

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, but only if the governing authority of the
4 municipality has adopted a resolution or ordinance approving
5 the establishment of creditable service under this subsection
6 (b-1) by police officers of the municipality.

7 In order to receive creditable service for military
8 service under this subsection (b-1), a police officer must
9 (1) apply to the Fund in writing and provide evidence of the
10 military service that is satisfactory to the Board and (2)
11 make contributions to the Fund equal to (i) the employee
12 contributions that would have been required had the service
13 been rendered as a member, plus (ii) an amount determined by
14 the board to be equal to the employer's normal cost of the
15 benefits accrued for that military service, plus (iii)
16 interest on items (i) and (ii) at the rate of 6% per year,
17 compounded annually, from the date of first membership in the
18 Fund to the date of payment..

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

34 (d)(1) Creditable service also includes periods of

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

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

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

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

34 (5) If the additional contribution is not paid in full

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

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

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

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

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

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

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