

1 AN ACT concerning 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 15-112 and 15-148 as follows:

6 (40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)

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

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

10 For an employee who is paid on an hourly basis or who  
11 receives an annual salary in installments during 12 months of  
12 each academic year, the average annual earnings during the 48  
13 consecutive calendar month period ending with the last day of  
14 final termination of employment or the 4 consecutive academic  
15 years of service in which the employee's earnings were the  
16 highest, whichever is greater. For any other employee, the  
17 average annual earnings during the 4 consecutive academic  
18 years of service in which his or her earnings were the highest.  
19 For an employee with less than 48 months or 4 consecutive  
20 academic years of service, the average earnings during his or  
21 her entire period of service. The earnings of an employee with  
22 more than 36 months of service under item (a) of Section  
23 15-113.1 prior to the date of becoming a participant are, for

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

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

4 For an employee who is paid on an hourly basis or who  
5 receives an annual salary in installments during 12 months of  
6 each academic year, the average annual earnings obtained by  
7 dividing by 8 the total earnings of the employee during the 96  
8 consecutive months in which the total earnings were the  
9 highest within the last 120 months prior to termination or the  
10 average annual earnings during the 8 consecutive academic  
11 years of service within the 10 years of service prior to  
12 termination in which the employee's earnings were the highest,  
13 whichever is greater.

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

21 The changes made to this subsection (b) by this amendatory  
22 Act of the 104th General Assembly are corrections and  
23 clarifications of existing law and are intended to be  
24 retroactive to January 1, 2011 (the effective date of Public  
25 Act 96-1490), notwithstanding the provisions of Section  
26 1-103.1 of this Code.

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

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

10 (e) For a Tier 1 member who retires on or after August 22,  
11 1997 (the effective date of Public Act 90-511) ~~this amendatory~~  
12 ~~Act of 1997~~ with at least 20 years of service as a firefighter  
13 or police officer under this Article, the final rate of  
14 earnings shall be the annual rate of earnings received by the  
15 participant on his or her last day as a firefighter or police  
16 officer under this Article, if that is greater than the final  
17 rate of earnings as calculated under the other provisions of  
18 this Section.

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

1 (g) In the determination of the final rate of earnings for  
2 an employee, that part of an employee's earnings for any  
3 academic year beginning after June 30, 1997, which exceeds the  
4 employee's earnings with that employer for the preceding year  
5 by more than 20% ~~20 percent~~ shall be excluded; in the event  
6 that an employee has more than one employer this limitation  
7 shall be calculated separately for the earnings with each  
8 employer. In making such calculation, only the basic  
9 compensation of employees shall be considered, without regard  
10 to vacation or overtime or to contracts for summer employment.  
11 Beginning September 1, 2024, this subsection (g) also applies  
12 to an employee who has been employed at 1/2 time or less for 3  
13 or more years.

14 (h) The following are not considered as earnings in  
15 determining the final rate of earnings: (1) severance or  
16 separation pay, (2) retirement pay, (3) payment for unused  
17 sick leave, and (4) payments from an employer for the period  
18 used in determining the final rate of earnings for any purpose  
19 other than (i) services rendered, (ii) leave of absence or  
20 vacation granted during that period, and (iii) vacation of up  
21 to 56 work days allowed upon termination of employment; except  
22 that, if the benefit has been collectively bargained between  
23 the employer and the recognized collective bargaining agent  
24 pursuant to the Illinois Educational Labor Relations Act,  
25 payment received during a period of up to 2 academic years for  
26 unused sick leave may be considered as earnings in accordance

1 with the applicable collective bargaining agreement, subject  
2 to the 20% increase limitation of this Section. Any unused  
3 sick leave considered as earnings under this Section shall not  
4 be taken into account in calculating service credit under  
5 Section 15-113.4.

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

8 (Source: P.A. 103-548, eff. 8-11-23; revised 7-18-24.)

9 (40 ILCS 5/15-148) (from Ch. 108 1/2, par. 15-148)

10 Sec. 15-148. Survivors insurance benefits; general  
11 ~~benefits — General~~ provisions. The survivors annuity is  
12 payable monthly. Any annuity due but unpaid upon the death of  
13 the annuitant, shall be paid to the annuitant's estate.

14 A person who becomes entitled to more than one survivors  
15 insurance benefit because of the death of 2 or more persons  
16 shall receive only the largest of the benefits; except that  
17 this limitation does not apply to a survivors insurance  
18 beneficiary who is entitled to a survivor's annuity by reason  
19 of a mental or physical disability.

20 A survivors insurance beneficiary or the personal  
21 representative of the estate of a deceased survivors insurance  
22 beneficiary or the personal representative of a survivors  
23 insurance beneficiary who is under a legal disability may  
24 waive the right to receive survivorship benefits, provided  
25 written notice of the waiver is given by the beneficiary or

1 representative to the board within 6 months after the System  
2 notified that person of the benefits payable upon the death of  
3 the participant or annuitant and before any payment is made  
4 pursuant to an application filed by such person.

5 (Source: P.A. 92-424, eff. 8-17-01.)

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