

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 14-103.12 as follows:

6 (40 ILCS 5/14-103.12) (from Ch. 108 1/2, par. 14-103.12)
7 Sec. 14-103.12. Final average compensation.

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

19 (b) For death and disability benefits, in the case of a
20 full-time employee, "final average compensation" means the
21 greater of (1) the rate of compensation of the employee at
22 the date of death or disability multiplied by 1 in the case
23 of a salaried employee, by 174 in the case of an hourly
24 employee, and by 22 in the case of a per diem employee, or
25 (2) for benefits commencing on or after January 1, 1991,
26 final average compensation as determined under subsection
27 (a).

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

1 to the date of death or disability.

2 (c) Notwithstanding the provisions of subsection (a),
3 for the purpose of calculating retirement and survivor
4 annuities of persons with at least 20 years of eligible
5 creditable service as defined in Section 14-110, "final
6 average compensation" means (1) the monthly rate of
7 compensation received by the person on the last day of
8 eligible creditable service (but not to exceed 115% of the
9 average monthly compensation received by the person for the
10 last 24 months of service, unless the person was in service
11 as a State policeman before the effective date of this
12 amendatory Act of 1997, and not to include any increase in
13 compensation received during the 90 days following any
14 general election at which a governor is elected, unless the
15 increase is specifically provided for by statute or
16 collective bargaining agreement or the person was a member of
17 the System earning eligible creditable service on the day
18 preceding the effective date of this amendatory Act of the
19 92nd General Assembly), or (2) the average monthly
20 compensation received by the person for the last 48 months of
21 service prior to retirement, whichever is greater.

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

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

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

1 amendatory Act of 1997.

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

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