

1                                    AMENDMENT TO HOUSE BILL 4509

2            AMENDMENT NO. \_\_\_\_\_. Amend House Bill 4509 by replacing  
3 everything after the enacting clause with the following:

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

1 contributed to the Fund on the same basis and under the  
2 same conditions as contributions required under Section  
3 13-502.

4 (2) For service before the option is elected, an  
5 additional contribution of 3% of the salary for the  
6 applicable period of service, plus interest at the annual  
7 rate as shall from time to time be determined by the  
8 Board, compounded annually from the date of service to  
9 the date of payment. All payments for past service must  
10 be paid in full before credit is given. A person who has  
11 withdrawn from service may pay the additional  
12 contribution for past service at any time within 30 days  
13 after withdrawal from service, so long as payment is made  
14 in full before the retirement annuity commences. No  
15 additional optional contributions may be made for any  
16 period of service for which credit has been previously  
17 forfeited by acceptance of a refund, unless the refund is  
18 repaid in full with interest at the rate specified in  
19 Section 13-603, from the date of refund to the date of  
20 repayment. Nothing herein may be construed to allow an  
21 additional optional contribution to be made on the  
22 account of a deceased employee.

23 (c) Additional optional benefit shall accrue for all  
24 periods of eligible service for which additional  
25 contributions are paid in full. The additional benefit shall  
26 consist of an additional 1% of average final salary for each  
27 year of service for which optional contributions have been  
28 paid, to be added to the employee's retirement annuity as  
29 otherwise computed under this Article. The calculation of  
30 these additional benefits shall be subject to the same terms  
31 and conditions as are used in the calculation of the  
32 retirement annuity under this Article. The additional  
33 benefit shall be included in the calculation of the automatic  
34 annual increase in annuity under Section 13-302(d), and in

1 the calculation of surviving spouse's annuity where  
2 applicable. However, no additional benefits will be granted  
3 which produce a total annuity greater than the applicable  
4 maximum established for that type of annuity in this Article.  
5 The total additional optional benefit that may be received  
6 under this Section is 15% of average final salary.

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

10 (e) Optional contributions shall be accounted for in a  
11 separate Optional Contribution Reserve.

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

15 (g) Service eligible under this Section may include only  
16 service as an employee as defined in Section 13-204, and  
17 subject to Section 13-401 and 13-402. No service granted  
18 under Section 13-801 or 13-802 shall be eligible for optional  
19 service credit. No optional service credit may be  
20 established for any military service, or for any service  
21 under any other Article of this Code. Optional service  
22 credit may be established for any period of disability paid  
23 from this Fund, if the employee makes additional optional  
24 contributions for such period of disability.

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

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

34 (j) This plan of additional benefits and contributions

1 shall expire December 31, 2002. No additional contributions  
2 may be made after that date, and no additional benefits will  
3 accrue after that date.

4 (k) The maximum optional benefits for current and prior  
5 service for which an employee can make contributions in a  
6 single year shall be limited to 15 years of service in 1997  
7 and before; 9 years of service in 1998; 6 years of service in  
8 1999; and 3 years of service in 2000, 2001, and 2002. No  
9 person may establish additional optional benefits under this  
10 Section for more than 15 years of service.

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

12 (40 ILCS 5/13-304.1 new)

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

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

27 (b) For service before an irrevocable option is elected,  
28 but within the same calendar year, an additional contribution  
29 may be made of 4% of the salary for the applicable period of  
30 service, plus interest from the date of service to the date  
31 of contribution at a rate equal to the higher of 8% per annum  
32 or the actuarial investment return assumption used in the  
33 Fund's most recent annual actuarial statement. All payments

1 for past service must be paid within the calendar year in  
2 which the service was earned; except that a person who has  
3 withdrawn from service and is eligible for a retirement  
4 annuity under Section 13-301 may pay the additional  
5 contribution for past service within the calendar year of  
6 withdrawal within the 30 days after withdrawal from service,  
7 as long as payment is made in full before the retirement  
8 annuity commences and before December 31, 2007. Nothing in  
9 this Section may be construed to allow an additional optional  
10 contribution to be made on the account of a deceased  
11 employee.

12 (c) The maximum additional benefit for current service  
13 for which an employee may make contributions under this  
14 Section in a single year is limited to one year of service in  
15 each of 2003, 2004, 2005, 2006, and 2007. The total  
16 additional benefit that may be accumulated under this  
17 Section, including any additional benefit accumulated under a  
18 prior optional benefit plan, is 12% of average final salary  
19 at retirement.

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

24 The additional benefit shall consist of an additional 1%  
25 of average final salary for each year of service for which  
26 optional contributions have been paid, to be added to the  
27 employee's retirement annuity as otherwise computed under  
28 this Article. The calculation of these additional benefits  
29 shall be subject to the same terms and conditions as are used  
30 in the calculation of the retirement annuity under this  
31 Article. The additional benefit shall be included in the  
32 calculation of the automatic annual increase in annuity under  
33 Section 13-302(d) and in the calculation of surviving  
34 spouse's annuity, where applicable. However, no additional

1 benefit may be granted which produces a total annuity greater  
2 than the applicable maximum established for that type of  
3 annuity in this Article.

4 (d) Refunds of additional optional contributions made in  
5 accordance with the provisions and limitations of this  
6 Section shall be made on the same basis and under the same  
7 conditions as are provided under Section 13-601. Any refund  
8 of contributions that exceed the limits specified in this  
9 Section shall be made in accordance with established Fund  
10 policy.

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

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

17 (g) The service eligible for optional additional  
18 contributions under this Section is limited to service as an  
19 employee as defined in Section 13-204, and subject to  
20 Sections 13-401 and 13-402, but excluding service credited  
21 under subsections 13-401(a)4 and 13-401(d). Service granted  
22 under Section 13-801 or 13-802 is not eligible for optional  
23 additional contributions. Eligible service is further  
24 limited to service rendered during or after the calendar year  
25 in which the employee reaches 10 years of service as defined  
26 under Section 13-402, exclusive of any credit under Article  
27 20.

28 Service eligible for optional additional contributions  
29 under this Section includes any period of disability paid  
30 from this Fund that would have been eligible service if the  
31 employee were in active service rather than disabled. The  
32 additional contributions for a period of disability shall be  
33 calculated as 4% of the salary that the employee would have  
34 received if he or she had been in active service during the

1 applicable period of disability, plus interest at a rate  
2 equal to the higher of 8% per annum or the actuarial  
3 investment return assumption used in the Fund's most recent  
4 annual actuarial statement, compounded annually, from the  
5 date of the service to the date of payment. The contribution  
6 must be paid to the Fund no later than 3 months after the  
7 employee returns to service from disability, and in any event  
8 prior to December 31, 2007.

9 (h) The minimum period for which an employee may make an  
10 irrevocable election to make additional contributions shall  
11 be 26 consecutive pay periods, unless the employee first  
12 accumulates the maximum optional credit as described in  
13 subsection (c) of this Section. The maximum period for which  
14 an employee may make irrevocable elections for additional  
15 contributions shall be from the date of election through the  
16 last pay period eligible for contributions under this  
17 Section.

18 (i) This plan of additional benefits and contributions  
19 expires on December 31, 2007. No additional contributions  
20 may be made after that date, and no additional benefits will  
21 accrue after that date.

22 (40 ILCS 5/13-502) (from Ch. 108 1/2, par. 13-502)

23 Sec. 13-502. Employee contributions; deductions from  
24 salary.

25 (a) Retirement annuity and child's annuity. There shall  
26 be deducted from each payment of salary an amount equal to  
27 7 1/2% of salary as the employee's contribution for the  
28 retirement annuity, including annual increases therefore and  
29 child's annuity.

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

1           (c) Pickup of employee contributions. The Employer may  
2 pick up employee contributions required under subsections (a)  
3 and (b) of this Section. If contributions are picked up they  
4 shall be treated as Employer contributions in determining tax  
5 treatment under the United States Internal Revenue Code, and  
6 shall not be included as gross income of the employee until  
7 such time as they are distributed. The Employer shall pay  
8 these employee contributions from the same source of funds  
9 used in paying salary to the employee. The Employer may pick  
10 up these contributions by a reduction in the cash salary of  
11 the employee or by an offset against a future salary increase  
12 or by a combination of a reduction in salary and offset  
13 against a future salary increase. If employee contributions  
14 are picked up they shall be treated for all purposes of this  
15 Article 13, including Sections 13-503 and 13-601, in the same  
16 manner and to the same extent as employee contributions made  
17 prior to the date picked up.

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

34           (e) Each employee is deemed to consent and agree to the



1 deductions from compensation provided for in this Article.

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

3 (40 ILCS 5/13-503) (from Ch. 108 1/2, par. 13-503)

4 Sec. 13-503. Tax levy. The Water Reclamation District  
5 shall annually levy a tax upon all the taxable real property  
6 within the District at a rate which, when extended, will  
7 produce a sum that (i) when added to the amounts deducted  
8 from the salaries of employees, interest income on  
9 investments, and other income, will be sufficient to meet the  
10 requirements of the Fund on an actuarially funded basis, but  
11 (ii) shall not exceed an amount equal to the total amount of  
12 contributions by the employees to the Fund made in the  
13 calendar year 2 years prior to the year for which the tax is  
14 levied, multiplied by 2.19, except that the amount of  
15 employee contributions made on or after January 1, 2003  
16 towards the purchase of additional optional benefits under  
17 Section 13-304.1 shall only be multiplied by 1.00. The tax  
18 shall be levied and collected in the same manner as the  
19 general taxes of the District.

20 The tax shall be exclusive of and in addition to the  
21 amount of tax the District is now or may hereafter be  
22 authorized to levy for general purposes under the  
23 Metropolitan Water Reclamation District Act or under any  
24 other laws which may limit the amount of tax for general  
25 purposes. The county clerk of any county, in reducing tax  
26 levies as may be authorized by law, shall not consider any  
27 such tax as a part of the general tax levy for District  
28 purposes, and shall not include the same in any limitation of  
29 the percent of the assessed valuation upon which taxes are  
30 required to be extended.

31 Revenues derived from the tax shall be paid to the Fund  
32 for the benefit of the Fund.

33 If the funds available for the purposes of this Article

1 are insufficient during any year to meet the requirements of  
2 this Article, the District may issue tax anticipation  
3 warrants or notes, as provided by law, against the current  
4 tax levy.

5 The Board shall submit annually to the Board of  
6 Commissioners of the District an estimate of the amount  
7 required to be raised by taxation for the purposes of the  
8 Fund. The Board of Commissioners shall review the estimate  
9 and determine the tax to be levied for such purposes.

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

11 Section 90. The State Mandates Act is amended by adding  
12 Section 8.26 as follows:

13 (30 ILCS 805/8.26 new)

14 Sec. 8.26. 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."