

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 Sections 15-112, 15-154, 15-157, 15-168, 16-155, and 16-169.1 and by adding Sections 2-139.1, 14-135.11, 15-126.2, and 16-181.4 as follows:

(40 ILCS 5/2-139.1 new)

Sec. 2-139.1. To request information. To request from any member, annuitant, beneficiary, or employer such information as is necessary for the proper administration of the System.

(40 ILCS 5/14-135.11 new)

Sec. 14-135.11. To request information. To request from any member, annuitant, beneficiary, or employer such information as is necessary for the proper administration of the System.

(40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)

(Text of Section WITHOUT the changes made by P.A. 98-599, which has been held unconstitutional)

Sec. 15-112. Final rate of earnings. "Final rate of earnings":

(a) This subsection (a) applies only to a Tier 1 member.

For an employee who is paid on an hourly basis or who receives an annual salary in installments during 12 months of each academic year, the average annual earnings during the 48 consecutive calendar month period ending with the last day of final termination of employment or the 4 consecutive academic years of service in which the employee's earnings were the highest, whichever is greater. For any other employee, the average annual earnings during the 4 consecutive academic years of service in which his or her earnings were the highest. For an employee with less than 48 months or 4 consecutive academic years of service, the average earnings during his or her entire period of service. The earnings of an employee with more than 36 months of service under item (a) of Section 15-113.1 prior to the date of becoming a participant are, for such period, considered equal to the average earnings during the last 36 months of such service.

(b) This subsection (b) applies to a Tier 2 member.

For an employee who is paid on an hourly basis or who receives an annual salary in installments during 12 months of each academic year, the average annual earnings obtained by dividing by 8 the total earnings of the employee during the 96 consecutive months in which the total earnings were the highest within the last 120 months prior to termination.

For any other employee, the average annual earnings during the 8 consecutive academic years within the 10 years prior to termination in which the employee's earnings were the highest.

For an employee with less than 96 consecutive months or 8 consecutive academic years of service, whichever is necessary, the average earnings during his or her entire period of service.

(c) For an employee on leave of absence with pay, or on leave of absence without pay who makes contributions during such leave, earnings are assumed to be equal to the basic compensation on the date the leave began.

(d) For an employee on disability leave, earnings are assumed to be equal to the basic compensation on the date disability occurs or the average earnings during the 24 months immediately preceding the month in which disability occurs, whichever is greater.

(e) For a Tier 1 member who retires on or after the effective date of this amendatory Act of 1997 with at least 20 years of service as a firefighter or police officer under this Article, the final rate of earnings shall be the annual rate of earnings received by the participant on his or her last day as a firefighter or police officer under this Article, if that is greater than the final rate of earnings as calculated under the other provisions of this Section.

(f) If a Tier 1 member is an employee for at least 6 months during the academic year in which his or her employment is terminated, the annual final rate of earnings shall be 25% of the sum of (1) the annual basic compensation for that year, and (2) the amount earned during the 36 months immediately

preceding that year, if this is greater than the final rate of earnings as calculated under the other provisions of this Section.

(g) In the determination of the final rate of earnings for an employee, that part of an employee's earnings for any academic year beginning after June 30, 1997, which exceeds the employee's earnings with that employer for the preceding year by more than 20 percent shall be excluded; in the event that an employee has more than one employer this limitation shall be calculated separately for the earnings with each employer. In making such calculation, only the basic compensation of employees shall be considered, without regard to vacation or overtime or to contracts for summer employment.

(h) The following are not considered as earnings in determining final rate of earnings: (1) severance or separation pay, (2) retirement pay, (3) payment for unused sick leave, and (4) payments from an employer for the period used in determining final rate of earnings for any purpose other than (i) services rendered, (ii) leave of absence or vacation granted during that period, and (iii) vacation of up to 56 work days allowed upon termination of employment; except that, if the benefit has been collectively bargained between the employer and the recognized collective bargaining agent pursuant to the Illinois Educational Labor Relations Act, payment received during a period of up to 2 academic years for unused sick leave may be considered as earnings in accordance

with the applicable collective bargaining agreement, subject to the 20% increase limitation of this Section. Any unused sick leave considered as earnings under this Section shall not be taken into account in calculating service credit under Section 15-113.4.

(i) Intermittent periods of service shall be considered as consecutive in determining final rate of earnings.

(Source: P.A. 98-92, eff. 7-16-13.)

(40 ILCS 5/15-126.2 new)

Sec. 15-126.2. Plan year. "Plan year": The 12-month period beginning on July 1 in any year, and ending on June 30 of the succeeding year.

(40 ILCS 5/15-154) (from Ch. 108 1/2, par. 15-154)

Sec. 15-154. Refunds.

(a) A participant whose status as an employee is terminated, regardless of cause, or who has been on lay off status for more than 120 days, and who is not on leave of absence, is entitled to a refund of contributions upon application; except that not more than one such refund application may be made during any academic year.

Except as set forth in subsections (a-1) and (a-2), the refund shall be the sum of the accumulated normal, additional, and survivors insurance contributions, plus the entire contribution made by the participant under Section 15-113.3,

less the amount of interest credited on these contributions each year in excess of 4 1/2% of the amount on which interest was calculated.

(a-1) A person who elects, in accordance with the requirements of Section 15-134.5, to participate in the portable benefit package and who becomes a participating employee under that retirement program upon the conclusion of the one-year waiting period applicable to the portable benefit package election shall have his or her refund calculated in accordance with the provisions of subsection (a-2).

(a-2) The refund payable to a participant described in subsection (a-1) shall be the sum of the participant's accumulated normal and additional contributions, as defined in Sections 15-116 and 15-117, plus the entire contribution made by the participant under Section 15-113.3. If the participant terminates with 5 or more years of service for employment as defined in Section 15-113.1, he or she shall also be entitled to a distribution of employer contributions in an amount equal to the sum of the accumulated normal and additional contributions, as defined in Sections 15-116 and 15-117.

(b) Upon acceptance of a refund, the participant forfeits all accrued rights and credits in the System, and if subsequently reemployed, the participant shall be considered a new employee subject to all the qualifying conditions for participation and eligibility for benefits applicable to new employees. If such person again becomes a participating

employee and continues as such for 2 years, or is employed by an employer and participates for at least 2 years in the Federal Civil Service Retirement System, all such rights, credits, and previous status as a participant shall be restored upon repayment of the amount of the refund, together with compound interest thereon from the date the refund was issued ~~received~~ to the date of repayment at the rate of 6% per annum through August 31, 1982, and at the effective rates after that date. When a participant in the portable benefit package who received a refund which included a distribution of employer contributions repays a refund pursuant to this Section, one-half of the amount repaid shall be deemed the member's reinstated accumulated normal and additional contributions and the other half shall be allocated as an employer contribution to the System, except that any amount repaid for previously purchased military service credit under Section 15-113.3 shall be accounted for as such.

(c) If a participant covered under the traditional benefit package has made survivors insurance contributions, but has no survivors insurance beneficiary upon retirement, he or she shall be entitled to elect a refund of the accumulated survivors insurance contributions, or to elect an additional annuity the value of which is equal to the accumulated survivors insurance contributions. This election must be made prior to the date the person's retirement annuity is approved by the System.

(d) A participant, upon application, is entitled to a refund of his or her accumulated additional contributions attributable to the additional contributions described in the last sentence of subsection (c) of Section 15-157. Upon the acceptance of such a refund of accumulated additional contributions, the participant forfeits all rights and credits which may have accrued because of such contributions.

(e) A participant who terminates his or her employee status and elects to waive service credit under Section 15-154.2, is entitled to a refund of the accumulated normal, additional and survivors insurance contributions, if any, which were credited the participant for this service, or to an additional annuity the value of which is equal to the accumulated normal, additional and survivors insurance contributions, if any; except that not more than one such refund application may be made during any academic year. Upon acceptance of this refund, the participant forfeits all rights and credits accrued because of this service.

(f) If a police officer or firefighter receives a retirement annuity under Rule 1 or 3 of Section 15-136, he or she shall be entitled at retirement to a refund of the difference between his or her accumulated normal contributions and the normal contributions which would have accumulated had such person filed a waiver of the retirement formula provided by Rule 4 of Section 15-136.

(g) If, at the time of retirement, a participant would be

entitled to a retirement annuity under Rule 1, 2, 3, 4, or 5 of Section 15-136, or under Section 15-136.4, that exceeds the maximum specified in clause (1) of subsection (c) of Section 15-136, he or she shall be entitled to a refund of the employee contributions, if any, paid under Section 15-157 after the date upon which continuance of such contributions would have otherwise caused the retirement annuity to exceed this maximum, plus compound interest at the effective rates.

(Source: P.A. 92-16, eff. 6-28-01; 92-424, eff. 8-17-01; 93-347, eff. 7-24-03.)

(40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

(Text of Section WITHOUT the changes made by P.A. 98-599, which has been held unconstitutional)

Sec. 15-157. Employee Contributions.

(a) Each participating employee shall make contributions towards the retirement benefits payable under the retirement program applicable to the employee from each payment of earnings applicable to employment under this system on and after the date of becoming a participant as follows: Prior to September 1, 1949, 3 1/2% of earnings; from September 1, 1949 to August 31, 1955, 5%; from September 1, 1955 to August 31, 1969, 6%; from September 1, 1969, 6 1/2%. These contributions are to be considered as normal contributions for purposes of this Article.

Each participant who is a police officer or firefighter

shall make normal contributions of 8% of each payment of earnings applicable to employment as a police officer or firefighter under this system on or after September 1, 1981, unless he or she files with the board within 60 days after the effective date of this amendatory Act of 1991 or 60 days after the board receives notice that he or she is employed as a police officer or firefighter, whichever is later, a written notice waiving the retirement formula provided by Rule 4 of Section 15-136. This waiver shall be irrevocable. If a participant had met the conditions set forth in Section 15-132.1 prior to the effective date of this amendatory Act of 1991 but failed to make the additional normal contributions required by this paragraph, he or she may elect to pay the additional contributions plus compound interest at the effective rate. If such payment is received by the board, the service shall be considered as police officer service in calculating the retirement annuity under Rule 4 of Section 15-136. While performing service described in clause (i) or (ii) of Rule 4 of Section 15-136, a participating employee shall be deemed to be employed as a firefighter for the purpose of determining the rate of employee contributions under this Section.

(b) Starting September 1, 1969, each participating employee shall make additional contributions of 1/2 of 1% of earnings to finance a portion of the cost of the annual increases in retirement annuity provided under Section 15-136,

except that with respect to participants in the self-managed plan this additional contribution shall be used to finance the benefits obtained under that retirement program.

(c) In addition to the amounts described in subsections (a) and (b) of this Section, each participating employee shall make contributions of 1% of earnings applicable under this system on and after August 1, 1959. The contributions made under this subsection (c) shall be considered as survivor's insurance contributions for purposes of this Article if the employee is covered under the traditional benefit package, and such contributions shall be considered as additional contributions for purposes of this Article if the employee is participating in the self-managed plan or has elected to participate in the portable benefit package and has completed the applicable one-year waiting period. Contributions in excess of \$80 during any fiscal year beginning before August 31, 1969 and in excess of \$120 during any fiscal year thereafter until September 1, 1971 shall be considered as additional contributions for purposes of this Article.

(d) If the board by board rule so permits and subject to such conditions and limitations as may be specified in its rules, a participant may make other additional contributions of such percentage of earnings or amounts as the participant shall elect in a written notice thereof received by the board.

(e) That fraction of a participant's total accumulated normal contributions, the numerator of which is equal to the

number of years of service in excess of that which is required to qualify for the maximum retirement annuity, and the denominator of which is equal to the total service of the participant, shall be considered as accumulated additional contributions. The determination of the applicable maximum annuity and the adjustment in contributions required by this provision shall be made as of the date of the participant's retirement.

(f) Notwithstanding the foregoing, a participating employee shall not be required to make contributions under this Section after the date upon which continuance of such contributions would otherwise cause his or her retirement annuity to exceed the maximum retirement annuity as specified in clause (1) of subsection (c) of Section 15-136.

(g) A participant ~~participating employee~~ may make contributions for the purchase of service credit under this Article; however, only a participating employee may make optional contributions under subsection (b) of Section 15-157.1 of this Article.

(h) A Tier 2 member shall not make contributions on earnings that exceed the limitation as prescribed under subsection (b) of Section 15-111 of this Article.

(Source: P.A. 98-92, eff. 7-16-13.)

(40 ILCS 5/15-168) (from Ch. 108 1/2, par. 15-168)

Sec. 15-168. To require information. To require such

information as shall be necessary for the proper operation of the system from any participant or benefit recipient ~~beneficiary~~ or from any employer of a current or former participant.

(Source: P.A. 98-92, eff. 7-16-13.)

(40 ILCS 5/16-155) (from Ch. 108 1/2, par. 16-155)

Sec. 16-155. Report to system and payment of deductions.

(a) The governing body of each school district shall make two deposits each month. The deposit for member contributions for salary paid between the first and the fifteenth of the month is due by the 25th of the month. The deposit of member contributions for salary paid between the sixteenth and last day of the month is due by the 10th of the following month. All required contributions for salary earned during a school term are due by July 10 next following the close of such school term.

The governing body of each State institution coming under this retirement system, the State Comptroller or other State officer certifying payroll vouchers including payments of salary or wages to teachers, and any other employer of teachers, shall, monthly, forward to the secretary of the retirement system the member contributions required under this Article.

Each employer specified above shall, prior to August 15 of each year, forward to the System a detailed statement, verified

in all cases of school districts by the secretary or clerk of the district, of the amounts so contributed since the period covered by the last previous annual statement, together with required contributions not yet forwarded, such payments being payable to the System.

The board may prescribe rules governing the form, content, investigation, control, and supervision of such statements and may establish additional interim employer reporting requirements as the Board deems necessary. If no teacher in a school district comes under the provisions of this Article, the governing body of the district shall so state under the oath of its secretary to this system, and shall at the same time forward a copy of the statement to the regional superintendent of schools.

(b) If the governing body of an employer that is not a State agency fails to forward such required contributions within the time permitted in subsection (a) above, the System shall notify the employer of an additional amount due, equal to the greater of the following: (1) an amount representing the interest lost by the system due to late forwarding of contributions, calculated for the number of days which the employer is late in forwarding contributions at a rate of interest prescribed by the board, based on its investment experience; or (2) \$50.

(c) If the system, on August 15, is not in receipt of the detailed statements required under this Section of any school

district or other employing unit, such school district or other employing unit shall pay to the system an amount equal to \$250 for each day that elapses from August 15, until the day such statement is filed with the system.

(Source: P.A. 90-448, eff. 8-16-97.)

(40 ILCS 5/16-169.1)

Sec. 16-169.1. Testimony and the production of records. The secretary of the Board shall have the power to issue subpoenas to compel the attendance of witnesses and the production of documents and records, including law enforcement records maintained by law enforcement agencies, in conjunction with the determination of employer payments required under subsection (f) of Section 16-158, a disability claim, an administrative review proceeding, an attempt to obtain information to assist in the collection of sums due to the System, or a felony forfeiture investigation. The fees of witnesses for attendance and travel shall be the same as the fees of witnesses before the circuit courts of this State and shall be paid by the party seeking the subpoena. The Board may apply to any circuit court in the State for an order requiring compliance with a subpoena issued under this Section. Subpoenas issued under this Section shall be subject to applicable provisions of the Code of Civil Procedure.

(Source: P.A. 94-1057, eff. 7-31-06.)

(40 ILCS 5/16-181.4 new)

Sec. 16-181.4. To request information. To request such information from any member, annuitant, beneficiary, or employer as is necessary for the proper administration of the System.

Section 97. Severability. The provisions of this Act are severable under Section 1.31 of the Statute on Statutes.

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