any participant of the retirement plan established
4 under Section 22-101.

5 (b) "Final average salary" means the average monthly (or
6 annual) salary obtained by dividing the total salary or
7 earnings calculated under the Article applicable to the member
8 or participant during the 96 consecutive months (or 8
9 consecutive years) of service within the last 120 months (or 10
10 years) of service in which the total salary or earnings
11 calculated under the applicable Article was the highest by the
12 number of months (or years) of service in that period. For the
13 purposes of a person who first becomes a member or participant
14 of any retirement system or pension fund to which this Section
15 applies on or after January 1, 2011, in this Code, "final
16 average salary" shall be substituted for the following:

17 (1) In Articles 7 (except for service as sheriff's law
18 enforcement employees) and 15, "final rate of earnings".

19 (2) In Articles 8, 9, 10, 11, and 12, "highest average
20 annual salary for any 4 consecutive years within the last
21 10 years of service immediately preceding the date of
22 withdrawal".

23 (3) In Article 13, "average final salary".

24 (4) In Article 14, "final average compensation".

25 (5) In Article 17, "average salary".

26 (6) In Section 22-207, "wages or salary received by him

1 at the date of retirement or discharge".

2 (b-5) Beginning on January 1, 2011, for all purposes under
3 this Code (including without limitation the calculation of
4 benefits and employee contributions), the annual earnings,
5 salary, or wages (based on the plan year) of a member or
6 participant to whom this Section applies shall not exceed
7 \$106,800; however, that amount shall annually thereafter be
8 increased by the lesser of (i) 3% of that amount, including all
9 previous adjustments, or (ii) one-half the annual unadjusted
10 percentage increase (but not less than zero) in the consumer
11 price index-u for the 12 months ending with the September
12 preceding each November 1, including all previous adjustments.

13 For the purposes of this Section, "consumer price index-u"
14 means the index published by the Bureau of Labor Statistics of
15 the United States Department of Labor that measures the average
16 change in prices of goods and services purchased by all urban
17 consumers, United States city average, all items, 1982-84 =
18 100. The new amount resulting from each annual adjustment shall
19 be determined by the Public Pension Division of the Department
20 of Insurance and made available to the boards of the retirement
21 systems and pension funds by November 1 of each year.

22 (c) A member or participant is entitled to a retirement
23 annuity upon written application if he or she has attained age
24 67 and has at least 10 years of service credit and is otherwise
25 eligible under the requirements of the applicable Article.

26 A member or participant who has attained age 62 and has at

1 least 10 years of service credit and is otherwise eligible
2 under the requirements of the applicable Article may elect to
3 receive the lower retirement annuity provided in subsection (d)
4 of this Section.

5 (d) The retirement annuity of a member or participant who
6 is retiring after attaining age 62 with at least 10 years of
7 service credit shall be reduced by one-half of 1% for each full
8 month that the member's age is under age 67.

9 (e) Any retirement annuity or supplemental annuity shall be
10 subject to annual increases on the January 1 occurring either
11 on or after the attainment of age 67 or the first anniversary
12 of the annuity start date, whichever is later. Each annual
13 increase shall be calculated at 3% or one-half the annual
14 unadjusted percentage increase (but not less than zero) in the
15 consumer price index-u for the 12 months ending with the
16 September preceding each November 1, whichever is less, of the
17 originally granted retirement annuity. If the annual
18 unadjusted percentage change in the consumer price index-u for
19 the 12 months ending with the September preceding each November
20 1 is zero or there is a decrease, then the annuity shall not be
21 increased.

22 (f) The initial survivor's or widow's annuity of an
23 otherwise eligible survivor or widow of a retired member or
24 participant who first became a member or participant on or
25 after January 1, 2011 shall be in the amount of 66 2/3% of the
26 retired member's or participant's retirement annuity at the

1 date of death. In the case of the death of a member or
2 participant who has not retired and who first became a member
3 or participant on or after January 1, 2011, eligibility for a
4 survivor's or widow's annuity shall be determined by the
5 applicable Article of this Code. The initial benefit shall be
6 66 2/3% of the earned annuity without a reduction due to age. A
7 child's annuity of an otherwise eligible child shall be in the
8 amount prescribed under each Article if applicable. Any
9 survivor's or widow's annuity shall be increased (1) on each
10 January 1 occurring on or after the commencement of the annuity
11 if the deceased member died while receiving a retirement
12 annuity or (2) in other cases, on each January 1 occurring
13 after the first anniversary of the commencement of the annuity.
14 Each annual increase shall be calculated at 3% or one-half the
15 annual unadjusted percentage increase (but not less than zero)
16 in the consumer price index-u for the 12 months ending with the
17 September preceding each November 1, whichever is less, of the
18 originally granted survivor's annuity. If the annual
19 unadjusted percentage change in the consumer price index-u for
20 the 12 months ending with the September preceding each November
21 1 is zero or there is a decrease, then the annuity shall not be
22 increased.

23 (g) The benefits in Section 14-110 apply only if the person
24 is a State policeman, a fire fighter in the fire protection
25 service of a department, or a security employee of the
26 Department of Corrections or the Department of Juvenile

1 Justice, as those terms are defined in subsection (b) of
2 Section 14-110. A person who meets the requirements of this
3 Section is entitled to an annuity calculated under the
4 provisions of Section 14-110, in lieu of the regular or minimum
5 retirement annuity, only if the person has withdrawn from
6 service with not less than 20 years of eligible creditable
7 service and has attained age 60, regardless of whether the
8 attainment of age 60 occurs while the person is still in
9 service.

10 (h) If a person who first becomes a member or a participant
11 of a retirement system or pension fund subject to this Section
12 on or after January 1, 2011 is receiving a retirement annuity
13 or retirement pension under that system or fund and becomes a
14 member or participant under any other system or fund created by
15 this Code and is employed on a full-time basis, except for
16 those members or participants exempted from the provisions of
17 this Section under subsection (a) of this Section, then the
18 person's retirement annuity or retirement pension under that
19 system or fund shall be suspended during that employment. Upon
20 termination of that employment, the person's retirement
21 annuity or retirement pension payments shall resume and be
22 recalculated if recalculation is provided for under the
23 applicable Article of this Code.

24 If a person who first becomes a member of a retirement
25 system or pension fund subject to this Section on or after
26 January 1, 2012 and is receiving a retirement annuity or

1 retirement pension under that system or fund and accepts on a
2 contractual basis a position to provide services to a
3 governmental entity from which he or she has retired, then that
4 person's annuity or retirement pension earned as an active
5 employee of the employer shall be suspended during that
6 contractual service. A person receiving an annuity or
7 retirement pension under this Code shall notify the pension
8 fund or retirement system from which he or she is receiving an
9 annuity or retirement pension, as well as his or her
10 contractual employer, of his or her retirement status before
11 accepting contractual employment. A person who fails to submit
12 such notification shall be guilty of a Class A misdemeanor and
13 required to pay a fine of \$1,000. Upon termination of that
14 contractual employment, the person's retirement annuity or
15 retirement pension payments shall resume and, if appropriate,
16 be recalculated under the applicable provisions of this Code.

17 This subsection (h) shall not affect any person receiving a
18 retirement annuity under the fund created by Article 7 of this
19 Code who accepts a position described in Section 7-144.1 of
20 this Code.

21 (i) Notwithstanding any other provision of this Section, a
22 person who first becomes a participant of the retirement system
23 established under Article 15 on or after January 1, 2011 shall
24 have the option to enroll in the self-managed plan created
25 under Section 15-158.2 of this Code.

26 (j) In the case of a conflict between the provisions of

1 this Section and any other provision of this Code, the
2 provisions of this Section shall control.

3 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11;
4 97-609, eff. 1-1-12.)

5 (40 ILCS 5/3-106) (from Ch. 108 1/2, par. 3-106)

6 Sec. 3-106. Police officer, officer. "Police officer" or
7 "officer": Any person who (1) is appointed to the police force
8 of a police department and sworn and commissioned to perform
9 police duties; and (2) within 3 months after receiving his or
10 her first appointment and, if reappointed, within 3 months
11 thereafter, or as otherwise provided in Section 3-109, makes
12 written application to the board to come under the provisions
13 of this Article.

14 Police officers serving initial probationary periods, if
15 otherwise eligible, shall be police officers within the meaning
16 of this Section.

17 Any person employed as the chief of police, deputy chief of
18 police, superintendent of a police department or deputy
19 superintendent of a police department shall be a police officer
20 within the meaning of this Section.

21

22 (Source: P.A. 89-52, eff. 6-30-95.)

23 (40 ILCS 5/3-124.1) (from Ch. 108 1/2, par. 3-124.1)

24 Sec. 3-124.1. Re-entry into active service. If a police

1 officer who is receiving pension payments other than as
2 provided in Section 3-109.3 or Section 3-124.3 re-enters active
3 service, pension payment shall be suspended while he or she is
4 in service. When he or she again retires, pension payments
5 shall be resumed. If the police officer remains in service
6 after re-entry for a period of less than 5 years, the pension
7 shall be the same as upon first retirement. If the officer's
8 service after re-entry is at least 5 years and the officer
9 makes the required contributions during the period of re-entry,
10 his or her pension shall be recomputed by taking into account
11 the additional period of service and salary.

12 (Source: P.A. 91-939, eff. 2-1-01.)

13 (40 ILCS 5/3-124.3 new)

14 Sec. 3-124.3. Pension payments during contractual return
15 to active service.

16 (a) Notwithstanding any other provisions of this Code, if a
17 police officer receiving pension payments accepts on a
18 contractual basis a position to provide services to a
19 municipality from which he or she has retired, then that police
20 officer shall continue to receive the pension payments earned
21 during active service, provided:

22 (1) he or she is at least age 55 and has at least 30
23 years of service;

24 (2) his or her annual salary during the period of
25 contractual service is not more than 50% of his or her

1 salary from the last 12 months preceding retirement; and

2 (3) his or her salary did not increase by more than 10%
3 per year during the 2 years preceding retirement.

4 (b) The municipality shall pay to the pension fund an
5 amount equal to 14% of the annual salary of the police officer
6 during each calendar year, or portion thereof, that he or she
7 is performing contractual service as described in subsection
8 (a).

9 (c) Except as set forth in subsection (b) of this Section,
10 no employer contribution shall be required from a municipality
11 for any police officer providing contractual service as
12 described in subsection (a) of this Section. No contribution
13 shall be required pursuant to Section 3-125.1 from any police
14 officer performing contractual service as described in
15 subsection (a) of this Section.

16 (d) The period of contractual service described in
17 subsection (a) of this Section shall not provide a basis for
18 the recomputation of the police officer's pension.

19 (40 ILCS 5/4-106) (from Ch. 108 1/2, par. 4-106)

20 Sec. 4-106. Firefighter, firefighters. "Firefighter,
21 firefighters":

22 (a) In municipalities which have adopted Division 1 of
23 Article 10 of the Illinois Municipal Code, any person employed
24 in the municipality's fire service as a firefighter, fire
25 engineer, marine engineer, fire pilot, bomb technician or scuba

1 diver; and in any of these positions where such person's duties
2 also include those of a firefighter as classified by the Civil
3 Service Commission of that city, and whose duty is to
4 participate in the work of controlling and extinguishing fires
5 at the location of any such fires.

6 (b) In municipalities which are subject to Division 2.1 of
7 Article 10 of the Illinois Municipal Code, any person employed
8 by a city in its fire service as a firefighter, fire engineer,
9 marine engineer, fire pilot, bomb technician, or scuba diver;
10 and, in any of these positions whose duties also include those
11 of a firefighter and are certified in the same manner as a
12 firefighter in that city.

13 (c) In municipalities which are subject to neither Division
14 1 nor Division 2.1 of Article 10 of the Illinois Municipal
15 Code, any person who would have been included as a firefighter
16 under sub-paragraph (a) or (b) above except that he served as a
17 de facto and not as a de jure firefighter.

18 (d) Notwithstanding the other provisions of this Section,
19 "firefighter" does not include any person who is actively
20 participating in the State Universities Retirement System
21 under subsection (h) of Section 15-107 with respect to the
22 employment for which he or she is a participating employee in
23 that System.

24 (e) This amendatory Act of 1977 does not affect persons
25 covered by this Article prior to September 22, 1977.

26 (f) Any person employed by a municipality as the chief,

1 deputy chief, superintendent, deputy superintendent, fire
2 marshal or assistant fire marshal of the fire department shall
3 be a firefighter within the meaning of this Section.

4 (Source: P.A. 90-576, eff. 3-31-98.)

5 (40 ILCS 5/4-117) (from Ch. 108 1/2, par. 4-117)

6 Sec. 4-117. Reentry into active service.

7 (a) Except as set forth in Section 4-117.2, if ~~if~~ a
8 firefighter receiving pension payments reenters active
9 service, pension payments shall be suspended while he or she is
10 in service. If the firefighter again retires or is discharged,
11 his or her monthly pension shall be resumed in the same amount
12 as was paid upon first retirement or discharge unless he or she
13 remained in active service 3 or more years after re-entry in
14 which case the monthly pension shall be based on the salary
15 attached to the firefighter's rank at the date of last
16 retirement.

17 (b) If a deferred pensioner re-enters active service, and
18 again retires or is discharged from the fire service, his or
19 her pension shall be based on the salary attached to the rank
20 held in the fire service at the date of earlier retirement,
21 unless the firefighter remains in active service for 3 or more
22 years after re-entry, in which case the monthly pension shall
23 be based on the salary attached to the firefighter's rank at
24 the date of last retirement.

25 (c) If a pensioner or deferred pensioner re-enters or is

1 recalled to active service and is thereafter injured, and the
2 injury is not related to an injury for which he or she was
3 previously receiving a disability pension, the 3 year service
4 requirement shall not apply in order for the firefighter to
5 qualify for the increased pension based on the rate of pay at
6 the time of the new injury.

7 (Source: P.A. 83-1440.)

8 (40 ILCS 5/4-117.2 new)

9 Sec. 4-117.2. Pension payments during contractual return
10 to active service.

11 (a) Notwithstanding any other provisions of this Code, if a
12 firefighter receiving pension payments accepts on a
13 contractual basis a position to provide services to a
14 municipality from which he or she has retired, then that
15 firefighter shall continue to receive the pension payments
16 earned during active service, provided:

17 (1) he or she is at least age 55 and has at least 30
18 years of service;

19 (2) his or her annual salary during the period of
20 contractual service is not more than 50% of his or her
21 salary from the last 12 months preceding retirement; and

22 (3) his or her salary did not increase by more than 10%
23 per year during the 2 years preceding retirement.

24 (b) The municipality shall pay to the pension fund an
25 amount equal to 14% of the annual salary of the firefighter

1 during each calendar year, or portion thereof, that he or she
2 is performing contractual service as described in subsection
3 (a).

4 (c) Except as set forth in subsection (b) of this Section,
5 no employer contribution shall be required from a municipality
6 for any firefighter providing contractual service as described
7 in subsection (a) of this Section. No contribution shall be
8 required pursuant to Section 4-118.1 from any firefighter
9 performing contractual service as described in subsection (a)
10 of this Section

11 (d) The period of contractual service described in
12 subsection (a) of this Section shall not provide a basis for
13 the recomputation of the firefighter's pension.

14 (40 ILCS 5/7-144) (from Ch. 108 1/2, par. 7-144)

15 Sec. 7-144. Retirement annuities-Suspended during
16 employment.

17 (a) Except as set forth in Section 7-144.1, if ~~if~~ any
18 person receiving any annuity again becomes an employee and
19 receives earnings from employment in a position requiring him,
20 or entitling him to elect, to become a participating employee,
21 then the annuity payable to such employee shall be suspended as
22 of the 1st day of the month coincidental with or next following
23 the date upon which such person becomes such an employee. Upon
24 proper qualification of the participating employee payment of
25 such annuity may be resumed on the 1st day of the month

1 following such qualification and upon proper application
2 therefor. The participating employee in such case shall be
3 entitled to a supplemental annuity arising from service and
4 credits earned subsequent to such re-entry as a participating
5 employee.

6 (b) Supplemental annuities to persons who return to service
7 for less than 48 months shall be computed under the provisions
8 of Sections 7-141, 7-142 and 7-143. In determining whether an
9 employee is eligible for an annuity which requires a minimum
10 period of service, his entire period of service shall be taken
11 into consideration but the supplemental annuity shall be based
12 on earnings and service in the supplemental period only. The
13 effective date of the suspended and supplemental annuity for
14 the purpose of increases after retirement shall be considered
15 to be the effective date of the suspended annuity.

16 (c) Supplemental annuities to persons who return to service
17 for 48 months or more shall be a monthly amount determined as
18 follows:

19 (1) An amount shall be computed under subparagraph b of
20 paragraph (1) of subsection (a) of Section 7-142,
21 considering all of the service credits of the employee;

22 (2) The actuarial value in monthly payments for life of
23 the annuity payments made before suspension shall be
24 determined and subtracted from the amount determined in (1)
25 above;

26 (3) The monthly amount of the suspended annuity, with

1 any applicable increases after retirement computed from
2 the effective date to the date of reinstatement, shall be
3 subtracted from the amount determined in (2) above and the
4 remainder shall be the amount of the supplemental annuity
5 provided that this amount shall not be less than the amount
6 computed under subsection (b) of this Section.

7 (4) The suspended annuity shall be reinstated at an
8 amount including any increases after retirement from the
9 effective date to date of reinstatement.

10 (5) The effective date of the combined suspended and
11 supplemental annuities for the purposes of increases after
12 retirement shall be considered to be the effective date of
13 the supplemental annuity.

14 (Source: P.A. 97-328, eff. 8-12-11; 97-609, eff. 1-1-12.)

15 (40 ILCS 5/7-144.1 new)

16 Sec. 7-144.1. Retirement annuities - Payable during
17 contractual return to service.

18 (a) Notwithstanding any other provisions of this Code, if
19 any person receiving a retirement annuity accepts on a
20 contractual basis a position to provide services to a
21 participating municipality or participating instrumentality
22 from which he or she has retired, then that person shall
23 continue to receive the retirement annuity earned as an active
24 employee, provided:

25 (1) he or she is at least age 55 and has at least 30

1 years of service;

2 (2) his or her annual earnings during the period of
3 contractual service are not more than 50% of his or her
4 earnings from the last 12 months preceding separation from
5 service of all participating municipalities and
6 instrumentalities thereof and participating
7 instrumentalities; and

8 (3) his or her earnings did not increase by more than
9 10% per year during the 2 years preceding separation from
10 service of all participating municipalities and
11 instrumentalities thereof and participating
12 instrumentalities.

13 (b) The participating municipality or participating
14 instrumentality shall pay to the Fund an amount equal to 14% of
15 the annual earnings of the person during each calendar year, or
16 portion thereof, that he or she is performing contractual
17 service as described in subsection (a).

18 (c) No contribution shall be required from a participating
19 municipality or participating instrumentality pursuant to
20 Section 7-172 for any person performing contractual service as
21 described in subsection (a) of this Section. No contribution
22 shall be required pursuant to Section 7-173 from any person
23 performing contractual service as described in subsection (a)
24 of this Section.

25 (d) No person shall be eligible for a supplemental annuity
26 based on a period of contractual service described in

1 subsection (a) of this Section.".