

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 Sections 13-304, 13-502, and 13-503 and adding
6 Section 13-304.1 as follows:

7 (40 ILCS 5/13-304) (from Ch. 108 1/2, par. 13-304)
8 Sec. 13-304. Optional plan of additional benefits and
9 contributions made through December 31, 2002.

10 (a) While this plan is in effect, an eligible employee
11 may establish additional optional credit for additional
12 benefits by electing in writing at any time to make
13 additional optional contributions. The employee may
14 discontinue making the additional optional contributions at
15 any time by notifying the Fund in writing.

16 Employees first entering service after June 30, 1997 are
17 not eligible to participate in the plan established under
18 this Section.

19 (b) Additional optional contributions for the additional
20 optional benefits shall be as follows:

21 (1) For service after the option is elected, an
22 additional contribution of 3% of salary shall be
23 contributed to the Fund on the same basis and under the
24 same conditions as contributions required under Section
25 13-502.

26 (2) For service before the option is elected, an
27 additional contribution of 3% of the salary for the
28 applicable period of service, plus interest at the annual
29 rate as shall from time to time be determined by the
30 Board, compounded annually from the date of service to
31 the date of payment. All payments for past service must

1 be paid in full before credit is given. A person who has
2 withdrawn from service may pay the additional
3 contribution for past service at any time within 30 days
4 after withdrawal from service, so long as payment is made
5 in full before the retirement annuity commences. No
6 additional optional contributions may be made for any
7 period of service for which credit has been previously
8 forfeited by acceptance of a refund, unless the refund is
9 repaid in full with interest at the rate specified in
10 Section 13-603, from the date of refund to the date of
11 repayment. Nothing herein may be construed to allow an
12 additional optional contribution to be made on the
13 account of a deceased employee.

14 (c) Additional optional benefit shall accrue for all
15 periods of eligible service for which additional
16 contributions are paid in full. The additional benefit shall
17 consist of an additional 1% of average final salary for each
18 year of service for which optional contributions have been
19 paid, to be added to the employee's retirement annuity as
20 otherwise computed under this Article. The calculation of
21 these additional benefits shall be subject to the same terms
22 and conditions as are used in the calculation of the
23 retirement annuity under this Article. The additional
24 benefit shall be included in the calculation of the automatic
25 annual increase in annuity under Section 13-302(d), and in
26 the calculation of surviving spouse's annuity where
27 applicable. However, no additional benefits will be granted
28 which produce a total annuity greater than the applicable
29 maximum established for that type of annuity in this Article.
30 The total additional optional benefit that may be received
31 under this Section is 15% of average final salary.

32 (d) Refunds of additional optional contributions shall
33 be made on the same basis and under the same conditions as
34 provided under Section 13-601.

1 (e) Optional contributions shall be accounted for in a
2 separate Optional Contribution Reserve.

3 (f) The tax levy computed under Section 13-503 shall be
4 based on employee contributions including the amount of
5 optional additional employee contributions.

6 (g) Service eligible under this Section may include only
7 service as an employee as defined in Section 13-204, and
8 subject to Section 13-401 and 13-402. No service granted
9 under Section 13-801 or 13-802 shall be eligible for optional
10 service credit. No optional service credit may be
11 established for any military service, or for any service
12 under any other Article of this Code. Optional service
13 credit may be established for any period of disability paid
14 from this Fund, if the employee makes additional optional
15 contributions for such period of disability.

16 (h) This plan of optional benefits and contributions
17 shall not apply to service prior to withdrawal rendered by
18 any former employee who re-enters service unless such
19 employee renders not less than 36 consecutive months of
20 additional service after the date of re-entry.

21 (i) The effective date of this optional plan of
22 additional benefits and contributions shall be the date upon
23 which approval was received from the Internal Revenue
24 Service, July 31, 1987.

25 (j) This plan of additional benefits and contributions
26 shall expire December 31, 2002. No additional contributions
27 may be made after that date, and no additional benefits will
28 accrue after that date.

29 (k) The maximum optional benefits for current and prior
30 service for which an employee can make contributions in a
31 single year shall be limited to 15 years of service in 1997
32 and before; 9 years of service in 1998; 6 years of service in
33 1999; and 3 years of service in 2000, 2001, and 2002. No
34 person may establish additional optional benefits under this

1 Section for more than 15 years of service.

2 (Source: P.A. 90-12, eff. 6-13-97.)

3 (40 ILCS 5/13-304.1 new)

4 Sec. 13-304.1. Optional plan of additional benefits and
5 contributions made January 1, 2003 through December 31, 2007.

6 (a) While this plan is in effect, an employee may
7 establish optional additional credit toward additional
8 benefits for eligible service by making an irrevocable
9 written election to make additional contributions as
10 authorized in this Section. An employee may begin to make
11 additional contributions under this Section, via payroll
12 deduction, no earlier than the first pay period of the
13 calendar year in which the employee fulfills the 10-year
14 service requirement described in subsection (g). The
15 additional contributions of 4% of salary shall be paid to the
16 Fund on the same basis and under the same conditions as
17 contributions required under Section 13-502.

18 (b) For service before an irrevocable option is elected,
19 but within the same calendar year, an additional contribution
20 may be made of 4% of the salary for the applicable period of
21 service, plus interest from the date of service to the date
22 of contribution at a rate equal to the higher of 8% per annum
23 or the actuarial investment return assumption used in the
24 Fund's most recent annual actuarial statement. All payments
25 for past service must be paid within the calendar year in
26 which the service was earned; except that a person who has
27 withdrawn from service and is eligible for a retirement
28 annuity under Section 13-301 may pay the additional
29 contribution for past service within the calendar year of
30 withdrawal within the 30 days after withdrawal from service,
31 as long as payment is made in full before the retirement
32 annuity commences and before December 31, 2007. Nothing in
33 this Section may be construed to allow an additional optional

1 contribution to be made on the account of a deceased
2 employee.

3 (c) The maximum additional benefit for current service
4 for which an employee may make contributions under this
5 Section in a single year is limited to one year of service in
6 each of 2003, 2004, 2005, 2006, and 2007. The total
7 additional benefit that may be accumulated under this
8 Section, including any additional benefit accumulated under a
9 prior optional benefit plan, is 12% of average final salary
10 at retirement.

11 The additional benefit shall accrue for all periods of
12 eligible service for which additional contributions have been
13 paid in full in accordance with this Section, subject to the
14 applicable limitations on maximum annuity.

15 The additional benefit shall consist of an additional 1%
16 of average final salary for each year of service for which
17 optional contributions have been paid, to be added to the
18 employee's retirement annuity as otherwise computed under
19 this Article. The calculation of these additional benefits
20 shall be subject to the same terms and conditions as are used
21 in the calculation of the retirement annuity under this
22 Article. The additional benefit shall be included in the
23 calculation of the automatic annual increase in annuity under
24 Section 13-302(d) and in the calculation of surviving
25 spouse's annuity, where applicable. However, no additional
26 benefit may be granted which produces a total annuity greater
27 than the applicable maximum established for that type of
28 annuity in this Article.

29 (d) Refunds of additional optional contributions made in
30 accordance with the provisions and limitations of this
31 Section shall be made on the same basis and under the same
32 conditions as are provided under Section 13-601. Any refund
33 of contributions that exceed the limits specified in this
34 Section shall be made in accordance with established Fund

1 policy.

2 (e) The additional contributions shall be accounted for
3 in a separate Optional Contribution Reserve.

4 (f) The tax levy computed under Section 13-503 shall be
5 based on employee contributions and the amount of optional
6 additional employee contributions, as provided in that
7 Section.

8 (g) The service eligible for optional additional
9 contributions under this Section is limited to service as an
10 employee as defined in Section 13-204, and subject to
11 Sections 13-401 and 13-402, but excluding service credited
12 under subsections 13-401(a)4 and 13-401(d). Service granted
13 under Section 13-801 or 13-802 is not eligible for optional
14 additional contributions. Eligible service is further
15 limited to service rendered during or after the calendar year
16 in which the employee reaches 10 years of service as defined
17 under Section 13-402, exclusive of any credit under Article
18 20.

19 Service eligible for optional additional contributions
20 under this Section includes any period of disability paid
21 from this Fund that would have been eligible service if the
22 employee were in active service rather than disabled. The
23 additional contributions for a period of disability shall be
24 calculated as 4% of the salary that the employee would have
25 received if he or she had been in active service during the
26 applicable period of disability, plus interest at a rate
27 equal to the higher of 8% per annum or the actuarial
28 investment return assumption used in the Fund's most recent
29 annual actuarial statement, compounded annually, from the
30 date of the service to the date of payment. The contribution
31 must be paid to the Fund no later than 3 months after the
32 employee returns to service from disability, and in any event
33 prior to December 31, 2007.

34 (h) The minimum period for which an employee may make an

1 irrevocable election to make additional contributions shall
 2 be 26 consecutive pay periods, unless the employee first
 3 accumulates the maximum optional credit as described in
 4 subsection (c) of this Section. The maximum period for which
 5 an employee may make irrevocable elections for additional
 6 contributions shall be from the date of election through the
 7 last pay period eligible for contributions under this
 8 Section.

9 (i) This plan of additional benefits and contributions
 10 expires on December 31, 2007. No additional contributions
 11 may be made after that date, and no additional benefits will
 12 accrue after that date.

13 (40 ILCS 5/13-502) (from Ch. 108 1/2, par. 13-502)
 14 Sec. 13-502. Employee contributions; deductions from
 15 salary.

16 (a) Retirement annuity and child's annuity. There shall
 17 be deducted from each payment of salary an amount equal to
 18 7 1/2% of salary as the employee's contribution for the
 19 retirement annuity, including annual increases therefore and
 20 child's annuity.

21 (b) Surviving spouse's annuity. There shall be deducted
 22 from each payment of salary an amount equal to 1 1/2% of
 23 salary as the employee's contribution for the surviving
 24 spouse's annuity and annual increases therefor.

25 (c) Pickup of employee contributions. The Employer may
 26 pick up employee contributions required under subsections (a)
 27 and (b) of this Section. If contributions are picked up they
 28 shall be treated as Employer contributions in determining tax
 29 treatment under the United States Internal Revenue Code, and
 30 shall not be included as gross income of the employee until
 31 such time as they are distributed. The Employer shall pay
 32 these employee contributions from the same source of funds
 33 used in paying salary to the employee. The Employer may pick

1 up these contributions by a reduction in the cash salary of
 2 the employee or by an offset against a future salary increase
 3 or by a combination of a reduction in salary and offset
 4 against a future salary increase. If employee contributions
 5 are picked up they shall be treated for all purposes of this
 6 Article 13, including Sections 13-503 and 13-601, in the same
 7 manner and to the same extent as employee contributions made
 8 prior to the date picked up.

9 (d) Subject to the requirements of federal law, the
 10 Employer shall pick up optional contributions that the
 11 employee has elected to pay to the Fund under Section
 12 13-304.1, and the contributions so picked up shall be treated
 13 as employer contributions for the purposes of determining
 14 federal tax treatment. The Employer shall pick up the
 15 contributions by a reduction in the cash salary of the
 16 employee and shall pay the contributions from the same fund
 17 that is used to pay earnings to the employee. The Employer
 18 shall, however, continue to withhold federal and State income
 19 taxes based upon contributions made under Section 13-304.1
 20 until the Internal Revenue Service or the federal courts rule
 21 that pursuant to Section 414(h) of the U.S. Internal Revenue
 22 Code of 1986, as amended, these contributions shall not be
 23 included as gross income of the employee until such time as
 24 they are distributed or made available.

25 (e) Each employee is deemed to consent and agree to the
 26 deductions from compensation provided for in this Article.

27 (Source: P.A. 87-794.)

28 (40 ILCS 5/13-503) (from Ch. 108 1/2, par. 13-503)
 29 Sec. 13-503. Tax levy. The Water Reclamation District
 30 shall annually levy a tax upon all the taxable real property
 31 within the District at a rate which, when extended, will
 32 produce a sum that (i) when added to the amounts deducted
 33 from the salaries of employees, interest income on

1 investments, and other income, will be sufficient to meet the
2 requirements of the Fund on an actuarially funded basis, but
3 (ii) shall not exceed an amount equal to the total amount of
4 contributions by the employees to the Fund made in the
5 calendar year 2 years prior to the year for which the tax is
6 levied, multiplied by 2.19, except that the amount of
7 employee contributions made on or after January 1, 2003
8 towards the purchase of additional optional benefits under
9 Section 13-304.1 shall only be multiplied by 1.00. The tax
10 shall be levied and collected in the same manner as the
11 general taxes of the District.

12 The tax shall be exclusive of and in addition to the
13 amount of tax the District is now or may hereafter be
14 authorized to levy for general purposes under the
15 Metropolitan Water Reclamation District Act or under any
16 other laws which may limit the amount of tax for general
17 purposes. The county clerk of any county, in reducing tax
18 levies as may be authorized by law, shall not consider any
19 such tax as a part of the general tax levy for District
20 purposes, and shall not include the same in any limitation of
21 the percent of the assessed valuation upon which taxes are
22 required to be extended.

23 Revenues derived from the tax shall be paid to the Fund
24 for the benefit of the Fund.

25 If the funds available for the purposes of this Article
26 are insufficient during any year to meet the requirements of
27 this Article, the District may issue tax anticipation
28 warrants or notes, as provided by law, against the current
29 tax levy.

30 The Board shall submit annually to the Board of
31 Commissioners of the District an estimate of the amount
32 required to be raised by taxation for the purposes of the
33 Fund. The Board of Commissioners shall review the estimate
34 and determine the tax to be levied for such purposes.

1 (Source: P.A. 87-794.)

2 Section 90. The State Mandates Act is amended by adding
3 Section 8.26 as follows:

4 (30 ILCS 805/8.26 new)

5 Sec. 8.26. Exempt mandate. Notwithstanding Sections 6
6 and 8 of this Act, no reimbursement by the State is required
7 for the implementation of any mandate created by this
8 amendatory Act of the 92nd General Assembly.

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