

1 AN ACT in relation to 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
5 changing Section 3-110 as follows:

6 (40 ILCS 5/3-110) (from Ch. 108 1/2, par. 3-110)

7 Sec. 3-110. Creditable service.

8 (a) "Creditable service" is the time served by a police
9 officer as a member of a regularly constituted police force
10 of a municipality. In computing creditable service furloughs
11 without pay exceeding 30 days shall not be counted, but all
12 leaves of absence for illness or accident, regardless of
13 length, and all periods of disability retirement for which a
14 police officer has received no disability pension payments
15 under this Article shall be counted.

16 (b) Creditable service includes all periods of service
17 in the military, naval or air forces of the United States
18 entered upon while an active police officer of a
19 municipality, provided that upon applying for a permanent
20 pension, and in accordance with the rules of the board, the
21 police officer pays into the fund the amount the officer
22 would have contributed if he or she had been a regular
23 contributor during such period, to the extent that the
24 municipality which the police officer served has not made
25 such contributions in the officer's behalf. The total amount
26 of such creditable service shall not exceed 5 years, except
27 that any police officer who on July 1, 1973 had more than 5
28 years of such creditable service shall receive the total
29 amount thereof.

30 (b-1) In addition to any creditable service established
31 under subsection (b), creditable service may be granted for

1 up to 24 months of service in the armed forces of the United
2 States that was not immediately preceded by employment as a
3 police officer. In order to receive creditable service for
4 military service under this subsection (b-1), a police
5 officer must (1) apply to the Fund in writing and provide
6 evidence of the military service that is satisfactory to the
7 Board and (2) make contributions to the Fund equal to (i) the
8 employee contributions that would have been required had the
9 service been rendered as a member, plus (ii) an amount
10 determined by the board to be equal to the employer's normal
11 cost of the benefits accrued for that military service, plus
12 (iii) interest on items (i) and (ii) from the date of first
13 membership in the Fund to the date of payment. If payment is
14 made during the 6-month period that begins 3 months after the
15 effective date of this amendatory Act of the 92nd General
16 Assembly, the required interest shall be at the rate of 2.5%
17 per year, compounded annually; otherwise, the required
18 interest shall be calculated at the rate of 6% per year,
19 compounded annually.

20 (c) Creditable service also includes service rendered by
21 a police officer while on leave of absence from a police
22 department to serve as an executive of an organization whose
23 membership consists of members of a police department,
24 subject to the following conditions: (i) the police officer
25 is a participant of a fund established under this Article
26 with at least 10 years of service as a police officer; (ii)
27 the police officer received no credit for such service under
28 any other retirement system, pension fund, or annuity and
29 benefit fund included in this Code; (iii) pursuant to the
30 rules of the board the police officer pays to the fund the
31 amount he or she would have contributed had the officer been
32 an active member of the police department; and (iv) the
33 organization pays a contribution equal to the municipality's
34 normal cost for that period of service.

1 (d)(1) Creditable service also includes periods of
2 service originally established in another police pension fund
3 under this Article or in the Fund established under Article 7
4 of this Code for which (i) the contributions have been
5 transferred under Section 3-110.7 or Section 7-139.9 and (ii)
6 any additional contribution required under paragraph (2) of
7 this subsection has been paid in full in accordance with the
8 requirements of this subsection (d).

9 (2) If the board of the pension fund to which creditable
10 service and related contributions are transferred under
11 Section 3-110.7 or 7-139.9 determines that the amount
12 transferred is less than the true cost to the pension fund of
13 allowing that creditable service to be established, then in
14 order to establish that creditable service the police officer
15 must pay to the pension fund, within the payment period
16 specified in paragraph (3) of this subsection, an additional
17 contribution equal to the difference, as determined by the
18 board in accordance with the rules and procedures adopted
19 under paragraph (6) of this subsection.

20 (3) Except as provided in paragraph (4), the additional
21 contribution must be paid to the board (i) within 5 years
22 from the date of the transfer of contributions under Section
23 3-110.7 or 7-139.9 and (ii) before the police officer
24 terminates service with the fund. The additional
25 contribution may be paid in a lump sum or in accordance with
26 a schedule of installment payments authorized by the board.

27 (4) If the police officer dies in service before payment
28 in full has been made and before the expiration of the 5-year
29 payment period, the surviving spouse of the officer may elect
30 to pay the unpaid amount on the officer's behalf within 6
31 months after the date of death, in which case the creditable
32 service shall be granted as though the deceased police
33 officer had paid the remaining balance on the day before the
34 date of death.

1 (5) If the additional contribution is not paid in full
2 within the required time, the creditable service shall not be
3 granted and the police officer (or the officer's surviving
4 spouse or estate) shall be entitled to receive a refund of
5 (i) any partial payment of the additional contribution that
6 has been made by the police officer and (ii) those portions
7 of the amounts transferred under subdivision (a)(1) of
8 Section 3-110.7 or subdivisions (a)(1) and (a)(3) of Section
9 7-139.9 that represent employee contributions paid by the
10 police officer (but not the accumulated interest on those
11 contributions) and interest paid by the police officer to the
12 prior pension fund in order to reinstate service terminated
13 by acceptance of a refund.

14 At the time of paying a refund under this item (5), the
15 pension fund shall also repay to the pension fund from which
16 the contributions were transferred under Section 3-110.7 or
17 7-139.9 the amount originally transferred under subdivision
18 (a)(2) of that Section, plus interest at the rate of 6% per
19 year, compounded annually, from the date of the original
20 transfer to the date of repayment. Amounts repaid to the
21 Article 7 fund under this provision shall be credited to the
22 appropriate municipality.

23 Transferred credit that is not granted due to failure to
24 pay the additional contribution within the required time is
25 lost; it may not be transferred to another pension fund and
26 may not be reinstated in the pension fund from which it was
27 transferred.

28 (6) The Public Employee Pension Fund Division of the
29 Department of Insurance shall establish by rule the manner of
30 making the calculation required under paragraph (2) of this
31 subsection, taking into account the appropriate actuarial
32 assumptions; the police officer's service, age, and salary
33 history; the level of funding of the pension fund to which
34 the credits are being transferred; and any other factors that

1 the Division determines to be relevant. The rules may
2 require that all calculations made under paragraph (2) be
3 reported to the Division by the board performing the
4 calculation, together with documentation of the creditable
5 service to be transferred, the amounts of contributions and
6 interest to be transferred, the manner in which the
7 calculation was performed, the numbers relied upon in making
8 the calculation, the results of the calculation, and any
9 other information the Division may deem useful.

10 (Source: P.A. 90-460, eff. 8-17-97; 91-887, eff. 7-6-00.)

11 Section 90. The State Mandates Act is amended by adding
12 Section 8.25 as follows:

13 (30 ILCS 805/8.25 new)

14 Sec. 8.25. Exempt mandate. Notwithstanding Sections 6
15 and 8 of this Act, no reimbursement by the State is required
16 for the implementation of any mandate created by this
17 amendatory Act of the 92nd General Assembly.

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