



Sen. Pamela J. Althoff

**Filed: 4/15/2016**

09900SB2896sam001

LRB099 18202 RPS 47530 a

1 AMENDMENT TO SENATE BILL 2896

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 2896 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by  
5 changing Sections 7-144 and 7-172 as follows:

6 (40 ILCS 5/7-144) (from Ch. 108 1/2, par. 7-144)

7 Sec. 7-144. Retirement annuities - Suspended during  
8 employment.

9 (a) If any person receiving any annuity again becomes an  
10 employee and receives earnings from employment in a position  
11 requiring him, or entitling him to elect, to become a  
12 participating employee, then the annuity payable to such  
13 employee shall be suspended as of the 1st day of the month  
14 coincidental with or next following the date upon which such  
15 person becomes such an employee, unless the person is  
16 authorized under subsection (b) of Section 7-137.1 of this Code

1 to continue receiving a retirement annuity during that period.  
2 Upon proper qualification of the participating employee  
3 payment of such annuity may be resumed on the 1st day of the  
4 month following such qualification and upon proper application  
5 therefor. The participating employee in such case shall be  
6 entitled to a supplemental annuity arising from service and  
7 credits earned subsequent to such re-entry as a participating  
8 employee.

9 Notwithstanding any other provision of this Article, an  
10 annuitant shall be considered a participating employee if he or  
11 she returns to work as an employee with a participating  
12 employer and works more than 599 hours annually (or 999 hours  
13 annually with a participating employer that has adopted a  
14 resolution pursuant to subsection (e) of Section 7-137 of this  
15 Code). Each of these annual periods shall commence on the month  
16 and day upon which the annuitant is first employed with the  
17 participating employer following the effective date of the  
18 annuity.

19 (a-5) If any annuitant under this Article must be  
20 considered a participating employee per the provisions of  
21 subsection (a) of this Section, and the participating  
22 municipality or participating instrumentality that employs or  
23 re-employs that annuitant fails to notify the Board to suspend  
24 the annuity, the participating municipality or participating  
25 instrumentality may be required to reimburse the Fund for an  
26 amount up to one-half of the total of any annuity payments made

1 to the annuitant after the date the annuity should have been  
2 suspended, as determined by the Board. In no case shall the  
3 total amount repaid by the annuitant plus any amount reimbursed  
4 by the employer to the Fund be more than the total of all  
5 annuity payments made to the annuitant after the date the  
6 annuity should have been suspended. This subsection shall not  
7 apply if the annuitant returned to work for the employer for  
8 less than 12 months.

9 The Fund shall notify all annuitants that they must notify  
10 the Fund immediately if they return to work for any  
11 participating employer. The notification by the Fund shall  
12 occur upon retirement and no less than annually thereafter in a  
13 format determined by the Fund. The Fund shall also develop and  
14 maintain a system to track annuitants who have returned to work  
15 and notify the participating employer and annuitant at least  
16 annually of the limitations on returning to work under this  
17 Section.

18 (b) Supplemental annuities to persons who return to service  
19 for less than 48 months shall be computed under the provisions  
20 of Sections 7-141, 7-142 and 7-143. In determining whether an  
21 employee is eligible for an annuity which requires a minimum  
22 period of service, his entire period of service shall be taken  
23 into consideration but the supplemental annuity shall be based  
24 on earnings and service in the supplemental period only. The  
25 effective date of the suspended and supplemental annuity for  
26 the purpose of increases after retirement shall be considered

1 to be the effective date of the suspended annuity.

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

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

8 (2) The actuarial value in monthly payments for life of  
9 the annuity payments made before suspension shall be  
10 determined and subtracted from the amount determined in (1)  
11 above;

12 (3) The monthly amount of the suspended annuity, with  
13 any applicable increases after retirement computed from  
14 the effective date to the date of reinstatement, shall be  
15 subtracted from the amount determined in (2) above and the  
16 remainder shall be the amount of the supplemental annuity  
17 provided that this amount shall not be less than the amount  
18 computed under subsection (b) of this Section.

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

22 (5) The effective date of the combined suspended and  
23 supplemental annuities for the purposes of increases after  
24 retirement shall be considered to be the effective date of  
25 the supplemental annuity.

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

1 98-389, eff. 8-16-13.)

2 (40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)

3 Sec. 7-172. Contributions by participating municipalities  
4 and participating instrumentalities.

5 (a) Each participating municipality and each participating  
6 instrumentality shall make payment to the fund as follows:

7 1. municipality contributions in an amount determined  
8 by applying the municipality contribution rate to each  
9 payment of earnings paid to each of its participating  
10 employees;

11 2. an amount equal to the employee contributions  
12 provided by paragraph (a) of Section 7-173, whether or not  
13 the employee contributions are withheld as permitted by  
14 that Section;

15 3. all accounts receivable, together with interest  
16 charged thereon, as provided in Section 7-209, and any  
17 amounts due under subsection (a-5) of Section 7-144;

18 4. if it has no participating employees with current  
19 earnings, an amount payable which, over a closed period of  
20 20 years for participating municipalities and 10 years for  
21 participating instrumentalities, will amortize, at the  
22 effective rate for that year, any unfunded obligation. The  
23 unfunded obligation shall be computed as provided in  
24 paragraph 2 of subsection (b);

25 5. if it has fewer than 7 participating employees or a

1 negative balance in its municipality reserve, the greater  
2 of (A) an amount payable that, over a period of 20 years,  
3 will amortize at the effective rate for that year any  
4 unfunded obligation, computed as provided in paragraph 2 of  
5 subsection (b) or (B) the amount required by paragraph 1 of  
6 this subsection (a).

7 (b) A separate municipality contribution rate shall be  
8 determined for each calendar year for all participating  
9 municipalities together with all instrumentalities thereof.  
10 The municipality contribution rate shall be determined for  
11 participating instrumentalities as if they were participating  
12 municipalities. The municipality contribution rate shall be  
13 the sum of the following percentages:

14 1. The percentage of earnings of all the participating  
15 employees of all participating municipalities and  
16 participating instrumentalities which, if paid over the  
17 entire period of their service, will be sufficient when  
18 combined with all employee contributions available for the  
19 payment of benefits, to provide all annuities for  
20 participating employees, and the \$3,000 death benefit  
21 payable under Sections 7-158 and 7-164, such percentage to  
22 be known as the normal cost rate.

23 2. The percentage of earnings of the participating  
24 employees of each participating municipality and  
25 participating instrumentalities necessary to adjust for  
26 the difference between the present value of all benefits,

1 excluding temporary and total and permanent disability and  
2 death benefits, to be provided for its participating  
3 employees and the sum of its accumulated municipality  
4 contributions and the accumulated employee contributions  
5 and the present value of expected future employee and  
6 municipality contributions pursuant to subparagraph 1 of  
7 this paragraph (b). This adjustment shall be spread over a  
8 period determined by the Board, not to exceed 30 years for  
9 participating municipalities or 10 years for participating  
10 instrumentalities.

11 3. The percentage of earnings of the participating  
12 employees of all municipalities and participating  
13 instrumentalities necessary to provide the present value  
14 of all temporary and total and permanent disability  
15 benefits granted during the most recent year for which  
16 information is available.

17 4. The percentage of earnings of the participating  
18 employees of all participating municipalities and  
19 participating instrumentalities necessary to provide the  
20 present value of the net single sum death benefits expected  
21 to become payable from the reserve established under  
22 Section 7-206 during the year for which this rate is fixed.

23 5. The percentage of earnings necessary to meet any  
24 deficiency arising in the Terminated Municipality Reserve.

25 (c) A separate municipality contribution rate shall be  
26 computed for each participating municipality or participating

1 instrumentality for its sheriff's law enforcement employees.

2 A separate municipality contribution rate shall be  
3 computed for the sheriff's law enforcement employees of each  
4 forest preserve district that elects to have such employees.  
5 For the period from January 1, 1986 to December 31, 1986, such  
6 rate shall be the forest preserve district's regular rate plus  
7 2%.

8 In the event that the Board determines that there is an  
9 actuarial deficiency in the account of any municipality with  
10 respect to a person who has elected to participate in the Fund  
11 under Section 3-109.1 of this Code, the Board may adjust the  
12 municipality's contribution rate so as to make up that  
13 deficiency over such reasonable period of time as the Board may  
14 determine.

15 (d) The Board may establish a separate municipality  
16 contribution rate for all employees who are program  
17 participants employed under the federal Comprehensive  
18 Employment Training Act by all of the participating  
19 municipalities and instrumentalities. The Board may also  
20 provide that, in lieu of a separate municipality rate for these  
21 employees, a portion of the municipality contributions for such  
22 program participants shall be refunded or an extra charge  
23 assessed so that the amount of municipality contributions  
24 retained or received by the fund for all CETA program  
25 participants shall be an amount equal to that which would be  
26 provided by the separate municipality contribution rate for all



1 such program participants. Refunds shall be made to prime  
2 sponsors of programs upon submission of a claim therefor and  
3 extra charges shall be assessed to participating  
4 municipalities and instrumentalities. In establishing the  
5 municipality contribution rate as provided in paragraph (b) of  
6 this Section, the use of a separate municipality contribution  
7 rate for program participants or the refund of a portion of the  
8 municipality contributions, as the case may be, may be  
9 considered.

10 (e) Computations of municipality contribution rates for  
11 the following calendar year shall be made prior to the  
12 beginning of each year, from the information available at the  
13 time the computations are made, and on the assumption that the  
14 employees in each participating municipality or participating  
15 instrumentality at such time will continue in service until the  
16 end of such calendar year at their respective rates of earnings  
17 at such time.

18 (f) Any municipality which is the recipient of State  
19 allocations representing that municipality's contributions for  
20 retirement annuity purposes on behalf of its employees as  
21 provided in Section 12-21.16 of the Illinois Public Aid Code  
22 shall pay the allocations so received to the Board for such  
23 purpose. Estimates of State allocations to be received during  
24 any taxable year shall be considered in the determination of  
25 the municipality's tax rate for that year under Section 7-171.  
26 If a special tax is levied under Section 7-171, none of the

1 proceeds may be used to reimburse the municipality for the  
2 amount of State allocations received and paid to the Board. Any  
3 multiple-county or consolidated health department which  
4 receives contributions from a county under Section 11.2 of "An  
5 Act in relation to establishment and maintenance of county and  
6 multiple-county health departments", approved July 9, 1943, as  
7 amended, or distributions under Section 3 of the Department of  
8 Public Health Act, shall use these only for municipality  
9 contributions by the health department.

10 (g) Municipality contributions for the several purposes  
11 specified shall, for township treasurers and employees in the  
12 offices of the township treasurers who meet the qualifying  
13 conditions for coverage hereunder, be allocated among the  
14 several school districts and parts of school districts serviced  
15 by such treasurers and employees in the proportion which the  
16 amount of school funds of each district or part of a district  
17 handled by the treasurer bears to the total amount of all  
18 school funds handled by the treasurer.

19 From the funds subject to allocation among districts and  
20 parts of districts pursuant to the School Code, the trustees  
21 shall withhold the proportionate share of the liability for  
22 municipality contributions imposed upon such districts by this  
23 Section, in respect to such township treasurers and employees  
24 and remit the same to the Board.

25 The municipality contribution rate for an educational  
26 service center shall initially be the same rate for each year

1 as the regional office of education or school district which  
2 serves as its administrative agent. When actuarial data become  
3 available, a separate rate shall be established as provided in  
4 subparagraph (i) of this Section.

5 The municipality contribution rate for a public agency,  
6 other than a vocational education cooperative, formed under the  
7 Intergovernmental Cooperation Act shall initially be the  
8 average rate for the municipalities which are parties to the  
9 intergovernmental agreement. When actuarial data become  
10 available, a separate rate shall be established as provided in  
11 subparagraph (i) of this Section.

12 (h) Each participating municipality and participating  
13 instrumentality shall make the contributions in the amounts  
14 provided in this Section in the manner prescribed from time to  
15 time by the Board and all such contributions shall be  
16 obligations of the respective participating municipalities and  
17 participating instrumentalities to this fund. The failure to  
18 deduct any employee contributions shall not relieve the  
19 participating municipality or participating instrumentality of  
20 its obligation to this fund. Delinquent payments of  
21 contributions due under this Section may, with interest, be  
22 recovered by civil action against the participating  
23 municipalities or participating instrumentalities.  
24 Municipality contributions, other than the amount necessary  
25 for employee contributions, for periods of service by employees  
26 from whose earnings no deductions were made for employee

1 contributions to the fund, may be charged to the municipality  
2 reserve for the municipality or participating instrumentality.

3 (i) Contributions by participating instrumentalities shall  
4 be determined as provided herein except that the percentage  
5 derived under subparagraph 2 of paragraph (b) of this Section,  
6 and the amount payable under subparagraph 4 of paragraph (a) of  
7 this Section, shall be based on an amortization period of 10  
8 years.

9 (j) Notwithstanding the other provisions of this Section,  
10 the additional unfunded liability accruing as a result of this  
11 amendatory Act of the 94th General Assembly shall be amortized  
12 over a period of 30 years beginning on January 1 of the second  
13 calendar year following the calendar year in which this  
14 amendatory Act takes effect, except that the employer may  
15 provide for a longer amortization period by adopting a  
16 resolution or ordinance specifying a 35-year or 40-year period  
17 and submitting a certified copy of the ordinance or resolution  
18 to the fund no later than June 1 of the calendar year following  
19 the calendar year in which this amendatory Act takes effect.

20 (k) If the amount of a participating employee's reported  
21 earnings for any of the 12-month periods used to determine the  
22 final rate of earnings exceeds the employee's 12 month reported  
23 earnings with the same employer for the previous year by the  
24 greater of 6% or 1.5 times the annual increase in the Consumer  
25 Price Index-U, as established by the United States Department  
26 of Labor for the preceding September, the participating

1 municipality or participating instrumentality that paid those  
2 earnings shall pay to the Fund, in addition to any other  
3 contributions required under this Article, the present value of  
4 the increase in the pension resulting from the portion of the  
5 increase in salary that is in excess of the greater of 6% or  
6 1.5 times the annual increase in the Consumer Price Index-U, as  
7 determined by the Fund. This present value shall be computed on  
8 the basis of the actuarial assumptions and tables used in the  
9 most recent actuarial valuation of the Fund that is available  
10 at the time of the computation.

11 Whenever it determines that a payment is or may be required  
12 under this subsection (k), the fund shall calculate the amount  
13 of the payment and bill the participating municipality or  
14 participating instrumentality for that amount. The bill shall  
15 specify the calculations used to determine the amount due. If  
16 the participating municipality or participating  
17 instrumentality disputes the amount of the bill, it may, within  
18 30 days after receipt of the bill, apply to the fund in writing  
19 for a recalculation. The application must specify in detail the  
20 grounds of the dispute. Upon receiving a timely application for  
21 recalculation, the fund shall review the application and, if  
22 appropriate, recalculate the amount due. The participating  
23 municipality and participating instrumentality contributions  
24 required under this subsection (k) may be paid in the form of a  
25 lump sum within 90 days after receipt of the bill. If the  
26 participating municipality and participating instrumentality

1 contributions are not paid within 90 days after receipt of the  
2 bill, then interest will be charged at a rate equal to the  
3 fund's annual actuarially assumed rate of return on investment  
4 compounded annually from the 91st day after receipt of the  
5 bill. Payments must be concluded within 3 years after receipt  
6 of the bill by the participating municipality or participating  
7 instrumentality.

8 When assessing payment for any amount due under this  
9 subsection (k), the fund shall exclude earnings increases  
10 resulting from overload or overtime earnings.

11 When assessing payment for any amount due under this  
12 subsection (k), the fund shall also exclude earnings increases  
13 attributable to standard employment promotions resulting in  
14 increased responsibility and workload.

15 This subsection (k) does not apply to earnings increases  
16 paid to individuals under contracts or collective bargaining  
17 agreements entered into, amended, or renewed before January 1,  
18 2012 (the effective date of Public Act 97-609), earnings  
19 increases paid to members who are 10 years or more from  
20 retirement eligibility, or earnings increases resulting from  
21 an increase in the number of hours required to be worked.

22 When assessing payment for any amount due under this  
23 subsection (k), the fund shall also exclude earnings  
24 attributable to personnel policies adopted before January 1,  
25 2012 (the effective date of Public Act 97-609) as long as those  
26 policies are not applicable to employees who begin service on

1 or after January 1, 2012 (the effective date of Public Act  
2 97-609).

3 (Source: P.A. 97-333, eff. 8-12-11; 97-609, eff. 1-1-12;  
4 97-933, eff. 8-10-12; 98-218, eff. 8-9-13.)

5 Section 90. The State Mandates Act is amended by adding  
6 Section 8.40 as follows:

7 (30 ILCS 805/8.40 new)

8 Sec. 8.40. Exempt mandate. Notwithstanding Sections 6 and 8  
9 of this Act, no reimbursement by the State is required for the  
10 implementation of any mandate created by this amendatory Act of  
11 the 99th General Assembly.

12 Section 99. Effective date. This Act takes effect upon  
13 becoming law.".