

AN ACT concerning public employee benefits.

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

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

(40 ILCS 5/14-103.12) (from Ch. 108 1/2, par. 14-103.12)

Sec. 14-103.12. Final average compensation.

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

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

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

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

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

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

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

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

(g) For a member on leave of absence without pay who purchases service credit for such period of leave pursuant to subsection (l) of Section 14-104, earnings are assumed to be equal to the rate of compensation in effect immediately prior to the leave. 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 required by subsection (l) of Section 14-104, based on the rate of compensation in effect immediately prior to the leave, plus interest at the actuarially assumed rate. In determining the contributions required for establishing service credit under this subsection (g), the interest shall be calculated from the beginning of the leave of absence to the date of payment.

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

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