

1 AN ACT in relation to public employee benefits. 38

2 Be it enacted by the People of the State of Illinois, 42  
3 represented in the General Assembly: 43

4 Section 5. The Illinois Pension Code is amended by 46  
5 changing Sections 3-110, 3-111, 3-111.1, 3-112, 3-113.1, 47  
6 3-114.1, 3-114.2, 3-114.3, 3-114.6, 3-120, 3-124.1, 3-125.1, 48  
7 and 3-127 and adding Sections 3-105.2, 3-109.2, and 3-109.3  
8 as follows: 49

9 (40 ILCS 5/3-105.2 new) 52

10 Sec. 3-105.2. Self-Managed Plan. "Self-managed plan": 54

11 The defined contribution retirement program established for 55  
12 eligible employees under Section 3-109.3. The self-managed 56  
13 plan includes disability benefits as provided in Sections 57  
14 3-114.1, 3-114.2, 3-114.3, and 3-114.6 (but disregarding  
15 disability retirement annuities under Section 3-116.1). The 58  
16 self-managed plan does not include any retirement annuities, 59  
17 death benefits, or survivors insurance benefits payable 60  
18 directly from the fund under Section 3-111, 3-111.1, 3-112, 61  
19 3-114.1, 3-114.2, 3-114.3, 3-114.6, or 3-116.1 or any refunds  
20 determined under Section 3-124. 62

21 (40 ILCS 5/3-109.2 new) 65

22 Sec. 3-109.2. Retirement Program Elections. 67

23 (a) For the purposes of this Section and Section 69  
24 3-109.3:

25 "Eligible employee" means a police officer who is hired 71  
26 on or within one year after the effective date of the 72  
27 self-managed plan established under Section 3-109.3. 73

28 "Ineligible employee" means a police officer who is hired 75  
29 before or more than one year after that effective date. 76

30 (b) Each eligible employee may elect to participate in 78

Secretary of the Senate



Originated in the Senate

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1 the self-managed plan with respect to all periods of covered 79  
2 employment occurring on and after the effective date of the 80  
3 eligible employee's election. The election must be made in 81  
4 writing, in the manner prescribed by the fund, and within 6  
5 months after the later of (i) the date upon which the 82  
6 self-managed plan takes effect or (ii) the date of hire. 83

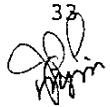
7 The election, once made, is irrevocable. If an employee 85  
8 terminates employment after making the election, then upon 86  
9 his or her subsequent re-employment under this Article with 87  
10 the same municipality, the original election shall 88  
11 automatically be reinstated.

12 A police officer who does not elect to participate in the 90  
13 self-managed plan within the permitted time shall participate 91  
14 in the defined benefit plan otherwise provided under this 92  
15 Article.

16 The employer shall not remit contributions to the fund on 94  
17 behalf of an eligible employee until the earlier of the 95  
18 expiration of the employee's 6-month election period or the 96  
19 date on which the employee submits a properly completed  
20 election to the employer or to the fund. 97

21 (c) Each eligible employee shall be provided with 99  
22 written information prepared or prescribed by the fund, 100  
23 describing the employee's retirement program choices. The 101  
24 eligible employee shall be offered an opportunity to receive 102  
25 counseling from the fund prior to making his or her election.  
26 This counseling may consist of videotaped materials, group 103  
27 presentations, individual consultation with an employee or 104  
28 authorized representative of the fund in person or by 105  
29 telephone or other electronic means, or any combination of  
30 these methods. 106

31 (40 ILCS 5/3-109.3 new) 109  
32 Sec. 3-109.3. Self-managed plan. 111  
33 (a) Purpose. The General Assembly finds that it is 113



1 important for municipalities to be able to attract and retain 115  
 2 the most qualified police officers and that in order to 116  
 3 attract and retain these police officers, municipalities 117  
 4 should have the flexibility to provide a defined contribution 118  
 5 plan as an alternative for eligible employees who elect not  
 6 to participate in a defined benefit retirement program 119  
 7 provided under this Article. Accordingly, a self-managed 120  
 8 plan shall be provided, which shall offer participating 121  
 9 employees the opportunity to accumulate assets for retirement  
 10 through a combination of employee and employer contributions 122  
 11 that may be invested in mutual funds, collective investment 123  
 12 funds, or other investment products and used to purchase 124  
 13 annuity contracts, either fixed or variable, or a combination 125  
 14 thereof. The plan must be qualified under the Internal  
 15 Revenue Code of 1986. 126

16 (b) Study by Commission; Adoption of plan. The Illinois 129  
 17 Pension Law Commission shall study and evaluate the creation  
 18 of a statewide self-managed plan for eligible employees under 130  
 19 this Article. The Commission shall report its findings and 131  
 20 recommendations to the General Assembly no later than January 132  
 21 1, 2002.

22 In accordance with the recommendations of the Commission 134  
 23 and any action taken by the General Assembly in response to 135  
 24 those recommendations, a statewide self-managed plan shall be 136  
 25 adopted for eligible employees under this Article. The 137  
 26 self-managed plan shall take effect as specified in the plan,  
 27 but in no event earlier than July 1, 2002 or the date of its 138  
 28 approval by the U.S. Internal Revenue Service, whichever 139  
 29 occurs later.

30 The self-managed plan shall include a plan document and 141  
 31 shall provide for the adoption of such rules and procedures 142  
 32 as are necessary or desirable for the administration of the 143  
 33 self-managed plan. Consistent with fiduciary duty to the  
 34 participants and beneficiaries of the self-managed plan, it 144

1 may provide for delegation of suitable aspects of plan 144  
2 administration to companies authorized to do business in this 145  
3 State.

4 (c) Selection of service providers and funding vehicles. 147  
5 The principal administrator of the self-managed plan shall 148  
6 solicit proposals to provide administrative services and 149  
7 funding vehicles for the self-managed plan from insurance and 150  
8 annuity companies and mutual fund companies, banks, trust  
9 companies, or other financial institutions authorized to do 151  
10 business in this State. In reviewing the proposals received 152  
11 and approving and contracting with no fewer than 2 and no 153  
12 more than 7 companies, the principal administrator shall  
13 consider, among other things, the following criteria: 154

14 (1) the nature and extent of the benefits that 157  
15 would be provided to the participants;

16 (2) the reasonableness of the benefits in relation 159  
17 to the premium charged; 160


18 (3) the suitability of the benefits to the needs 162  
19 and interests of the participating employees and the 163  
20 employer;

21 (4) the ability of the company to provide benefits 165  
22 under the contract and the financial stability of the 166  
23 company; and

24 (5) the efficacy of the contract in the recruitment 168  
25 and retention of employees. 169

26 The principal administrator shall periodically review 171  
27 each approved company. A company may continue to provide 172  
28 administrative services and funding vehicles for the 173  
29 self-managed plan only so long as it continues to be an  
30 approved company under contract with the principal 174  
31 administrator.

32 (d) Employee Direction. Employees who are participating 176  
33 in the program must be allowed to direct the transfer of 177  
34 their account balances among the various investment options 178



1 offered, subject to applicable contractual provisions. The 179  
2 participant shall not be deemed a fiduciary by reason of  
3 providing such investment direction. A person who is a 180  
4 fiduciary shall not be liable for any loss resulting from 181  
5 such investment direction and shall not be deemed to have 182  
6 breached any fiduciary duty by acting in accordance with that  
7 direction. The self-managed plan does not guarantee any of 183  
8 the investments in the employee's account balances. 184  
9 (e) Participation. An eligible employee must make a 186  
10 written election in accordance with the provisions of Section 187  
11 3-109.2 and the procedures established under the self-managed 188  
12 plan. Participation in the self-managed plan by an eligible 189  
13 employee who elects to participate in the self-managed plan  
14 shall begin on the first day of the first pay period 190  
15 following the later of the date the employee's election is 191  
16 filed with the fund or the employer, but in no event sooner 192  
17 than the effective date of the self-managed plan.  
18 A police officer who has elected to participate in the 194  
19 self-managed plan under this Section must continue 195  
20 participation while employed in an eligible position, and may 196  
21 not participate in any other retirement program administered  
22 by the municipality while employed as a police officer by 197  
23 that municipality. Participation in the self-managed plan 198  
24 under this Section shall constitute membership in an Article 199  
25 3 pension fund.  
26 (f) No Duplication of Service Credit. Notwithstanding 201  
27 any other provision of this Article, a police officer may not 202  
28 purchase or receive service or service credit applicable to 203  
29 any other retirement program administered by a fund under 204  
30 this Article for any period during which the police officer  
31 was a participant in the self-managed plan established under 205  
32 this Section.  
33 (g) Contributions. The self-managed plan shall be 207  
34 funded by contributions from participants in the self-managed 208

*John Ryan*

1 plan and employer contributions as provided in this Section. 209

2 The contribution rate for a participant in the 211

3 self-managed plan under this Section shall be a minimum of 212

4 10% of his or her salary. This required contribution shall 213

5 be made as an "employer pick-up" under Section 414(h) of the 214

6 Internal Revenue Code of 1986 or any successor Section

7 thereof. An employee may make additional contributions to 215

8 the self-managed plan in accordance with the terms of the 216

9 plan.

10 The self-managed plan shall provide for employer 218

11 contributions to be credited to each self-managed plan 219

12 participant at a rate of 10% of the participating employee's 220

13 salary, less the amount of the employer contribution used to

14 provide disability benefits for the employee. The amounts so 221

15 credited shall be paid into the participant's self-managed 222

16 plan accounts in the manner prescribed by the plan. 223

17 An amount of employer contribution, not exceeding 1.5% of 225

18 the participating employee's salary, shall be used for the 226

19 purpose of providing disability benefits to the participating 227

20 employee. Prior to the beginning of each plan year under the 228

21 self-managed plan, the principal administrator shall

22 determine, as a percentage of salary, the amount of employer 229

23 contributions to be allocated during that plan year for 230

24 providing disability benefits for employees in the

25 self-managed plan. 231

26 (h) Vesting; Withdrawal; Return to Service. A 233

27 participant in the self-managed plan becomes fully vested in 234

28 the employer contributions credited to his or her account in 235

29 the self-managed plan on the earliest to occur of the

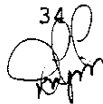
30 following: 236

31 (1) completion of 6 years of service with the 238

32 municipality; or

33 (2) the death of the participating employee while 240

34 employed by the municipality, if the participant has 242




1           completed at least 1.5 years of service.

2           A participant in the self-managed plan who receives a 244  
3           distribution of his or her vested amounts from the 245  
4           self-managed plan upon or after termination of employment 246  
5           shall forfeit all service credit and accrued rights in the  
6           fund of his or her employer; if subsequently re-employed, the 247  
7           participant shall be considered a new employee. If a former 248  
8           participant again becomes a participating employee and 249  
9           continues as such for at least 2 years, all such rights, 250  
10          service credit, and previous status as a participant shall be  
11          restored upon repayment of the amount of the distribution 251  
12          without interest.

13           (i) Benefit amounts. If a participating employee who is 253  
14           fully vested in employer contributions terminates employment, 254  
15           the participating employee shall be entitled to a benefit 255  
16           which is based on the account values attributable to both 256  
17           employer and employee contributions and any investment return  
18           thereon.

19           If a participating employee who is not fully vested in 258  
20           employer contributions terminates employment, the employee 259  
21           shall be entitled to a benefit based on the account values 260  
22           attributable to the employee's contributions and any  
23           investment return thereon, plus the following percentage of 261  
24           employer contributions and any investment return thereon: 20% 262  
25           after the second year; 40% after the third year; 60% after 263  
26           the fourth year; 80% after the fifth year; and 100% after the  
27           sixth year. The remainder of employer contributions and 264  
28           investment return thereon shall be forfeited. Any employer 265  
29           contributions that are forfeited shall be held in escrow by 266  
30           the company investing those contributions and shall be used 267  
31           as directed by the municipality for future allocations of 268  
32           employer contributions or for the restoration of amounts  
33           previously forfeited by former participants who again become 269  
34           participating employees. 270

1 (40 ILCS 5/3-110) (from Ch. 108 1/2, par. 3-110) 273  
2 Sec. 3-110. Creditable service. 275  
3 (a) "Creditable service" is the time served by a police 277  
4 officer as a member of a regularly constituted police force 278  
5 of a municipality. In computing creditable service furloughs 279  
6 without pay exceeding 30 days shall not be counted, but all 280  
7 leaves of absence for illness or accident, regardless of  
8 length, and all periods of disability retirement for which a 281  
9 police officer has received no disability pension payments 282  
10 under this Article shall be counted.  
11 (a-5) Up to 3 years of time during which the police 284  
12 officer receives a disability pension under Section 3-114.1, 285  
13 3-114.2, 3-114.3, or 3-114.6 shall be counted as creditable 286  
14 service, provided that (i) the police officer returns to 287  
15 active service after the disability for a period at least 288  
16 equal to the period for which credit is to be established and  
17 (ii) the police officer makes contributions to the fund based 289  
18 on the rates specified in Section 3-125.1 and the salary upon 290  
19 which the disability pension is based. These contributions 291  
20 may be paid at any time prior to the commencement of a 292  
21 retirement pension. The police officer may, but need not,  
22 elect to have the contributions deducted from the disability 293  
23 pension or to pay them in installments on a schedule approved 294  
24 by the board. If not deducted from the disability pension, 295  
25 the contributions shall include interest at the rate of 6% 296  
26 per year, compounded annually, from the date for which 297  
27 service credit is being established to the date of payment.  
28 If contributions are paid under this subsection (a-5) in 298  
29 excess of those needed to establish the credit, the excess 299  
30 shall be refunded. This subsection (a-5) applies to persons 300  
31 receiving a disability pension under Section 3-114.1, 301  
32 3-114.2, 3-114.3, or 3-114.6 on the effective date of this  
33 amendatory Act of the 91st General Assembly, as well as 302  
34 persons who begin to receive such a disability pension after 303





1 that date.

2 (b) Creditable service includes all periods of service 305  
3 in the military, naval or air forces of the United States 306  
4 entered upon while an active police officer of a 307  
5 municipality, provided that upon applying for a permanent  
6 pension, and in accordance with the rules of the board, the 308  
7 police officer pays into the fund the amount the officer 309  
8 would have contributed if he or she had been a regular 310  
9 contributor during such period, to the extent that the  
10 municipality which the police officer served has not made 311  
11 such contributions in the officer's behalf. The total amount 312  
12 of such creditable service shall not exceed 5 years, except 313  
13 that any police officer who on July 1, 1973 had more than 5 314  
14 years of such creditable service shall receive the total  
15 amount thereof.

16 (c) Creditable service also includes service rendered by 316  
17 a police officer while on leave of absence from a police 317  
18 department to serve as an executive of an organization whose 318  
19 membership consists of members of a police department, 319  
20 subject to the following conditions: (i) the police officer 320  
21 is a participant of a fund established under this Article  
22 with at least 10 years of service as a police officer; (ii) 321  
23 the police officer received no credit for such service under 322  
24 any other retirement system, pension fund, or annuity and 323  
25 benefit fund included in this Code; (iii) pursuant to the 324  
26 rules of the board the police officer pays to the fund the  
27 amount he or she would have contributed had the officer been 325  
28 an active member of the police department; and (iv) the 326  
29 organization pays a contribution equal to the municipality's 327  
30 normal cost for that period of service. 328

31 (d)(1) Creditable service also includes periods of 330  
32 service originally established in another police pension fund 331  
33 under this Article or in the Fund established under Article 7 332  
34 of this Code for which (1) the contributions have been 333

*CPM*

1 transferred under Section 3-110.7 or Section 7-139.9 and (ii)  
2 any additional contribution required under paragraph (2) of 334  
3 this subsection has been paid in full in accordance with the 335  
4 requirements of this subsection (d).

5 (2) If the board of the pension fund to which creditable 337  
6 service and related contributions are transferred under 338  
7 Section 3-110.7 or 7-139.9 determines that the amount 339  
8 transferred is less than the true cost to the pension fund of  
9 allowing that creditable service to be established, then in 340  
10 order to establish that creditable service the police officer 341  
11 must pay to the pension fund, within the payment period 342  
12 specified in paragraph (3) of this subsection, an additional  
13 contribution equal to the difference, as determined by the 343  
14 board in accordance with the rules and procedures adopted 344  
15 under paragraph (6) of this subsection.

16 (3) Except as provided in paragraph (4), the additional 346  
17 contribution must be paid to the board (i) within 5 years 347  
18 from the date of the transfer of contributions under Section 348  
19 3-110.7 or 7-139.9 and (ii) before the police officer 349  
20 terminates service with the fund. The additional  
21 contribution may be paid in a lump sum or in accordance with 350  
22 a schedule of installment payments authorized by the board. 351

23 (4) If the police officer dies in service before payment 353  
24 in full has been made and before the expiration of the 5-year 354  
25 payment period, the surviving spouse of the officer may elect 355  
26 to pay the unpaid amount on the officer's behalf within 6 356  
27 months after the date of death, in which case the creditable  
28 service shall be granted as though the deceased police 357  
29 officer had paid the remaining balance on the day before the 358  
30 date of death.

31 (5) If the additional contribution is not paid in full 360  
32 within the required time, the creditable service shall not be 361  
33 granted and the police officer (or the officer's surviving 362  
34 spouse or estate) shall be entitled to receive a refund of 363

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1 (i) any partial payment of the additional contribution that 364  
 2 has been made by the police officer and (ii) those portions  
 3 of the amounts transferred under subdivision (a)(1) of 365  
 4 Section 3-110.7 or subdivisions (a)(1) and (a)(3) of Section 366  
 5 7-139.9 that represent employee contributions paid by the  
 6 police officer (but not the accumulated interest on those 367  
 7 contributions) and interest paid by the police officer to the 368  
 8 prior pension fund in order to reinstate service terminated 369  
 9 by acceptance of a refund.

10 At the time of paying a refund under this item (5), the 371  
 11 pension fund shall also repay to the pension fund from which 372  
 12 the contributions were transferred under Section 3-110.7 or 373  
 13 7-139.9 the amount originally transferred under subdivision 374  
 14 (a)(2) of that Section, plus interest at the rate of 6% per  
 15 year, compounded annually, from the date of the original 375  
 16 transfer to the date of repayment. Amounts repaid to the 376  
 17 Article 7 fund under this provision shall be credited to the 377  
 18 appropriate municipality.

19 Transferred credit that is not granted due to failure to 379  
 20 pay the additional contribution within the required time is 380  
 21 lost; it may not be transferred to another pension fund and 381  
 22 may not be reinstated in the pension fund from which it was 382  
 23 transferred.

24 (6) The Public Employee Pension Fund Division of the 384  
 25 Department of Insurance shall establish by rule the manner of 385  
 26 making the calculation required under paragraph (2) of this 386  
 27 subsection, taking into account the appropriate actuarial  
 28 assumptions; the police officer's service, age, and salary 387  
 29 history; the level of funding of the pension fund to which 388  
 30 the credits are being transferred; and any other factors that 389  
 31 the Division determines to be relevant. The rules may  
 32 require that all calculations made under paragraph (2) be 390  
 33 reported to the Division by the board performing the 391  
 34 calculation, together with documentation of the creditable 392

1 service to be transferred, the amounts of contributions and  
 2 interest to be transferred, the manner in which the 393  
 3 calculation was performed, the numbers relied upon in making 394  
 4 the calculation, the results of the calculation, and any 395  
 5 other information the Division may deem useful.

6 (Source: P.A. 90-460, eff. 8-17-97; 91-887, eff. 7-6-00.) 397

7 (40 ILCS 5/3-111) (from Ch. 106 1/2, par. 3-111) 400

8 Sec. 3-111. Pension. 402

9 (a) A police officer age 50 or more with 20 or more 405  
 10 years of creditable service, who is not a participant in the  
 11 self-managed plan under Section 3-109.3 and who is no longer 406  
 12 in service as a police officer, shall receive a pension of 407  
 13 1/2 of the salary attached to the rank held by the officer on 408  
 14 the police force for one year immediately prior to retirement 409  
 15 or, beginning July 1, 1987 for persons terminating service on 410  
 16 or after that date, the salary attached to the rank held on 411  
 17 the last day of service or for one year prior to the last  
 18 day, whichever is greater. The pension shall be increased by 412  
 19 2.5% 2% of such salary for each additional year of service 413  
 20 over 20 years of service through 30 years of service, up--to 414  
 21 30--years,--and-1%-of-such-salary-for-each-additional-year-of 415  
 22 service-over-30-years, to a maximum of 75% of such salary. 416

23 The changes made to this subsection (a) by this 418  
 24 amendatory Act of the 91st General Assembly apply to all 419  
 25 pensions that become payable under this subsection on or 420  
 26 after January 1, 1999. All pensions payable under this  
 27 subsection that began on or after January 1, 1999 and before 421  
 28 the effective date of this amendatory Act shall be 422  
 29 recalculated, and the amount of the increase accruing for 423  
 30 that period shall be payable to the pensioner in a lump sum.

31 (a-5) No pension in effect on or granted after June 30, 425  
 32 1973 shall be less than \$200 per month. Beginning July 1, 426  
 33 1987, the minimum retirement pension for a police officer 427

1 having at least 20 years of creditable service shall be \$400 428  
 2 per month, without regard to whether or not retirement  
 3 occurred prior to that date. If the minimum pension 430  
 4 established in Section 3-113.1 is greater than the minimum 431  
 5 provided in this subsection, the Section 3-113.1 minimum  
 6 controls.

7 (b) A police officer mandatorily retired from service 433  
 8 due to age by operation of law, having at least 8 but less 435  
 9 than 20 years of creditable service, shall receive a pension  
 10 equal to 2 1/2% of the salary attached to the rank he or she 436  
 11 held on the police force for one year immediately prior to 437  
 12 retirement or, beginning July 1, 1987 for persons terminating 438  
 13 service on or after that date, the salary attached to the 439  
 14 rank held on the last day of service or for one year prior to 440  
 15 the last day, whichever is greater, for each year of 441  
 16 creditable service.

17 A police officer who retires or is separated from service 443  
 18 having at least 8 years but less than 20 years of creditable 444  
 19 service, who is not mandatorily retired due to age by 445  
 20 operation of law, and who does not apply for a refund of  
 21 contributions at his or her last separation from police 446  
 22 service, shall receive a pension upon attaining age 60 equal 447  
 23 to 2.5% of the salary attached to the rank held by the police 448  
 24 officer on the police force for one year immediately prior to 449  
 25 retirement or, beginning July 1, 1987 for persons terminating  
 26 service on or after that date, the salary attached to the 450  
 27 rank held on the last day of service or for one year prior to 451  
 28 the last day, whichever is greater, for each year of 452  
 29 creditable service.

30 (c) A police officer no longer in service who has at 454  
 31 least one but less than 8 years of creditable service in a 455  
 32 police pension fund but meets the requirements of this 456  
 33 subsection (c) shall be eligible to receive a pension from  
 34 that fund equal to 2.5% of the salary attached to the rank 457

1 held on the last day of service under that fund or for one 458  
2 year prior to that last day, whichever is greater, for each 459  
3 year of creditable service in that fund. The pension shall  
4 begin no earlier than upon attainment of age 60 (or upon 460  
5 mandatory retirement from the fund by operation of law due to 461  
6 age, if that occurs before age 60) and in no event before the 462  
7 effective date of this amendatory Act of 1997.

8 In order to be eligible for a pension under this 464  
9 subsection (c), the police officer must have at least 8 years 465  
10 of creditable service in a second police pension fund under 466  
11 this Article and be receiving a pension under subsection (a)  
12 or (b) of this Section from that second fund. The police 467  
13 officer need not be in service on or after the effective date 468  
14 of this amendatory Act of 1997.


15 (Source: P.A. 90-460, eff. 8-17-97.) 470

16 (40 ILCS 5/3-111.1) (from Ch. 108 1/2, par. 3-111.1) 473

17 Sec. 3-111.1. Increase in pension. 475

18 (a) Except as provided in subsection (e), the monthly 477  
19 pension of a police officer who retires after July 1, 1971, 478  
20 and prior to January 1, 1986, shall be increased, upon either 479  
21 the first of the month following the first anniversary of the 480  
22 date of retirement if the officer is 60 years of age or over  
23 at retirement date, or upon the first day of the month 481  
24 following attainment of age 60 if it occurs after the first 482  
25 anniversary of retirement, by 3% of the originally granted 483  
26 pension and by an additional 3% of the originally granted  
27 pension in January of each year thereafter. 484

28 (b) The monthly pension of a police officer who retired 486  
29 from service with 20 or more years of service, on or before 487  
30 July 1, 1971, shall be increased in January of the year 488  
31 following the year of attaining age 65 or in January of 1972, 489  
32 if then over age 65, by 3% of the originally granted pension 490  
33 for each year the police officer received pension payments.



1 In each January thereafter, he or she shall receive an 491  
2 additional increase of 3% of the original pension. 492

3 (c) The monthly pension of a police officer who retires 494  
4 on disability or is retired for disability shall be increased 495  
5 in January of the year following the year of attaining age 496  
6 60, by 3% of the original grant of pension for each year he 497  
7 or she received pension payments. In each January  
8 thereafter, the police officer shall receive an additional 498  
9 increase of 3% of the original pension. 499

10 (d) The monthly pension of a police officer who retires 501  
11 after January 1, 1986, shall be increased, upon either the 502  
12 first of the month following the first anniversary of the 503  
13 date of retirement if the officer is 55 years of age or over 504  
14 ~~at the retirement date~~, or upon the first day of the month  
15 following attainment of age 55 if it occurs after the first 505  
16 anniversary of retirement, by 1/12 of 3% of the originally 506  
17 granted pension for each full month year that has elapsed 507  
18 since the pension began, and by an additional 3% of the 508  
19 originally granted pension in January of each year  
20 thereafter. 509

21 The changes made to this subsection (d) by this 511  
22 amendatory Act of the 91st General Assembly apply to all 512  
23 initial increases that become payable under this subsection 513  
24 on or after January 1, 1999. All initial increases that  
25 became payable under this subsection on or after January 1, 514  
26 1999 and before the effective date of this amendatory Act 515  
27 shall be recalculated and the additional amount accruing for 516  
28 that period, if any, shall be payable to the pensioner in a  
29 lump sum. 517


30 (e) Notwithstanding the provisions of subsection (a), 519  
31 upon the first day of the month following (1) the first 520  
32 anniversary of the date of retirement, or (2) the attainment 521  
33 of age 55, or (3) July 1, 1987, whichever occurs latest, the 522  
34 monthly pension of a police officer who retired on or after

1 January 1, 1977 and on or before January 1, 1986, and did not 523  
2 receive an increase under subsection (a) before July 1, 1987, 524  
3 shall be increased by 3% of the originally granted monthly 525  
4 pension for each full year that has elapsed since the pension 526  
5 began, and by an additional 3% of the originally granted  
6 pension in each January thereafter. The increases provided 527  
7 under this subsection are in lieu of the increases provided 528  
8 in subsection (a).

9 (f) Notwithstanding the other provisions of this 530  
10 Section, beginning with increases granted on or after July 1, 531  
11 1993, the second and all subsequent automatic annual 532  
12 increases granted under subsection (a), (b), (d), or (e) of 533  
13 this Section shall be calculated as 3% of the amount of  
14 pension payable at the time of the increase, including any 534  
15 increases previously granted under this Section, rather than 535  
16 3% of the originally granted pension amount. Section 1-103.1 536  
17 does not apply to this subsection (f). 537  
18 (Source: P.A. 87-1265.) 539

19 (40 ILCS 5/3-112) (from Ch. 108 1/2, par. 3-112) 542  
20 Sec. 3-112. Pension to survivors. 544

21 (a) Upon the death of a police officer entitled to a 546  
22 pension under Section 3-111, the surviving spouse shall be 547  
23 entitled to the pension to which the police officer was then 548  
24 entitled. Upon the death of the surviving spouse, or upon 549  
25 the remarriage of the surviving spouse if that remarriage  
26 terminates the surviving spouse's eligibility under Section 550  
27 3-121, the police officer's unmarried children who are under 551  
28 age 18 or who are dependent because of physical or mental 552  
29 disability shall be entitled to equal shares of such pension. 553  
30 If there is no eligible surviving spouse and no eligible  
31 child, the dependent parent or parents of the officer shall 554  
32 be entitled to receive or share such pension until their 555  
33 death or marriage or remarriage after the death of the police 556





1 officer.

2 (b) Upon the death of a police officer while in service, 558  
3 having at least 20 years of creditable service, or upon the 559  
4 death of a police officer who retired from service with at 560  
5 least 20 years of creditable service, whether death occurs 561  
6 before or after attainment of age 50, the pension earned by  
7 the police officer as of the date of death as provided in 562  
8 Section 3-111 shall be paid to the survivors in the sequence 563  
9 provided in subsection (a) of this Section. 564

10 (c) Upon the death of a police officer while in service, 566  
11 having at least 10 but less than 20 years of service, a 567  
12 pension of 1/2 of the salary attached to the rank or ranks 568  
13 held by the officer for one year immediately prior to death 569  
14 shall be payable to the survivors in the sequence provided in 570  
15 subsection (a) of this section. If death occurs as a result  
16 of the performance of duty, the 10 year requirement shall not 571  
17 apply and the pension to survivors shall be payable after any 572  
18 period of service.

19 (d) Beginning July 1, 1987, a minimum pension of \$400 574  
20 per month shall be paid to all surviving spouses, without 575  
21 regard to the fact that the death of the police officer 576  
22 occurred prior to that date. If the minimum pension 577  
23 established in Section 3-113.1 is greater than the minimum 578  
24 provided in this subsection, the Section 3-113.1 minimum  
25 controls.

26 (e) The pension of the surviving spouse of a police 580  
27 officer who dies (i) on or after January 1, 2001, (ii) 581  
28 without having begun to receive either a retirement pension 582  
29 payable under Section 3-111 or a disability pension payable  
30 under Section 3-114.1, 3-114.2, 3-114.3, or 3-114.6, and 583  
31 (iii) as a result of sickness, accident, or injury incurred 584  
32 in or resulting from the performance of an act of duty shall 585  
33 not be less than 100% of the salary attached to the rank held 586  
34 by the deceased police officer on the last day of service,

1 notwithstanding any provision in this Article to the 587  
2 contrary.

3 (Source: P.A. 89-408, eff. 11-15-95.) 589

4 (40 ILCS 5/3-113.1) 592

5 Sec. 3-113.1. Minimum retirement, survivor, and 594  
6 disability pensions.

7 (a) Beginning January 1, 1999, the minimum retirement 596  
8 pension payable to a police officer with 20 or more years of 597  
9 creditable service, the minimum disability pension payable 598  
10 under Section 3-114.1, 3-114.2, or 3-114.3, or 3-114.6, and 600  
11 the minimum surviving spouse's pension shall be \$600 per  
12 month, without regard to whether the police officer was in 601  
13 service on or after the effective date of this amendatory Act 602  
14 of the 91st General Assembly.

15 In the case of a pensioner whose pension began before the 604  
16 effective date of this amendatory Act and is subject to 605  
17 increase under this subsection (a), the pensioner shall be 606  
18 entitled to a lump sum payment of the amount of that increase 607  
19 accruing from January 1, 1999 (or the date the pension began,  
20 if later) to the effective date of this amendatory Act. 608

21 (b) Beginning January 1, 2000, the minimum retirement 610  
22 pension payable to a police officer with 20 or more years of 611  
23 creditable service, the minimum disability pension payable 612  
24 under Section 3-114.1, 3-114.2, or 3-114.3, or 3-114.6, and 614  
25 the minimum surviving spouse's pension shall be \$800 per  
26 month, without regard to whether the police officer was in 615  
27 service on or after the effective date of this amendatory Act 616  
28 of the 91st General Assembly.

29 (c) Beginning January 1, 2001, the minimum retirement 618  
30 pension payable to a police officer with 20 or more years of 619  
31 creditable service, the minimum disability pension payable 620  
32 under Section 3-114.1, 3-114.2, or 3-114.3, or 3-114.6, and 622  
33 the minimum surviving spouse's pension shall be \$1000 per



1 month, without regard to whether the police officer was in 623  
 2 service on or after the effective date of this amendatory Act 624  
 3 of the 91st General Assembly.

4 (d) This Section does not grant a pension to any 626  
 5 surviving spouse who is not otherwise eligible to receive a 628  
 6 pension under this Article.

7 (e) No survivor benefits are payable to a participant in 630  
 8 the self-managed plan. 631

9 (Source: P.A. 91-466, eff. 8-6-99.) 633

10 (40 ILCS 5/3-114.1) (from Ch. 108 1/2, par. 3-114.1) 636

11 Sec. 3-114.1. Disability pension - Line of duty. 638

12 (a) If a police officer as the result of sickness, 640  
 13 accident or injury incurred in or resulting from the 641  
 14 performance of an act of duty, is found to be physically or 642  
 15 mentally disabled for service in the police department, so as  
 16 to render necessary his or her suspension or retirement from 643  
 17 the police service, the police officer shall be entitled to a 644  
 18 disability retirement pension equal to the greatest of (1) 645  
 19 65% of the salary attached to the rank on the police force 646  
 20 held by the officer at the date of suspension of duty or  
 21 retirement, (2) the retirement pension that the police 647  
 22 officer would be eligible to receive if he or she retired 648  
 23 (but not including any automatic annual increase in that 649  
 24 retirement pension), or (3) the pension provided under 650  
 25 subsection (d), if applicable.

26 A police officer shall be considered "on duty" while on 652  
 27 any assignment approved by the chief of the police department 653  
 28 of the municipality he or she serves, whether the assignment 654  
 29 is within or outside the municipality.

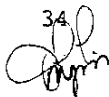
30 (b) If a police officer on disability pension dies while 656  
 31 still disabled, the disability pension shall continue to be 657  
 32 paid to his or her survivors in the sequence provided in 658  
 33 Section 3-112.

1           (c) From and after July 1, 1987, any pension payable 660  
2 under this Section shall be at least \$400 per month, without 661  
3 regard to the fact that the disability or death of the police 662  
4 officer occurred prior to that date. If the minimum pension 663  
5 established in Section 3-113.1 is greater than the minimum 664  
6 provided in this Section, the Section 3-113.1 minimum  
7 controls.

8           (d) A disabled police officer who (1) is receiving a 666  
9 pension under this Section on the effective date of this 668  
10 amendatory Act of the 91st General Assembly, (2) files with 669  
11 the Fund, within 30 days after that effective date and  
12 annually thereafter while the pension remains payable, a 670  
13 written application for the benefits of this subsection, 671  
14 including an affidavit stating that the applicant has not 672  
15 earned any income from gainful employment during the most  
16 recently concluded tax year and a copy of his or her most 673  
17 recent Illinois income tax return, (3) has service credit in 674  
18 the Fund for at least 7 years of active duty, and (4) has 675  
19 been receiving the pension under this Section for a period  
20 which, when added to the officer's total service credit in 676  
21 the Fund, equals at least 20 years, shall be eligible to 677  
22 receive an annual noncompounded increase in his or her 678  
23 pension under this Section, equal to 3% of the original  
24 pension.

25           The Fund may take appropriate steps to verify the 680  
26 applicant's disability and earnings status, and for this 681  
27 purpose may request from the Department of Revenue a 682  
28 certified copy of the applicant's Illinois income tax return  
29 for any year for which a benefit under this Section is 683  
30 payable or has been paid.

31           The annual increase shall accrue on each anniversary of 685  
32 the initial pension payment date, for so long as the pension 686  
33 remains payable to the disabled police officer and the 687  
34 required annual application is made, except that the annual



1 increases under this subsection shall cease if the disabled 688  
2 police officer earns income from gainful employment. Within 689  
3 60 days after accepting an initial application under this 690  
4 subsection, the Fund shall pay to the disabled police 691  
5 officer, in a lump sum without interest, the amounts  
6 resulting from the annual increases that have accrued 692  
7 retroactively.

8 This subsection is not limited to persons in active 694  
9 service on or after its effective date, but it applies only 695  
10 to a pension that is payable under this Section to a disabled 696  
11 police officer (rather than a survivor). Upon the death of 697  
12 the disabled police officer, the annuity payable under this  
13 section to his or her survivors shall include any annual 698  
14 increases previously received, but no additional increases 699  
15 shall accrue under this subsection.

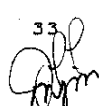
16 (Source: P.A. 85-941.) 701

17 (40 ILCS 5/3-114.2) (from Ch. 108 1/2, par. 3-114.2) 704

18 Sec. 3-114.2. Disability pension - Not on duty. A 706  
19 police officer who becomes disabled as a result of any cause 707  
20 other than the performance of an act of duty, and who is 708  
21 found to be physically or mentally disabled so as to render  
22 necessary his or her suspension or retirement from police 709  
23 service in the police department, shall be entitled to a 710  
24 disability pension of 50% of the salary attached to the 711  
25 officer's rank on the police force at the date of suspension  
26 of duty or retirement. 712

27 If a police officer on disability pension dies while 714  
28 still disabled, the disability pension shall continue to be 715  
29 paid to the officer's survivors in the sequence provided in 716  
30 Section 3-112.

31 From and after July 1, 1987, any pension payable under 718  
32 this Section shall be at least \$400 per month, without regard 719  
33 to the fact that the disability or death of the police 720



1 officer occurred prior to that date. If the minimum pension 721  
2 established in Section 3-113.1 is greater than the minimum 722  
3 provided in this Section, the Section 3-113.1 minimum  
4 controls.  
5 (Source: P.A. 85-941.) 724

6 (40 ILCS 5/3-114.3) (from Ch. 108 1/2, par. 3-114.3) 727  
7 Sec. 3-114.3. Heart attack or stroke suffered in 729  
8 performance of duties. Any police officer who suffers a 730  
9 heart attack or stroke as a result of the performance and 731  
10 discharge of police duty shall be considered as having been  
11 injured in the performance of an act of duty and shall be 732  
12 eligible for the benefits provided under this Article for 733  
13 police officers injured in the performance of an act of duty 734  
14 or, if applicable, the benefits provided in Section 3-114.6. 735  
15 (Source: P.A. 90-766, eff. 8-14-98.) 737

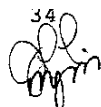
16 (40 ILCS 5/3-114.6) 740  
17 Sec. 3-114.6. Occupational disease disability pension. 742  
18 (a) This Section applies only to police officers who are 744  
19 employed by a municipality with a combined police and fire 745  
20 department and who have regular firefighting duties in 746  
21 addition to their law enforcement duties.  
22 (b) The General Assembly finds that service in a police 748  
23 department that also has firefighting duties requires 749  
24 officers to perform unusual tasks in times of stress and 750  
25 danger; that officers are subject to exposure to extreme heat  
26 or extreme cold in certain seasons while performing their 751  
27 duties; that they are required to work in the midst of and 752  
28 are subject to heavy smoke fumes and carcinogenic, poisonous, 753  
29 toxic, or chemical gases from fires; and that these  
30 conditions exist and arise out of or in the course of 754  
31 employment.  
32 (c) An active officer with 5 or more years of creditable 756

1 service who is found to be unable to perform his or her 757  
2 duties in the department by reason of heart disease, stroke, 758  
3 tuberculosis, or any disease of the lungs or respiratory 759  
4 tract, resulting from service as an officer, is entitled to  
5 an occupational disease disability pension during any period 760  
6 of such disability for which he or she has no right to 761  
7 receive salary.

8 An active officer who has completed 5 or more years of 763  
9 service and is unable to perform his or her duties in the 764  
10 department by reason of a disabling cancer, which develops or 765  
11 manifests itself during a period while the officer is in the  
12 service of the department, is entitled to receive an 766  
13 occupational disease disability benefit during any period of 767  
14 such disability for which he or she does not have a right to 768  
15 receive salary. In order to receive this occupational  
16 disease disability benefit, (i) the cancer must be of a type 769  
17 that may be caused by exposure to heat, radiation, or a known 770  
18 carcinogen as defined by the International Agency for 771  
19 Research on Cancer and (ii) the cancer must (and is 772  
20 rebuttably presumed to) arise as a result of service as an  
21 officer.

22 An officer who, after the effective date of this 774  
23 amendatory Act of 1998, enters the service of a combined 775  
24 police and fire department and has regular firefighting 776  
25 duties shall be examined by one or more practicing physicians  
26 appointed by the board. If the examination discloses 777  
27 impairment of the heart, lungs, or respiratory tract, or the 778  
28 existence of cancer, the officer shall not be entitled to an 779  
29 occupational disease disability pension under this Section  
30 unless and until a subsequent examination reveals no such 780  
31 impairment or cancer.

32 The occupational disease disability pension shall be 782  
33 equal to the greater of 65% of the salary attached to the 784  
34 rank held by the officer at the time of his or her removal



1 from the municipality's department payroll or (2) the 785  
2 retirement pension that the police officer would be eligible 786  
3 to receive if he or she retired (but not including any 787  
4 automatic annual increase in that retirement pension).


5 The occupational disease disability pension is payable to 789  
6 the officer during the period of the disability. If the 790  
7 disability ceases before the death of the officer, the 791  
8 disability pension payable under this Section shall also 792  
9 cease and the officer thereafter shall receive such pension  
10 benefits as are provided in accordance with other provisions 793  
11 of this Article.

12 If an officer dies while still disabled and receiving a 795  
13 disability pension under this Section, the disability pension 796  
14 shall continue to be paid to the officer's survivors in the 797  
15 sequence provided in Section 3-112.  
16 (Source: P.A. 90-766, eff. 8-14-98.) 799

17 (40 ILCS 5/3-120) (from Ch. 108 1/2, par. 3-120) 802  
18 Sec. 3-120. Marriage after retirement. 804

19 (a) If a police officer marries subsequent to 806  
20 retirement on any pension under this Article other than a 807  
21 pension established under Section 3-109.3, the surviving 808  
22 spouse and the children of such surviving spouse shall 809  
23 receive no pension on the death of the officer, except as  
24 provided in subsection (b). 810

25 (b) Notwithstanding Section 1-103.1 of this Code, this 812  
26 Section shall not be deemed to disqualify from receiving a 813  
27 survivor's pension the surviving spouse and children of any 814  
28 police officer who (i) retired from service in 1973, married 815  
29 the surviving spouse during 1974, and died in 1988, or (ii) 816  
30 retired on disability in October of 1982, married the  
31 surviving spouse during 1991, and died in 1992. In the case 817  
32 of a person who becomes eligible for a benefit under this 818  
33 subsection (b), the benefit shall begin to accrue on July 1, 819





1 1990 or July 1 of the year following the police officer's 820  
2 death, whichever is later.  
3 (Source: P.A. 87-794; 87-1265.) 822

4 (40 ILCS 5/3-124.1) (from Ch. 108 1/2, par. 3-124.1) 825  
5 Sec. 3-124.1. Re-entry into active service. If a police 827  
6 officer who is receiving pension payments other than as 829  
7 provided in Section 3-109.3 re-enters active service, pension 830  
8 payment shall be suspended while he or she is in service. 831  
9 When he or she again retires, pension payments shall be 832  
10 resumed. If the police officer remains in service after 833  
11 re-entry for a period of less than 5 years, the pension shall 834  
12 be the same as upon first retirement. If the officer's 835  
13 service after re-entry is at least 5 years and the officer 836  
14 makes the required contributions during the period of 837  
15 re-entry, his or her pension shall be recomputed by taking 838  
16 into account the additional period of service and salary. 839  
17 (Source: P.A. 83-1440.) 840

18 (40 ILCS 5/3-125.1) (from Ch. 108 1/2, par. 3-125.1) 842  
19 Sec. 3-125.1. Contributions by police officers. Each 844  
20 police officer shall contribute to the pension fund the 845  
21 following percentages of salary for the periods stated: 846  
22 Beginning July 1, 1909 and prior to July 23, 1943, 1% (except 847  
23 that prior to July 1, 1921 not more than one dollar per month 848  
24 shall be deducted, and except that beginning July 1, 1921 and 849  
25 prior to July 1, 1927 not more than \$2 per month shall be 850  
26 deducted); beginning July 23, 1943 and prior to July 20, 851  
27 1949, 3%; beginning July 20, 1949 and prior to July 17, 1959, 852  
28 5%; beginning July 17, 1959 and prior to July 1, 1971, 7%; 853  
29 beginning July 1, 1971 and prior to July 1, 1975, 7 1/2%; 854  
30 beginning July 1, 1975 and prior to January 1, 1987, 8 1/2%; 855  
31 and beginning January 1, 1987 and prior to January 1, 2001, 856  
9%; and beginning January 1, 2001, 9.91%. Such sums shall 857

320  


1 be paid or deducted monthly. Contribution to the 856  
2 self-managed plan shall be no less than 10% of salary. 857

3 "Salary" means the annual salary, including longevity, 859  
4 attached to the police officer's rank, as established by the 860  
5 municipality's appropriation ordinance, including any 861  
6 compensation for overtime which is included in the salary so 862  
7 established, but excluding any "overtime pay", "holiday pay", 863  
8 "bonus pay", "merit pay", or any other cash benefit not  
9 included in the salary so established. 864  
10 (Source: P.A. 84-1472.) 866

11 (40 ILCS 5/3-127) (from Ch. 108 1/2, par. 3-127) 869

12 Sec. 3-127. Reserves. The board shall establish and 871  
13 maintain a reserve to insure the payment of all obligations 872  
14 incurred under this Article excluding retirement annuities 873  
15 established under Section 3-109.3. The reserve to be 874  
16 accumulated shall be equal to the estimated total actuarial  
17 requirements of the fund. 875

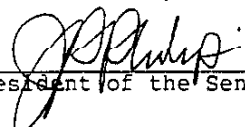
18 If a pension fund has a reserve of less than the accrued 877  
19 liabilities of the fund, the board of the pension fund, in 878  
20 making its annual report to the city council or board of 879  
21 trustees of the municipality, shall designate the amount, 880  
22 calculated as a level percentage of payroll, needed annually  
23 to insure the accumulation of the reserve to the level of the 881  
24 fund's accrued liabilities over a period of 40 years from 882  
25 July 1, 1993 for pension funds then in operation, or from the 883  
26 date of establishment in the case of a fund created  
27 thereafter, so that the necessary reserves will be attained 884  
28 over such a period.  
29 (Source: P.A. 87-1265.) 886

30 Section 90. The State Mandates Act is amended by adding 889  
31 Section 8.24 as follows: 890



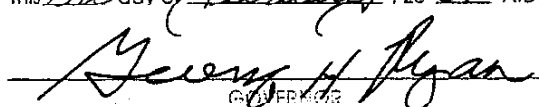
1 (30 ILCS 805/8.24 new) 894  
 2 Sec. 8.24. Exempt mandate. Notwithstanding Sections 6 896  
 3 and 8 of this Act, no reimbursement by the State is required 897  
 4 for the implementation of any mandate created by this 898  
 5 amendatory Act of the 91st General Assembly.

6 Section 99. Effective date. This Act takes effect upon 901  
 becoming law.

  
 \_\_\_\_\_ 906  
 President of the Senate 908

  
 \_\_\_\_\_ 911  
 Speaker, House of Representatives 912

APPROVED

this 1st day of February, 20 01 A.D.,  
  
 GOVERNOR

