

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2 withdrawn from service may pay the additional  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.