

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 (a-5) Up to 3 years of time during which the police  
17 officer receives a disability pension under Section 3-114.1,  
18 3-114.2, 3-114.3, or 3-114.6 shall be counted as creditable  
19 service, provided that (i) the police officer returns to  
20 active service after the disability for a period at least  
21 equal to the period for which credit is to be established and  
22 (ii) the police officer makes contributions to the fund based  
23 on the rates specified in Section 3-125.1 and the salary upon  
24 which the disability pension is based. These contributions  
25 may be paid at any time prior to the commencement of a  
26 retirement pension. The police officer may, but need not,  
27 elect to have the contributions deducted from the disability  
28 pension or to pay them in installments on a schedule approved  
29 by the board. If not deducted from the disability pension,  
30 the contributions shall include interest at the rate of 6%  
31 per year, compounded annually, from the date for which

1 service credit is being established to the date of payment.  
2 If contributions are paid under this subsection (a-5) in  
3 excess of those needed to establish the credit, the excess  
4 shall be refunded. This subsection (a-5) applies to persons  
5 receiving a disability pension under Section 3-114.1,  
6 3-114.2, 3-114.3, or 3-114.6 on the effective date of this  
7 amendatory Act of the 91st General Assembly, as well as  
8 persons who begin to receive such a disability pension after  
9 that date.

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

24 (b-1) In addition to any creditable service established  
25 under subsection (b), creditable service may be granted for  
26 up to 24 months of service in the armed forces of the United  
27 States that was not immediately preceded by employment as a  
28 police officer. In order to receive creditable service for  
29 military service under this subsection (b-1), a police  
30 officer must (1) apply to the Fund in writing and provide  
31 evidence of the military service that is satisfactory to the  
32 Board and (2) make contributions to the Fund equal to (i) the  
33 employee contributions that would have been required had the  
34 service been rendered as a member, plus (ii) an amount

1 determined by the board to be equal to the employer's normal  
2 cost of the benefits accrued for that military service, plus  
3 (iii) interest on items (i) and (ii) from the date of first  
4 membership in the Fund to the date of payment. If payment is  
5 made during the 6-month period that begins 3 months after the  
6 effective date of this amendatory Act of the 92nd General  
7 Assembly, the required interest shall be at the rate of 2.5%  
8 per year, compounded annually; otherwise, the required  
9 interest shall be calculated at the rate of 6% per year,  
10 compounded annually.

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

26 (d)(1) Creditable service also includes periods of  
27 service originally established in another police pension  
28 fund under this Article or in the Fund established under  
29 Article 7 of this Code for which (i) the contributions  
30 have been transferred under Section 3-110.7 or Section  
31 7-139.9 and (ii) any additional contribution required  
32 under paragraph (2) of this subsection has been paid in  
33 full in accordance with the requirements of this  
34 subsection (d).

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

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

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

29          (5) If the additional contribution is not paid in  
30          full within the required time, the creditable service  
31          shall not be granted and the police officer (or the  
32          officer's surviving spouse or estate) shall be entitled  
33          to receive a refund of (i) any partial payment of the  
34          additional contribution that has been made by the police

1 officer and (ii) those portions of the amounts  
2 transferred under subdivision (a)(1) of Section 3-110.7  
3 or subdivisions (a)(1) and (a)(3) of Section 7-139.9 that  
4 represent employee contributions paid by the police  
5 officer (but not the accumulated interest on those  
6 contributions) and interest paid by the police officer to  
7 the prior pension fund in order to reinstate service  
8 terminated by acceptance of a refund.

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

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

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

1 together with documentation of the creditable service to  
2 be transferred, the amounts of contributions and interest  
3 to be transferred, the manner in which the calculation  
4 was performed, the numbers relied upon in making the  
5 calculation, the results of the calculation, and any  
6 other information the Division may deem useful.

7 (Source: P.A. 90-460, eff. 8-17-97; 91-887, eff. 7-6-00;  
8 91-939, eff. 2-1-01.)

9 Section 90. The State Mandates Act is amended by adding  
10 Section 8.25 as follows:

11 (30 ILCS 805/8.25 new)

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

16 Section 99. Effective date. This Act takes effect upon  
17 becoming law.