

AN ACT concerning public employee benefits.

**Be it enacted by the People of the State of Illinois,  
represented in the General Assembly:**

Section 5. The Illinois Pension Code is amended by changing Sections 15-112, 15-134.1, and 15-198 as follows:

(40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)

Sec. 15-112. Final rate of earnings. "Final rate of earnings":

(a) This subsection (a) applies only to a Tier 1 member.

For an employee who is paid on an hourly basis or who receives an annual salary in installments during 12 months of each academic year, the average annual earnings during the 48 consecutive calendar month period ending with the last day of final termination of employment or the 4 consecutive academic years of service in which the employee's earnings were the highest, whichever is greater. For any other employee, the average annual earnings during the 4 consecutive academic years of service in which his or her earnings were the highest. For an employee with less than 48 months or 4 consecutive academic years of service, the average earnings during his or her entire period of service. The earnings of an employee with more than 36 months of service under item (a) of Section 15-113.1 prior to the date of becoming a participant are, for

such period, considered equal to the average earnings during the last 36 months of such service.

(b) This subsection (b) applies to a Tier 2 member.

For an employee who is paid on an hourly basis or who receives an annual salary in installments during 12 months of each academic year, the average annual earnings obtained by dividing by 8 the total earnings of the employee during the 96 consecutive months in which the total earnings were the highest within the last 120 months prior to termination.

For any other employee, the average annual earnings during the 8 consecutive academic years within the 10 years prior to termination in which the employee's earnings were the highest. For an employee with less than 96 consecutive months or 8 consecutive academic years of service, whichever is necessary, the average earnings during his or her entire period of service.

(c) For an employee on leave of absence with pay, or on leave of absence without pay who makes contributions during such leave, earnings are assumed to be equal to the basic compensation on the date the leave began.

(d) For an employee on disability leave, earnings are assumed to be equal to the basic compensation on the date disability occurs or the average earnings during the 24 months immediately preceding the month in which disability occurs, whichever is greater.

(e) For a Tier 1 member who retires on or after the

effective date of this amendatory Act of 1997 with at least 20 years of service as a firefighter or police officer under this Article, the final rate of earnings shall be the annual rate of earnings received by the participant on his or her last day as a firefighter or police officer under this Article, if that is greater than the final rate of earnings as calculated under the other provisions of this Section.

(f) If a Tier 1 member is an employee for at least 6 months during the academic year in which his or her employment is terminated, the annual final rate of earnings shall be 25% of the sum of (1) the annual basic compensation for that year, and (2) the amount earned during the 36 months immediately preceding that year, if this is greater than the final rate of earnings as calculated under the other provisions of this Section.

(g) In the determination of the final rate of earnings for an employee, that part of an employee's earnings for any academic year beginning after June 30, 1997, which exceeds the employee's earnings with that employer for the preceding year by more than 20 percent shall be excluded; in the event that an employee has more than one employer this limitation shall be calculated separately for the earnings with each employer. In making such calculation, only the basic compensation of employees shall be considered, without regard to vacation or overtime or to contracts for summer employment. Beginning September 1, 2024, this subsection (g) also applies to an

employee who has been employed at 1/2 time or less for 3 or more years.

(h) The following are not considered as earnings in determining final rate of earnings: (1) severance or separation pay, (2) retirement pay, (3) payment for unused sick leave, and (4) payments from an employer for the period used in determining final rate of earnings for any purpose other than (i) services rendered, (ii) leave of absence or vacation granted during that period, and (iii) vacation of up to 56 work days allowed upon termination of employment; except that, if the benefit has been collectively bargained between the employer and the recognized collective bargaining agent pursuant to the Illinois Educational Labor Relations Act, payment received during a period of up to 2 academic years for unused sick leave may be considered as earnings in accordance with the applicable collective bargaining agreement, subject to the 20% increase limitation of this Section. Any unused sick leave considered as earnings under this Section shall not be taken into account in calculating service credit under Section 15-113.4.

(i) Intermittent periods of service shall be considered as consecutive in determining final rate of earnings.

(Source: P.A. 98-92, eff. 7-16-13; 99-450, eff. 8-24-15.)

(40 ILCS 5/15-134.1) (from Ch. 108 1/2, par. 15-134.1)  
Sec. 15-134.1. Service calculation and adjustment.

(a) For the purposes of computing service for academic years for any participant, In computing service, the following schedule shall govern: one month of service means a calendar month during which a participant (i) qualifies as an employee under Section 15-107 for at least 15 or more days, and (ii) receives any earnings as an employee; 8 or more months of service during an academic year shall constitute a year of service; 6 or more but less than 8 months of service during an academic year shall constitute 3/4 of a year of service; 3 or more but less than 6 months of service during an academic year shall constitute 1/2 of a year of service; and one or more but less than 3 months of service during an academic year shall constitute 1/4 of a year of service. No more than one year of service may be granted per academic year, regardless of the number of hours or percentage of time worked. This subsection (a) does not apply to service periods to which subsection (a-5) applies.

(a-5) For the purposes of computing service for academic years for any participant, the following schedule shall govern: one month of service means a calendar month during which a participant (i) qualifies as an employee under Section 15-107 and contributes to the System, and (ii) receives any earnings as an employee; 8 or more months of service during an academic year shall constitute a year of service; 6 or more but less than 8 months of service during an academic year shall constitute 3/4 of a year of service; 3 or more but less than 6

months of service during an academic year shall constitute 1/2 of a year of service; and one or more but less than 3 months of service during an academic year shall constitute 1/4 of a year of service. No more than one year of service may be granted per academic year, regardless of the number of hours or percentage of time worked.

This subsection (a-5) applies to all service periods of a member who is a participant on or after September 1, 2024; except that such changes shall not apply to service periods that were subject to: (1) a purchase under subsection (i) of Section 15-107, subsection (c) of Section 15-113.1, or Section 15-113.2, 15-113.3, 15-113.5, 15-113.6, 15-113.7, or 15-113.11; (2) a repayment of a refund under subsection (b) of Section 15-154 or a distribution under subsection (j) of Section 15-158.2; or (3) a transfer under Section 15-113.10, 15-134.2, or 15-134.4 if payment for such purchase, repayment, or transfer commenced prior to September 1, 2024.

(b) In calculating a retirement annuity, if a participant has been employed at 1/2 time or less for 3 or more years after September 1, 1959, service shall be granted for such employment in excess of 3 years, in the proportion that the percentage of time employed for each such year of employment bears to the average annual percentage of time employed during the period on which the final rate of earnings is based. This adjustment shall not be made, however, in determining the eligibility for a retirement annuity, disability benefits,

additional death benefits, or survivors' insurance. The percentage of time employed shall be as reported by the employer. This subsection (b) shall not apply to a member who is a participant on or after September 1, 2024.

(Source: P.A. 87-8.)

(40 ILCS 5/15-198)

Sec. 15-198. Application and expiration of new benefit increases.

(a) As used in this Section, "new benefit increase" means an increase in the amount of any benefit provided under this Article, or an expansion of the conditions of eligibility for any benefit under this Article, that results from an amendment to this Code that takes effect after June 1, 2005 (the effective date of Public Act 94-4). "New benefit increase", however, does not include any benefit increase resulting from the changes made to Article 1 or this Article by Public Act 100-23, Public Act 100-587, Public Act 100-769, Public Act 101-10, Public Act 101-610, Public Act 102-16, or this amendatory Act of the 103rd General Assembly ~~or this amendatory Act of the 102nd General Assembly.~~

(b) Notwithstanding any other provision of this Code or any subsequent amendment to this Code, every new benefit increase is subject to this Section and shall be deemed to be granted only in conformance with and contingent upon compliance with the provisions of this Section.

(c) The Public Act enacting a new benefit increase must identify and provide for payment to the System of additional funding at least sufficient to fund the resulting annual increase in cost to the System as it accrues.

Every new benefit increase is contingent upon the General Assembly providing the additional funding required under this subsection. The Commission on Government Forecasting and Accountability shall analyze whether adequate additional funding has been provided for the new benefit increase and shall report its analysis to the Public Pension Division of the Department of Insurance. A new benefit increase created by a Public Act that does not include the additional funding required under this subsection is null and void. If the Public Pension Division determines that the additional funding provided for a new benefit increase under this subsection is or has become inadequate, it may so certify to the Governor and the State Comptroller and, in the absence of corrective action by the General Assembly, the new benefit increase shall expire at the end of the fiscal year in which the certification is made.

(d) Every new benefit increase shall expire 5 years after its effective date or on such earlier date as may be specified in the language enacting the new benefit increase or provided under subsection (c). This does not prevent the General Assembly from extending or re-creating a new benefit increase by law.



(e) Except as otherwise provided in the language creating the new benefit increase, a new benefit increase that expires under this Section continues to apply to persons who applied and qualified for the affected benefit while the new benefit increase was in effect and to the affected beneficiaries and alternate payees of such persons, but does not apply to any other person, including, without limitation, a person who continues in service after the expiration date and did not apply and qualify for the affected benefit while the new benefit increase was in effect.

(Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19; 101-610, eff. 1-1-20; 102-16, eff. 6-17-21.)

Section 97. Inseverability. The changes made to existing statutory law by this Act are mutually dependent and inseverable. If any change made to existing statutory law by this Act is held invalid other than as applied to a particular person or circumstance, then all changes made to existing statutory law by this Act are invalid in their entirety.

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