



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB4057

by Rep. Jeanne M Ives

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. For the 5 State-funded Retirement Systems: Requires implementation of a Tier 3 plan that aggregates State and employee contributions in individual participant accounts. Provides that a person who becomes a participant on or after July 1, 2018 shall participate in the Tier 3 plan. Authorizes a Tier 1 or Tier 2 participant to elect to participate in the Tier 3 plan. Requires Systems to offer an optional accelerated benefit payment to certain members in lieu of receiving a pension and authorizes the issuance of bonds for those payments. Authorizes a person to elect not to participate or to terminate participation in the Systems. Restricts participation in the General Assembly Retirement System to current participants. In Articles 7, 14, 15, and 16, for new participants, prohibits unused sick or vacation time from being used to calculate pensionable salary or establish service credit. In Articles 15 and 16, requires an employer to pay the projected costs of the increase in pension benefits associated with an increase in salary. In Article 16, prohibits an employer from making employee contributions on behalf of an employee, except as specified. Amends other Acts to prohibit collective bargaining over that prohibition and make conforming changes. Effective immediately.

LRB100 12972 RPS 27085 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE DEBT
IMPACT NOTE ACT
MAY APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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 State Employees Group Insurance Act of 1971
5 is amended by changing Sections 3 and 10 as follows:

6 (5 ILCS 375/3) (from Ch. 127, par. 523)

7 Sec. 3. Definitions. Unless the context otherwise
8 requires, the following words and phrases as used in this Act
9 shall have the following meanings. The Department may define
10 these and other words and phrases separately for the purpose of
11 implementing specific programs providing benefits under this
12 Act.

13 (a) "Administrative service organization" means any
14 person, firm or corporation experienced in the handling of
15 claims which is fully qualified, financially sound and capable
16 of meeting the service requirements of a contract of
17 administration executed with the Department.

18 (b) "Annuitant" means (1) an employee who retires, or has
19 retired, on or after January 1, 1966 on an immediate annuity
20 under the provisions of Article ~~Articles~~ 2 (including an
21 employee who, in lieu of receiving an annuity under that
22 Article, has retired under the Tier 3 plan established under
23 Section 2-165.5 of that Article or who meets the criteria for

1 retirement and has elected to receive an accelerated pension
2 benefit payment under Section 2-154.5 of that Article), 14
3 (including an employee who has elected to receive an
4 alternative retirement cancellation payment under Section
5 14-108.5 of the Illinois Pension Code in lieu of an annuity, an
6 employee who, in lieu of receiving an annuity under that
7 Article, has retired under the Tier 3 plan established under
8 Section 14-155.5 of that Article, or an employee who meets the
9 criteria for retirement and has elected to receive an
10 accelerated pension benefit payment under Section 14-147.5 of
11 that Article), or 15 (including an employee who has retired
12 under the optional retirement program established under
13 Section 15-158.2 or the Tier 3 plan established under Section
14 15-155.5 of the Illinois Pension Code or who meets the criteria
15 for retirement and has elected to receive an accelerated
16 pension benefit payment under Section 15-185.5 of that
17 Article), paragraphs (2), (3), or (5) of Section 16-106
18 (including an employee who, in lieu of receiving an annuity
19 under that Article, has retired under the Tier 3 plan
20 established under Section 16-205.5 of the Illinois Pension Code
21 or who meets the criteria for retirement and has elected to
22 receive an accelerated pension benefit payment under Section
23 16-190.5 of that Article), or Article 18 (including an employee
24 who, in lieu of receiving an annuity under that Article, has
25 retired under the Tier 3 plan established under Section
26 18-121.5 of that Article or who meets the criteria for

1 retirement and has elected to receive an accelerated pension
2 benefit payment under Section 18-161.5 of that Article) of the
3 Illinois Pension Code; (2) any person who was receiving group
4 insurance coverage under this Act as of March 31, 1978 by
5 reason of his status as an annuitant, even though the annuity
6 in relation to which such coverage was provided is a
7 proportional annuity based on less than the minimum period of
8 service required for a retirement annuity in the system
9 involved; (3) any person not otherwise covered by this Act who
10 has retired as a participating member under Article 2 of the
11 Illinois Pension Code but is ineligible for the retirement
12 annuity under Section 2-119 of the Illinois Pension Code; (4)
13 the spouse of any person who is receiving a retirement annuity
14 under Article 18 of the Illinois Pension Code and who is
15 covered under a group health insurance program sponsored by a
16 governmental employer other than the State of Illinois and who
17 has irrevocably elected to waive his or her coverage under this
18 Act and to have his or her spouse considered as the "annuitant"
19 under this Act and not as a "dependent"; or (5) an employee who
20 retires, or has retired, from a qualified position, as
21 determined according to rules promulgated by the Director,
22 under a qualified local government, a qualified rehabilitation
23 facility, a qualified domestic violence shelter or service, or
24 a qualified child advocacy center. (For definition of "retired
25 employee", see (p) post).

26 (b-5) (Blank).

1 (b-6) (Blank).

2 (b-7) (Blank).

3 (c) "Carrier" means (1) an insurance company, a corporation
4 organized under the Limited Health Service Organization Act or
5 the Voluntary Health Services Plan Act, a partnership, or other
6 nongovernmental organization, which is authorized to do group
7 life or group health insurance business in Illinois, or (2) the
8 State of Illinois as a self-insurer.

9 (d) "Compensation" means salary or wages payable on a
10 regular payroll by the State Treasurer on a warrant of the
11 State Comptroller out of any State, trust or federal fund, or
12 by the Governor of the State through a disbursing officer of
13 the State out of a trust or out of federal funds, or by any
14 Department out of State, trust, federal or other funds held by
15 the State Treasurer or the Department, to any person for
16 personal services currently performed, and ordinary or
17 accidental disability benefits under Articles 2, 14, 15
18 (including ordinary or accidental disability benefits under
19 the optional retirement program established under Section
20 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or
21 Article 18 of the Illinois Pension Code, for disability
22 incurred after January 1, 1966, or benefits payable under the
23 Workers' Compensation or Occupational Diseases Act or benefits
24 payable under a sick pay plan established in accordance with
25 Section 36 of the State Finance Act. "Compensation" also means
26 salary or wages paid to an employee of any qualified local

1 government, qualified rehabilitation facility, qualified
2 domestic violence shelter or service, or qualified child
3 advocacy center.

4 (e) "Commission" means the State Employees Group Insurance
5 Advisory Commission authorized by this Act. Commencing July 1,
6 1984, "Commission" as used in this Act means the Commission on
7 Government Forecasting and Accountability as established by
8 the Legislative Commission Reorganization Act of 1984.

9 (f) "Contributory", when referred to as contributory
10 coverage, shall mean optional coverages or benefits elected by
11 the member toward the cost of which such member makes
12 contribution, or which are funded in whole or in part through
13 the acceptance of a reduction in earnings or the foregoing of
14 an increase in earnings by an employee, as distinguished from
15 noncontributory coverage or benefits which are paid entirely by
16 the State of Illinois without reduction of the member's salary.

17 (g) "Department" means any department, institution, board,
18 commission, officer, court or any agency of the State
19 government receiving appropriations and having power to
20 certify payrolls to the Comptroller authorizing payments of
21 salary and wages against such appropriations as are made by the
22 General Assembly from any State fund, or against trust funds
23 held by the State Treasurer and includes boards of trustees of
24 the retirement systems created by Articles 2, 14, 15, 16 and 18
25 of the Illinois Pension Code. "Department" also includes the
26 Illinois Comprehensive Health Insurance Board, the Board of

1 Examiners established under the Illinois Public Accounting
2 Act, and the Illinois Finance Authority.

3 (h) "Dependent", when the term is used in the context of
4 the health and life plan, means a member's spouse and any child
5 (1) from birth to age 26 including an adopted child, a child
6 who lives with the member from the time of the filing of a
7 petition for adoption until entry of an order of adoption, a
8 stepchild or adjudicated child, or a child who lives with the
9 member if such member is a court appointed guardian of the
10 child or (2) age 19 or over who has a mental or physical
11 disability from a cause originating prior to the age of 19 (age
12 26 if enrolled as an adult child dependent). For the health
13 plan only, the term "dependent" also includes (1) any person
14 enrolled prior to the effective date of this Section who is
15 dependent upon the member to the extent that the member may
16 claim such person as a dependent for income tax deduction
17 purposes and (2) any person who has received after June 30,
18 2000 an organ transplant and who is financially dependent upon
19 the member and eligible to be claimed as a dependent for income
20 tax purposes. A member requesting to cover any dependent must
21 provide documentation as requested by the Department of Central
22 Management Services and file with the Department any and all
23 forms required by the Department.

24 (i) "Director" means the Director of the Illinois
25 Department of Central Management Services.

26 (j) "Eligibility period" means the period of time a member

1 has to elect enrollment in programs or to select benefits
2 without regard to age, sex or health.

3 (k) "Employee" means and includes each officer or employee
4 in the service of a department who (1) receives his
5 compensation for service rendered to the department on a
6 warrant issued pursuant to a payroll certified by a department
7 or on a warrant or check issued and drawn by a department upon
8 a trust, federal or other fund or on a warrant issued pursuant
9 to a payroll certified by an elected or duly appointed officer
10 of the State or who receives payment of the performance of
11 personal services on a warrant issued pursuant to a payroll
12 certified by a Department and drawn by the Comptroller upon the
13 State Treasurer against appropriations made by the General
14 Assembly from any fund or against trust funds held by the State
15 Treasurer, and (2) is employed full-time or part-time in a
16 position normally requiring actual performance of duty during
17 not less than 1/2 of a normal work period, as established by
18 the Director in cooperation with each department, except that
19 persons elected by popular vote will be considered employees
20 during the entire term for which they are elected regardless of
21 hours devoted to the service of the State, and (3) except that
22 "employee" does not include any person who is not eligible by
23 reason of such person's employment to participate in one of the
24 State retirement systems under Articles 2, 14, 15 (either the
25 regular Article 15 system or the optional retirement program
26 established under Section 15-158.2) or 18, or under paragraph

1 (2), (3), or (5) of Section 16-106, of the Illinois Pension
2 Code, but such term does include persons who are employed
3 during the 6 month qualifying period under Article 14 of the
4 Illinois Pension Code. Such term also includes any person who
5 (1) after January 1, 1966, is receiving ordinary or accidental
6 disability benefits under Articles 2, 14, 15 (including
7 ordinary or accidental disability benefits under the optional
8 retirement program established under Section 15-158.2),
9 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of
10 the Illinois Pension Code, for disability incurred after
11 January 1, 1966, (2) receives total permanent or total
12 temporary disability under the Workers' Compensation Act or
13 Occupational Disease Act as a result of injuries sustained or
14 illness contracted in the course of employment with the State
15 of Illinois, or (3) is not otherwise covered under this Act and
16 has retired as a participating member under Article 2 of the
17 Illinois Pension Code but is ineligible for the retirement
18 annuity under Section 2-119 of the Illinois Pension Code.
19 However, a person who satisfies the criteria of the foregoing
20 definition of "employee" except that such person is made
21 ineligible to participate in the State Universities Retirement
22 System by clause (4) of subsection (a) of Section 15-107 of the
23 Illinois Pension Code is also an "employee" for the purposes of
24 this Act. "Employee" also includes any person receiving or
25 eligible for benefits under a sick pay plan established in
26 accordance with Section 36 of the State Finance Act. "Employee"

1 also includes (i) each officer or employee in the service of a
2 qualified local government, including persons appointed as
3 trustees of sanitary districts regardless of hours devoted to
4 the service of the sanitary district, (ii) each employee in the
5 service of a qualified rehabilitation facility, (iii) each
6 full-time employee in the service of a qualified domestic
7 violence shelter or service, and (iv) each full-time employee
8 in the service of a qualified child advocacy center, as
9 determined according to rules promulgated by the Director.

10 (l) "Member" means an employee, annuitant, retired
11 employee or survivor. In the case of an annuitant or retired
12 employee who first becomes an annuitant or retired employee on
13 or after the effective date of this amendatory Act of the 97th
14 General Assembly, the individual must meet the minimum vesting
15 requirements of the applicable retirement system in order to be
16 eligible for group insurance benefits under that system. In the
17 case of a survivor who first becomes a survivor on or after the
18 effective date of this amendatory Act of the 97th General
19 Assembly, the deceased employee, annuitant, or retired
20 employee upon whom the annuity is based must have been eligible
21 to participate in the group insurance system under the
22 applicable retirement system in order for the survivor to be
23 eligible for group insurance benefits under that system.

24 (m) "Optional coverages or benefits" means those coverages
25 or benefits available to the member on his or her voluntary
26 election, and at his or her own expense.

1 (n) "Program" means the group life insurance, health
2 benefits and other employee benefits designed and contracted
3 for by the Director under this Act.

4 (o) "Health plan" means a health benefits program offered
5 by the State of Illinois for persons eligible for the plan.

6 (p) "Retired employee" means any person who would be an
7 annuitant as that term is defined herein but for the fact that
8 such person retired prior to January 1, 1966. Such term also
9 includes any person formerly employed by the University of
10 Illinois in the Cooperative Extension Service who would be an
11 annuitant but for the fact that such person was made ineligible
12 to participate in the State Universities Retirement System by
13 clause (4) of subsection (a) of Section 15-107 of the Illinois
14 Pension Code.

15 (q) "Survivor" means a person receiving an annuity as a
16 survivor of an employee or of an annuitant. "Survivor" also
17 includes: (1) the surviving dependent of a person who satisfies
18 the definition of "employee" except that such person is made
19 ineligible to participate in the State Universities Retirement
20 System by clause (4) of subsection (a) of Section 15-107 of the
21 Illinois Pension Code; (2) the surviving dependent of any
22 person formerly employed by the University of Illinois in the
23 Cooperative Extension Service who would be an annuitant except
24 for the fact that such person was made ineligible to
25 participate in the State Universities Retirement System by
26 clause (4) of subsection (a) of Section 15-107 of the Illinois

1 Pension Code; and (3) the surviving dependent of a person who
2 was an annuitant under this Act by virtue of receiving an
3 alternative retirement cancellation payment under Section
4 14-108.5 of the Illinois Pension Code.

5 (q-2) "SERS" means the State Employees' Retirement System
6 of Illinois, created under Article 14 of the Illinois Pension
7 Code.

8 (q-3) "SURS" means the State Universities Retirement
9 System, created under Article 15 of the Illinois Pension Code.

10 (q-4) "TRS" means the Teachers' Retirement System of the
11 State of Illinois, created under Article 16 of the Illinois
12 Pension Code.

13 (q-5) (Blank).

14 (q-6) (Blank).

15 (q-7) (Blank).

16 (r) "Medical services" means the services provided within
17 the scope of their licenses by practitioners in all categories
18 licensed under the Medical Practice Act of 1987.

19 (s) "Unit of local government" means any county,
20 municipality, township, school district (including a
21 combination of school districts under the Intergovernmental
22 Cooperation Act), special district or other unit, designated as
23 a unit of local government by law, which exercises limited
24 governmental powers or powers in respect to limited
25 governmental subjects, any not-for-profit association with a
26 membership that primarily includes townships and township

1 officials, that has duties that include provision of research
2 service, dissemination of information, and other acts for the
3 purpose of improving township government, and that is funded
4 wholly or partly in accordance with Section 85-15 of the
5 Township Code; any not-for-profit corporation or association,
6 with a membership consisting primarily of municipalities, that
7 operates its own utility system, and provides research,
8 training, dissemination of information, or other acts to
9 promote cooperation between and among municipalities that
10 provide utility services and for the advancement of the goals
11 and purposes of its membership; the Southern Illinois
12 Collegiate Common Market, which is a consortium of higher
13 education institutions in Southern Illinois; the Illinois
14 Association of Park Districts; and any hospital provider that
15 is owned by a county that has 100 or fewer hospital beds and
16 has not already joined the program. "Qualified local
17 government" means a unit of local government approved by the
18 Director and participating in a program created under
19 subsection (i) of Section 10 of this Act.

20 (t) "Qualified rehabilitation facility" means any
21 not-for-profit organization that is accredited by the
22 Commission on Accreditation of Rehabilitation Facilities or
23 certified by the Department of Human Services (as successor to
24 the Department of Mental Health and Developmental
25 Disabilities) to provide services to persons with disabilities
26 and which receives funds from the State of Illinois for

1 providing those services, approved by the Director and
2 participating in a program created under subsection (j) of
3 Section 10 of this Act.

4 (u) "Qualified domestic violence shelter or service" means
5 any Illinois domestic violence shelter or service and its
6 administrative offices funded by the Department of Human
7 Services (as successor to the Illinois Department of Public
8 Aid), approved by the Director and participating in a program
9 created under subsection (k) of Section 10.

10 (v) "TRS benefit recipient" means a person who:

11 (1) is not a "member" as defined in this Section; and

12 (2) is receiving a monthly benefit or retirement
13 annuity under Article 16 of the Illinois Pension Code; and

14 (3) either (i) has at least 8 years of creditable
15 service under Article 16 of the Illinois Pension Code, or
16 (ii) was enrolled in the health insurance program offered
17 under that Article on January 1, 1996, or (iii) is the
18 survivor of a benefit recipient who had at least 8 years of
19 creditable service under Article 16 of the Illinois Pension
20 Code or was enrolled in the health insurance program
21 offered under that Article on the effective date of this
22 amendatory Act of 1995, or (iv) is a recipient or survivor
23 of a recipient of a disability benefit under Article 16 of
24 the Illinois Pension Code.

25 (w) "TRS dependent beneficiary" means a person who:

26 (1) is not a "member" or "dependent" as defined in this

1 Section; and

2 (2) is a TRS benefit recipient's: (A) spouse, (B)
3 dependent parent who is receiving at least half of his or
4 her support from the TRS benefit recipient, or (C) natural,
5 step, adjudicated, or adopted child who is (i) under age
6 26, (ii) was, on January 1, 1996, participating as a
7 dependent beneficiary in the health insurance program
8 offered under Article 16 of the Illinois Pension Code, or
9 (iii) age 19 or over who has a mental or physical
10 disability from a cause originating prior to the age of 19
11 (age 26 if enrolled as an adult child).

12 "TRS dependent beneficiary" does not include, as indicated
13 under paragraph (2) of this subsection (w), a dependent of the
14 survivor of a TRS benefit recipient who first becomes a
15 dependent of a survivor of a TRS benefit recipient on or after
16 the effective date of this amendatory Act of the 97th General
17 Assembly unless that dependent would have been eligible for
18 coverage as a dependent of the deceased TRS benefit recipient
19 upon whom the survivor benefit is based.

20 (x) "Military leave" refers to individuals in basic
21 training for reserves, special/advanced training, annual
22 training, emergency call up, activation by the President of the
23 United States, or any other training or duty in service to the
24 United States Armed Forces.

25 (y) (Blank).

26 (z) "Community college benefit recipient" means a person

1 who:

2 (1) is not a "member" as defined in this Section; and

3 (2) is receiving a monthly survivor's annuity or
4 retirement annuity under Article 15 of the Illinois Pension
5 Code; and

6 (3) either (i) was a full-time employee of a community
7 college district or an association of community college
8 boards created under the Public Community College Act
9 (other than an employee whose last employer under Article
10 15 of the Illinois Pension Code was a community college
11 district subject to Article VII of the Public Community
12 College Act) and was eligible to participate in a group
13 health benefit plan as an employee during the time of
14 employment with a community college district (other than a
15 community college district subject to Article VII of the
16 Public Community College Act) or an association of
17 community college boards, or (ii) is the survivor of a
18 person described in item (i).

19 (aa) "Community college dependent beneficiary" means a
20 person who:

21 (1) is not a "member" or "dependent" as defined in this
22 Section; and

23 (2) is a community college benefit recipient's: (A)
24 spouse, (B) dependent parent who is receiving at least half
25 of his or her support from the community college benefit
26 recipient, or (C) natural, step, adjudicated, or adopted

1 child who is (i) under age 26, or (ii) age 19 or over and
2 has a mental or physical disability from a cause
3 originating prior to the age of 19 (age 26 if enrolled as
4 an adult child).

5 "Community college dependent beneficiary" does not
6 include, as indicated under paragraph (2) of this subsection
7 (aa), a dependent of the survivor of a community college
8 benefit recipient who first becomes a dependent of a survivor
9 of a community college benefit recipient on or after the
10 effective date of this amendatory Act of the 97th General
11 Assembly unless that dependent would have been eligible for
12 coverage as a dependent of the deceased community college
13 benefit recipient upon whom the survivor annuity is based.

14 (bb) "Qualified child advocacy center" means any Illinois
15 child advocacy center and its administrative offices funded by
16 the Department of Children and Family Services, as defined by
17 the Children's Advocacy Center Act (55 ILCS 80/), approved by
18 the Director and participating in a program created under
19 subsection (n) of Section 10.

20 (Source: P.A. 98-488, eff. 8-16-13; 99-143, eff. 7-27-15.)

21 (5 ILCS 375/10) (from Ch. 127, par. 530)

22 Sec. 10. Contributions by the State and members.

23 (a) The State shall pay the cost of basic non-contributory
24 group life insurance and, subject to member paid contributions
25 set by the Department or required by this Section and except as

1 provided in this Section, the basic program of group health
2 benefits on each eligible member, except a member, not
3 otherwise covered by this Act, who has retired as a
4 participating member under Article 2 of the Illinois Pension
5 Code but is ineligible for the retirement annuity under Section
6 2-119 of the Illinois Pension Code, and part of each eligible
7 member's and retired member's premiums for health insurance
8 coverage for enrolled dependents as provided by Section 9. The
9 State shall pay the cost of the basic program of group health
10 benefits only after benefits are reduced by the amount of
11 benefits covered by Medicare for all members and dependents who
12 are eligible for benefits under Social Security or the Railroad
13 Retirement system or who had sufficient Medicare-covered
14 government employment, except that such reduction in benefits
15 shall apply only to those members and dependents who (1) first
16 become eligible for such Medicare coverage on or after July 1,
17 1992; or (2) are Medicare-eligible members or dependents of a
18 local government unit which began participation in the program
19 on or after July 1, 1992; or (3) remain eligible for, but no
20 longer receive Medicare coverage which they had been receiving
21 on or after July 1, 1992. The Department may determine the
22 aggregate level of the State's contribution on the basis of
23 actual cost of medical services adjusted for age, sex or
24 geographic or other demographic characteristics which affect
25 the costs of such programs.

26 The cost of participation in the basic program of group

1 health benefits for the dependent or survivor of a living or
2 deceased retired employee who was formerly employed by the
3 University of Illinois in the Cooperative Extension Service and
4 would be an annuitant but for the fact that he or she was made
5 ineligible to participate in the State Universities Retirement
6 System by clause (4) of subsection (a) of Section 15-107 of the
7 Illinois Pension Code shall not be greater than the cost of
8 participation that would otherwise apply to that dependent or
9 survivor if he or she were the dependent or survivor of an
10 annuitant under the State Universities Retirement System.

11 (a-1) (Blank).

12 (a-2) (Blank).

13 (a-3) (Blank).

14 (a-4) (Blank).

15 (a-5) (Blank).

16 (a-6) (Blank).

17 (a-7) (Blank).

18 (a-8) Any annuitant, survivor, or retired employee may
19 waive or terminate coverage in the program of group health
20 benefits. Any such annuitant, survivor, or retired employee who
21 has waived or terminated coverage may enroll or re-enroll in
22 the program of group health benefits only during the annual
23 benefit choice period, as determined by the Director; except
24 that in the event of termination of coverage due to nonpayment
25 of premiums, the annuitant, survivor, or retired employee may
26 not re-enroll in the program.

1 (a-8.5) Beginning on the effective date of this amendatory
2 Act of the 97th General Assembly, the Director of Central
3 Management Services shall, on an annual basis, determine the
4 amount that the State shall contribute toward the basic program
5 of group health benefits on behalf of annuitants (including
6 individuals who (i) participated in the General Assembly
7 Retirement System, the State Employees' Retirement System of
8 Illinois, the State Universities Retirement System, the
9 Teachers' Retirement System of the State of Illinois, or the
10 Judges Retirement System of Illinois and (ii) qualify as
11 annuitants under subsection (b) of Section 3 of this Act),
12 survivors (including individuals who (i) receive an annuity as
13 a survivor of an individual who participated in the General
14 Assembly Retirement System, the State Employees' Retirement
15 System of Illinois, the State Universities Retirement System,
16 the Teachers' Retirement System of the State of Illinois, or
17 the Judges Retirement System of Illinois and (ii) qualify as
18 survivors under subsection (q) of Section 3 of this Act), and
19 retired employees (as defined in subsection (p) of Section 3 of
20 this Act). The remainder of the cost of coverage for each
21 annuitant, survivor, or retired employee, as determined by the
22 Director of Central Management Services, shall be the
23 responsibility of that annuitant, survivor, or retired
24 employee.

25 Contributions required of annuitants, survivors, and
26 retired employees shall be the same for all retirement systems

1 and shall also be based on whether an individual has made an
2 election under Section 15-135.1 of the Illinois Pension Code.
3 Contributions may be based on annuitants', survivors', or
4 retired employees' Medicare eligibility, but may not be based
5 on Social Security eligibility.

6 (a-9) No later than May 1 of each calendar year, the
7 Director of Central Management Services shall certify in
8 writing to the Executive Secretary of the State Employees'
9 Retirement System of Illinois the amounts of the Medicare
10 supplement health care premiums and the amounts of the health
11 care premiums for all other retirees who are not Medicare
12 eligible.

13 A separate calculation of the premiums based upon the
14 actual cost of each health care plan shall be so certified.

15 The Director of Central Management Services shall provide
16 to the Executive Secretary of the State Employees' Retirement
17 System of Illinois such information, statistics, and other data
18 as he or she may require to review the premium amounts
19 certified by the Director of Central Management Services.

20 The Department of Central Management Services, or any
21 successor agency designated to procure healthcare contracts
22 pursuant to this Act, is authorized to establish funds,
23 separate accounts provided by any bank or banks as defined by
24 the Illinois Banking Act, or separate accounts provided by any
25 savings and loan association or associations as defined by the
26 Illinois Savings and Loan Act of 1985 to be held by the

1 Director, outside the State treasury, for the purpose of
2 receiving the transfer of moneys from the Local Government
3 Health Insurance Reserve Fund. The Department may promulgate
4 rules further defining the methodology for the transfers. Any
5 interest earned by moneys in the funds or accounts shall inure
6 to the Local Government Health Insurance Reserve Fund. The
7 transferred moneys, and interest accrued thereon, shall be used
8 exclusively for transfers to administrative service
9 organizations or their financial institutions for payments of
10 claims to claimants and providers under the self-insurance
11 health plan. The transferred moneys, and interest accrued
12 thereon, shall not be used for any other purpose including, but
13 not limited to, reimbursement of administration fees due the
14 administrative service organization pursuant to its contract
15 or contracts with the Department.

16 (a-10) For purposes of determining State contributions
17 under this Section, service established under a Tier 3 plan
18 under Article 2, 14, 15, 16, or 18 of the Illinois Pension Code
19 shall be included in determining an employee's creditable
20 service. Any credit terminated as part of a transfer of
21 contributions to a Tier 3 plan under Article 2, 14, 15, 16, or
22 18 of the Illinois Pension Code shall also be included in
23 determining an employee's creditable service.

24 (a-15) To the extent that participation, benefits, or
25 premiums under this Act are based on a person's service credit
26 under an Article of the Illinois Pension Code, service credit

1 terminated in exchange for an accelerated pension benefit
2 payment under Section 2-154.5, 14-147.5, 15-185.5, 16-190.5,
3 or 18-161.5 of that Code shall be included in determining a
4 person's service credit for the purposes of this Act.

5 (b) State employees who become eligible for this program on
6 or after January 1, 1980 in positions normally requiring actual
7 performance of duty not less than 1/2 of a normal work period
8 but not equal to that of a normal work period, shall be given
9 the option of participating in the available program. If the
10 employee elects coverage, the State shall contribute on behalf
11 of such employee to the cost of the employee's benefit and any
12 applicable dependent supplement, that sum which bears the same
13 percentage as that percentage of time the employee regularly
14 works when compared to normal work period.

15 (c) The basic non-contributory coverage from the basic
16 program of group health benefits shall be continued for each
17 employee not in pay status or on active service by reason of
18 (1) leave of absence due to illness or injury, (2) authorized
19 educational leave of absence or sabbatical leave, or (3)
20 military leave. This coverage shall continue until expiration
21 of authorized leave and return to active service, but not to
22 exceed 24 months for leaves under item (1) or (2). This
23 24-month limitation and the requirement of returning to active
24 service shall not apply to persons receiving ordinary or
25 accidental disability benefits or retirement benefits through
26 the appropriate State retirement system or benefits under the

1 Workers' Compensation or Occupational Disease Act.

2 (d) The basic group life insurance coverage shall continue,
3 with full State contribution, where such person is (1) absent
4 from active service by reason of disability arising from any
5 cause other than self-inflicted, (2) on authorized educational
6 leave of absence or sabbatical leave, or (3) on military leave.

7 (e) Where the person is in non-pay status for a period in
8 excess of 30 days or on leave of absence, other than by reason
9 of disability, educational or sabbatical leave, or military
10 leave, such person may continue coverage only by making
11 personal payment equal to the amount normally contributed by
12 the State on such person's behalf. Such payments and coverage
13 may be continued: (1) until such time as the person returns to
14 a status eligible for coverage at State expense, but not to
15 exceed 24 months or (2) until such person's employment or
16 annuitant status with the State is terminated (exclusive of any
17 additional service imposed pursuant to law).

18 (f) The Department shall establish by rule the extent to
19 which other employee benefits will continue for persons in
20 non-pay status or who are not in active service.

21 (g) The State shall not pay the cost of the basic
22 non-contributory group life insurance, program of health
23 benefits and other employee benefits for members who are
24 survivors as defined by paragraphs (1) and (2) of subsection
25 (q) of Section 3 of this Act. The costs of benefits for these
26 survivors shall be paid by the survivors or by the University

1 of Illinois Cooperative Extension Service, or any combination
2 thereof. However, the State shall pay the amount of the
3 reduction in the cost of participation, if any, resulting from
4 the amendment to subsection (a) made by this amendatory Act of
5 the 91st General Assembly.

6 (h) Those persons occupying positions with any department
7 as a result of emergency appointments pursuant to Section 8b.8
8 of the Personnel Code who are not considered employees under
9 this Act shall be given the option of participating in the
10 programs of group life insurance, health benefits and other
11 employee benefits. Such persons electing coverage may
12 participate only by making payment equal to the amount normally
13 contributed by the State for similarly situated employees. Such
14 amounts shall be determined by the Director. Such payments and
15 coverage may be continued until such time as the person becomes
16 an employee pursuant to this Act or such person's appointment
17 is terminated.

18 (i) Any unit of local government within the State of
19 Illinois may apply to the Director to have its employees,
20 annuitants, and their dependents provided group health
21 coverage under this Act on a non-insured basis. To participate,
22 a unit of local government must agree to enroll all of its
23 employees, who may select coverage under either the State group
24 health benefits plan or a health maintenance organization that
25 has contracted with the State to be available as a health care
26 provider for employees as defined in this Act. A unit of local

1 government must remit the entire cost of providing coverage
2 under the State group health benefits plan or, for coverage
3 under a health maintenance organization, an amount determined
4 by the Director based on an analysis of the sex, age,
5 geographic location, or other relevant demographic variables
6 for its employees, except that the unit of local government
7 shall not be required to enroll those of its employees who are
8 covered spouses or dependents under this plan or another group
9 policy or plan providing health benefits as long as (1) an
10 appropriate official from the unit of local government attests
11 that each employee not enrolled is a covered spouse or
12 dependent under this plan or another group policy or plan, and
13 (2) at least 50% of the employees are enrolled and the unit of
14 local government remits the entire cost of providing coverage
15 to those employees, except that a participating school district
16 must have enrolled at least 50% of its full-time employees who
17 have not waived coverage under the district's group health plan
18 by participating in a component of the district's cafeteria
19 plan. A participating school district is not required to enroll
20 a full-time employee who has waived coverage under the
21 district's health plan, provided that an appropriate official
22 from the participating school district attests that the
23 full-time employee has waived coverage by participating in a
24 component of the district's cafeteria plan. For the purposes of
25 this subsection, "participating school district" includes a
26 unit of local government whose primary purpose is education as

1 defined by the Department's rules.

2 Employees of a participating unit of local government who
3 are not enrolled due to coverage under another group health
4 policy or plan may enroll in the event of a qualifying change
5 in status, special enrollment, special circumstance as defined
6 by the Director, or during the annual Benefit Choice Period. A
7 participating unit of local government may also elect to cover
8 its annuitants. Dependent coverage shall be offered on an
9 optional basis, with the costs paid by the unit of local
10 government, its employees, or some combination of the two as
11 determined by the unit of local government. The unit of local
12 government shall be responsible for timely collection and
13 transmission of dependent premiums.

14 The Director shall annually determine monthly rates of
15 payment, subject to the following constraints:

16 (1) In the first year of coverage, the rates shall be
17 equal to the amount normally charged to State employees for
18 elected optional coverages or for enrolled dependents
19 coverages or other contributory coverages, or contributed
20 by the State for basic insurance coverages on behalf of its
21 employees, adjusted for differences between State
22 employees and employees of the local government in age,
23 sex, geographic location or other relevant demographic
24 variables, plus an amount sufficient to pay for the
25 additional administrative costs of providing coverage to
26 employees of the unit of local government and their

1 dependents.

2 (2) In subsequent years, a further adjustment shall be
3 made to reflect the actual prior years' claims experience
4 of the employees of the unit of local government.

5 In the case of coverage of local government employees under
6 a health maintenance organization, the Director shall annually
7 determine for each participating unit of local government the
8 maximum monthly amount the unit may contribute toward that
9 coverage, based on an analysis of (i) the age, sex, geographic
10 location, and other relevant demographic variables of the
11 unit's employees and (ii) the cost to cover those employees
12 under the State group health benefits plan. The Director may
13 similarly determine the maximum monthly amount each unit of
14 local government may contribute toward coverage of its
15 employees' dependents under a health maintenance organization.

16 Monthly payments by the unit of local government or its
17 employees for group health benefits plan or health maintenance
18 organization coverage shall be deposited in the Local
19 Government Health Insurance Reserve Fund.

20 The Local Government Health Insurance Reserve Fund is
21 hereby created as a nonappropriated trust fund to be held
22 outside the State Treasury, with the State Treasurer as
23 custodian. The Local Government Health Insurance Reserve Fund
24 shall be a continuing fund not subject to fiscal year
25 limitations. The Local Government Health Insurance Reserve
26 Fund is not subject to administrative charges or charge-backs,

1 including but not limited to those authorized under Section 8h
2 of the State Finance Act. All revenues arising from the
3 administration of the health benefits program established
4 under this Section shall be deposited into the Local Government
5 Health Insurance Reserve Fund. Any interest earned on moneys in
6 the Local Government Health Insurance Reserve Fund shall be
7 deposited into the Fund. All expenditures from this Fund shall
8 be used for payments for health care benefits for local
9 government and rehabilitation facility employees, annuitants,
10 and dependents, and to reimburse the Department or its
11 administrative service organization for all expenses incurred
12 in the administration of benefits. No other State funds may be
13 used for these purposes.

14 A local government employer's participation or desire to
15 participate in a program created under this subsection shall
16 not limit that employer's duty to bargain with the
17 representative of any collective bargaining unit of its
18 employees.

19 (j) Any rehabilitation facility within the State of
20 Illinois may apply to the Director to have its employees,
21 annuitants, and their eligible dependents provided group
22 health coverage under this Act on a non-insured basis. To
23 participate, a rehabilitation facility must agree to enroll all
24 of its employees and remit the entire cost of providing such
25 coverage for its employees, except that the rehabilitation
26 facility shall not be required to enroll those of its employees

1 who are covered spouses or dependents under this plan or
2 another group policy or plan providing health benefits as long
3 as (1) an appropriate official from the rehabilitation facility
4 attests that each employee not enrolled is a covered spouse or
5 dependent under this plan or another group policy or plan, and
6 (2) at least 50% of the employees are enrolled and the
7 rehabilitation facility remits the entire cost of providing
8 coverage to those employees. Employees of a participating
9 rehabilitation facility who are not enrolled due to coverage
10 under another group health policy or plan may enroll in the
11 event of a qualifying change in status, special enrollment,
12 special circumstance as defined by the Director, or during the
13 annual Benefit Choice Period. A participating rehabilitation
14 facility may also elect to cover its annuitants. Dependent
15 coverage shall be offered on an optional basis, with the costs
16 paid by the rehabilitation facility, its employees, or some
17 combination of the 2 as determined by the rehabilitation
18 facility. The rehabilitation facility shall be responsible for
19 timely collection and transmission of dependent premiums.

20 The Director shall annually determine quarterly rates of
21 payment, subject to the following constraints:

22 (1) In the first year of coverage, the rates shall be
23 equal to the amount normally charged to State employees for
24 elected optional coverages or for enrolled dependents
25 coverages or other contributory coverages on behalf of its
26 employees, adjusted for differences between State

1 employees and employees of the rehabilitation facility in
2 age, sex, geographic location or other relevant
3 demographic variables, plus an amount sufficient to pay for
4 the additional administrative costs of providing coverage
5 to employees of the rehabilitation facility and their
6 dependents.

7 (2) In subsequent years, a further adjustment shall be
8 made to reflect the actual prior years' claims experience
9 of the employees of the rehabilitation facility.

10 Monthly payments by the rehabilitation facility or its
11 employees for group health benefits shall be deposited in the
12 Local Government Health Insurance Reserve Fund.

13 (k) Any domestic violence shelter or service within the
14 State of Illinois may apply to the Director to have its
15 employees, annuitants, and their dependents provided group
16 health coverage under this Act on a non-insured basis. To
17 participate, a domestic violence shelter or service must agree
18 to enroll all of its employees and pay the entire cost of
19 providing such coverage for its employees. The domestic
20 violence shelter shall not be required to enroll those of its
21 employees who are covered spouses or dependents under this plan
22 or another group policy or plan providing health benefits as
23 long as (1) an appropriate official from the domestic violence
24 shelter attests that each employee not enrolled is a covered
25 spouse or dependent under this plan or another group policy or
26 plan and (2) at least 50% of the employees are enrolled and the

1 domestic violence shelter remits the entire cost of providing
2 coverage to those employees. Employees of a participating
3 domestic violence shelter who are not enrolled due to coverage
4 under another group health policy or plan may enroll in the
5 event of a qualifying change in status, special enrollment, or
6 special circumstance as defined by the Director or during the
7 annual Benefit Choice Period. A participating domestic
8 violence shelter may also elect to cover its annuitants.
9 Dependent coverage shall be offered on an optional basis, with
10 employees, or some combination of the 2 as determined by the
11 domestic violence shelter or service. The domestic violence
12 shelter or service shall be responsible for timely collection
13 and transmission of dependent premiums.

14 The Director shall annually determine rates of payment,
15 subject to the following constraints:

16 (1) In the first year of coverage, the rates shall be
17 equal to the amount normally charged to State employees for
18 elected optional coverages or for enrolled dependents
19 coverages or other contributory coverages on behalf of its
20 employees, adjusted for differences between State
21 employees and employees of the domestic violence shelter or
22 service in age, sex, geographic location or other relevant
23 demographic variables, plus an amount sufficient to pay for
24 the additional administrative costs of providing coverage
25 to employees of the domestic violence shelter or service
26 and their dependents.

1 (2) In subsequent years, a further adjustment shall be
2 made to reflect the actual prior years' claims experience
3 of the employees of the domestic violence shelter or
4 service.

5 Monthly payments by the domestic violence shelter or
6 service or its employees for group health insurance shall be
7 deposited in the Local Government Health Insurance Reserve
8 Fund.

9 (1) A public community college or entity organized pursuant
10 to the Public Community College Act may apply to the Director
11 initially to have only annuitants not covered prior to July 1,
12 1992 by the district's health plan provided health coverage
13 under this Act on a non-insured basis. The community college
14 must execute a 2-year contract to participate in the Local
15 Government Health Plan. Any annuitant may enroll in the event
16 of a qualifying change in status, special enrollment, special
17 circumstance as defined by the Director, or during the annual
18 Benefit Choice Period.

19 The Director shall annually determine monthly rates of
20 payment subject to the following constraints: for those
21 community colleges with annuitants only enrolled, first year
22 rates shall be equal to the average cost to cover claims for a
23 State member adjusted for demographics, Medicare
24 participation, and other factors; and in the second year, a
25 further adjustment of rates shall be made to reflect the actual
26 first year's claims experience of the covered annuitants.

1 (1-5) The provisions of subsection (1) become inoperative
2 on July 1, 1999.

3 (m) The Director shall adopt any rules deemed necessary for
4 implementation of this amendatory Act of 1989 (Public Act
5 86-978).

6 (n) Any child advocacy center within the State of Illinois
7 may apply to the Director to have its employees, annuitants,
8 and their dependents provided group health coverage under this
9 Act on a non-insured basis. To participate, a child advocacy
10 center must agree to enroll all of its employees and pay the
11 entire cost of providing coverage for its employees. The child
12 advocacy center shall not be required to enroll those of its
13 employees who are covered spouses or dependents under this plan
14 or another group policy or plan providing health benefits as
15 long as (1) an appropriate official from the child advocacy
16 center attests that each employee not enrolled is a covered
17 spouse or dependent under this plan or another group policy or
18 plan and (2) at least 50% of the employees are enrolled and the
19 child advocacy center remits the entire cost of providing
20 coverage to those employees. Employees of a participating child
21 advocacy center who are not enrolled due to coverage under
22 another group health policy or plan may enroll in the event of
23 a qualifying change in status, special enrollment, or special
24 circumstance as defined by the Director or during the annual
25 Benefit Choice Period. A participating child advocacy center
26 may also elect to cover its annuitants. Dependent coverage

1 shall be offered on an optional basis, with the costs paid by
2 the child advocacy center, its employees, or some combination
3 of the 2 as determined by the child advocacy center. The child
4 advocacy center shall be responsible for timely collection and
5 transmission of dependent premiums.

6 The Director shall annually determine rates of payment,
7 subject to the following constraints:

8 (1) In the first year of coverage, the rates shall be
9 equal to the amount normally charged to State employees for
10 elected optional coverages or for enrolled dependents
11 coverages or other contributory coverages on behalf of its
12 employees, adjusted for differences between State
13 employees and employees of the child advocacy center in
14 age, sex, geographic location, or other relevant
15 demographic variables, plus an amount sufficient to pay for
16 the additional administrative costs of providing coverage
17 to employees of the child advocacy center and their
18 dependents.

19 (2) In subsequent years, a further adjustment shall be
20 made to reflect the actual prior years' claims experience
21 of the employees of the child advocacy center.

22 Monthly payments by the child advocacy center or its
23 employees for group health insurance shall be deposited into
24 the Local Government Health Insurance Reserve Fund.

25 (Source: P.A. 97-695, eff. 7-1-12; 98-488, eff. 8-16-13.)

1 Section 10. The Illinois Finance Authority Act is amended
2 by changing Section 801-40 as follows:

3 (20 ILCS 3501/801-40)

4 Sec. 801-40. In addition to the powers otherwise authorized
5 by law and in addition to the foregoing general corporate
6 powers, the Authority shall also have the following additional
7 specific powers to be exercised in furtherance of the purposes
8 of this Act.

9 (a) The Authority shall have power (i) to accept grants,
10 loans or appropriations from the federal government or the
11 State, or any agency or instrumentality thereof, to be used for
12 the operating expenses of the Authority, or for any purposes of
13 the Authority, including the making of direct loans of such
14 funds with respect to projects, and (ii) to enter into any
15 agreement with the federal government or the State, or any
16 agency or instrumentality thereof, in relationship to such
17 grants, loans or appropriations.

18 (b) The Authority shall have power to procure and enter
19 into contracts for any type of insurance and indemnity
20 agreements covering loss or damage to property from any cause,
21 including loss of use and occupancy, or covering any other
22 insurable risk.

23 (c) The Authority shall have the continuing power to issue
24 bonds for its corporate purposes. Bonds may be issued by the
25 Authority in one or more series and may provide for the payment

1 of any interest deemed necessary on such bonds, of the costs of
2 issuance of such bonds, of any premium on any insurance, or of
3 the cost of any guarantees, letters of credit or other similar
4 documents, may provide for the funding of the reserves deemed
5 necessary in connection with such bonds, and may provide for
6 the refunding or advance refunding of any bonds or for accounts
7 deemed necessary in connection with any purpose of the
8 Authority. The bonds may bear interest payable at any time or
9 times and at any rate or rates, notwithstanding any other
10 provision of law to the contrary, and such rate or rates may be
11 established by an index or formula which may be implemented or
12 established by persons appointed or retained therefor by the
13 Authority, or may bear no interest or may bear interest payable
14 at maturity or upon redemption prior to maturity, may bear such
15 date or dates, may be payable at such time or times and at such
16 place or places, may mature at any time or times not later than
17 40 years from the date of issuance, may be sold at public or
18 private sale at such time or times and at such price or prices,
19 may be secured by such pledges, reserves, guarantees, letters
20 of credit, insurance contracts or other similar credit support
21 or liquidity instruments, may be executed in such manner, may
22 be subject to redemption prior to maturity, may provide for the
23 registration of the bonds, and may be subject to such other
24 terms and conditions all as may be provided by the resolution
25 or indenture authorizing the issuance of such bonds. The holder
26 or holders of any bonds issued by the Authority may bring suits

1 at law or proceedings in equity to compel the performance and
2 observance by any person or by the Authority or any of its
3 agents or employees of any contract or covenant made with the
4 holders of such bonds and to compel such person or the
5 Authority and any of its agents or employees to perform any
6 duties required to be performed for the benefit of the holders
7 of any such bonds by the provision of the resolution
8 authorizing their issuance, and to enjoin such person or the
9 Authority and any of its agents or employees from taking any
10 action in conflict with any such contract or covenant.
11 Notwithstanding the form and tenor of any such bonds and in the
12 absence of any express recital on the face thereof that it is
13 non-negotiable, all such bonds shall be negotiable
14 instruments. Pending the preparation and execution of any such
15 bonds, temporary bonds may be issued as provided by the
16 resolution. The bonds shall be sold by the Authority in such
17 manner as it shall determine. The bonds may be secured as
18 provided in the authorizing resolution by the receipts,
19 revenues, income and other available funds of the Authority and
20 by any amounts derived by the Authority from the loan agreement
21 or lease agreement with respect to the project or projects; and
22 bonds may be issued as general obligations of the Authority
23 payable from such revenues, funds and obligations of the
24 Authority as the bond resolution shall provide, or may be
25 issued as limited obligations with a claim for payment solely
26 from such revenues, funds and obligations as the bond

1 resolution shall provide. The Authority may grant a specific
2 pledge or assignment of and lien on or security interest in
3 such rights, revenues, income, or amounts and may grant a
4 specific pledge or assignment of and lien on or security
5 interest in any reserves, funds or accounts established in the
6 resolution authorizing the issuance of bonds. Any such pledge,
7 assignment, lien or security interest for the benefit of the
8 holders of the Authority's bonds shall be valid and binding
9 from the time the bonds are issued without any physical
10 delivery or further act, and shall be valid and binding as
11 against and prior to the claims of all other parties having
12 claims against the Authority or any other person irrespective
13 of whether the other parties have notice of the pledge,
14 assignment, lien or security interest. As evidence of such
15 pledge, assignment, lien and security interest, the Authority
16 may execute and deliver a mortgage, trust agreement, indenture
17 or security agreement or an assignment thereof. A remedy for
18 any breach or default of the terms of any such agreement by the
19 Authority may be by mandamus proceedings in any court of
20 competent jurisdiction to compel the performance and
21 compliance therewith, but the agreement may prescribe by whom
22 or on whose behalf such action may be instituted. It is
23 expressly understood that the Authority may, but need not,
24 acquire title to any project with respect to which it exercises
25 its authority.

26 (c-5) The Authority shall have the power to issue State

1 Pension Obligation Acceleration Bonds if in any fiscal year the
2 amount appropriated for all accelerated pension benefit
3 payments is less than the amount required for those payments.
4 The proceeds from the State Pension Obligation Acceleration
5 Bonds issued under this subsection may only be used to pay for
6 accelerated pension benefit payments for the fiscal year in
7 which the State Pension Obligation Acceleration Bonds are
8 issued.

9 The Authority shall not have outstanding at any one time
10 State Pension Obligation Acceleration Bonds for any of the
11 purposes of this subsection in an aggregate principal amount
12 exceeding \$250,000,000, excluding bonds issued to refund
13 outstanding State Pension Obligation Acceleration Bonds.

14 (d) With respect to the powers granted by this Act, the
15 Authority may adopt rules and regulations prescribing the
16 procedures by which persons may apply for assistance under this
17 Act. Nothing herein shall be deemed to preclude the Authority,
18 prior to the filing of any formal application, from conducting
19 preliminary discussions and investigations with respect to the
20 subject matter of any prospective application.

21 (e) The Authority shall have power to acquire by purchase,
22 lease, gift or otherwise any property or rights therein from
23 any person useful for its purposes, whether improved for the
24 purposes of any prospective project, or unimproved. The
25 Authority may also accept any donation of funds for its
26 purposes from any such source. The Authority shall have no

1 independent power of condemnation but may acquire any property
2 or rights therein obtained upon condemnation by any other
3 authority, governmental entity or unit of local government with
4 such power.

5 (f) The Authority shall have power to develop, construct
6 and improve either under its own direction, or through
7 collaboration with any approved applicant, or to acquire
8 through purchase or otherwise, any project, using for such
9 purpose the proceeds derived from the sale of its bonds or from
10 governmental loans or grants, and to hold title in the name of
11 the Authority to such projects.

12 (g) The Authority shall have power to lease pursuant to a
13 lease agreement any project so developed and constructed or
14 acquired to the approved tenant on such terms and conditions as
15 may be appropriate to further the purposes of this Act and to
16 maintain the credit of the Authority. Any such lease may
17 provide for either the Authority or the approved tenant to
18 assume initially, in whole or in part, the costs of
19 maintenance, repair and improvements during the leasehold
20 period. In no case, however, shall the total rentals from any
21 project during any initial leasehold period or the total loan
22 repayments to be made pursuant to any loan agreement, be less
23 than an amount necessary to return over such lease or loan
24 period (1) all costs incurred in connection with the
25 development, construction, acquisition or improvement of the
26 project and for repair, maintenance and improvements thereto

1 during the period of the lease or loan; provided, however, that
2 the rentals or loan repayments need not include costs met
3 through the use of funds other than those obtained by the
4 Authority through the issuance of its bonds or governmental
5 loans; (2) a reasonable percentage additive to be agreed upon
6 by the Authority and the borrower or tenant to cover a properly
7 allocable portion of the Authority's general expenses,
8 including, but not limited to, administrative expenses,
9 salaries and general insurance, and (3) an amount sufficient to
10 pay when due all principal of, interest and premium, if any on,
11 any bonds issued by the Authority with respect to the project.
12 The portion of total rentals payable under clause (3) of this
13 subsection (g) shall be deposited in such special accounts,
14 including all sinking funds, acquisition or construction
15 funds, debt service and other funds as provided by any
16 resolution, mortgage or trust agreement of the Authority
17 pursuant to which any bond is issued.

18 (h) The Authority has the power, upon the termination of
19 any leasehold period of any project, to sell or lease for a
20 further term or terms such project on such terms and conditions
21 as the Authority shall deem reasonable and consistent with the
22 purposes of the Act. The net proceeds from all such sales and
23 the revenues or income from such leases shall be used to
24 satisfy any indebtedness of the Authority with respect to such
25 project and any balance may be used to pay any expenses of the
26 Authority or be used for the further development, construction,

1 acquisition or improvement of projects. In the event any
2 project is vacated by a tenant prior to the termination of the
3 initial leasehold period, the Authority shall sell or lease the
4 facilities of the project on the most advantageous terms
5 available. The net proceeds of any such disposition shall be
6 treated in the same manner as the proceeds from sales or the
7 revenues or income from leases subsequent to the termination of
8 any initial leasehold period.

9 (i) The Authority shall have the power to make loans to
10 persons to finance a project, to enter into loan agreements
11 with respect thereto, and to accept guarantees from persons of
12 its loans or the resultant evidences of obligations of the
13 Authority.

14 (j) The Authority may fix, determine, charge and collect
15 any premiums, fees, charges, costs and expenses, including,
16 without limitation, any application fees, commitment fees,
17 program fees, financing charges or publication fees from any
18 person in connection with its activities under this Act.

19 (k) In addition to the funds established as provided
20 herein, the Authority shall have the power to create and
21 establish such reserve funds and accounts as may be necessary
22 or desirable to accomplish its purposes under this Act and to
23 deposit its available monies into the funds and accounts.

24 (l) At the request of the governing body of any unit of
25 local government, the Authority is authorized to market such
26 local government's revenue bond offerings by preparing bond

1 issues for sale, advertising for sealed bids, receiving bids at
2 its offices, making the award to the bidder that offers the
3 most favorable terms or arranging for negotiated placements or
4 underwritings of such securities. The Authority may, at its
5 discretion, offer for concurrent sale the revenue bonds of
6 several local governments. Sales by the Authority of revenue
7 bonds under this Section shall in no way imply State guarantee
8 of such debt issue. The Authority may require such financial
9 information from participating local governments as it deems
10 necessary in order to carry out the purposes of this subsection
11 (1).

12 (m) The Authority may make grants to any county to which
13 Division 5-37 of the Counties Code is applicable to assist in
14 the financing of capital development, construction and
15 renovation of new or existing facilities for hospitals and
16 health care facilities under that Act. Such grants may only be
17 made from funds appropriated for such purposes from the Build
18 Illinois Bond Fund.

19 (n) The Authority may establish an urban development action
20 grant program for the purpose of assisting municipalities in
21 Illinois which are experiencing severe economic distress to
22 help stimulate economic development activities needed to aid in
23 economic recovery. The Authority shall determine the types of
24 activities and projects for which the urban development action
25 grants may be used, provided that such projects and activities
26 are broadly defined to include all reasonable projects and

1 activities the primary objectives of which are the development
2 of viable urban communities, including decent housing and a
3 suitable living environment, and expansion of economic
4 opportunity, principally for persons of low and moderate
5 incomes. The Authority shall enter into grant agreements from
6 monies appropriated for such purposes from the Build Illinois
7 Bond Fund. The Authority shall monitor the use of the grants,
8 and shall provide for audits of the funds as well as recovery
9 by the Authority of any funds determined to have been spent in
10 violation of this subsection (n) or any rule or regulation
11 promulgated hereunder. The Authority shall provide technical
12 assistance with regard to the effective use of the urban
13 development action grants. The Authority shall file an annual
14 report to the General Assembly concerning the progress of the
15 grant program.

16 (o) The Authority may establish a Housing Partnership
17 Program whereby the Authority provides zero-interest loans to
18 municipalities for the purpose of assisting in the financing of
19 projects for the rehabilitation of affordable multi-family
20 housing for low and moderate income residents. The Authority
21 may provide such loans only upon a municipality's providing
22 evidence that it has obtained private funding for the
23 rehabilitation project. The Authority shall provide 3 State
24 dollars for every 7 dollars obtained by the municipality from
25 sources other than the State of Illinois. The loans shall be
26 made from monies appropriated for such purpose from the Build

1 Illinois Bond Fund. The total amount of loans available under
2 the Housing Partnership Program shall not exceed \$30,000,000.
3 State loan monies under this subsection shall be used only for
4 the acquisition and rehabilitation of existing buildings
5 containing 4 or more dwelling units. The terms of any loan made
6 by the municipality under this subsection shall require
7 repayment of the loan to the municipality upon any sale or
8 other transfer of the project.

9 (p) The Authority may award grants to universities and
10 research institutions, research consortiums and other
11 not-for-profit entities for the purposes of: remodeling or
12 otherwise physically altering existing laboratory or research
13 facilities, expansion or physical additions to existing
14 laboratory or research facilities, construction of new
15 laboratory or research facilities or acquisition of modern
16 equipment to support laboratory or research operations
17 provided that such grants (i) be used solely in support of
18 project and equipment acquisitions which enhance technology
19 transfer, and (ii) not constitute more than 60 percent of the
20 total project or acquisition cost.

21 (q) Grants may be awarded by the Authority to units of
22 local government for the purpose of developing the appropriate
23 infrastructure or defraying other costs to the local government
24 in support of laboratory or research facilities provided that
25 such grants may not exceed 40% of the cost to the unit of local
26 government.

1 (r) The Authority may establish a Direct Loan Program to
2 make loans to individuals, partnerships or corporations for the
3 purpose of an industrial project, as defined in Section 801-10
4 of this Act. For the purposes of such program and not by way of
5 limitation on any other program of the Authority, the Authority
6 shall have the power to issue bonds, notes, or other evidences
7 of indebtedness including commercial paper for purposes of
8 providing a fund of capital from which it may make such loans.
9 The Authority shall have the power to use any appropriations
10 from the State made especially for the Authority's Direct Loan
11 Program for additional capital to make such loans or for the
12 purposes of reserve funds or pledged funds which secure the
13 Authority's obligations of repayment of any bond, note or other
14 form of indebtedness established for the purpose of providing
15 capital for which it intends to make such loans under the
16 Direct Loan Program. For the purpose of obtaining such capital,
17 the Authority may also enter into agreements with financial
18 institutions and other persons for the purpose of selling loans
19 and developing a secondary market for such loans. Loans made
20 under the Direct Loan Program may be in an amount not to exceed
21 \$300,000 and shall be made for a portion of an industrial
22 project which does not exceed 50% of the total project. No loan
23 may be made by the Authority unless approved by the affirmative
24 vote of at least 8 members of the board. The Authority shall
25 establish procedures and publish rules which shall provide for
26 the submission, review, and analysis of each direct loan

1 application and which shall preserve the ability of each board
2 member to reach an individual business judgment regarding the
3 propriety of making each direct loan. The collective discretion
4 of the board to approve or disapprove each loan shall be
5 unencumbered. The Authority may establish and collect such fees
6 and charges, determine and enforce such terms and conditions,
7 and charge such interest rates as it determines to be necessary
8 and appropriate to the successful administration of the Direct
9 Loan Program. The Authority may require such interests in
10 collateral and such guarantees as it determines are necessary
11 to protect the Authority's interest in the repayment of the
12 principal and interest of each loan made under the Direct Loan
13 Program.

14 (s) The Authority may guarantee private loans to third
15 parties up to a specified dollar amount in order to promote
16 economic development in this State.

17 (t) The Authority may adopt rules and regulations as may be
18 necessary or advisable to implement the powers conferred by
19 this Act.

20 (u) The Authority shall have the power to issue bonds,
21 notes or other evidences of indebtedness, which may be used to
22 make loans to units of local government which are authorized to
23 enter into loan agreements and other documents and to issue
24 bonds, notes and other evidences of indebtedness for the
25 purpose of financing the protection of storm sewer outfalls,
26 the construction of adequate storm sewer outfalls, and the

1 provision for flood protection of sanitary sewage treatment
2 plans, in counties that have established a stormwater
3 management planning committee in accordance with Section
4 5-1062 of the Counties Code. Any such loan shall be made by the
5 Authority pursuant to the provisions of Section 820-5 to 820-60
6 of this Act. The unit of local government shall pay back to the
7 Authority the principal amount of the loan, plus annual
8 interest as determined by the Authority. The Authority shall
9 have the power, subject to appropriations by the General
10 Assembly, to subsidize or buy down a portion of the interest on
11 such loans, up to 4% per annum.

12 (v) The Authority may accept security interests as provided
13 in Sections 11-3 and 11-3.3 of the Illinois Public Aid Code.

14 (w) Moral Obligation. In the event that the Authority
15 determines that monies of the Authority will not be sufficient
16 for the payment of the principal of and interest on its bonds
17 during the next State fiscal year, the Chairperson, as soon as
18 practicable, shall certify to the Governor the amount required
19 by the Authority to enable it to pay such principal of and
20 interest on the bonds. The Governor shall submit the amount so
21 certified to the General Assembly as soon as practicable, but
22 no later than the end of the current State fiscal year. This
23 subsection shall apply only to any bonds or notes as to which
24 the Authority shall have determined, in the resolution
25 authorizing the issuance of the bonds or notes, that this
26 subsection shall apply. Whenever the Authority makes such a

1 determination, that fact shall be plainly stated on the face of
2 the bonds or notes and that fact shall also be reported to the
3 Governor. In the event of a withdrawal of moneys from a reserve
4 fund established with respect to any issue or issues of bonds
5 of the Authority to pay principal or interest on those bonds,
6 the Chairperson of the Authority, as soon as practicable, shall
7 certify to the Governor the amount required to restore the
8 reserve fund to the level required in the resolution or
9 indenture securing those bonds. The Governor shall submit the
10 amount so certified to the General Assembly as soon as
11 practicable, but no later than the end of the current State
12 fiscal year. The Authority shall obtain written approval from
13 the Governor for any bonds and notes to be issued under this
14 Section. In addition to any other bonds authorized to be issued
15 under Sections 825-60, 825-65(e), 830-25 and 845-5, the
16 principal amount of Authority bonds outstanding issued under
17 this Section 801-40(w) or under 20 ILCS 3850/1-80 or 30 ILCS
18 360/2-6(c), which have been assumed by the Authority, shall not
19 exceed \$150,000,000. This subsection (w) shall in no way be
20 applied to any bonds issued by the Authority on behalf of the
21 Illinois Power Agency under Section 825-90 of this Act.

22 (x) The Authority may enter into agreements or contracts
23 with any person necessary or appropriate to place the payment
24 obligations of the Authority under any of its bonds in whole or
25 in part on any interest rate basis, cash flow basis, or other
26 basis desired by the Authority, including without limitation

1 agreements or contracts commonly known as "interest rate swap
2 agreements", "forward payment conversion agreements", and
3 "futures", or agreements or contracts to exchange cash flows or
4 a series of payments, or agreements or contracts, including
5 without limitation agreements or contracts commonly known as
6 "options", "puts", or "calls", to hedge payment, rate spread,
7 or similar exposure; provided that any such agreement or
8 contract shall not constitute an obligation for borrowed money
9 and shall not be taken into account under Section 845-5 of this
10 Act or any other debt limit of the Authority or the State of
11 Illinois.

12 (y) The Authority shall publish summaries of projects and
13 actions approved by the members of the Authority on its
14 website. These summaries shall include, but not be limited to,
15 information regarding the:

- 16 (1) project;
- 17 (2) Board's action or actions;
- 18 (3) purpose of the project;
- 19 (4) Authority's program and contribution;
- 20 (5) volume cap;
- 21 (6) jobs retained;
- 22 (7) projected new jobs;
- 23 (8) construction jobs created;
- 24 (9) estimated sources and uses of funds;
- 25 (10) financing summary;
- 26 (11) project summary;

- 1 (12) business summary;
- 2 (13) ownership or economic disclosure statement;
- 3 (14) professional and financial information;
- 4 (15) service area; and
- 5 (16) legislative district.

6 The disclosure of information pursuant to this subsection
7 shall comply with the Freedom of Information Act.

8 (Source: P.A. 95-470, eff. 8-27-07; 95-481, eff. 8-28-07;
9 95-876, eff. 8-21-08; 96-795, eff. 7-1-10 (see Section 5 of
10 P.A. 96-793 for the effective date of changes made by P.A.
11 96-795).)

12 Section 13. The State Finance Act is amended by adding
13 Section 5.878 as follows:

14 (30 ILCS 105/5.878 new)

15 Sec. 5.878. The State Pension Obligation Acceleration Bond
16 Fund.

17 Section 15. The General Obligation Bond Act is amended by
18 changing Sections 2, 2.5, 9, 11, 12, and 13 and by adding
19 Section 7.6 as follows:

20 (30 ILCS 330/2) (from Ch. 127, par. 652)

21 Sec. 2. Authorization for Bonds. The State of Illinois is
22 authorized to issue, sell and provide for the retirement of

1 General Obligation Bonds of the State of Illinois for the
2 categories and specific purposes expressed in Sections 2
3 through 8 of this Act, in the total amount of \$50,167,925,743
4 ~~\$49,917,925,743~~.

5 The bonds authorized in this Section 2 and in Section 16 of
6 this Act are herein called "Bonds".

7 Of the total amount of Bonds authorized in this Act, up to
8 \$2,200,000,000 in aggregate original principal amount may be
9 issued and sold in accordance with the Baccalaureate Savings
10 Act in the form of General Obligation College Savings Bonds.

11 Of the total amount of Bonds authorized in this Act, up to
12 \$300,000,000 in aggregate original principal amount may be
13 issued and sold in accordance with the Retirement Savings Act
14 in the form of General Obligation Retirement Savings Bonds.

15 Of the total amount of Bonds authorized in this Act, the
16 additional \$10,000,000,000 authorized by Public Act 93-2, the
17 \$3,466,000,000 authorized by Public Act 96-43, and the
18 \$4,096,348,300 authorized by Public Act 96-1497 shall be used
19 solely as provided in Section 7.2.

20 Of the total amount of Bonds authorized in this Act, the
21 additional \$250,000,000 authorized by this amendatory Act of
22 the 100th General Assembly shall be used solely as provided in
23 Section 7.6.

24 The issuance and sale of Bonds pursuant to the General
25 Obligation Bond Act is an economical and efficient method of
26 financing the long-term capital needs of the State. This Act

1 will permit the issuance of a multi-purpose General Obligation
2 Bond with uniform terms and features. This will not only lower
3 the cost of registration but also reduce the overall cost of
4 issuing debt by improving the marketability of Illinois General
5 Obligation Bonds.

6 (Source: P.A. 97-333, eff. 8-12-11; 97-771, eff. 7-10-12;
7 97-813, eff. 7-13-12; 98-94, eff. 7-17-13; 98-463, eff.
8 8-16-13; 98-781, eff. 7-22-14.)

9 (30 ILCS 330/2.5)

10 Sec. 2.5. Limitation on issuance of Bonds.

11 (a) Except as provided in subsection (b), no Bonds may be
12 issued if, after the issuance, in the next State fiscal year
13 after the issuance of the Bonds, the amount of debt service
14 (including principal, whether payable at maturity or pursuant
15 to mandatory sinking fund installments, and interest) on all
16 then-outstanding Bonds, other than (i) Bonds authorized by this
17 amendatory Act of the 100th General Assembly, (ii) Bonds
18 authorized by Public Act 96-43, and (iii) ~~other than~~ Bonds
19 authorized by Public Act 96-1497, would exceed 7% of the
20 aggregate appropriations from the general funds (which consist
21 of the General Revenue Fund, the Common School Fund, the
22 General Revenue Common School Special Account Fund, and the
23 Education Assistance Fund) and the Road Fund for the fiscal
24 year immediately prior to the fiscal year of the issuance.

25 (b) If the Comptroller and Treasurer each consent in

1 writing, Bonds may be issued even if the issuance does not
2 comply with subsection (a). In addition, \$2,000,000,000 in
3 Bonds for the purposes set forth in Sections 3, 4, 5, 6, and 7,
4 and \$2,000,000,000 in Refunding Bonds under Section 16, may be
5 issued during State fiscal year 2017 without complying with
6 subsection (a).

7 (Source: P.A. 99-523, eff. 6-30-16.)

8 (30 ILCS 330/7.6 new)

9 Sec. 7.6. State Pension Obligation Acceleration Bonds.

10 (a) As used in this Act, "State Pension Obligation
11 Acceleration Bonds" means Bonds authorized by this amendatory
12 Act of the 100th General Assembly and used for the purposes set
13 forth in subsection (c-5) of Section 801-40 of the Illinois
14 Finance Authority Act.

15 (b) State Pension Obligation Acceleration Bonds in the
16 amount of \$250,000,000 are hereby authorized to be used for the
17 purposes set forth in subsection (c-5) of Section 801-40 of the
18 Illinois Finance Authority Act.

19 (c) The proceeds of State Pension Obligation Acceleration
20 Bonds authorized in subsection (b) of this Section, less the
21 amounts authorized in the Bond Sale Order to be directly paid
22 out for bond sale expenses under Section 8, shall be deposited
23 directly into the State Pension Obligation Acceleration Bond
24 Fund, and the Comptroller and the Treasurer shall, as soon as
25 practical, make payments as contemplated by subsection (c-5) of

1 Section 801-40 of the Illinois Finance Authority Act.

2 (d) There is created the State Pension Obligation
3 Acceleration Bond Fund as a special fund in the State Treasury.
4 Funds deposited in the State Pension Obligation Acceleration
5 Bond Fund may only be used for the purposes set forth in
6 subsection (c-5) of Section 801-40 of the Illinois Finance
7 Authority Act or for the payment of principal and interest due
8 on State Pension Obligation Acceleration Bonds.

9 (30 ILCS 330/9) (from Ch. 127, par. 659)

10 Sec. 9. Conditions for Issuance and Sale of Bonds -
11 Requirements for Bonds.

12 (a) Except as otherwise provided in this subsection and
13 subsection (h), Bonds shall be issued and sold from time to
14 time, in one or more series, in such amounts and at such prices
15 as may be directed by the Governor, upon recommendation by the
16 Director of the Governor's Office of Management and Budget.
17 Bonds shall be in such form (either coupon, registered or book
18 entry), in such denominations, payable within 25 years from
19 their date, subject to such terms of redemption with or without
20 premium, bear interest payable at such times and at such fixed
21 or variable rate or rates, and be dated as shall be fixed and
22 determined by the Director of the Governor's Office of
23 Management and Budget in the order authorizing the issuance and
24 sale of any series of Bonds, which order shall be approved by
25 the Governor and is herein called a "Bond Sale Order"; provided

1 however, that interest payable at fixed or variable rates shall
2 not exceed that permitted in the Bond Authorization Act, as now
3 or hereafter amended. Bonds shall be payable at such place or
4 places, within or without the State of Illinois, and may be
5 made registrable as to either principal or as to both principal
6 and interest, as shall be specified in the Bond Sale Order.
7 Bonds may be callable or subject to purchase and retirement or
8 tender and remarketing as fixed and determined in the Bond Sale
9 Order. Bonds, other than Bonds issued under Section 3 of this
10 Act for the costs associated with the purchase and
11 implementation of information technology, (i) except for
12 refunding Bonds satisfying the requirements of Section 16 of
13 this Act and sold during fiscal year 2009, 2010, 2011, or 2017
14 must be issued with principal or mandatory redemption amounts
15 in equal amounts, with the first maturity issued occurring
16 within the fiscal year in which the Bonds are issued or within
17 the next succeeding fiscal year and (ii) must mature or be
18 subject to mandatory redemption each fiscal year thereafter up
19 to 25 years, except for refunding Bonds satisfying the
20 requirements of Section 16 of this Act and sold during fiscal
21 year 2009, 2010, or 2011 which must mature or be subject to
22 mandatory redemption each fiscal year thereafter up to 16
23 years. Bonds issued under Section 3 of this Act for the costs
24 associated with the purchase and implementation of information
25 technology must be issued with principal or mandatory
26 redemption amounts in equal amounts, with the first maturity

1 issued occurring with the fiscal year in which the respective
 2 bonds are issued or with the next succeeding fiscal year, with
 3 the respective bonds issued maturing or subject to mandatory
 4 redemption each fiscal year thereafter up to 10 years.
 5 Notwithstanding any provision of this Act to the contrary, the
 6 Bonds authorized by Public Act 96-43 shall be payable within 5
 7 years from their date and must be issued with principal or
 8 mandatory redemption amounts in equal amounts, with payment of
 9 principal or mandatory redemption beginning in the first fiscal
 10 year following the fiscal year in which the Bonds are issued.

11 Notwithstanding any provision of this Act to the contrary,
 12 the Bonds authorized by Public Act 96-1497 shall be payable
 13 within 8 years from their date and shall be issued with payment
 14 of maturing principal or scheduled mandatory redemptions in
 15 accordance with the following schedule, except the following
 16 amounts shall be prorated if less than the total additional
 17 amount of Bonds authorized by Public Act 96-1497 are issued:

18	Fiscal Year After Issuance	Amount
19	1-2	\$0
20	3	\$110,712,120
21	4	\$332,136,360
22	5	\$664,272,720
23	6-8	\$996,409,080

24 In the case of any series of Bonds bearing interest at a
 25 variable interest rate ("Variable Rate Bonds"), in lieu of
 26 determining the rate or rates at which such series of Variable

1 Rate Bonds shall bear interest and the price or prices at which
2 such Variable Rate Bonds shall be initially sold or remarketed
3 (in the event of purchase and subsequent resale), the Bond Sale
4 Order may provide that such interest rates and prices may vary
5 from time to time depending on criteria established in such
6 Bond Sale Order, which criteria may include, without
7 limitation, references to indices or variations in interest
8 rates as may, in the judgment of a remarketing agent, be
9 necessary to cause Variable Rate Bonds of such series to be
10 remarketable from time to time at a price equal to their
11 principal amount, and may provide for appointment of a bank,
12 trust company, investment bank, or other financial institution
13 to serve as remarketing agent in that connection. The Bond Sale
14 Order may provide that alternative interest rates or provisions
15 for establishing alternative interest rates, different
16 security or claim priorities, or different call or amortization
17 provisions will apply during such times as Variable Rate Bonds
18 of any series are held by a person providing credit or
19 liquidity enhancement arrangements for such Bonds as
20 authorized in subsection (b) of this Section. The Bond Sale
21 Order may also provide for such variable interest rates to be
22 established pursuant to a process generally known as an auction
23 rate process and may provide for appointment of one or more
24 financial institutions to serve as auction agents and
25 broker-dealers in connection with the establishment of such
26 interest rates and the sale and remarketing of such Bonds.

1 (b) In connection with the issuance of any series of Bonds,
2 the State may enter into arrangements to provide additional
3 security and liquidity for such Bonds, including, without
4 limitation, bond or interest rate insurance or letters of
5 credit, lines of credit, bond purchase contracts, or other
6 arrangements whereby funds are made available to retire or
7 purchase Bonds, thereby assuring the ability of owners of the
8 Bonds to sell or redeem their Bonds. The State may enter into
9 contracts and may agree to pay fees to persons providing such
10 arrangements, but only under circumstances where the Director
11 of the Governor's Office of Management and Budget certifies
12 that he or she reasonably expects the total interest paid or to
13 be paid on the Bonds, together with the fees for the
14 arrangements (being treated as if interest), would not, taken
15 together, cause the Bonds to bear interest, calculated to their
16 stated maturity, at a rate in excess of the rate that the Bonds
17 would bear in the absence of such arrangements.

18 The State may, with respect to Bonds issued or anticipated
19 to be issued, participate in and enter into arrangements with
20 respect to interest rate protection or exchange agreements,
21 guarantees, or financial futures contracts for the purpose of
22 limiting, reducing, or managing interest rate exposure. The
23 authority granted under this paragraph, however, shall not
24 increase the principal amount of Bonds authorized to be issued
25 by law. The arrangements may be executed and delivered by the
26 Director of the Governor's Office of Management and Budget on

1 behalf of the State. Net payments for such arrangements shall
2 constitute interest on the Bonds and shall be paid from the
3 General Obligation Bond Retirement and Interest Fund. The
4 Director of the Governor's Office of Management and Budget
5 shall at least annually certify to the Governor and the State
6 Comptroller his or her estimate of the amounts of such net
7 payments to be included in the calculation of interest required
8 to be paid by the State.

9 (c) Prior to the issuance of any Variable Rate Bonds
10 pursuant to subsection (a), the Director of the Governor's
11 Office of Management and Budget shall adopt an interest rate
12 risk management policy providing that the amount of the State's
13 variable rate exposure with respect to Bonds shall not exceed
14 20%. This policy shall remain in effect while any Bonds are
15 outstanding and the issuance of Bonds shall be subject to the
16 terms of such policy. The terms of this policy may be amended
17 from time to time by the Director of the Governor's Office of
18 Management and Budget but in no event shall any amendment cause
19 the permitted level of the State's variable rate exposure with
20 respect to Bonds to exceed 20%.

21 (d) "Build America Bonds" in this Section means Bonds
22 authorized by Section 54AA of the Internal Revenue Code of
23 1986, as amended ("Internal Revenue Code"), and bonds issued
24 from time to time to refund or continue to refund "Build
25 America Bonds".

26 (e) Notwithstanding any other provision of this Section,

1 Qualified School Construction Bonds shall be issued and sold
2 from time to time, in one or more series, in such amounts and
3 at such prices as may be directed by the Governor, upon
4 recommendation by the Director of the Governor's Office of
5 Management and Budget. Qualified School Construction Bonds
6 shall be in such form (either coupon, registered or book
7 entry), in such denominations, payable within 25 years from
8 their date, subject to such terms of redemption with or without
9 premium, and if the Qualified School Construction Bonds are
10 issued with a supplemental coupon, bear interest payable at
11 such times and at such fixed or variable rate or rates, and be
12 dated as shall be fixed and determined by the Director of the
13 Governor's Office of Management and Budget in the order
14 authorizing the issuance and sale of any series of Qualified
15 School Construction Bonds, which order shall be approved by the
16 Governor and is herein called a "Bond Sale Order"; except that
17 interest payable at fixed or variable rates, if any, shall not
18 exceed that permitted in the Bond Authorization Act, as now or
19 hereafter amended. Qualified School Construction Bonds shall
20 be payable at such place or places, within or without the State
21 of Illinois, and may be made registrable as to either principal
22 or as to both principal and interest, as shall be specified in
23 the Bond Sale Order. Qualified School Construction Bonds may be
24 callable or subject to purchase and retirement or tender and
25 remarketing as fixed and determined in the Bond Sale Order.
26 Qualified School Construction Bonds must be issued with

1 principal or mandatory redemption amounts or sinking fund
2 payments into the General Obligation Bond Retirement and
3 Interest Fund (or subaccount therefor) in equal amounts, with
4 the first maturity issued, mandatory redemption payment or
5 sinking fund payment occurring within the fiscal year in which
6 the Qualified School Construction Bonds are issued or within
7 the next succeeding fiscal year, with Qualified School
8 Construction Bonds issued maturing or subject to mandatory
9 redemption or with sinking fund payments thereof deposited each
10 fiscal year thereafter up to 25 years. Sinking fund payments
11 set forth in this subsection shall be permitted only to the
12 extent authorized in Section 54F of the Internal Revenue Code
13 or as otherwise determined by the Director of the Governor's
14 Office of Management and Budget. "Qualified School
15 Construction Bonds" in this subsection means Bonds authorized
16 by Section 54F of the Internal Revenue Code and for bonds
17 issued from time to time to refund or continue to refund such
18 "Qualified School Construction Bonds".

19 (f) Beginning with the next issuance by the Governor's
20 Office of Management and Budget to the Procurement Policy Board
21 of a request for quotation for the purpose of formulating a new
22 pool of qualified underwriting banks list, all entities
23 responding to such a request for quotation for inclusion on
24 that list shall provide a written report to the Governor's
25 Office of Management and Budget and the Illinois Comptroller.
26 The written report submitted to the Comptroller shall (i) be

1 published on the Comptroller's Internet website and (ii) be
2 used by the Governor's Office of Management and Budget for the
3 purposes of scoring such a request for quotation. The written
4 report, at a minimum, shall:

5 (1) disclose whether, within the past 3 months,
6 pursuant to its credit default swap market-making
7 activities, the firm has entered into any State of Illinois
8 credit default swaps ("CDS");

9 (2) include, in the event of State of Illinois CDS
10 activity, disclosure of the firm's cumulative notional
11 volume of State of Illinois CDS trades and the firm's
12 outstanding gross and net notional amount of State of
13 Illinois CDS, as of the end of the current 3-month period;

14 (3) indicate, pursuant to the firm's proprietary
15 trading activities, disclosure of whether the firm, within
16 the past 3 months, has entered into any proprietary trades
17 for its own account in State of Illinois CDS;

18 (4) include, in the event of State of Illinois
19 proprietary trades, disclosure of the firm's outstanding
20 gross and net notional amount of proprietary State of
21 Illinois CDS and whether the net position is short or long
22 credit protection, as of the end of the current 3-month
23 period;

24 (5) list all time periods during the past 3 months
25 during which the firm held net long or net short State of
26 Illinois CDS proprietary credit protection positions, the

1 amount of such positions, and whether those positions were
2 net long or net short credit protection positions; and

3 (6) indicate whether, within the previous 3 months, the
4 firm released any publicly available research or marketing
5 reports that reference State of Illinois CDS and include
6 those research or marketing reports as attachments.

7 (g) All entities included on a Governor's Office of
8 Management and Budget's pool of qualified underwriting banks
9 list shall, as soon as possible after March 18, 2011 (the
10 effective date of Public Act 96-1554), but not later than
11 January 21, 2011, and on a quarterly fiscal basis thereafter,
12 provide a written report to the Governor's Office of Management
13 and Budget and the Illinois Comptroller. The written reports
14 submitted to the Comptroller shall be published on the
15 Comptroller's Internet website. The written reports, at a
16 minimum, shall:

17 (1) disclose whether, within the past 3 months,
18 pursuant to its credit default swap market-making
19 activities, the firm has entered into any State of Illinois
20 credit default swaps ("CDS");

21 (2) include, in the event of State of Illinois CDS
22 activity, disclosure of the firm's cumulative notional
23 volume of State of Illinois CDS trades and the firm's
24 outstanding gross and net notional amount of State of
25 Illinois CDS, as of the end of the current 3-month period;

26 (3) indicate, pursuant to the firm's proprietary

1 trading activities, disclosure of whether the firm, within
2 the past 3 months, has entered into any proprietary trades
3 for its own account in State of Illinois CDS;

4 (4) include, in the event of State of Illinois
5 proprietary trades, disclosure of the firm's outstanding
6 gross and net notional amount of proprietary State of
7 Illinois CDS and whether the net position is short or long
8 credit protection, as of the end of the current 3-month
9 period;

10 (5) list all time periods during the past 3 months
11 during which the firm held net long or net short State of
12 Illinois CDS proprietary credit protection positions, the
13 amount of such positions, and whether those positions were
14 net long or net short credit protection positions; and

15 (6) indicate whether, within the previous 3 months, the
16 firm released any publicly available research or marketing
17 reports that reference State of Illinois CDS and include
18 those research or marketing reports as attachments.

19 (h) Notwithstanding any other provision of this Section,
20 for purposes of maximizing market efficiencies and cost
21 savings, State Pension Obligation Acceleration Bonds may be
22 issued and sold from time to time, in one or more series, in
23 such amounts and at such prices as may be directed by the
24 Governor, upon recommendation by the Director of the Governor's
25 Office of Management and Budget. State Pension Obligation
26 Acceleration Bonds shall be in such form, either coupon,

1 registered, or book entry, in such denominations, shall bear
2 interest payable at such times and at such fixed or variable
3 rate or rates, and be dated as shall be fixed and determined by
4 the Director of the Governor's Office of Management and Budget
5 in the order authorizing the issuance and sale of any series of
6 State Pension Obligation Acceleration Bonds, which order shall
7 be approved by the Governor and is herein called a "Bond Sale
8 Order"; provided, however, that interest payable at fixed or
9 variable rates shall not exceed that permitted in the Bond
10 Authorization Act. State Pension Obligation Acceleration Bonds
11 shall be payable at such place or places, within or without the
12 State of Illinois, and may be made registrable as to either
13 principal or as to both principal and interest, as shall be
14 specified in the Bond Sale Order. State Pension Obligation
15 Acceleration Bonds may be callable or subject to purchase and
16 retirement or tender and remarketing as fixed and determined in
17 the Bond Sale Order.

18 (Source: P.A. 99-523, eff. 6-30-16.)

19 (30 ILCS 330/11) (from Ch. 127, par. 661)

20 Sec. 11. Sale of Bonds. Except as otherwise provided in
21 this Section, Bonds shall be sold from time to time pursuant to
22 notice of sale and public bid or by negotiated sale in such
23 amounts and at such times as is directed by the Governor, upon
24 recommendation by the Director of the Governor's Office of
25 Management and Budget. At least 25%, based on total principal

1 amount, of all Bonds issued each fiscal year shall be sold
2 pursuant to notice of sale and public bid. At all times during
3 each fiscal year, no more than 75%, based on total principal
4 amount, of the Bonds issued each fiscal year, shall have been
5 sold by negotiated sale. Failure to satisfy the requirements in
6 the preceding 2 sentences shall not affect the validity of any
7 previously issued Bonds; provided that all Bonds authorized by
8 Public Act 96-43 and Public Act 96-1497 shall not be included
9 in determining compliance for any fiscal year with the
10 requirements of the preceding 2 sentences; and further provided
11 that refunding Bonds satisfying the requirements of Section 16
12 of this Act and sold during fiscal year 2009, 2010, 2011, or
13 2017 shall not be subject to the requirements in the preceding
14 2 sentences.

15 If any Bonds, including refunding Bonds, are to be sold by
16 negotiated sale, the Director of the Governor's Office of
17 Management and Budget shall comply with the competitive request
18 for proposal process set forth in the Illinois Procurement Code
19 and all other applicable requirements of that Code.

20 If Bonds are to be sold pursuant to notice of sale and
21 public bid, the Director of the Governor's Office of Management
22 and Budget may, from time to time, as Bonds are to be sold,
23 advertise the sale of the Bonds in at least 2 daily newspapers,
24 one of which is published in the City of Springfield and one in
25 the City of Chicago. The sale of the Bonds shall also be
26 advertised in the volume of the Illinois Procurement Bulletin

1 that is published by the Department of Central Management
2 Services, and shall be published once at least 10 days prior to
3 the date fixed for the opening of the bids. The Director of the
4 Governor's Office of Management and Budget may reschedule the
5 date of sale upon the giving of such additional notice as the
6 Director deems adequate to inform prospective bidders of such
7 change; provided, however, that all other conditions of the
8 sale shall continue as originally advertised.

9 Executed Bonds shall, upon payment therefor, be delivered
10 to the purchaser, and the proceeds of Bonds shall be paid into
11 the State Treasury as directed by Section 12 of this Act.

12 All State Pension Obligation Acceleration Bonds shall
13 comply with this Section. Notwithstanding anything to the
14 contrary, however, for purposes of complying with this Section,
15 State Pension Obligation Acceleration Bonds, regardless of the
16 number of series or issuances sold thereunder, shall be
17 considered a single issue or series. Furthermore, for purposes
18 of complying with the competitive bidding requirements of this
19 Section, the words "at all times" shall not apply to any such
20 sale of the State Pension Obligation Acceleration Bonds. The
21 Director of the Governor's Office of Management and Budget
22 shall determine the time and manner of any competitive sale of
23 the State Pension Obligation Acceleration Bonds; however, that
24 sale shall under no circumstances take place later than 60 days
25 after the State closes the sale of 75% of the State Pension
26 Obligation Acceleration Bonds by negotiated sale.

1 (Source: P.A. 98-44, eff. 6-28-13; 99-523, eff. 6-30-16.)

2 (30 ILCS 330/12) (from Ch. 127, par. 662)

3 Sec. 12. Allocation of Proceeds from Sale of Bonds.

4 (a) Proceeds from the sale of Bonds, authorized by Section
5 3 of this Act, shall be deposited in the separate fund known as
6 the Capital Development Fund.

7 (b) Proceeds from the sale of Bonds, authorized by
8 paragraph (a) of Section 4 of this Act, shall be deposited in
9 the separate fund known as the Transportation Bond, Series A
10 Fund.

11 (c) Proceeds from the sale of Bonds, authorized by
12 paragraphs (b) and (c) of Section 4 of this Act, shall be
13 deposited in the separate fund known as the Transportation
14 Bond, Series B Fund.

15 (c-1) Proceeds from the sale of Bonds, authorized by
16 paragraph (d) of Section 4 of this Act, shall be deposited into
17 the Transportation Bond Series D Fund, which is hereby created.

18 (d) Proceeds from the sale of Bonds, authorized by Section
19 5 of this Act, shall be deposited in the separate fund known as
20 the School Construction Fund.

21 (e) Proceeds from the sale of Bonds, authorized by Section
22 6 of this Act, shall be deposited in the separate fund known as
23 the Anti-Pollution Fund.

24 (f) Proceeds from the sale of Bonds, authorized by Section
25 7 of this Act, shall be deposited in the separate fund known as

1 the Coal Development Fund.

2 (f-2) Proceeds from the sale of Bonds, authorized by
3 Section 7.2 of this Act, shall be deposited as set forth in
4 Section 7.2.

5 (f-5) Proceeds from the sale of Bonds, authorized by
6 Section 7.5 of this Act, shall be deposited as set forth in
7 Section 7.5.

8 (f-7) Proceeds from the sale of Bonds, authorized by
9 Section 7.6 of this Act, shall be deposited as set forth in
10 Section 7.6.

11 (g) Proceeds from the sale of Bonds, authorized by Section
12 8 of this Act, shall be deposited in the Capital Development
13 Fund.

14 (h) Subsequent to the issuance of any Bonds for the
15 purposes described in Sections 2 through 8 of this Act, the
16 Governor and the Director of the Governor's Office of
17 Management and Budget may provide for the reallocation of
18 unspent proceeds of such Bonds to any other purposes authorized
19 under said Sections of this Act, subject to the limitations on
20 aggregate principal amounts contained therein. Upon any such
21 reallocation, such unspent proceeds shall be transferred to the
22 appropriate funds as determined by reference to paragraphs (a)
23 through (g) of this Section.

24 (Source: P.A. 96-36, eff. 7-13-09.)

25 (30 ILCS 330/13) (from Ch. 127, par. 663)

1 Sec. 13. Appropriation of Proceeds from Sale of Bonds.

2 (a) At all times, the proceeds from the sale of Bonds
3 issued pursuant to this Act are subject to appropriation by the
4 General Assembly and, except as provided in Sections 7.2 and
5 7.6 ~~Section 7.2~~, may be obligated or expended only with the
6 written approval of the Governor, in such amounts, at such
7 times, and for such purposes as the respective State agencies,
8 as defined in Section 1-7 of the Illinois State Auditing Act,
9 as amended, deem necessary or desirable for the specific
10 purposes contemplated in Sections 2 through 8 of this Act.
11 Notwithstanding any other provision of this Act, proceeds from
12 the sale of Bonds issued pursuant to this Act appropriated by
13 the General Assembly to the Architect of the Capitol may be
14 obligated or expended by the Architect of the Capitol without
15 the written approval of the Governor.

16 (b) Proceeds from the sale of Bonds for the purpose of
17 development of coal and alternative forms of energy shall be
18 expended in such amounts and at such times as the Department of
19 Commerce and Economic Opportunity, with the advice and
20 recommendation of the Illinois Coal Development Board for coal
21 development projects, may deem necessary and desirable for the
22 specific purpose contemplated by Section 7 of this Act. In
23 considering the approval of projects to be funded, the
24 Department of Commerce and Economic Opportunity shall give
25 special consideration to projects designed to remove sulfur and
26 other pollutants in the preparation and utilization of coal,

1 and in the use and operation of electric utility generating
2 plants and industrial facilities which utilize Illinois coal as
3 their primary source of fuel.

4 (c) Except as directed in subsection (c-1) or (c-2), any
5 monies received by any officer or employee of the state
6 representing a reimbursement of expenditures previously paid
7 from general obligation bond proceeds shall be deposited into
8 the General Obligation Bond Retirement and Interest Fund
9 authorized in Section 14 of this Act.

10 (c-1) Any money received by the Department of
11 Transportation as reimbursement for expenditures for high
12 speed rail purposes pursuant to appropriations from the
13 Transportation Bond, Series B Fund for (i) CREATE (Chicago
14 Region Environmental and Transportation Efficiency), (ii) High
15 Speed Rail, or (iii) AMTRAK projects authorized by the federal
16 government under the provisions of the American Recovery and
17 Reinvestment Act of 2009 or the Safe Accountable Flexible
18 Efficient Transportation Equity Act—A Legacy for Users
19 (SAFETEA-LU), or any successor federal transportation
20 authorization Act, shall be deposited into the Federal High
21 Speed Rail Trust Fund.

22 (c-2) Any money received by the Department of
23 Transportation as reimbursement for expenditures for transit
24 capital purposes pursuant to appropriations from the
25 Transportation Bond, Series B Fund for projects authorized by
26 the federal government under the provisions of the American

1 Recovery and Reinvestment Act of 2009 or the Safe Accountable
2 Flexible Efficient Transportation Equity Act—A Legacy for
3 Users (SAFETEA-LU), or any successor federal transportation
4 authorization Act, shall be deposited into the Federal Mass
5 Transit Trust Fund.

6 (Source: P.A. 98-674, eff. 6-30-14.)

7 Section 20. The Illinois Pension Code is amended by
8 changing Sections 1-160, 2-101, 2-105, 2-107, 2-117, 2-162,
9 7-114, 7-116, 7-139, 14-103.05, 14-103.10, 14-104.3, 14-106,
10 14-152.1, 15-108.1, 15-108.2, 15-112, 15-113.4, 15-134,
11 15-155, 15-198, 16-123, 16-127, 16-158, 16-217, 16-152.1,
12 16-203, 18-120, 18-124, 18-125, 18-125.1, 18-127, 18-128.01,
13 18-133, 18-169, 20-121, 20-123, 20-124, and 20-125 and by
14 adding Sections 2-105.3, 2-154.5, 2-165.5, 14-103.41,
15 14-103.42, 14-103.43, 14-147.5, 14-155.5, 15-108.3, 15-185.5,
16 15-200.5, 16-106.40, 16-106.41, 16-106.42, 16-190.5, 16-205.5,
17 18-110.1, 18-110.2, 18-110.3, 18-121.5, and 18-161.5 as
18 follows:

19 (40 ILCS 5/1-160)

20 (Text of Section WITHOUT the changes made by P.A. 98-641,
21 which has been held unconstitutional)

22 Sec. 1-160. Provisions applicable to new hires.

23 (a) The provisions of this Section apply to a person who,
24 on or after January 1, 2011, first becomes a member or a

1 participant under any reciprocal retirement system or pension
2 fund established under this Code, other than a retirement
3 system or pension fund established under Article 2, 3, 4, 5, 6,
4 15 or 18 of this Code, notwithstanding any other provision of
5 this Code to the contrary, but do not apply to any self-managed
6 plan established under this Code, to any person with respect to
7 service as a sheriff's law enforcement employee under Article
8 7, or to any participant of the retirement plan established
9 under Section 22-101. Notwithstanding anything to the contrary
10 in this Section, for purposes of this Section, a person who
11 participated in a retirement system under Article 15 prior to
12 January 1, 2011 shall be deemed a person who first became a
13 member or participant prior to January 1, 2011 under any
14 retirement system or pension fund subject to this Section. The
15 changes made to this Section by Public Act 98-596 ~~this~~
16 ~~amendatory Act of the 98th General Assembly~~ are a clarification
17 of existing law and are intended to be retroactive to January
18 1, 2011 (the effective date of Public Act 96-889),
19 notwithstanding the provisions of Section 1-103.1 of this Code.

20 The provisions of this Section do not apply to service
21 under a Tier 3 plan established under Article 2, 14, 15, 16, or
22 18 of this Code.

23 (b) "Final average salary" means the average monthly (or
24 annual) salary obtained by dividing the total salary or
25 earnings calculated under the Article applicable to the member
26 or participant during the 96 consecutive months (or 8

1 consecutive years) of service within the last 120 months (or 10
2 years) of service in which the total salary or earnings
3 calculated under the applicable Article was the highest by the
4 number of months (or years) of service in that period. For the
5 purposes of a person who first becomes a member or participant
6 of any retirement system or pension fund to which this Section
7 applies on or after January 1, 2011, in this Code, "final
8 average salary" shall be substituted for the following:

9 (1) In Article 7 (except for service as sheriff's law
10 enforcement employees), "final rate of earnings".

11 (2) In Articles 8, 9, 10, 11, and 12, "highest average
12 annual salary for any 4 consecutive years within the last
13 10 years of service immediately preceding the date of
14 withdrawal".

15 (3) In Article 13, "average final salary".

16 (4) In Article 14, "final average compensation".

17 (5) In Article 17, "average salary".

18 (6) In Section 22-207, "wages or salary received by him
19 at the date of retirement or discharge".

20 (b-5) Beginning on January 1, 2011, for all purposes under
21 this Code (including without limitation the calculation of
22 benefits and employee contributions), the annual earnings,
23 salary, or wages (based on the plan year) of a member or
24 participant to whom this Section applies shall not exceed
25 \$106,800; however, that amount shall annually thereafter be
26 increased by the lesser of (i) 3% of that amount, including all

1 previous adjustments, or (ii) one-half the annual unadjusted
2 percentage increase (but not less than zero) in the consumer
3 price index-u for the 12 months ending with the September
4 preceding each November 1, including all previous adjustments.

5 For the purposes of this Section, "consumer price index-u"
6 means the index published by the Bureau of Labor Statistics of
7 the United States Department of Labor that measures the average
8 change in prices of goods and services purchased by all urban
9 consumers, United States city average, all items, 1982-84 =
10 100. The new amount resulting from each annual adjustment shall
11 be determined by the Public Pension Division of the Department
12 of Insurance and made available to the boards of the retirement
13 systems and pension funds by November 1 of each year.

14 (c) A member or participant is entitled to a retirement
15 annuity upon written application if he or she has attained age
16 67 (beginning January 1, 2015, age 65 with respect to service
17 under Article 12 of this Code that is subject to this Section)
18 and has at least 10 years of service credit and is otherwise
19 eligible under the requirements of the applicable Article.

20 A member or participant who has attained age 62 (beginning
21 January 1, 2015, age 60 with respect to service under Article
22 12 of this Code that is subject to this Section) and has at
23 least 10 years of service credit and is otherwise eligible
24 under the requirements of the applicable Article may elect to
25 receive the lower retirement annuity provided in subsection (d)
26 of this Section.

1 (d) The retirement annuity of a member or participant who
2 is retiring after attaining age 62 (beginning January 1, 2015,
3 age 60 with respect to service under Article 12 of this Code
4 that is subject to this Section) with at least 10 years of
5 service credit shall be reduced by one-half of 1% for each full
6 month that the member's age is under age 67 (beginning January
7 1, 2015, age 65 with respect to service under Article 12 of
8 this Code that is subject to this Section).

9 (e) Any retirement annuity or supplemental annuity shall be
10 subject to annual increases on the January 1 occurring either
11 on or after the attainment of age 67 (beginning January 1,
12 2015, age 65 with respect to service under Article 12 of this
13 Code that is subject to this Section) or the first anniversary
14 of the annuity start date, whichever is later. Each annual
15 increase shall be calculated at 3% or one-half the annual
16 unadjusted percentage increase (but not less than zero) in the
17 consumer price index-u for the 12 months ending with the
18 September preceding each November 1, whichever is less, of the
19 originally granted retirement annuity. If the annual
20 unadjusted percentage change in the consumer price index-u for
21 the 12 months ending with the September preceding each November
22 1 is zero or there is a decrease, then the annuity shall not be
23 increased.

24 (f) The initial survivor's or widow's annuity of an
25 otherwise eligible survivor or widow of a retired member or
26 participant who first became a member or participant on or

1 after January 1, 2011 shall be in the amount of 66 2/3% of the
2 retired member's or participant's retirement annuity at the
3 date of death. In the case of the death of a member or
4 participant who has not retired and who first became a member
5 or participant on or after January 1, 2011, eligibility for a
6 survivor's or widow's annuity shall be determined by the
7 applicable Article of this Code. The initial benefit shall be
8 66 2/3% of the earned annuity without a reduction due to age. A
9 child's annuity of an otherwise eligible child shall be in the
10 amount prescribed under each Article if applicable. Any
11 survivor's or widow's annuity shall be increased (1) on each
12 January 1 occurring on or after the commencement of the annuity
13 if the deceased member died while receiving a retirement
14 annuity or (2) in other cases, on each January 1 occurring
15 after the first anniversary of the commencement of the annuity.
16 Each annual increase shall be calculated at 3% or one-half the
17 annual unadjusted percentage increase (but not less than zero)
18 in the consumer price index-u for the 12 months ending with the
19 September preceding each November 1, whichever is less, of the
20 originally granted survivor's annuity. If the annual
21 unadjusted percentage change in the consumer price index-u for
22 the 12 months ending with the September preceding each November
23 1 is zero or there is a decrease, then the annuity shall not be
24 increased.

25 (g) The benefits in Section 14-110 apply only if the person
26 is a State policeman, a fire fighter in the fire protection

1 service of a department, or a security employee of the
2 Department of Corrections or the Department of Juvenile
3 Justice, as those terms are defined in subsection (b) of
4 Section 14-110. A person who meets the requirements of this
5 Section is entitled to an annuity calculated under the
6 provisions of Section 14-110, in lieu of the regular or minimum
7 retirement annuity, only if the person has withdrawn from
8 service with not less than 20 years of eligible creditable
9 service and has attained age 60, regardless of whether the
10 attainment of age 60 occurs while the person is still in
11 service.

12 (h) If a person who first becomes a member or a participant
13 of a retirement system or pension fund subject to this Section
14 on or after January 1, 2011 is receiving a retirement annuity
15 or retirement pension under that system or fund and becomes a
16 member or participant under any other system or fund created by
17 this Code and is employed on a full-time basis, except for
18 those members or participants exempted from the provisions of
19 this Section under subsection (a) of this Section, then the
20 person's retirement annuity or retirement pension under that
21 system or fund shall be suspended during that employment. Upon
22 termination of that employment, the person's retirement
23 annuity or retirement pension payments shall resume and be
24 recalculated if recalculation is provided for under the
25 applicable Article of this Code.

26 If a person who first becomes a member of a retirement

1 system or pension fund subject to this Section on or after
2 January 1, 2012 and is receiving a retirement annuity or
3 retirement pension under that system or fund and accepts on a
4 contractual basis a position to provide services to a
5 governmental entity from which he or she has retired, then that
6 person's annuity or retirement pension earned as an active
7 employee of the employer shall be suspended during that
8 contractual service. A person receiving an annuity or
9 retirement pension under this Code shall notify the pension
10 fund or retirement system from which he or she is receiving an
11 annuity or retirement pension, as well as his or her
12 contractual employer, of his or her retirement status before
13 accepting contractual employment. A person who fails to submit
14 such notification shall be guilty of a Class A misdemeanor and
15 required to pay a fine of \$1,000. Upon termination of that
16 contractual employment, the person's retirement annuity or
17 retirement pension payments shall resume and, if appropriate,
18 be recalculated under the applicable provisions of this Code.

19 (i) (Blank).

20 (j) In the case of a conflict between the provisions of
21 this Section and any other provision of this Code, the
22 provisions of this Section shall control.

23 (Source: P.A. 97-609, eff. 1-1-12; 98-92, eff. 7-16-13; 98-596,
24 eff. 11-19-13; 98-622, eff. 6-1-14; revised 3-24-16.)

25 (40 ILCS 5/2-101) (from Ch. 108 1/2, par. 2-101)

1 Sec. 2-101. Creation of system. A retirement system is
2 created to provide retirement annuities, survivor's annuities
3 and other benefits for certain members of the General Assembly,
4 certain elected state officials, and their beneficiaries.

5 The system shall be known as the "General Assembly
6 Retirement System". All its funds and property shall be a trust
7 separate from all other entities, maintained for the purpose of
8 securing payment of annuities and benefits under this Article.

9 Participation in the retirement system created under this
10 Article is restricted to persons who became participants before
11 the effective date of this amendatory Act of the 100th General
12 Assembly. Beginning on that date, the System shall not accept
13 any new participants.

14 (Source: P.A. 83-1440.)

15 (40 ILCS 5/2-105) (from Ch. 108 1/2, par. 2-105)

16 Sec. 2-105. Member. "Member": Members of the General
17 Assembly of this State, including persons who enter military
18 service while a member of the General Assembly, and any person
19 serving as Governor, Lieutenant Governor, Secretary of State,
20 Treasurer, Comptroller, or Attorney General for the period of
21 service in such office.

22 Any person who has served for 10 or more years as Clerk or
23 Assistant Clerk of the House of Representatives, Secretary or
24 Assistant Secretary of the Senate, or any combination thereof,
25 may elect to become a member of this system while thenceforth

1 engaged in such service by filing a written election with the
2 board. Any person so electing shall be deemed an active member
3 of the General Assembly for the purpose of validating and
4 transferring any service credits earned under any of the funds
5 and systems established under Articles 3 through 18 of this
6 Code.

7 However, notwithstanding any other provision of this
8 Article, a person shall not be deemed a member for the purposes
9 of this Article unless he or she became a participant of the
10 System before the effective date of this amendatory Act of the
11 100th General Assembly.

12 (Source: P.A. 85-1008.)

13 (40 ILCS 5/2-105.3 new)

14 Sec. 2-105.3. Tier 1 participant; Tier 2 participant; Tier
15 3 participant.

16 "Tier 1 participant": A participant who first became a
17 participant before January 1, 2011.

18 In the case of a Tier 1 participant who elects to
19 participate in the Tier 3 plan under Section 2-165.5 of this
20 Code, that participant shall be deemed a Tier 1 participant
21 only with respect to service performed or established before
22 the effective date of that election.

23 "Tier 2 participant": A participant who first became a
24 participant on or after January 1, 2011 but before the
25 effective date of this amendatory Act of the 100th General

1 Assembly.

2 In the case of a Tier 2 participant who elects to
3 participate in the Tier 3 plan under Section 2-165.5 of this
4 Code, that Tier 2 member shall be deemed a Tier 2 member only
5 with respect to service performed or established before the
6 effective date of that election.

7 "Tier 3 participant": A participant who elects to
8 participate in the Tier 3 plan under Section 2-165.5 of this
9 Code, but only with respect to service performed on or after
10 the effective date of that election.

11 (40 ILCS 5/2-107) (from Ch. 108 1/2, par. 2-107)

12 Sec. 2-107. Participant. "Participant": Any member who
13 elects to participate; and any former member who elects to
14 continue participation under Section 2-117.1, for the duration
15 of such continued participation. However, notwithstanding any
16 other provision of this Article, a person shall not be deemed a
17 participant for the purposes of this Article unless he or she
18 became a participant of the System before the effective date of
19 this amendatory Act of the 100th General Assembly.

20 (Source: P.A. 86-1488.)

21 (40 ILCS 5/2-117) (from Ch. 108 1/2, par. 2-117)

22 Sec. 2-117. Participants - Election not to participate.

23 (a) Except as provided in subsection (c), every ~~Every~~
24 person who was a member on November 1, 1947, or in military

1 service on such date, is subject to the provisions of this
2 system beginning upon such date, unless prior to such date he
3 or she filed with the board a written notice of election not to
4 participate.

5 Every person who becomes a member after November 1, 1947,
6 and who is then not a participant becomes a participant
7 beginning upon the date of becoming a member unless, within 24
8 months from that date, he or she has filed with the board a
9 written notice of election not to participate.

10 (b) A member who has filed notice of an election not to
11 participate (and a former member who has not yet begun to
12 receive a retirement annuity under this Article) may become a
13 participant with respect to the period for which the member
14 elected not to participate upon filing with the board, before
15 April 1, 1993, a written rescission of the election not to
16 participate. Upon contributing an amount equal to the
17 contributions he or she would have made as a participant from
18 November 1, 1947, or the date of becoming a member, whichever
19 is later, to the date of becoming a participant, with interest
20 at the rate of 4% per annum until the contributions are paid,
21 the participant shall receive credit for service as a member
22 prior to the date of the rescission, both before and after
23 November 1, 1947. The required contributions shall be made
24 before commencement of the retirement annuity; otherwise no
25 credit for service prior to the date of participation shall be
26 granted.

1 (c) Notwithstanding any other provision of this Article, an
2 active participant may terminate his or her participation in
3 this System (including active participation in the Tier 3 plan,
4 if applicable) by notifying the System in writing. An active
5 participant terminating participation in this System under
6 this subsection shall be entitled to a refund of his or her
7 contributions (other than contributions to the Tier 3 plan
8 under Section 2-165.5) minus the benefits received prior to the
9 termination of participation.

10 (Source: P.A. 86-273; 87-1265.)

11 (40 ILCS 5/2-154.5 new)

12 Sec. 2-154.5. Accelerated pension benefit payment.

13 (a) As used in this Section:

14 "Eligible person" means a person who:

15 (1) has terminated service;

16 (2) has accrued sufficient service credit to be
17 eligible to receive a retirement annuity under this
18 Article;

19 (3) has not received any retirement annuity under this
20 Article; and

21 (4) does not have a QILDRO in effect against him or her
22 under this Article.

23 "Pension benefit" means the benefits under this Article, or
24 Article 1 as it relates to those benefits, including any
25 anticipated annual increases, that an eligible person is

1 entitled to upon attainment of the applicable retirement age.
2 "Pension benefit" also includes applicable survivor's or
3 disability benefits.

4 (b) Before January 1, 2018, the System shall calculate,
5 using actuarial tables and other assumptions adopted by the
6 Board, the net present value of pension benefits for each
7 eligible person and shall offer each eligible person the
8 opportunity to irrevocably elect to receive an amount
9 determined by the System to be equal to 70% of the net present
10 value of his or her pension benefits in lieu of receiving any
11 pension benefit. The offer shall specify the dollar amount that
12 the eligible person will receive if he or she so elects and
13 shall expire when a subsequent offer is made to an eligible
14 person. The System shall make a good faith effort to contact
15 every eligible person to notify him or her of the election and
16 of the amount of the accelerated pension benefit payment.

17 Beginning January 1, 2018 and until July 1, 2018, an
18 eligible person may irrevocably elect to receive an accelerated
19 pension benefit payment in the amount that the System offers
20 under this subsection in lieu of receiving any pension benefit.
21 A person who elects to receive an accelerated pension benefit
22 payment under this Section may not elect to proceed under the
23 Retirement Systems Reciprocal Act with respect to service under
24 this Article.

25 (c) A person's credits and creditable service under this
26 Article shall be terminated upon the person's receipt of an

1 accelerated pension benefit payment under this Section, and no
2 other benefit shall be paid under this Article based on those
3 terminated credits and creditable service, including any
4 retirement, survivor, or other benefit; except that to the
5 extent that participation, benefits, or premiums under the
6 State Employees Group Insurance Act of 1971 are based on the
7 amount of service credit, the terminated service credit shall
8 be used for that purpose.

9 (d) If a person who has received an accelerated pension
10 benefit payment under this Section returns to active service
11 under this Article, then:

12 (1) Any benefits under the System earned as a result of
13 that return to active service shall be based solely on the
14 person's credits and creditable service arising from the
15 return to active service.

16 (2) The accelerated pension benefit payment may not be
17 repaid to the System, and the terminated credits and
18 creditable service may not under any circumstances be
19 reinstated.

20 (e) As a condition of receiving an accelerated pension
21 benefit payment, an eligible person must have another
22 retirement plan or account qualified under the Internal Revenue
23 Code of 1986, as amended, for the accelerated pension benefit
24 payment to be rolled into. The accelerated pension benefit
25 payment under this Section may be subject to withholding or
26 payment of applicable taxes, but to the extent permitted by

1 federal law, a person who receives an accelerated pension
2 benefit payment under this Section must direct the System to
3 pay all of that payment as a rollover into another retirement
4 plan or account qualified under the Internal Revenue Code of
5 1986, as amended.

6 (f) Before January 1, 2019, the Board shall certify to the
7 Illinois Finance Authority and the General Assembly the amount
8 by which the total amount of accelerated pension benefit
9 payments made under this Section exceed the amount appropriated
10 to the System for the purpose of making those payments.

11 (g) The Board shall adopt any rules necessary to implement
12 this Section.

13 (h) No provision of this Section shall be interpreted in a
14 way that would cause the applicable System to cease to be a
15 qualified plan under the Internal Revenue Code of 1986.

16 (40 ILCS 5/2-162)

17 (Text of Section WITHOUT the changes made by P.A. 98-599,
18 which has been held unconstitutional)

19 Sec. 2-162. Application and expiration of new benefit
20 increases.

21 (a) As used in this Section, "new benefit increase" means
22 an increase in the amount of any benefit provided under this
23 Article, or an expansion of the conditions of eligibility for
24 any benefit under this Article, that results from an amendment
25 to this Code that takes effect after the effective date of this

1 amendatory Act of the 94th General Assembly. "New benefit
2 increase", however, does not include any benefit increase
3 resulting from the changes made to this Article by this
4 amendatory Act of the 100th General Assembly.

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

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

14 Every new benefit increase is contingent upon the General
15 Assembly providing the additional funding required under this
16 subsection. The Commission on Government Forecasting and
17 Accountability shall analyze whether adequate additional
18 funding has been provided for the new benefit increase and
19 shall report its analysis to the Public Pension Division of the
20 Department of Financial and Professional Regulation. A new
21 benefit increase created by a Public Act that does not include
22 the additional funding required under this subsection is null
23 and void. If the Public Pension Division determines that the
24 additional funding provided for a new benefit increase under
25 this subsection is or has become inadequate, it may so certify
26 to the Governor and the State Comptroller and, in the absence

1 of corrective action by the General Assembly, the new benefit
2 increase shall expire at the end of the fiscal year in which
3 the certification is made.

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

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

20 (Source: P.A. 94-4, eff. 6-1-05.)

21 (40 ILCS 5/2-165.5 new)

22 Sec. 2-165.5. Tier 3 plan.

23 (a) By July 1, 2018, the System shall prepare and implement
24 a Tier 3 plan. The Tier 3 plan developed under this Section
25 shall be a plan that aggregates State and employee

1 contributions in individual participant accounts which, after
2 meeting any other requirements, are used for payouts after
3 retirement in accordance with this Section and any other
4 applicable laws. In developing, preparing, and implementing
5 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
6 the System shall utilize the framework of the self-managed plan
7 offered under Article 15 and shall endeavor to adapt the
8 benefits and structure of the self-managed plan. The System
9 shall consult with the State Universities Retirement System in
10 developing the Tier 3 plan.

11 As used in this Section, "defined benefit plan" means the
12 retirement plan available under this Article to Tier 1 or Tier
13 2 participants who have not made the election authorized under
14 this Section.

15 (1) A participant in the Tier 3 plan shall pay employee
16 contributions at a rate of 8% of salary.

17 (2) State contributions shall be paid into the accounts
18 of all participants in the Tier 3 plan at a rate of 7.6% of
19 salary.

20 (3) The Tier 3 plan shall require one year of
21 participation in the Tier 3 plan before vesting in State
22 contributions. If the participant fails to vest in them,
23 the State contributions, and the earnings thereon, shall be
24 forfeited.

25 (4) The Tier 3 plan shall provide a variety of options
26 for investments. These options shall include investments

1 handled by the Illinois State Board of Investment as well
2 as private sector investment options.

3 (5) The Tier 3 plan shall provide a variety of options
4 for payouts to participants in the Tier 3 plan who are no
5 longer active in the System and their survivors.

6 (6) To the extent authorized under federal law and as
7 authorized by the System, the plan shall allow former
8 participants in the plan to transfer or roll over employee
9 and vested State contributions, and the earnings thereon,
10 from the Tier 3 plan into other qualified retirement plans.

11 (7) The System shall reduce the employee contributions
12 credited to the participant's Tier 3 plan account by an
13 amount determined by the System to cover the cost of
14 offering these benefits and any applicable administrative
15 fees.

16 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
17 participant of this System may elect, in writing, to cease
18 accruing benefits in the defined benefit plan and begin
19 accruing benefits for future service in the Tier 3 plan. The
20 election to participate in the Tier 3 plan is voluntary and
21 irrevocable.

22 (1) Service credit under the Tier 3 plan may be used
23 for determining retirement eligibility under the defined
24 benefit plan.

25 (2) The System shall make a good faith effort to
26 contact all active Tier 1 and Tier 2 participants who are

1 eligible to participate in the Tier 3 plan. The System
2 shall mail information describing the option to join the
3 Tier 3 plan to each of these employees to his or her last
4 known address on file with the System. If the employee is
5 not responsive to other means of contact, it is sufficient
6 for the System to publish the details of the option on its
7 website.

8 (3) Upon request for further information describing
9 the option, the System shall provide employees with
10 information from the System before exercising the option to
11 join the plan, including information on the impact to their
12 benefits and service. The individual consultation shall
13 include projections of the participant's defined benefits
14 at retirement or earlier termination of service and the
15 value of the participant's account at retirement or earlier
16 termination of service. The System shall not provide advice
17 or counseling with respect to whether the employee should
18 exercise the option. The System shall inform Tier 1 and
19 Tier 2 participants who are eligible to participate in the
20 Tier 3 plan that they may also wish to obtain information
21 and counsel relating to their option from any other
22 available source, including but not limited to private
23 counsel and financial advisors.

24 (b-5) A Tier 1 or Tier 2 participant who elects to
25 participate in the Tier 3 plan may irrevocably elect to
26 terminate all participation in the defined benefit plan. Upon

1 that election, the System shall transfer to the participant's
2 individual account an amount equal to the amount of
3 contribution refund that the participant would be eligible to
4 receive if the member terminated employment on that date and
5 elected a refund of contributions, including the prescribed
6 rate of interest for the respective years. The System shall
7 make the transfer as a tax free transfer in accordance with
8 Internal Revenue Service guidelines, for purposes of funding
9 the amount credited to the participant's individual account.

10 (c) In no event shall the System, its staff, its authorized
11 representatives, or the Board be liable for any information
12 given to an employee under this Section. The System may
13 coordinate with the Illinois Department of Central Management
14 Services and other retirement systems administering a Tier 3
15 plan in accordance with this amendatory Act of the 100th
16 General Assembly to provide information concerning the impact
17 of the Tier 3 plan set forth in this Section.

18 (d) Notwithstanding any other provision of this Section, no
19 person shall begin participating in the Tier 3 plan until it
20 has attained qualified plan status and received all necessary
21 approvals from the U.S. Internal Revenue Service.

22 (e) The System shall report on its progress under this
23 Section, including the available details of the Tier 3 plan and
24 the System's plans for informing eligible Tier 1 and Tier 2
25 participants about the plan, to the Governor and the General
26 Assembly on or before January 15, 2018.

1 (f) The Illinois State Board of Investment shall be the
2 plan sponsor for the Tier 3 plan established under this
3 Section.

4 (40 ILCS 5/7-114) (from Ch. 108 1/2, par. 7-114)

5 (Text of Section WITHOUT the changes made by P.A. 98-599,
6 which has been held unconstitutional)

7 Sec. 7-114. Earnings. "Earnings":

8 (a) An amount to be determined by the board, equal to the
9 sum of:

10 1. The total amount of money paid to an employee for
11 personal services or official duties as an employee (except
12 those employed as independent contractors) paid out of the
13 general fund, or out of any special funds controlled by the
14 municipality, or by any instrumentality thereof, or
15 participating instrumentality, including compensation,
16 fees, allowances, or other emolument paid for official
17 duties (but not including automobile maintenance, travel
18 expense, or reimbursements for expenditures incurred in
19 the performance of duties or, in the case of a person who
20 first becomes a participant on or after the effective date
21 of this amendatory Act of the 100th General Assembly,
22 payments for unused sick or vacation time) and, for fee
23 offices, the fees or earnings of the offices to the extent
24 such fees are paid out of funds controlled by the
25 municipality, or instrumentality or participating

1 instrumentality; and

2 2. The money value, as determined by rules prescribed
3 by the governing body of the municipality, or
4 instrumentality thereof, of any board, lodging, fuel,
5 laundry, and other allowances provided an employee in lieu
6 of money.

7 (b) For purposes of determining benefits payable under this
8 fund payments to a person who is engaged in an independently
9 established trade, occupation, profession or business and who
10 is paid for his service on a basis other than a monthly or
11 other regular salary, are not earnings.

12 (c) If a disabled participating employee is eligible to
13 receive Workers' Compensation for an accidental injury and the
14 participating municipality or instrumentality which employed
15 the participating employee when injured continues to pay the
16 participating employee regular salary or other compensation or
17 pays the employee an amount in excess of the Workers'
18 Compensation amount, then earnings shall be deemed to be the
19 total payments, including an amount equal to the Workers'
20 Compensation payments. These payments shall be subject to
21 employee contributions and allocated as if paid to the
22 participating employee when the regular payroll amounts would
23 have been paid if the participating employee had continued
24 working, and creditable service shall be awarded for this
25 period.

26 (d) If an elected official who is a participating employee

1 becomes disabled but does not resign and is not removed from
2 office, then earnings shall include all salary payments made
3 for the remainder of that term of office and the official shall
4 be awarded creditable service for the term of office.

5 (e) If a participating employee is paid pursuant to "An Act
6 to provide for the continuation of compensation for law
7 enforcement officers, correctional officers and firemen who
8 suffer disabling injury in the line of duty", approved
9 September 6, 1973, as amended, the payments shall be deemed
10 earnings, and the participating employee shall be awarded
11 creditable service for this period.

12 (f) Additional compensation received by a person while
13 serving as a supervisor of assessments, assessor, deputy
14 assessor or member of a board of review from the State of
15 Illinois pursuant to Section 4-10 or 4-15 of the Property Tax
16 Code shall not be earnings for purposes of this Article and
17 shall not be included in the contribution formula or
18 calculation of benefits for such person pursuant to this
19 Article.

20 (Source: P.A. 87-740; 88-670, eff. 12-2-94.)

21 (40 ILCS 5/7-116) (from Ch. 108 1/2, par. 7-116)

22 (Text of Section WITHOUT the changes made by P.A. 98-599,
23 which has been held unconstitutional)

24 Sec. 7-116. "Final rate of earnings":

25 (a) For retirement and survivor annuities, the monthly

1 earnings obtained by dividing the total earnings received by
2 the employee during the period of either (1) the 48 consecutive
3 months of service within the last 120 months of service in
4 which his total earnings were the highest or (2) the employee's
5 total period of service, by the number of months of service in
6 such period.

7 (b) For death benefits, the higher of the rate determined
8 under paragraph (a) of this Section or total earnings received
9 in the last 12 months of service divided by twelve. If the
10 deceased employee has less than 12 months of service, the
11 monthly final rate shall be the monthly rate of pay the
12 employee was receiving when he began service.

13 (c) For disability benefits, the total earnings of a
14 participating employee in the last 12 calendar months of
15 service prior to the date he becomes disabled divided by 12.

16 (d) In computing the final rate of earnings: (1) the
17 earnings rate for all periods of prior service shall be
18 considered equal to the average earnings rate for the last 3
19 calendar years of prior service for which creditable service is
20 received under Section 7-139 or, if there is less than 3 years
21 of creditable prior service, the average for the total prior
22 service period for which creditable service is received under
23 Section 7-139; (2) for out of state service and authorized
24 leave, the earnings rate shall be the rate upon which service
25 credits are granted; (3) periods of military leave shall not be
26 considered; (4) the earnings rate for all periods of disability

1 shall be considered equal to the rate of earnings upon which
2 the employee's disability benefits are computed for such
3 periods; (5) the earnings to be considered for each of the
4 final three months of the final earnings period for persons who
5 first became participants before January 1, 2012 and the
6 earnings to be considered for each of the final 24 months for
7 participants who first become participants on or after January
8 1, 2012 shall not exceed 125% of the highest earnings of any
9 other month in the final earnings period; ~~and~~ (6) the annual
10 amount of final rate of earnings shall be the monthly amount
11 multiplied by the number of months of service normally required
12 by the position in a year; and (7) in the case of a person who
13 first becomes a participant on or after the effective date of
14 this amendatory Act of the 100th General Assembly, payments for
15 unused sick or vacation time shall not be considered.

16 (Source: P.A. 97-609, eff. 1-1-12.)

17 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)

18 (Text of Section WITHOUT the changes made by P.A. 98-599,
19 which has been held unconstitutional)

20 Sec. 7-139. Credits and creditable service to employees.

21 (a) Each participating employee shall be granted credits
22 and creditable service, for purposes of determining the amount
23 of any annuity or benefit to which he or a beneficiary is
24 entitled, as follows:

25 1. For prior service: Each participating employee who

1 is an employee of a participating municipality or
2 participating instrumentality on the effective date shall
3 be granted creditable service, but no credits under
4 paragraph 2 of this subsection (a), for periods of prior
5 service for which credit has not been received under any
6 other pension fund or retirement system established under
7 this Code, as follows:

8 If the effective date of participation for the
9 participating municipality or participating
10 instrumentality is on or before January 1, 1998, creditable
11 service shall be granted for the entire period of prior
12 service with that employer without any employee
13 contribution.

14 If the effective date of participation for the
15 participating municipality or participating
16 instrumentality is after January 1, 1998, creditable
17 service shall be granted for the last 20% of the period of
18 prior service with that employer, but no more than 5 years,
19 without any employee contribution. A participating
20 employee may establish creditable service for the
21 remainder of the period of prior service with that employer
22 by making an application in writing, accompanied by payment
23 of an employee contribution in an amount determined by the
24 Fund, based on the employee contribution rates in effect at
25 the time of application for the creditable service and the
26 employee's salary rate on the effective date of

1 participation for that employer, plus interest at the
2 effective rate from the date of the prior service to the
3 date of payment. Application for this creditable service
4 may be made at any time while the employee is still in
5 service.

6 A municipality that (i) has at least 35 employees; (ii)
7 is located in a county with at least 2,000,000 inhabitants;
8 and (iii) maintains an independent defined benefit pension
9 plan for the benefit of its eligible employees may restrict
10 creditable service in whole or in part for periods of prior
11 service with the employer if the governing body of the
12 municipality adopts an irrevocable resolution to restrict
13 that creditable service and files the resolution with the
14 board before the municipality's effective date of
15 participation.

16 Any person who has withdrawn from the service of a
17 participating municipality or participating
18 instrumentality prior to the effective date, who reenters
19 the service of the same municipality or participating
20 instrumentality after the effective date and becomes a
21 participating employee is entitled to creditable service
22 for prior service as otherwise provided in this subdivision
23 (a)(1) only if he or she renders 2 years of service as a
24 participating employee after the effective date.
25 Application for such service must be made while in a
26 participating status. The salary rate to be used in the

1 calculation of the required employee contribution, if any,
2 shall be the employee's salary rate at the time of first
3 reentering service with the employer after the employer's
4 effective date of participation.

5 2. For current service, each participating employee
6 shall be credited with:

7 a. Additional credits of amounts equal to each
8 payment of additional contributions received from him
9 under Section 7-173, as of the date the corresponding
10 payment of earnings is payable to him.

11 b. Normal credits of amounts equal to each payment
12 of normal contributions received from him, as of the
13 date the corresponding payment of earnings is payable
14 to him, and normal contributions made for the purpose
15 of establishing out-of-state service credits as
16 permitted under the conditions set forth in paragraph 6
17 of this subsection (a).

18 c. Municipality credits in an amount equal to 1.4
19 times the normal credits, except those established by
20 out-of-state service credits, as of the date of
21 computation of any benefit if these credits would
22 increase the benefit.

23 d. Survivor credits equal to each payment of
24 survivor contributions received from the participating
25 employee as of the date the corresponding payment of
26 earnings is payable, and survivor contributions made

1 for the purpose of establishing out-of-state service
2 credits.

3 3. For periods of temporary and total and permanent
4 disability benefits, each employee receiving disability
5 benefits shall be granted creditable service for the period
6 during which disability benefits are payable. Normal and
7 survivor credits, based upon the rate of earnings applied
8 for disability benefits, shall also be granted if such
9 credits would result in a higher benefit to any such
10 employee or his beneficiary.

11 4. For authorized leave of absence without pay: A
12 participating employee shall be granted credits and
13 creditable service for periods of authorized leave of
14 absence without pay under the following conditions:

15 a. An application for credits and creditable
16 service is submitted to the board while the employee is
17 in a status of active employment.

18 b. Not more than 12 complete months of creditable
19 service for authorized leave of absence without pay
20 shall be counted for purposes of determining any
21 benefits payable under this Article.

22 c. Credits and creditable service shall be granted
23 for leave of absence only if such leave is approved by
24 the governing body of the municipality, including
25 approval of the estimated cost thereof to the
26 municipality as determined by the fund, and employee

1 contributions, plus interest at the effective rate
2 applicable for each year from the end of the period of
3 leave to date of payment, have been paid to the fund in
4 accordance with Section 7-173. The contributions shall
5 be computed upon the assumption earnings continued
6 during the period of leave at the rate in effect when
7 the leave began.

8 d. Benefits under the provisions of Sections
9 7-141, 7-146, 7-150 and 7-163 shall become payable to
10 employees on authorized leave of absence, or their
11 designated beneficiary, only if such leave of absence
12 is creditable hereunder, and if the employee has at
13 least one year of creditable service other than the
14 service granted for leave of absence. Any employee
15 contributions due may be deducted from any benefits
16 payable.

17 e. No credits or creditable service shall be
18 allowed for leave of absence without pay during any
19 period of prior service.

20 5. For military service: The governing body of a
21 municipality or participating instrumentality may elect to
22 allow creditable service to participating employees who
23 leave their employment to serve in the armed forces of the
24 United States for all periods of such service, provided
25 that the person returns to active employment within 90 days
26 after completion of full time active duty, but no

1 creditable service shall be allowed such person for any
2 period that can be used in the computation of a pension or
3 any other pay or benefit, other than pay for active duty,
4 for service in any branch of the armed forces of the United
5 States. If necessary to the computation of any benefit, the
6 board shall establish municipality credits for
7 participating employees under this paragraph on the
8 assumption that the employee received earnings at the rate
9 received at the time he left the employment to enter the
10 armed forces. A participating employee in the armed forces
11 shall not be considered an employee during such period of
12 service and no additional death and no disability benefits
13 are payable for death or disability during such period.

14 Any participating employee who left his employment
15 with a municipality or participating instrumentality to
16 serve in the armed forces of the United States and who
17 again became a participating employee within 90 days after
18 completion of full time active duty by entering the service
19 of a different municipality or participating
20 instrumentality, which has elected to allow creditable
21 service for periods of military service under the preceding
22 paragraph, shall also be allowed creditable service for his
23 period of military service on the same terms that would
24 apply if he had been employed, before entering military
25 service, by the municipality or instrumentality which
26 employed him after he left the military service and the

1 employer costs arising in relation to such grant of
2 creditable service shall be charged to and paid by that
3 municipality or instrumentality.

4 Notwithstanding the foregoing, any participating
5 employee shall be entitled to creditable service as
6 required by any federal law relating to re-employment
7 rights of persons who served in the United States Armed
8 Services. Such creditable service shall be granted upon
9 payment by the member of an amount equal to the employee
10 contributions which would have been required had the
11 employee continued in service at the same rate of earnings
12 during the military leave period, plus interest at the
13 effective rate.

14 5.1. In addition to any creditable service established
15 under paragraph 5 of this subsection (a), creditable
16 service may be granted for up to 48 months of service in
17 the armed forces of the United States.

18 In order to receive creditable service for military
19 service under this paragraph 5.1, a participating employee
20 must (1) apply to the Fund in writing and provide evidence
21 of the military service that is satisfactory to the Board;
22 (2) obtain the written approval of the current employer;
23 and (3) make contributions to the Fund equal to (i) the
24 employee contributions that would have been required had
25 the service been rendered as a member, plus (ii) an amount
26 determined by the board to be equal to the employer's

1 normal cost of the benefits accrued for that military
2 service, plus (iii) interest on items (i) and (ii) from the
3 date of first membership in the Fund to the date of
4 payment. The required interest shall be calculated at the
5 regular interest rate.

6 The changes made to this paragraph 5.1 by Public Acts
7 95-483 and 95-486 apply only to participating employees in
8 service on or after August 28, 2007 (the effective date of
9 those Public Acts).

10 6. For out-of-state service: Creditable service shall
11 be granted for service rendered to an out-of-state local
12 governmental body under the following conditions: The
13 employee had participated and has irrevocably forfeited
14 all rights to benefits in the out-of-state public employees
15 pension system; the governing body of his participating
16 municipality or instrumentality authorizes the employee to
17 establish such service; the employee has 2 years current
18 service with this municipality or participating
19 instrumentality; the employee makes a payment of
20 contributions, which shall be computed at 8% (normal) plus
21 2% (survivor) times length of service purchased times the
22 average rate of earnings for the first 2 years of service
23 with the municipality or participating instrumentality
24 whose governing body authorizes the service established
25 plus interest at the effective rate on the date such
26 credits are established, payable from the date the employee

1 completes the required 2 years of current service to date
2 of payment. In no case shall more than 120 months of
3 creditable service be granted under this provision.

4 7. For retroactive service: Any employee who could have
5 but did not elect to become a participating employee, or
6 who should have been a participant in the Municipal Public
7 Utilities Annuity and Benefit Fund before that fund was
8 superseded, may receive creditable service for the period
9 of service not to exceed 50 months; however, a current or
10 former elected or appointed official of a participating
11 municipality may establish credit under this paragraph 7
12 for more than 50 months of service as an official of that
13 municipality, if the excess over 50 months is approved by
14 resolution of the governing body of the affected
15 municipality filed with the Fund before January 1, 2002.

16 Any employee who is a participating employee on or
17 after September 24, 1981 and who was excluded from
18 participation by the age restrictions removed by Public Act
19 82-596 may receive creditable service for the period, on or
20 after January 1, 1979, excluded by the age restriction and,
21 in addition, if the governing body of the participating
22 municipality or participating instrumentality elects to
23 allow creditable service for all employees excluded by the
24 age restriction prior to January 1, 1979, for service
25 during the period prior to that date excluded by the age
26 restriction. Any employee who was excluded from

1 participation by the age restriction removed by Public Act
2 82-596 and who is not a participating employee on or after
3 September 24, 1981 may receive creditable service for
4 service after January 1, 1979. Creditable service under
5 this paragraph shall be granted upon payment of the
6 employee contributions which would have been required had
7 he participated, with interest at the effective rate for
8 each year from the end of the period of service established
9 to date of payment.

10 8. For accumulated unused sick leave: A participating
11 employee who first becomes a participating employee before
12 the effective date of this amendatory Act of the 100th
13 General Assembly and who is applying for a retirement
14 annuity shall be entitled to creditable service for that
15 portion of the employee's accumulated unused sick leave for
16 which payment is not received, as follows:

17 a. Sick leave days shall be limited to those
18 accumulated under a sick leave plan established by a
19 participating municipality or participating
20 instrumentality which is available to all employees or
21 a class of employees.

22 b. Except as provided in item b-1, only sick leave
23 days accumulated with a participating municipality or
24 participating instrumentality with which the employee
25 was in service within 60 days of the effective date of
26 his retirement annuity shall be credited; If the

1 employee was in service with more than one employer
2 during this period only the sick leave days with the
3 employer with which the employee has the greatest
4 number of unpaid sick leave days shall be considered.

5 b-1. If the employee was in the service of more
6 than one employer as defined in item (2) of paragraph
7 (a) of subsection (A) of Section 7-132, then the sick
8 leave days from all such employers shall be credited,
9 as long as the creditable service attributed to those
10 sick leave days does not exceed the limitation in item
11 f of this paragraph 8. In calculating the creditable
12 service under this item b-1, the sick leave days from
13 the last employer shall be considered first, then the
14 remaining sick leave days shall be considered until
15 there are no more days or the maximum creditable sick
16 leave threshold under item f of this paragraph 8 has
17 been reached.

18 c. The creditable service granted shall be
19 considered solely for the purpose of computing the
20 amount of the retirement annuity and shall not be used
21 to establish any minimum service period required by any
22 provision of the Illinois Pension Code, the effective
23 date of the retirement annuity, or the final rate of
24 earnings.

25 d. The creditable service shall be at the rate of
26 1/20 of a month for each full sick day, provided that

1 no more than 12 months may be credited under this
2 subdivision 8.

3 e. Employee contributions shall not be required
4 for creditable service under this subdivision 8.

5 f. Each participating municipality and
6 participating instrumentality with which an employee
7 has service within 60 days of the effective date of his
8 retirement annuity shall certify to the board the
9 number of accumulated unpaid sick leave days credited
10 to the employee at the time of termination of service.

11 9. For service transferred from another system:
12 Credits and creditable service shall be granted for service
13 under Article 4, 5, 8, 14, or 16 of this Act, to any active
14 member of this Fund, and to any inactive member who has
15 been a county sheriff, upon transfer of such credits
16 pursuant to Section 4-108.3, 5-235, 8-226.7, 14-105.6, or
17 16-131.4, and payment by the member of the amount by which
18 (1) the employer and employee contributions that would have
19 been required if he had participated in this Fund as a
20 sheriff's law enforcement employee during the period for
21 which credit is being transferred, plus interest thereon at
22 the effective rate for each year, compounded annually, from
23 the date of termination of the service for which credit is
24 being transferred to the date of payment, exceeds (2) the
25 amount actually transferred to the Fund. Such transferred
26 service shall be deemed to be service as a sheriff's law

1 enforcement employee for the purposes of Section 7-142.1.

2 10. (Blank).

3 11. For service transferred from an Article 3 system
4 under Section 3-110.3: Credits and creditable service
5 shall be granted for service under Article 3 of this Act as
6 provided in Section 3-110.3, to any active member of this
7 Fund, upon transfer of such credits pursuant to Section
8 3-110.3. If the board determines that the amount
9 transferred is less than the true cost to the Fund of
10 allowing that creditable service to be established, then in
11 order to establish that creditable service, the member must
12 pay to the Fund an additional contribution equal to the
13 difference, as determined by the board in accordance with
14 the rules and procedures adopted under this paragraph. If
15 the member does not make the full additional payment as
16 required by this paragraph prior to termination of his
17 participation with that employer, then his or her
18 creditable service shall be reduced by an amount equal to
19 the difference between the amount transferred under
20 Section 3-110.3, including any payments made by the member
21 under this paragraph prior to termination, and the true
22 cost to the Fund of allowing that creditable service to be
23 established, as determined by the board in accordance with
24 the rules and procedures adopted under this paragraph.

25 The board shall establish by rule the manner of making
26 the calculation required under this paragraph 11, taking

1 into account the appropriate actuarial assumptions; the
2 member's service, age, and salary history, and any other
3 factors that the board determines to be relevant.

4 12. For omitted service: Any employee who was employed
5 by a participating employer in a position that required
6 participation, but who was not enrolled in the Fund, may
7 establish such credits under the following conditions:

8 a. Application for such credits is received by the
9 Board while the employee is an active participant of
10 the Fund or a reciprocal retirement system.

11 b. Eligibility for participation and earnings are
12 verified by the Authorized Agent of the participating
13 employer for which the service was rendered.

14 Creditable service under this paragraph shall be
15 granted upon payment of the employee contributions that
16 would have been required had he participated, which shall
17 be calculated by the Fund using the member contribution
18 rate in effect during the period that the service was
19 rendered.

20 (b) Creditable service - amount:

21 1. One month of creditable service shall be allowed for
22 each month for which a participating employee made
23 contributions as required under Section 7-173, or for which
24 creditable service is otherwise granted hereunder. Not
25 more than 1 month of service shall be credited and counted
26 for 1 calendar month, and not more than 1 year of service

1 shall be credited and counted for any calendar year. A
2 calendar month means a nominal month beginning on the first
3 day thereof, and a calendar year means a year beginning
4 January 1 and ending December 31.

5 2. A seasonal employee shall be given 12 months of
6 creditable service if he renders the number of months of
7 service normally required by the position in a 12-month
8 period and he remains in service for the entire 12-month
9 period. Otherwise a fractional year of service in the
10 number of months of service rendered shall be credited.

11 3. An intermittent employee shall be given creditable
12 service for only those months in which a contribution is
13 made under Section 7-173.

14 (c) No application for correction of credits or creditable
15 service shall be considered unless the board receives an
16 application for correction while (1) the applicant is a
17 participating employee and in active employment with a
18 participating municipality or instrumentality, or (2) while
19 the applicant is actively participating in a pension fund or
20 retirement system which is a participating system under the
21 Retirement Systems Reciprocal Act. A participating employee or
22 other applicant shall not be entitled to credits or creditable
23 service unless the required employee contributions are made in
24 a lump sum or in installments made in accordance with board
25 rule.

26 (d) Upon the granting of a retirement, surviving spouse or

1 child annuity, a death benefit or a separation benefit, on
2 account of any employee, all individual accumulated credits
3 shall thereupon terminate. Upon the withdrawal of additional
4 contributions, the credits applicable thereto shall thereupon
5 terminate. Terminated credits shall not be applied to increase
6 the benefits any remaining employee would otherwise receive
7 under this Article.

8 (Source: P.A. 97-415, eff. 8-16-11; 98-439, eff. 8-16-13;
9 98-932, eff. 8-15-14.)

10 (40 ILCS 5/14-103.05) (from Ch. 108 1/2, par. 14-103.05)

11 Sec. 14-103.05. Employee.

12 (a) Except as provided in subsection (d), any ~~Any~~ person
13 employed by a Department who receives salary for personal
14 services rendered to the Department on a warrant issued
15 pursuant to a payroll voucher certified by a Department and
16 drawn by the State Comptroller upon the State Treasurer,
17 including an elected official described in subparagraph (d) of
18 Section 14-104, shall become an employee for purpose of
19 membership in the Retirement System on the first day of such
20 employment.

21 A person entering service on or after January 1, 1972 and
22 prior to January 1, 1984 shall become a member as a condition
23 of employment and shall begin making contributions as of the
24 first day of employment.

25 A person entering service on or after January 1, 1984

1 shall, upon completion of 6 months of continuous service which
2 is not interrupted by a break of more than 2 months, become a
3 member as a condition of employment. Contributions shall begin
4 the first of the month after completion of the qualifying
5 period.

6 A person employed by the Chicago Metropolitan Agency for
7 Planning on the effective date of this amendatory Act of the
8 95th General Assembly who was a member of this System as an
9 employee of the Chicago Area Transportation Study and makes an
10 election under Section 14-104.13 to participate in this System
11 for his or her employment with the Chicago Metropolitan Agency
12 for Planning.

13 The qualifying period of 6 months of service is not
14 applicable to: (1) a person who has been granted credit for
15 service in a position covered by the State Universities
16 Retirement System, the Teachers' Retirement System of the State
17 of Illinois, the General Assembly Retirement System, or the
18 Judges Retirement System of Illinois unless that service has
19 been forfeited under the laws of those systems; (2) a person
20 entering service on or after July 1, 1991 in a noncovered
21 position; (3) a person to whom Section 14-108.2a or 14-108.2b
22 applies; or (4) a person to whom subsection (a-5) of this
23 Section applies.

24 (a-5) Except as provided in subsection (d), a ~~A~~ person
25 entering service on or after December 1, 2010 and before the
26 effective date of this amendatory Act of the 100th General

1 Assembly shall become a member as a condition of employment and
2 shall begin making contributions as of the first day of
3 employment. A person serving in the qualifying period on
4 December 1, 2010 will become a member on December 1, 2010 and
5 shall begin making contributions as of December 1, 2010.

6 (b) The term "employee" does not include the following:

7 (1) members of the State Legislature, and persons
8 electing to become members of the General Assembly
9 Retirement System pursuant to Section 2-105;

10 (2) incumbents of offices normally filled by vote of
11 the people;

12 (3) except as otherwise provided in this Section, any
13 person appointed by the Governor with the advice and
14 consent of the Senate unless that person elects to
15 participate in this system;

16 (3.1) any person serving as a commissioner of an ethics
17 commission created under the State Officials and Employees
18 Ethics Act unless that person elects to participate in this
19 system with respect to that service as a commissioner;

20 (3.2) any person serving as a part-time employee in any
21 of the following positions: Legislative Inspector General,
22 Special Legislative Inspector General, employee of the
23 Office of the Legislative Inspector General, Executive
24 Director of the Legislative Ethics Commission, or staff of
25 the Legislative Ethics Commission, regardless of whether
26 he or she is in active service on or after July 8, 2004

1 (the effective date of Public Act 93-685), unless that
2 person elects to participate in this System with respect to
3 that service; in this item (3.2), a "part-time employee" is
4 a person who is not required to work at least 35 hours per
5 week;

6 (3.3) any person who has made an election under Section
7 1-123 and who is serving either as legal counsel in the
8 Office of the Governor or as Chief Deputy Attorney General;

9 (4) except as provided in Section 14-108.2 or
10 14-108.2c, any person who is covered or eligible to be
11 covered by the Teachers' Retirement System of the State of
12 Illinois, the State Universities Retirement System, or the
13 Judges Retirement System of Illinois;

14 (5) an employee of a municipality or any other
15 political subdivision of the State;

16 (6) any person who becomes an employee after June 30,
17 1979 as a public service employment program participant
18 under the Federal Comprehensive Employment and Training
19 Act and whose wages or fringe benefits are paid in whole or
20 in part by funds provided under such Act;

21 (7) enrollees of the Illinois Young Adult Conservation
22 Corps program, administered by the Department of Natural
23 Resources, authorized grantee pursuant to Title VIII of the
24 "Comprehensive Employment and Training Act of 1973", 29 USC
25 993, as now or hereafter amended;

26 (8) enrollees and temporary staff of programs

1 administered by the Department of Natural Resources under
2 the Youth Conservation Corps Act of 1970;

3 (9) any person who is a member of any professional
4 licensing or disciplinary board created under an Act
5 administered by the Department of Professional Regulation
6 or a successor agency or created or re-created after the
7 effective date of this amendatory Act of 1997, and who
8 receives per diem compensation rather than a salary,
9 notwithstanding that such per diem compensation is paid by
10 warrant issued pursuant to a payroll voucher; such persons
11 have never been included in the membership of this System,
12 and this amendatory Act of 1987 (P.A. 84-1472) is not
13 intended to effect any change in the status of such
14 persons;

15 (10) any person who is a member of the Illinois Health
16 Care Cost Containment Council, and receives per diem
17 compensation rather than a salary, notwithstanding that
18 such per diem compensation is paid by warrant issued
19 pursuant to a payroll voucher; such persons have never been
20 included in the membership of this System, and this
21 amendatory Act of 1987 is not intended to effect any change
22 in the status of such persons;

23 (11) any person who is a member of the Oil and Gas
24 Board created by Section 1.2 of the Illinois Oil and Gas
25 Act, and receives per diem compensation rather than a
26 salary, notwithstanding that such per diem compensation is

1 paid by warrant issued pursuant to a payroll voucher;

2 (12) a person employed by the State Board of Higher
3 Education in a position with the Illinois Century Network
4 as of June 30, 2004, who remains continuously employed
5 after that date by the Department of Central Management
6 Services in a position with the Illinois Century Network
7 and participates in the Article 15 system with respect to
8 that employment;

9 (13) any person who first becomes a member of the Civil
10 Service Commission on or after January 1, 2012;

11 (14) any person, other than the Director of Employment
12 Security, who first becomes a member of the Board of Review
13 of the Department of Employment Security on or after
14 January 1, 2012;

15 (15) any person who first becomes a member of the Civil
16 Service Commission on or after January 1, 2012;

17 (16) any person who first becomes a member of the
18 Illinois Liquor Control Commission on or after January 1,
19 2012;

20 (17) any person who first becomes a member of the
21 Secretary of State Merit Commission on or after January 1,
22 2012;

23 (18) any person who first becomes a member of the Human
24 Rights Commission on or after January 1, 2012;

25 (19) any person who first becomes a member of the State
26 Mining Board on or after January 1, 2012;

1 (20) any person who first becomes a member of the
2 Property Tax Appeal Board on or after January 1, 2012;

3 (21) any person who first becomes a member of the
4 Illinois Racing Board on or after January 1, 2012;

5 (22) any person who first becomes a member of the
6 Department of State Police Merit Board on or after January
7 1, 2012;

8 (23) any person who first becomes a member of the
9 Illinois State Toll Highway Authority on or after January
10 1, 2012; or

11 (24) any person who first becomes a member of the
12 Illinois State Board of Elections on or after January 1,
13 2012.

14 (c) An individual who represents or is employed as an
15 officer or employee of a statewide labor organization that
16 represents members of this System may participate in the System
17 and shall be deemed an employee, provided that (1) the
18 individual has previously earned creditable service under this
19 Article, (2) the individual files with the System an
20 irrevocable election to become a participant within 6 months
21 after the effective date of this amendatory Act of the 94th
22 General Assembly, and (3) the individual does not receive
23 credit for that employment under any other provisions of this
24 Code. An employee under this subsection (c) is responsible for
25 paying to the System both (i) employee contributions based on
26 the actual compensation received for service with the labor

1 organization and (ii) employer contributions based on the
2 percentage of payroll certified by the board; all or any part
3 of these contributions may be paid on the employee's behalf or
4 picked up for tax purposes (if authorized under federal law) by
5 the labor organization.

6 A person who is an employee as defined in this subsection
7 (c) may establish service credit for similar employment prior
8 to becoming an employee under this subsection by paying to the
9 System for that employment the contributions specified in this
10 subsection, plus interest at the effective rate from the date
11 of service to the date of payment. However, credit shall not be
12 granted under this subsection (c) for any such prior employment
13 for which the applicant received credit under any other
14 provision of this Code or during which the applicant was on a
15 leave of absence.

16 (d) Notwithstanding any other provision of this Article,
17 beginning on the effective date of this amendatory Act of the
18 100th General Assembly, a person is not required, as a
19 condition of employment or otherwise, to participate in this
20 System. An active employee may terminate his or her
21 participation in this System (including active participation
22 in the Tier 3 plan, if applicable) by notifying the System in
23 writing. An active employee terminating participation in this
24 System under this subsection shall be entitled to a refund of
25 his or her contributions (other than contributions to the Tier
26 3 plan under Section 14-155.5) minus the benefits received

1 prior to the termination of participation.

2 (Source: P.A. 96-1490, eff. 1-1-11; 97-609, eff. 1-1-12.)

3 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

4 (Text of Section WITHOUT the changes made by P.A. 98-599,
5 which has been held unconstitutional)

6 Sec. 14-103.10. Compensation.

7 (a) For periods of service prior to January 1, 1978, the
8 full rate of salary or wages payable to an employee for
9 personal services performed if he worked the full normal
10 working period for his position, subject to the following
11 maximum amounts: (1) prior to July 1, 1951, \$400 per month or
12 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957
13 inclusive, \$625 per month or \$7,500 per year; (3) beginning
14 July 1, 1957, no limitation.

15 In the case of service of an employee in a position
16 involving part-time employment, compensation shall be
17 determined according to the employees' earnings record.

18 (b) For periods of service on and after January 1, 1978,
19 all remuneration for personal services performed defined as
20 "wages" under the Social Security Enabling Act, including that
21 part of such remuneration which is in excess of any maximum
22 limitation provided in such Act, and including any benefits
23 received by an employee under a sick pay plan in effect before
24 January 1, 1981, but excluding lump sum salary payments:

25 (1) for vacation,

- 1 (2) for accumulated unused sick leave,
- 2 (3) upon discharge or dismissal,
- 3 (4) for approved holidays.

4 (c) For periods of service on or after December 16, 1978,
5 compensation also includes any benefits, other than lump sum
6 salary payments made at termination of employment, which an
7 employee receives or is eligible to receive under a sick pay
8 plan authorized by law.

9 (d) For periods of service after September 30, 1985,
10 compensation also includes any remuneration for personal
11 services not included as "wages" under the Social Security
12 Enabling Act, which is deducted for purposes of participation
13 in a program established pursuant to Section 125 of the
14 Internal Revenue Code or its successor laws.

15 (e) For members for which Section 1-160 applies for periods
16 of service on and after January 1, 2011, all remuneration for
17 personal services performed defined as "wages" under the Social
18 Security Enabling Act, excluding remuneration that is in excess
19 of the annual earnings, salary, or wages of a member or
20 participant, as provided in subsection (b-5) of Section 1-160,
21 but including any benefits received by an employee under a sick
22 pay plan in effect before January 1, 1981. Compensation shall
23 exclude lump sum salary payments:

- 24 (1) for vacation;
- 25 (2) for accumulated unused sick leave;
- 26 (3) upon discharge or dismissal; and

1 (4) for approved holidays.

2 (f) Notwithstanding the other provisions of this Section,
3 for service on or after July 1, 2013, "compensation" does not
4 include any stipend payable to an employee for service on a
5 board or commission.

6 (g) Notwithstanding any other provision of this Section,
7 for an employee who first becomes a participant on or after the
8 effective date of this amendatory Act of the 100th General
9 Assembly, "compensation" does not include any payments or
10 reimbursements for travel vouchers submitted more than 30 days
11 after the last day of travel for which the voucher is
12 submitted.

13 (Source: P.A. 98-449, eff. 8-16-13.)

14 (40 ILCS 5/14-103.41 new)

15 Sec. 14-103.41. Tier 1 member. "Tier 1 member": A member of
16 this System who first became a member or participant before
17 January 1, 2011 under any reciprocal retirement system or
18 pension fund established under this Code other than a
19 retirement system or pension fund established under Article 2,
20 3, 4, 5, 6, or 18 of this Code.

21 In the case of a Tier 1 member who elects to participate in
22 the Tier 3 plan under Section 14-155.5 of this Code, that Tier
23 1 member shall be deemed a Tier 1 member only with respect to
24 service performed or established before the effective date of
25 that election.

1 (40 ILCS 5/14-103.42 new)

2 Sec. 14-103.42. Tier 2 member. "Tier 2 member": A member of
3 this System who first becomes a member under this Article on or
4 after January 1, 2011 and who is not a Tier 1 member.

5 In the case of a Tier 2 member who elects to participate in
6 the Tier 3 plan under Section 14-155.5 of this Code, that Tier
7 2 member shall be deemed a Tier 2 member only with respect to
8 service performed or established before the effective date of
9 that election.

10 (40 ILCS 5/14-103.43 new)

11 Sec. 14-103.43. Tier 3 member. "Tier 3 member": A member of
12 this System who first becomes a member on or after July 1, 2018
13 or a Tier 1 or Tier 2 member who elects to participate in the
14 Tier 3 plan under Section 14-155.5 of this Code, but only with
15 respect to service performed on or after the effective date of
16 that election.

17 (40 ILCS 5/14-104.3) (from Ch. 108 1/2, par. 14-104.3)

18 (Text of Section WITHOUT the changes made by P.A. 98-599,
19 which has been held unconstitutional)

20 Sec. 14-104.3. Notwithstanding provisions contained in
21 Section 14-103.10, any person who first becomes a member before
22 the effective date of this amendatory Act of the 100th General
23 Assembly and who at the time of retirement and after December

1 6, 1983 receives compensation in a lump sum for accumulated
2 vacation, sickness, or personal business may receive service
3 credit for such periods by making contributions within 90 days
4 of withdrawal, based on the rate of compensation in effect
5 immediately prior to retirement and the contribution rate then
6 in effect. Any person who first becomes a member on or after
7 the effective date of this amendatory Act of the 100th General
8 Assembly and who receives compensation in a lump sum for
9 accumulated vacation, sickness, or personal business may not
10 receive service credit for such periods. Exercising the option
11 provided in this Section shall not change a member's date of
12 withdrawal or final average compensation for purposes of
13 computing the amount or effective date of a retirement annuity.
14 Any annuitant who establishes service credit as herein provided
15 shall have his retirement annuity adjusted retroactively to the
16 date of retirement.

17 (Source: P.A. 83-1362.)

18 (40 ILCS 5/14-106) (from Ch. 108 1/2, par. 14-106)

19 (Text of Section WITHOUT the changes made by P.A. 98-599,
20 which has been held unconstitutional)

21 Sec. 14-106. Membership service credit.

22 (a) After January 1, 1944, all service of a member since he
23 last became a member with respect to which contributions are
24 made shall count as membership service; provided, that for
25 service on and after July 1, 1950, 12 months of service shall

1 constitute a year of membership service, the completion of 15
2 days or more of service during any month shall constitute 1
3 month of membership service, 8 to 15 days shall constitute 1/2
4 month of membership service and less than 8 days shall
5 constitute 1/4 month of membership service. The payroll record
6 of each department shall constitute conclusive evidence of the
7 record of service rendered by a member.

8 (b) For a member who is employed and paid on an
9 academic-year basis rather than on a 12-month annual basis,
10 employment for a full academic year shall constitute a full
11 year of membership service, except that the member shall not
12 receive more than one year of membership service credit (plus
13 any additional service credit granted for unused sick leave)
14 for service during any 12-month period. This subsection (b)
15 applies to all such service for which the member has not begun
16 to receive a retirement annuity before January 1, 2001.

17 (c) A person who first becomes a member before the
18 effective date of this amendatory Act of the 100th General
19 Assembly shall be entitled to additional service credit, under
20 rules prescribed by the Board, for accumulated unused sick
21 leave credited to his account in the last Department on the
22 date of withdrawal from service or for any period for which he
23 would have been eligible to receive benefits under a sick pay
24 plan authorized by law, if he had suffered a sickness or
25 accident on the date of withdrawal from service. It shall be
26 the responsibility of the last Department to certify to the

1 Board the length of time salary or benefits would have been
2 paid to the member based upon the accumulated unused sick leave
3 or the applicable sick pay plan if he had become entitled
4 thereto because of sickness on the date that his status as an
5 employee terminated. This period of service credit granted
6 under this paragraph shall not be considered in determining the
7 date the retirement annuity is to begin, or final average
8 compensation.

9 (d) A person who first becomes a member on or after the
10 effective date of this amendatory Act of the 100th General
11 Assembly shall not be entitled to additional service credit for
12 accumulated unused sick leave.

13 (Source: P.A. 92-14, eff. 6-28-01.)

14 (40 ILCS 5/14-147.5 new)

15 Sec. 14-147.5. Accelerated pension benefit payment.

16 (a) As used in this Section:

17 "Eligible person" means a person who:

18 (1) has terminated service;

19 (2) has accrued sufficient service credit to be
20 eligible to receive a retirement annuity under this
21 Article;

22 (3) has not received any retirement annuity under this
23 Article; and

24 (4) does not have a QILDRO in effect against him or her
25 under this Article.

1 "Pension benefit" means the benefits under this Article, or
2 Article 1 as it relates to those benefits, including any
3 anticipated annual increases, that an eligible person is
4 entitled to upon attainment of the applicable retirement age.
5 "Pension benefit" also includes applicable survivor's or
6 disability benefits.

7 (b) Before January 1, 2018, the System shall calculate,
8 using actuarial tables and other assumptions adopted by the
9 Board, the net present value of pension benefits for each
10 eligible person and shall offer each eligible person the
11 opportunity to irrevocably elect to receive an amount
12 determined by the System to be equal to 70% of the net present
13 value of his or her pension benefits in lieu of receiving any
14 pension benefit. The offer shall specify the dollar amount that
15 the eligible person will receive if he or she so elects and
16 shall expire when a subsequent offer is made to an eligible
17 person. The System shall make a good faith effort to contact
18 every eligible person to notify him or her of the election and
19 of the amount of the accelerated pension benefit payment.

20 Beginning January 1, 2018 and until July 1, 2018, an
21 eligible person may irrevocably elect to receive an accelerated
22 pension benefit payment in the amount that the System offers
23 under this subsection in lieu of receiving any pension benefit.
24 A person who elects to receive an accelerated pension benefit
25 payment under this Section may not elect to proceed under the
26 Retirement Systems Reciprocal Act with respect to service under

1 this Article.

2 (c) A person's credits and creditable service under this
3 Article shall be terminated upon the person's receipt of an
4 accelerated pension benefit payment under this Section, and no
5 other benefit shall be paid under this Article based on those
6 terminated credits and creditable service, including any
7 retirement, survivor, or other benefit; except that to the
8 extent that participation, benefits, or premiums under the
9 State Employees Group Insurance Act of 1971 are based on the
10 amount of service credit, the terminated service credit shall
11 be used for that purpose.

12 (d) If a person who has received an accelerated pension
13 benefit payment under this Section returns to active service
14 under this Article, then:

15 (1) Any benefits under the System earned as a result of
16 that return to active service shall be based solely on the
17 person's credits and creditable service arising from the
18 return to active service.

19 (2) The accelerated pension benefit payment may not be
20 repaid to the System, and the terminated credits and
21 creditable service may not under any circumstances be
22 reinstated.

23 (e) As a condition of receiving an accelerated pension
24 benefit payment, an eligible person must have another
25 retirement plan or account qualified under the Internal Revenue
26 Code of 1986, as amended, for the accelerated pension benefit

1 payment to be rolled into. The accelerated pension benefit
2 payment under this Section may be subject to withholding or
3 payment of applicable taxes, but to the extent permitted by
4 federal law, a person who receives an accelerated pension
5 benefit payment under this Section must direct the System to
6 pay all of that payment as a rollover into another retirement
7 plan or account qualified under the Internal Revenue Code of
8 1986, as amended.

9 (f) Before January 1, 2019, the Board shall certify to the
10 Illinois Finance Authority and the General Assembly the amount
11 by which the total amount of accelerated pension benefit
12 payments made under this Section exceed the amount appropriated
13 to the System for the purpose of making those payments.

14 (g) The Board shall adopt any rules necessary to implement
15 this Section.

16 (h) No provision of this Section shall be interpreted in a
17 way that would cause the applicable System to cease to be a
18 qualified plan under the Internal Revenue Code of 1986.

19 (40 ILCS 5/14-152.1)

20 (Text of Section WITHOUT the changes made by P.A. 98-599,
21 which has been held unconstitutional)

22 Sec. 14-152.1. Application and expiration of new benefit
23 increases.

24 (a) As used in this Section, "new benefit increase" means
25 an increase in the amount of any benefit provided under this

1 Article, or an expansion of the conditions of eligibility for
2 any benefit under this Article, that results from an amendment
3 to this Code that takes effect after June 1, 2005 (the
4 effective date of Public Act 94-4). "New benefit increase",
5 however, does not include any benefit increase resulting from
6 the changes made to this Article by Public Act 96-37 or this
7 amendatory Act of the 100th General Assembly ~~this amendatory~~
8 ~~Act of the 96th General Assembly~~.

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

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

18 Every new benefit increase is contingent upon the General
19 Assembly providing the additional funding required under this
20 subsection. The Commission on Government Forecasting and
21 Accountability shall analyze whether adequate additional
22 funding has been provided for the new benefit increase and
23 shall report its analysis to the Public Pension Division of the
24 Department of Financial and Professional Regulation. A new
25 benefit increase created by a Public Act that does not include
26 the additional funding required under this subsection is null

1 and void. If the Public Pension Division determines that the
2 additional funding provided for a new benefit increase under
3 this subsection is or has become inadequate, it may so certify
4 to the Governor and the State Comptroller and, in the absence
5 of corrective action by the General Assembly, the new benefit
6 increase shall expire at the end of the fiscal year in which
7 the certification is made.

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

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

24 (Source: P.A. 96-37, eff. 7-13-09.)

1 Sec. 14-155.5. Tier 3 plan.

2 (a) By July 1, 2018, the System shall prepare and implement
3 a Tier 3 plan. The Tier 3 plan developed under this Section
4 shall be a plan that aggregates State and employee
5 contributions in individual participant accounts which, after
6 meeting any other requirements, are used for payouts after
7 retirement in accordance with this Section and any other
8 applicable laws. In developing, preparing, and implementing
9 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
10 the System shall utilize the framework of the self-managed plan
11 offered under Article 15 and shall endeavor to adapt the
12 benefits and structure of the self-managed plan. The System
13 shall consult with the State Universities Retirement System in
14 developing the Tier 3 plan.

15 As used in this Section, "defined benefit plan" means the
16 retirement plan available under this Article to Tier 1 or Tier
17 2 members who have not made the election authorized under this
18 Section.

19 (1) All persons who begin to participate in this System
20 on or after July 1, 2018 shall participate in the Tier 3
21 plan rather than the defined benefit plan.

22 (2) A non-covered employee who participates in the Tier
23 3 plan shall pay employee contributions at a rate of 8% of
24 compensation. A covered employee who participates in the
25 Tier 3 plan shall pay employee contributions at a rate of
26 3% of compensation.

1 (3) State contributions shall be paid into the accounts
2 of non-covered employees who participate in the Tier 3 plan
3 at a rate of 7.6% of compensation, less the amount
4 determined annually by the Board to cover the cost of
5 offering the defined disability benefits available to
6 other participants under this Article if the Tier 3 plan
7 offers such benefits. State contributions shall be paid
8 into the accounts of covered employees who participate in
9 the Tier 3 plan at a rate of 3% of compensation.

10 (4) The Tier 3 plan shall require one year of
11 participation in the Tier 3 plan before vesting in State
12 contributions. If the participant fails to vest in them,
13 the State contributions, and the earnings thereon, shall be
14 forfeited.

15 (5) The Tier 3 plan may provide for participants in the
16 plan to be eligible for the defined disability benefits
17 available to other participants under this Article. If it
18 does, the System shall reduce the employee contributions
19 credited to the member's Tier 3 plan account by an amount
20 determined by the System to cover the cost of offering such
21 benefits.

22 (6) The Tier 3 plan shall provide a variety of options
23 for investments. These options shall include investments
24 handled by the Illinois State Board of Investment as well
25 as private sector investment options.

26 (7) The Tier 3 plan shall provide a variety of options

1 for payouts to participants in the Tier 3 plan who are no
2 longer active in the System and their survivors.

3 (8) To the extent authorized under federal law and as
4 authorized by the System, the plan shall allow former
5 participants in the plan to transfer or roll over employee
6 and vested State contributions, and the earnings thereon,
7 from the Tier 3 plan into other qualified retirement plans.

8 (9) The System shall reduce the employee contributions
9 credited to the member's Tier 3 plan account by an amount
10 determined by the System to cover the cost of offering
11 these benefits and any applicable administrative fees.

12 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
13 member of this System may elect, in writing, to cease accruing
14 benefits in the defined benefit plan and begin accruing
15 benefits for future service in the Tier 3 plan. The election to
16 participate in the Tier 3 plan is voluntary and irrevocable.

17 (1) Service credit under the Tier 3 plan may be used
18 for determining retirement eligibility under the defined
19 benefit plan.

20 (2) The System shall make a good faith effort to
21 contact all active Tier 1 and Tier 2 members who are
22 eligible to participate in the Tier 3 plan. The System
23 shall mail information describing the option to join the
24 Tier 3 plan to each of these employees to his or her last
25 known address on file with the System. If the employee is
26 not responsive to other means of contact, it is sufficient

1 for the System to publish the details of the option on its
2 website.

3 (3) Upon request for further information describing
4 the option, the System shall provide employees with
5 information from the System before exercising the option to
6 join the plan, including information on the impact to their
7 benefits and service. The individual consultation shall
8 include projections of the member's defined benefits at
9 retirement or earlier termination of service and the value
10 of the member's account at retirement or earlier
11 termination of service. The System shall not provide advice
12 or counseling with respect to whether the employee should
13 exercise the option. The System shall inform Tier 1 and
14 Tier 2 members who are eligible to participate in the Tier
15 3 plan that they may also wish to obtain information and
16 counsel relating to their option from any other available
17 source, including but not limited to labor organizations,
18 private counsel, and financial advisors.

19 (b-5) A Tier 1 or Tier 2 member who elects to participate
20 in the Tier 3 plan may irrevocably elect to terminate all
21 participation in the defined benefit plan. Upon that election,
22 the System shall transfer to the member's individual account an
23 amount equal to the amount of contribution refund that the
24 member would be eligible to receive if the member terminated
25 employment on that date and elected a refund of contributions,
26 including regular interest for the respective years. The System

1 shall make the transfer as a tax free transfer in accordance
2 with Internal Revenue Service guidelines, for purposes of
3 funding the amount credited to the member's individual account.

4 (c) In no event shall the System, its staff, its authorized
5 representatives, or the Board be liable for any information
6 given to an employee under this Section. The System may
7 coordinate with the Illinois Department of Central Management
8 Services and other retirement systems administering a Tier 3
9 plan in accordance with this amendatory Act of the 100th
10 General Assembly to provide information concerning the impact
11 of the Tier 3 plan set forth in this Section.

12 (d) Notwithstanding any other provision of this Section, no
13 person shall begin participating in the Tier 3 plan until it
14 has attained qualified plan status and received all necessary
15 approvals from the U.S. Internal Revenue Service.

16 (e) The System shall report on its progress under this
17 Section, including the available details of the Tier 3 plan and
18 the System's plans for informing eligible Tier 1 and Tier 2
19 members about the plan, to the Governor and the General
20 Assembly on or before January 15, 2018.

21 (f) The Illinois State Board of Investment shall be the
22 plan sponsor for the Tier 3 plan established under this
23 Section.

24 (40 ILCS 5/15-108.1)

25 Sec. 15-108.1. Tier 1 member. "Tier 1 member": A

1 participant or an annuitant of a retirement annuity under this
2 Article, other than a participant in the self-managed plan
3 under Section 15-158.2, who first became a participant or
4 member before January 1, 2011 under any reciprocal retirement
5 system or pension fund established under this Code, other than
6 a retirement system or pension fund established under Articles
7 2, 3, 4, 5, 6, or 18 of this Code. "Tier 1 member" includes a
8 person who first became a participant under this System before
9 January 1, 2011 and who accepts a refund and is subsequently
10 reemployed by an employer on or after January 1, 2011.

11 In the case of a Tier 1 member who elects to participate in
12 the Tier 3 plan under Section 15-200.5 of this Code, that Tier
13 1 member shall be deemed a Tier 1 member only with respect to
14 service performed or established before the effective date of
15 that election.

16 (Source: P.A. 98-92, eff. 7-16-13.)

17 (40 ILCS 5/15-108.2)

18 Sec. 15-108.2. Tier 2 member. "Tier 2 member": A person who
19 first becomes a participant under this Article on or after
20 January 1, 2011, other than a person in the self-managed plan
21 established under Section 15-158.2, unless the person is
22 otherwise a Tier 1 member. The changes made to this Section by
23 this amendatory Act of the 98th General Assembly are a
24 correction of existing law and are intended to be retroactive
25 to the effective date of Public Act 96-889, notwithstanding the

1 provisions of Section 1-103.1 of this Code.

2 In the case of a Tier 2 member who elects to participate in
3 the Tier 3 plan under Section 15-200.5 of this Code, that Tier
4 2 member shall be deemed a Tier 2 member only with respect to
5 service performed or established before the effective date of
6 that election.

7 (Source: P.A. 98-92, eff. 7-16-13; 98-596, eff. 11-19-13.)

8 (40 ILCS 5/15-108.3 new)

9 Sec. 15-108.3. Tier 3 member. "Tier 3 member": A person who
10 first becomes a participant under this Article on or after July
11 1, 2018 or a Tier 1 or Tier 2 member who elects to participate
12 in the Tier 3 plan under Section 15-200.5 of this Code, but
13 only with respect to service performed on or after the
14 effective date of that election.

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

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

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

19 For an employee who is paid on an hourly basis or who
20 receives an annual salary in installments during 12 months of
21 each academic year, the average annual earnings during the 48
22 consecutive calendar month period ending with the last day of
23 final termination of employment or the 4 consecutive academic
24 years of service in which the employee's earnings were the

1 highest, whichever is greater. For any other employee, the
2 average annual earnings during the 4 consecutive academic years
3 of service in which his or her earnings were the highest. For
4 an employee with less than 48 months or 4 consecutive academic
5 years of service, the average earnings during his or her entire
6 period of service. The earnings of an employee with more than
7 36 months of service under item (a) of Section 15-113.1 prior
8 to the date of becoming a participant are, for such period,
9 considered equal to the average earnings during the last 36
10 months of such service.

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

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

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

25 (c) For an employee on leave of absence with pay, or on
26 leave of absence without pay who makes contributions during

1 such leave, earnings are assumed to be equal to the basic
2 compensation on the date the leave began.

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

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

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

24 (g) In the determination of the final rate of earnings for
25 an employee, that part of an employee's earnings for any
26 academic year beginning after June 30, 1997, which exceeds the

1 employee's earnings with that employer for the preceding year
2 by more than 20 percent shall be excluded; in the event that an
3 employee has more than one employer this limitation shall be
4 calculated separately for the earnings with each employer. In
5 making such calculation, only the basic compensation of
6 employees shall be considered, without regard to vacation or
7 overtime or to contracts for summer employment.

8 (h) The following are not considered as earnings in
9 determining final rate of earnings: (1) severance or separation
10 pay, (2) retirement pay, (3) payment for unused sick leave, and
11 (4) payments from an employer for the period used in
12 determining final rate of earnings for any purpose other than
13 (i) services rendered, (ii) leave of absence or vacation
14 granted during that period, and (iii) vacation of up to 56 work
15 days allowed upon termination of employment; except that, if
16 the benefit has been collectively bargained between the
17 employer and the recognized collective bargaining agent
18 pursuant to the Illinois Educational Labor Relations Act,
19 payment received during a period of up to 2 academic years for
20 unused sick leave may be considered as earnings in accordance
21 with the applicable collective bargaining agreement, subject
22 to the 20% increase limitation of this Section, and if the
23 person first becomes a participant on or after the effective
24 date of this amendatory Act of the 100th General Assembly,
25 payments for unused sick or vacation time shall not be
26 considered as earnings. Any unused sick leave considered as

1 earnings under this Section shall not be taken into account in
2 calculating service credit under Section 15-113.4.

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

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

6 (40 ILCS 5/15-113.4) (from Ch. 108 1/2, par. 15-113.4)

7 (Text of Section WITHOUT the changes made by P.A. 98-599,
8 which has been held unconstitutional)

9 Sec. 15-113.4. Service for unused sick leave. "Service for
10 unused sick leave": A person who first becomes a participant
11 before the effective date of this amendatory Act of the 100th
12 General Assembly and who is an employee under this System or
13 one of the other systems subject to Article 20 of this Code
14 within 60 days immediately preceding the date on which his or
15 her retirement annuity begins, is entitled to credit for
16 service for that portion of unused sick leave earned in the
17 course of employment with an employer and credited on the date
18 of termination of employment by an employer for which payment
19 is not received, in accordance with the following schedule: 30
20 through 90 full calendar days and 20 through 59 full work days
21 of unused sick leave, 1/4 of a year of service; 91 through 180
22 full calendar days and 60 through 119 full work days, 1/2 of a
23 year of service; 181 through 270 full calendar days and 120
24 through 179 full work days, 3/4 of a year of service; 271
25 through 360 full calendar days and 180 through 240 full work

1 days, one year of service. Only uncompensated, unused sick
2 leave earned in accordance with an employer's sick leave
3 accrual policy generally applicable to employees or a class of
4 employees shall be taken into account in calculating service
5 credit under this Section. Any uncompensated, unused sick leave
6 granted by an employer to facilitate the hiring, retirement,
7 termination, or other special circumstances of an employee
8 shall not be taken into account in calculating service credit
9 under this Section. If a participant transfers from one
10 employer to another, the unused sick leave credited by the
11 previous employer shall be considered in determining service to
12 be credited under this Section, even if the participant
13 terminated service prior to the effective date of P.A. 86-272
14 (August 23, 1989); if necessary, the retirement annuity shall
15 be recalculated to reflect such sick leave credit. Each
16 employer shall certify to the board the number of days of
17 unused sick leave accrued to the participant's credit on the
18 date that the participant's status as an employee terminated.
19 This period of unused sick leave shall not be considered in
20 determining the date the retirement annuity begins. A person
21 who first becomes a participant on or after the effective date
22 of this amendatory Act of the 100th General Assembly shall not
23 receive service credit for unused sick leave.

24 (Source: P.A. 90-65, eff. 7-7-97; 90-511, eff. 8-22-97.)

25 (40 ILCS 5/15-134) (from Ch. 108 1/2, par. 15-134)

1 Sec. 15-134. Participant.

2 (a) Except as provided in subsection (a-5), each ~~Each~~
3 person shall, as a condition of employment, become a
4 participant and be subject to this Article on the date that he
5 or she becomes an employee, makes an election to participate
6 in, or otherwise becomes a participant in one of the retirement
7 programs offered under this Article, whichever date is later.

8 An employee who becomes a participant shall continue to be
9 a participant until he or she becomes an annuitant, dies or
10 accepts a refund of contributions.

11 (a-5) Notwithstanding any other provision of this Article,
12 beginning on the effective date of this amendatory Act of the
13 100th General Assembly, a person is not required, as a
14 condition of employment or otherwise, to participate in this
15 System. An active employee may terminate his or her
16 participation in this System (including active participation
17 in the Tier 3 plan, if applicable) by notifying the System in
18 writing. An active employee terminating participation in this
19 System under this subsection shall be entitled to a refund of
20 his or her contributions (other than contributions to the
21 self-managed plan under Section 15-158.2 or the Tier 3 plan
22 under Section 15-200.5) minus the benefits received prior to
23 the termination of participation.

24 (b) A person employed concurrently by 2 or more employers
25 is eligible to participate in the system on compensation
26 received from all employers.

1 (Source: P.A. 98-92, eff. 7-16-13.)

2 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

3 Sec. 15-155. Employer contributions.

4 (a) The State of Illinois shall make contributions by
5 appropriations of amounts which, together with the other
6 employer contributions from trust, federal, and other funds,
7 employee contributions, income from investments, and other
8 income of this System, will be sufficient to meet the cost of
9 maintaining and administering the System on a 90% funded basis
10 in accordance with actuarial recommendations.

11 The Board shall determine the amount of State contributions
12 required for each fiscal year on the basis of the actuarial
13 tables and other assumptions adopted by the Board and the
14 recommendations of the actuary, using the formula in subsection
15 (a-1).

16 (a-1) For State fiscal years 2012 through 2045, the minimum
17 contribution to the System to be made by the State for each
18 fiscal year shall be an amount determined by the System to be
19 sufficient to bring the total assets of the System up to 90% of
20 the total actuarial liabilities of the System by the end of
21 State fiscal year 2045. In making these determinations, the
22 required State contribution shall be calculated each year as a
23 level percentage of payroll over the years remaining to and
24 including fiscal year 2045 and shall be determined under the
25 projected unit credit actuarial cost method.

1 For State fiscal years 1996 through 2005, the State
2 contribution to the System, as a percentage of the applicable
3 employee payroll, shall be increased in equal annual increments
4 so that by State fiscal year 2011, the State is contributing at
5 the rate required under this Section.

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2006 is
8 \$166,641,900.

9 Notwithstanding any other provision of this Article, the
10 total required State contribution for State fiscal year 2007 is
11 \$252,064,100.

12 For each of State fiscal years 2008 through 2009, the State
13 contribution to the System, as a percentage of the applicable
14 employee payroll, shall be increased in equal annual increments
15 from the required State contribution for State fiscal year
16 2007, so that by State fiscal year 2011, the State is
17 contributing at the rate otherwise required under this Section.

18 Notwithstanding any other provision of this Article, the
19 total required State contribution for State fiscal year 2010 is
20 \$702,514,000 and shall be made from the State Pensions Fund and
21 proceeds of bonds sold in fiscal year 2010 pursuant to Section
22 7.2 of the General Obligation Bond Act, less (i) the pro rata
23 share of bond sale expenses determined by the System's share of
24 total bond proceeds, (ii) any amounts received from the General
25 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
26 proceeds due to the issuance of discounted bonds, if

1 applicable.

2 Notwithstanding any other provision of this Article, the
3 total required State contribution for State fiscal year 2011 is
4 the amount recertified by the System on or before April 1, 2011
5 pursuant to Section 15-165 and shall be made from the State
6 Pensions Fund and proceeds of bonds sold in fiscal year 2011
7 pursuant to Section 7.2 of the General Obligation Bond Act,
8 less (i) the pro rata share of bond sale expenses determined by
9 the System's share of total bond proceeds, (ii) any amounts
10 received from the General Revenue Fund in fiscal year 2011, and
11 (iii) any reduction in bond proceeds due to the issuance of
12 discounted bonds, if applicable.

13 Beginning in State fiscal year 2046, the minimum State
14 contribution for each fiscal year shall be the amount needed to
15 maintain the total assets of the System at 90% of the total
16 actuarial liabilities of the System.

17 Amounts received by the System pursuant to Section 25 of
18 the Budget Stabilization Act or Section 8.12 of the State
19 Finance Act in any fiscal year do not reduce and do not
20 constitute payment of any portion of the minimum State
21 contribution required under this Article in that fiscal year.
22 Such amounts shall not reduce, and shall not be included in the
23 calculation of, the required State contributions under this
24 Article in any future year until the System has reached a
25 funding ratio of at least 90%. A reference in this Article to
26 the "required State contribution" or any substantially similar

1 term does not include or apply to any amounts payable to the
2 System under Section 25 of the Budget Stabilization Act.

3 Notwithstanding any other provision of this Section, the
4 required State contribution for State fiscal year 2005 and for
5 fiscal year 2008 and each fiscal year thereafter, as calculated
6 under this Section and certified under Section 15-165, shall
7 not exceed an amount equal to (i) the amount of the required
8 State contribution that would have been calculated under this
9 Section for that fiscal year if the System had not received any
10 payments under subsection (d) of Section 7.2 of the General
11 Obligation Bond Act, minus (ii) the portion of the State's
12 total debt service payments for that fiscal year on the bonds
13 issued in fiscal year 2003 for the purposes of that Section
14 7.2, as determined and certified by the Comptroller, that is
15 the same as the System's portion of the total moneys
16 distributed under subsection (d) of Section 7.2 of the General
17 Obligation Bond Act. In determining this maximum for State
18 fiscal years 2008 through 2010, however, the amount referred to
19 in item (i) shall be increased, as a percentage of the
20 applicable employee payroll, in equal increments calculated
21 from the sum of the required State contribution for State
22 fiscal year 2007 plus the applicable portion of the State's
23 total debt service payments for fiscal year 2007 on the bonds
24 issued in fiscal year 2003 for the purposes of Section 7.2 of
25 the General Obligation Bond Act, so that, by State fiscal year
26 2011, the State is contributing at the rate otherwise required

1 under this Section.

2 (b) If an employee is paid from trust or federal funds, the
3 employer shall pay to the Board contributions from those funds
4 which are sufficient to cover the accruing normal costs on
5 behalf of the employee. However, universities having employees
6 who are compensated out of local auxiliary funds, income funds,
7 or service enterprise funds are not required to pay such
8 contributions on behalf of those employees. The local auxiliary
9 funds, income funds, and service enterprise funds of
10 universities shall not be considered trust funds for the
11 purpose of this Article, but funds of alumni associations,
12 foundations, and athletic associations which are affiliated
13 with the universities included as employers under this Article
14 and other employers which do not receive State appropriations
15 are considered to be trust funds for the purpose of this
16 Article.

17 (b-1) The City of Urbana and the City of Champaign shall
18 each make employer contributions to this System for their
19 respective firefighter employees who participate in this
20 System pursuant to subsection (h) of Section 15-107. The rate
21 of contributions to be made by those municipalities shall be
22 determined annually by the Board on the basis of the actuarial
23 assumptions adopted by the Board and the recommendations of the
24 actuary, and shall be expressed as a percentage of salary for
25 each such employee. The Board shall certify the rate to the
26 affected municipalities as soon as may be practical. The

1 employer contributions required under this subsection shall be
2 remitted by the municipality to the System at the same time and
3 in the same manner as employee contributions.

4 (c) Through State fiscal year 1995: The total employer
5 contribution shall be apportioned among the various funds of
6 the State and other employers, whether trust, federal, or other
7 funds, in accordance with actuarial procedures approved by the
8 Board. State of Illinois contributions for employers receiving
9 State appropriations for personal services shall be payable
10 from appropriations made to the employers or to the System. The
11 contributions for Class I community colleges covering earnings
12 other than those paid from trust and federal funds, shall be
13 payable solely from appropriations to the Illinois Community
14 College Board or the System for employer contributions.

15 (d) Beginning in State fiscal year 1996, the required State
16 contributions to the System shall be appropriated directly to
17 the System and shall be payable through vouchers issued in
18 accordance with subsection (c) of Section 15-165, except as
19 provided in subsection (g).

20 (e) The State Comptroller shall draw warrants payable to
21 the System upon proper certification by the System or by the
22 employer in accordance with the appropriation laws and this
23 Code.

24 (f) Normal costs under this Section means liability for
25 pensions and other benefits which accrues to the System because
26 of the credits earned for service rendered by the participants

1 during the fiscal year and expenses of administering the
2 System, but shall not include the principal of or any
3 redemption premium or interest on any bonds issued by the Board
4 or any expenses incurred or deposits required in connection
5 therewith.

6 (g) If the amount of a participant's earnings for any
7 academic year beginning on or after June 1, 2005 and before
8 July 1, 2018 used to determine the final rate of earnings,
9 determined on a full-time equivalent basis, exceeds the amount
10 of his or her earnings with the same employer for the previous
11 academic year, determined on a full-time equivalent basis, by
12 more than 6%, the participant's employer shall pay to the
13 System, in addition to all other payments required under this
14 Section and in accordance with guidelines established by the
15 System, the present value of the increase in benefits resulting
16 from the portion of the increase in earnings that is in excess
17 of 6%. This present value shall be computed by the System on
18 the basis of the actuarial assumptions and tables used in the
19 most recent actuarial valuation of the System that is available
20 at the time of the computation. The System may require the
21 employer to provide any pertinent information or
22 documentation.

23 Whenever it determines that a payment is or may be required
24 under this subsection (g), the System shall calculate the
25 amount of the payment and bill the employer for that amount.
26 The bill shall specify the calculations used to determine the

1 amount due. If the employer disputes the amount of the bill, it
2 may, within 30 days after receipt of the bill, apply to the
3 System in writing for a recalculation. The application must
4 specify in detail the grounds of the dispute and, if the
5 employer asserts that the calculation is subject to subsection
6 (h) or (i) of this Section, must include an affidavit setting
7 forth and attesting to all facts within the employer's
8 knowledge that are pertinent to the applicability of subsection
9 (h) or (i). Upon receiving a timely application for
10 recalculation, the System shall review the application and, if
11 appropriate, recalculate the amount due.

12 The employer contributions required under this subsection
13 (g) may be paid in the form of a lump sum within 90 days after
14 receipt of the bill. If the employer contributions are not paid
15 within 90 days after receipt of the bill, then interest will be
16 charged at a rate equal to the System's annual actuarially
17 assumed rate of return on investment compounded annually from
18 the 91st day after receipt of the bill. Payments must be
19 concluded within 3 years after the employer's receipt of the
20 bill.

21 When assessing payment for any amount due under this
22 subsection (g), the System shall include earnings, to the
23 extent not established by a participant under Section 15-113.11
24 or 15-113.12, that would have been paid to the participant had
25 the participant not taken (i) periods of voluntary or
26 involuntary furlough occurring on or after July 1, 2015 and on

1 or before June 30, 2017 or (ii) periods of voluntary pay
2 reduction in lieu of furlough occurring on or after July 1,
3 2015 and on or before June 30, 2017. Determining earnings that
4 would have been paid to a participant had the participant not
5 taken periods of voluntary or involuntary furlough or periods
6 of voluntary pay reduction shall be the responsibility of the
7 employer, and shall be reported in a manner prescribed by the
8 System.

9 (g-1) Beginning in fiscal year 2019, if a contract or
10 collective bargaining agreement entered into, amended, or
11 renewed on or after the effective date of this amendatory Act
12 of the 100th General Assembly provides for earnings to exceed
13 the salaries provided under the preceding contract or
14 collective bargaining agreement, then the employer shall pay to
15 the System, in addition to all other payments required under
16 this Section and in accordance with guidelines established by
17 the System, the current value of the projected amount of the
18 increase in benefits, as determined by the System and
19 reflecting whether the participants covered under the contract
20 or collective bargaining agreement are Tier 1 members or Tier 2
21 members, resulting from the portion of the earnings that exceed
22 the amount of the earnings provided under the preceding
23 contract or collective bargaining agreement. The System may
24 require the employer to provide any pertinent information or
25 documentation.

26 Whenever it determines that a payment is or may be required

1 under this subsection (g-1), the System shall calculate the
2 amount of the payment and bill the employer for that amount.
3 The bill shall specify the calculations used to determine the
4 amount due. If the employer disputes the amount of the bill, it
5 may, within 30 days after receipt of the bill, apply to the
6 System in writing for a recalculation. The application must
7 specify in detail the grounds of the dispute. Upon receiving a
8 timely application for recalculation, the System shall review
9 the application and, if appropriate, recalculate the amount
10 due.

11 The employer contributions required under this subsection
12 (g-1) may be paid in the form of a lump sum within 90 days after
13 receipt of the bill. If the employer contributions are not paid
14 within 90 days after receipt of the bill, then interest shall
15 be charged at a rate equal to the System's annual actuarially
16 assumed rate of return on investment compounded annually from
17 the 91st day after receipt of the bill. Payments must be
18 concluded within 3 years after the employer's receipt of the
19 bill.

20 (h) This subsection (h) applies only to payments made or
21 salary increases given on or after June 1, 2005 but before July
22 1, 2011. The changes made by Public Act 94-1057 shall not
23 require the System to refund any payments received before July
24 31, 2006 (the effective date of Public Act 94-1057).

25 When assessing payment for any amount due under subsection
26 (g), the System shall exclude earnings increases paid to

1 participants under contracts or collective bargaining
2 agreements entered into, amended, or renewed before June 1,
3 2005.

4 When assessing payment for any amount due under subsection
5 (g), the System shall exclude earnings increases paid to a
6 participant at a time when the participant is 10 or more years
7 from retirement eligibility under Section 15-135.

8 When assessing payment for any amount due under subsection
9 (g), the System shall exclude earnings increases resulting from
10 overload work, including a contract for summer teaching, or
11 overtime when the employer has certified to the System, and the
12 System has approved the certification, that: (i) in the case of
13 overloads (A) the overload work is for the sole purpose of
14 academic instruction in excess of the standard number of
15 instruction hours for a full-time employee occurring during the
16 academic year that the overload is paid and (B) the earnings
17 increases are equal to or less than the rate of pay for
18 academic instruction computed using the participant's current
19 salary rate and work schedule; and (ii) in the case of
20 overtime, the overtime was necessary for the educational
21 mission.

22 When assessing payment for any amount due under subsection
23 (g), the System shall exclude any earnings increase resulting
24 from (i) a promotion for which the employee moves from one
25 classification to a higher classification under the State
26 Universities Civil Service System, (ii) a promotion in academic

1 rank for a tenured or tenure-track faculty position, or (iii) a
2 promotion that the Illinois Community College Board has
3 recommended in accordance with subsection (k) of this Section.
4 These earnings increases shall be excluded only if the
5 promotion is to a position that has existed and been filled by
6 a member for no less than one complete academic year and the
7 earnings increase as a result of the promotion is an increase
8 that results in an amount no greater than the average salary
9 paid for other similar positions.

10 (i) When assessing payment for any amount due under
11 subsection (g), the System shall exclude any salary increase
12 described in subsection (h) of this Section given on or after
13 July 1, 2011 but before July 1, 2014 under a contract or
14 collective bargaining agreement entered into, amended, or
15 renewed on or after June 1, 2005 but before July 1, 2011.
16 Notwithstanding any other provision of this Section, any
17 payments made or salary increases given after June 30, 2014
18 shall be used in assessing payment for any amount due under
19 subsection (g) of this Section.

20 (j) The System shall prepare a report and file copies of
21 the report with the Governor and the General Assembly by
22 January 1, 2007 that contains all of the following information:

23 (1) The number of recalculations required by the
24 changes made to this Section by Public Act 94-1057 for each
25 employer.

26 (2) The dollar amount by which each employer's

1 contribution to the System was changed due to
2 recalculations required by Public Act 94-1057.

3 (3) The total amount the System received from each
4 employer as a result of the changes made to this Section by
5 Public Act 94-4.

6 (4) The increase in the required State contribution
7 resulting from the changes made to this Section by Public
8 Act 94-1057.

9 (k) The Illinois Community College Board shall adopt rules
10 for recommending lists of promotional positions submitted to
11 the Board by community colleges and for reviewing the
12 promotional lists on an annual basis. When recommending
13 promotional lists, the Board shall consider the similarity of
14 the positions submitted to those positions recognized for State
15 universities by the State Universities Civil Service System.
16 The Illinois Community College Board shall file a copy of its
17 findings with the System. The System shall consider the
18 findings of the Illinois Community College Board when making
19 determinations under this Section. The System shall not exclude
20 any earnings increases resulting from a promotion when the
21 promotion was not submitted by a community college. Nothing in
22 this subsection (k) shall require any community college to
23 submit any information to the Community College Board.

24 (l) For purposes of determining the required State
25 contribution to the System, the value of the System's assets
26 shall be equal to the actuarial value of the System's assets,

1 which shall be calculated as follows:

2 As of June 30, 2008, the actuarial value of the System's
3 assets shall be equal to the market value of the assets as of
4 that date. In determining the actuarial value of the System's
5 assets for fiscal years after June 30, 2008, any actuarial
6 gains or losses from investment return incurred in a fiscal
7 year shall be recognized in equal annual amounts over the
8 5-year period following that fiscal year.

9 (m) For purposes of determining the required State
10 contribution to the system for a particular year, the actuarial
11 value of assets shall be assumed to earn a rate of return equal
12 to the system's actuarially assumed rate of return.

13 (Source: P.A. 98-92, eff. 7-16-13; 98-463, eff. 8-16-13;
14 99-897, eff. 1-1-17.)

15 (40 ILCS 5/15-185.5 new)

16 Sec. 15-185.5. Accelerated pension benefit payment.

17 (a) As used in this Section:

18 "Eligible person" means a person who:

19 (1) has terminated service;

20 (2) has accrued sufficient service credit to be
21 eligible to receive a retirement annuity under this
22 Article;

23 (3) has not received any retirement annuity under this
24 Article;

25 (4) does not have a QILDRO in effect against him or her

1 under this Article; and

2 (5) is not a participant in the self-managed plan under
3 Section 15-158.2.

4 "Pension benefit" means the benefits under this Article, or
5 Article 1 as it relates to those benefits, including any
6 anticipated annual increases, that an eligible person is
7 entitled to upon attainment of the applicable retirement age.
8 "Pension benefit" also includes applicable survivor's or
9 disability benefits.

10 (b) Before January 1, 2018, the System shall calculate,
11 using actuarial tables and other assumptions adopted by the
12 Board, the net present value of pension benefits for each
13 eligible person and shall offer each eligible person the
14 opportunity to irrevocably elect to receive an amount
15 determined by the System to be equal to 70% of the net present
16 value of his or her pension benefits in lieu of receiving any
17 pension benefit. The offer shall specify the dollar amount that
18 the eligible person will receive if he or she so elects and
19 shall expire when a subsequent offer is made to an eligible
20 person. The System shall make a good faith effort to contact
21 every eligible person to notify him or her of the election and
22 of the amount of the accelerated pension benefit payment.

23 Beginning January 1, 2018 and until July 1, 2018, an
24 eligible person may irrevocably elect to receive an accelerated
25 pension benefit payment in the amount that the System offers
26 under this subsection in lieu of receiving any pension benefit.

1 A person who elects to receive an accelerated pension benefit
2 payment under this Section may not elect to proceed under the
3 Retirement Systems Reciprocal Act with respect to service under
4 this Article.

5 (c) A person's credits and creditable service under this
6 Article shall be terminated upon the person's receipt of an
7 accelerated pension benefit payment under this Section, and no
8 other benefit shall be paid under this Article based on those
9 terminated credits and creditable service, including any
10 retirement, survivor, or other benefit; except that to the
11 extent that participation, benefits, or premiums under the
12 State Employees Group Insurance Act of 1971 are based on the
13 amount of service credit, the terminated service credit shall
14 be used for that purpose.

15 (d) If a person who has received an accelerated pension
16 benefit payment under this Section returns to active service
17 under this Article, then:

18 (1) Any benefits under the System earned as a result of
19 that return to active service shall be based solely on the
20 person's credits and creditable service arising from the
21 return to active service.

22 (2) The accelerated pension benefit payment may not be
23 repaid to the System, and the terminated credits and
24 creditable service may not under any circumstances be
25 reinstated.

26 (e) As a condition of receiving an accelerated pension

1 benefit payment, an eligible person must have another
2 retirement plan or account qualified under the Internal Revenue
3 Code of 1986, as amended, for the accelerated pension benefit
4 payment to be rolled into. The accelerated pension benefit
5 payment under this Section may be subject to withholding or
6 payment of applicable taxes, but to the extent permitted by
7 federal law, a person who receives an accelerated pension
8 benefit payment under this Section must direct the System to
9 pay all of that payment as a rollover into another retirement
10 plan or account qualified under the Internal Revenue Code of
11 1986, as amended.

12 (f) Before January 1, 2019, the Board shall certify to the
13 Illinois Finance Authority and the General Assembly the amount
14 by which the total amount of accelerated pension benefit
15 payments made under this Section exceed the amount appropriated
16 to the System for the purpose of making those payments.

17 (g) The Board shall adopt any rules necessary to implement
18 this Section.

19 (h) No provision of this Section shall be interpreted in a
20 way that would cause the applicable System to cease to be a
21 qualified plan under the Internal Revenue Code of 1986.

22 (40 ILCS 5/15-198)

23 (Text of Section WITHOUT the changes made by P.A. 98-599,
24 which has been held unconstitutional)

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

1 increases.

2 (a) As used in this Section, "new benefit increase" means
3 an increase in the amount of any benefit provided under this
4 Article, or an expansion of the conditions of eligibility for
5 any benefit under this Article, that results from an amendment
6 to this Code that takes effect after the effective date of this
7 amendatory Act of the 94th General Assembly. "New benefit
8 increase", however, does not include any benefit increase
9 resulting from the changes made by this amendatory Act of the
10 100th General Assembly.

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

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

20 Every new benefit increase is contingent upon the General
21 Assembly providing the additional funding required under this
22 subsection. The Commission on Government Forecasting and
23 Accountability shall analyze whether adequate additional
24 funding has been provided for the new benefit increase and
25 shall report its analysis to the Public Pension Division of the
26 Department of Financial and Professional Regulation. A new

1 benefit increase created by a Public Act that does not include
2 the additional funding required under this subsection is null
3 and void. If the Public Pension Division determines that the
4 additional funding provided for a new benefit increase under
5 this subsection is or has become inadequate, it may so certify
6 to the Governor and the State Comptroller and, in the absence
7 of corrective action by the General Assembly, the new benefit
8 increase shall expire at the end of the fiscal year in which
9 the certification is made.

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

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

26 (Source: P.A. 94-4, eff. 6-1-05.)

1 (40 ILCS 5/15-200.5 new)

2 Sec. 15-200.5. Tier 3 plan.

3 (a) By July 1, 2018, the System shall prepare and implement
4 a Tier 3 plan. The Tier 3 plan developed under this Section
5 shall be a plan that aggregates State and employee
6 contributions in individual participant accounts which, after
7 meeting any other requirements, are used for payouts after
8 retirement in accordance with this Section and any other
9 applicable laws. In developing, preparing, and implementing
10 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
11 the System shall utilize the framework of the self-managed plan
12 and shall endeavor to adapt the benefits and structure of the
13 self-managed plan.

14 As used in this Section, "defined benefit plan" means the
15 traditional benefit package or the portable benefit package
16 available under this Article to Tier 1 or Tier 2 members who
17 have not made the election authorized under this Section and do
18 not participate in the self-managed plan under Section
19 15-158.2.

20 (1) All persons who begin to participate in this System
21 on or after July 1, 2018 shall participate in the Tier 3
22 plan rather than the defined benefit plan or the
23 self-managed plan under Section 15-158.2.

24 (2) A participant in the Tier 3 plan shall pay employee
25 contributions at a rate of 8% of earnings.

1 (3) State contributions shall be paid into the accounts
2 of all participants in the Tier 3 plan at a rate of 7.6% of
3 earnings, less the amount determined annually by the Board
4 to cover the cost of offering the defined disability
5 benefits available to other participants under this
6 Article if the Tier 3 plan offers such benefits.

7 (4) The Tier 3 plan shall require one year of
8 participation in the Tier 3 plan before vesting in State
9 contributions. If the participant fails to vest in them,
10 the State contributions, and the earnings thereon, shall be
11 forfeited.

12 (5) The Tier 3 plan may provide for participants in the
13 plan to be eligible for the defined disability benefits
14 available to other participants under this Article. If it
15 does, the System shall reduce the employee contributions
16 credited to the member's Tier 3 plan account by an amount
17 determined by the System to cover the cost of offering such
18 benefits.

19 (6) The Tier 3 plan shall provide a variety of options
20 for investments. These options shall include investments
21 handled by the System as well as private sector investment
22 options.

23 (7) The Tier 3 plan shall provide a variety of options
24 for payouts to participants in the Tier 3 plan who are no
25 longer active in the System and their survivors.

26 (8) To the extent authorized under federal law and as

1 authorized by the System, the plan shall allow former
2 participants in the plan to transfer or roll over employee
3 and vested State contributions, and the earnings thereon,
4 from the Tier 3 plan into other qualified retirement plans.

5 (9) The System shall reduce the employee contributions
6 credited to the member's Tier 3 plan account by an amount
7 determined by the System to cover the cost of offering
8 these benefits and any applicable administrative fees.

9 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
10 member of this System may elect, in writing, to cease accruing
11 benefits in the defined benefit plan and begin accruing
12 benefits for future service in the Tier 3 plan. An active Tier
13 1 or Tier 2 member who elects to cease accruing benefits in his
14 or her defined benefit plan shall be prohibited from purchasing
15 service credit on or after the date of his or her election. A
16 Tier 1 or Tier 2 member who elects to participate in the Tier 3
17 plan shall not receive interest accruals to his or her Rule 2
18 benefit on or after the date of his or her election. The
19 election to participate in the Tier 3 plan is voluntary and
20 irrevocable.

21 (1) Service credit under the Tier 3 plan may be used
22 for determining retirement eligibility under the defined
23 benefit plan.

24 (2) The System shall make a good faith effort to
25 contact all active Tier 1 and Tier 2 members who are
26 eligible to participate in the Tier 3 plan. The System

1 shall mail information describing the option to join the
2 Tier 3 plan to each of these employees to his or her last
3 known address on file with the System. If the employee is
4 not responsive to other means of contact, it is sufficient
5 for the System to publish the details of the option on its
6 website.

7 (3) Upon request for further information describing
8 the option, the System shall provide employees with
9 information from the System before exercising the option to
10 join the plan, including information on the impact to their
11 benefits and service. The individual consultation shall
12 include projections of the member's defined benefits at
13 retirement or earlier termination of service and the value
14 of the member's account at retirement or earlier
15 termination of service. The System shall not provide advice
16 or counseling with respect to whether the employee should
17 exercise the option. The System shall inform Tier 1 and
18 Tier 2 members who are eligible to participate in the Tier
19 3 plan that they may also wish to obtain information and
20 counsel relating to their option from any other available
21 source, including but not limited to labor organizations,
22 private counsel, and financial advisors.

23 (b-5) A Tier 1 or Tier 2 member who elects to participate
24 in the Tier 3 plan may irrevocably elect to terminate all
25 participation in the defined benefit plan. Upon that election,
26 the System shall transfer to the member's individual account an

1 amount equal to the amount of contribution refund that the
2 member would be eligible to receive if the member terminated
3 employment on that date and elected a refund of contributions,
4 including interest at the effective rate for the respective
5 years. The System shall make the transfer as a tax free
6 transfer in accordance with Internal Revenue Service
7 guidelines, for purposes of funding the amount credited to the
8 member's individual account.

9 (c) In no event shall the System, its staff, its authorized
10 representatives, or the Board be liable for any information
11 given to an employee under this Section. The System may
12 coordinate with the Illinois Department of Central Management
13 Services and other retirement systems administering a Tier 3
14 plan in accordance with this amendatory Act of the 100th
15 General Assembly to provide information concerning the impact
16 of the Tier 3 plan set forth in this Section.

17 (d) Notwithstanding any other provision of this Section, no
18 person shall begin participating in the Tier 3 plan until it
19 has attained qualified plan status and received all necessary
20 approvals from the U.S. Internal Revenue Service.

21 (e) The System shall report on its progress under this
22 Section, including the available details of the Tier 3 plan and
23 the System's plans for informing eligible Tier 1 and Tier 2
24 members about the plan, to the Governor and the General
25 Assembly on or before January 15, 2018.

1 (40 ILCS 5/16-106.40 new)

2 Sec. 16-106.40. Tier 1 member. "Tier 1 member": A member
3 under this Article who first became a member or participant
4 before January 1, 2011 under any reciprocal retirement system
5 or pension fund established under this Code other than a
6 retirement system or pension fund established under Article 2,
7 3, 4, 5, 6, or 18 of this Code.

8 In the case of a Tier 1 member who elects to participate in
9 the Tier 3 plan under Section 16-205.5 of this Code, that Tier
10 1 member shall be deemed a Tier 1 member only with respect to
11 service performed or established before the effective date of
12 that election.

13 (40 ILCS 5/16-106.41 new)

14 Sec. 16-106.41. Tier 2 member. "Tier 2 member": A member of
15 the System who first becomes a member under this Article on or
16 after January 1, 2011 and who is not a Tier 1 member.

17 In the case of a Tier 2 member who elects to participate in
18 the Tier 3 plan under Section 16-205.5 of this Code, the Tier 2
19 member shall be deemed a Tier 2 member only with respect to
20 service performed or established before the effective date of
21 that election.

22 (40 ILCS 5/16-106.42 new)

23 Sec. 16-106.42. Tier 3 member. "Tier 3 member": A member of
24 the System who first becomes a member under this Article on or

1 after July 1, 2018 or a Tier 1 or Tier 2 member who elects to
2 participate in the Tier 3 plan under Section 16-205.5 of this
3 Code, but only with respect to service performed on or after
4 the effective date of that election.

5 (40 ILCS 5/16-123) (from Ch. 108 1/2, par. 16-123)
6 Sec. 16-123. Membership of System.

7 (a) Except as provided in subsection (c), the ~~The~~
8 membership of this System shall be composed of all teachers
9 employed after June 30, 1939 who become members as a condition
10 of employment on the date they become teachers. Membership
11 shall continue until the date a member becomes an annuitant,
12 dies, accepts a single-sum retirement benefit, accepts a
13 refund, or forfeits the rights to a refund.

14 (b) This Article does not apply to any person first
15 employed after June 30, 1979 as a public service employment
16 program participant under the Federal Comprehensive Employment
17 and Training Act and whose wages or fringe benefits are paid in
18 whole or in part by funds provided under such Act.

19 (c) Notwithstanding any other provision of this Article,
20 beginning on the effective date of this amendatory Act of the
21 100th General Assembly, a person is not required, as a
22 condition of employment or otherwise, to participate in this
23 System. An active teacher may terminate his or her membership
24 in this System (including active participation in the Tier 3
25 plan, if applicable) by notifying the System in writing. An

1 active teacher terminating his or her membership in this System
2 under this subsection shall be entitled to a refund of his or
3 her contributions (other than contributions to the Tier 3 plan
4 under Section 16-205.5) minus the benefits received prior to
5 the termination of membership.

6 (Source: P.A. 87-11.)

7 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)

8 (Text of Section WITHOUT the changes made by P.A. 98-599,
9 which has been held unconstitutional)

10 Sec. 16-127. Computation of creditable service.

11 (a) Each member shall receive regular credit for all
12 service as a teacher from the date membership begins, for which
13 satisfactory evidence is supplied and all contributions have
14 been paid.

15 (b) The following periods of service shall earn optional
16 credit and each member shall receive credit for all such
17 service for which satisfactory evidence is supplied and all
18 contributions have been paid as of the date specified:

19 (1) Prior service as a teacher.

20 (2) Service in a capacity essentially similar or
21 equivalent to that of a teacher, in the public common
22 schools in school districts in this State not included
23 within the provisions of this System, or of any other
24 State, territory, dependency or possession of the United
25 States, or in schools operated by or under the auspices of

1 the United States, or under the auspices of any agency or
2 department of any other State, and service during any
3 period of professional speech correction or special
4 education experience for a public agency within this State
5 or any other State, territory, dependency or possession of
6 the United States, and service prior to February 1, 1951 as
7 a recreation worker for the Illinois Department of Public
8 Safety, for a period not exceeding the lesser of 2/5 of the
9 total creditable service of the member or 10 years. The
10 maximum service of 10 years which is allowable under this
11 paragraph shall be reduced by the service credit which is
12 validated by other retirement systems under paragraph (i)
13 of Section 15-113 and paragraph 1 of Section 17-133. Credit
14 granted under this paragraph may not be used in
15 determination of a retirement annuity or disability
16 benefits unless the member has at least 5 years of
17 creditable service earned subsequent to this employment
18 with one or more of the following systems: Teachers'
19 Retirement System of the State of Illinois, State
20 Universities Retirement System, and the Public School
21 Teachers' Pension and Retirement Fund of Chicago. Whenever
22 such service credit exceeds the maximum allowed for all
23 purposes of this Article, the first service rendered in
24 point of time shall be considered. The changes to this
25 subdivision (b) (2) made by Public Act 86-272 shall apply
26 not only to persons who on or after its effective date

1 (August 23, 1989) are in service as a teacher under the
2 System, but also to persons whose status as such a teacher
3 terminated prior to such effective date, whether or not
4 such person is an annuitant on that date.

5 (3) Any periods immediately following teaching
6 service, under this System or under Article 17, (or
7 immediately following service prior to February 1, 1951 as
8 a recreation worker for the Illinois Department of Public
9 Safety) spent in active service with the military forces of
10 the United States; periods spent in educational programs
11 that prepare for return to teaching sponsored by the
12 federal government following such active military service;
13 if a teacher returns to teaching service within one
14 calendar year after discharge or after the completion of
15 the educational program, a further period, not exceeding
16 one calendar year, between time spent in military service
17 or in such educational programs and the return to
18 employment as a teacher under this System; and a period of
19 up to 2 years of active military service not immediately
20 following employment as a teacher.

21 The changes to this Section and Section 16-128 relating
22 to military service made by P.A. 87-794 shall apply not
23 only to persons who on or after its effective date are in
24 service as a teacher under the System, but also to persons
25 whose status as a teacher terminated prior to that date,
26 whether or not the person is an annuitant on that date. In

1 the case of an annuitant who applies for credit allowable
2 under this Section for a period of military service that
3 did not immediately follow employment, and who has made the
4 required contributions for such credit, the annuity shall
5 be recalculated to include the additional service credit,
6 with the increase taking effect on the date the System
7 received written notification of the annuitant's intent to
8 purchase the credit, if payment of all the required
9 contributions is made within 60 days of such notice, or
10 else on the first annuity payment date following the date
11 of payment of the required contributions. In calculating
12 the automatic annual increase for an annuity that has been
13 recalculated under this Section, the increase attributable
14 to the additional service allowable under P.A. 87-794 shall
15 be included in the calculation of automatic annual
16 increases accruing after the effective date of the
17 recalculation.

18 Credit for military service shall be determined as
19 follows: if entry occurs during the months of July, August,
20 or September and the member was a teacher at the end of the
21 immediately preceding school term, credit shall be granted
22 from July 1 of the year in which he or she entered service;
23 if entry occurs during the school term and the teacher was
24 in teaching service at the beginning of the school term,
25 credit shall be granted from July 1 of such year. In all
26 other cases where credit for military service is allowed,

1 credit shall be granted from the date of entry into the
2 service.

3 The total period of military service for which credit
4 is granted shall not exceed 5 years for any member unless
5 the service: (A) is validated before July 1, 1964, and (B)
6 does not extend beyond July 1, 1963. Credit for military
7 service shall be granted under this Section only if not
8 more than 5 years of the military service for which credit
9 is granted under this Section is used by the member to
10 qualify for a military retirement allotment from any branch
11 of the armed forces of the United States. The changes to
12 this subdivision (b)(3) made by Public Act 86-272 shall
13 apply not only to persons who on or after its effective
14 date (August 23, 1989) are in service as a teacher under
15 the System, but also to persons whose status as such a
16 teacher terminated prior to such effective date, whether or
17 not such person is an annuitant on that date.

18 (4) Any periods served as a member of the General
19 Assembly.

20 (5) (i) Any periods for which a teacher, as defined in
21 Section 16-106, is granted a leave of absence, provided he
22 or she returns to teaching service creditable under this
23 System or the State Universities Retirement System
24 following the leave; (ii) periods during which a teacher is
25 involuntarily laid off from teaching, provided he or she
26 returns to teaching following the lay-off; (iii) periods

1 prior to July 1, 1983 during which a teacher ceased covered
2 employment due to pregnancy, provided that the teacher
3 returned to teaching service creditable under this System
4 or the State Universities Retirement System following the
5 pregnancy and submits evidence satisfactory to the Board
6 documenting that the employment ceased due to pregnancy;
7 and (iv) periods prior to July 1, 1983 during which a
8 teacher ceased covered employment for the purpose of
9 adopting an infant under 3 years of age or caring for a
10 newly adopted infant under 3 years of age, provided that
11 the teacher returned to teaching service creditable under
12 this System or the State Universities Retirement System
13 following the adoption and submits evidence satisfactory
14 to the Board documenting that the employment ceased for the
15 purpose of adopting an infant under 3 years of age or
16 caring for a newly adopted infant under 3 years of age.
17 However, total credit under this paragraph (5) may not
18 exceed 3 years.

19 Any qualified member or annuitant may apply for credit
20 under item (iii) or (iv) of this paragraph (5) without
21 regard to whether service was terminated before the
22 effective date of this amendatory Act of 1997. In the case
23 of an annuitant who establishes credit under item (iii) or
24 (iv), the annuity shall be recalculated to include the
25 additional service credit. The increase in annuity shall
26 take effect on the date the System receives written

1 notification of the annuitant's intent to purchase the
2 credit, if the required evidence is submitted and the
3 required contribution paid within 60 days of that
4 notification, otherwise on the first annuity payment date
5 following the System's receipt of the required evidence and
6 contribution. The increase in an annuity recalculated
7 under this provision shall be included in the calculation
8 of automatic annual increases in the annuity accruing after
9 the effective date of the recalculation.

10 Optional credit may be purchased under this subsection
11 (b) (5) for periods during which a teacher has been granted
12 a leave of absence pursuant to Section 24-13 of the School
13 Code. A teacher whose service under this Article terminated
14 prior to the effective date of P.A. 86-1488 shall be
15 eligible to purchase such optional credit. If a teacher who
16 purchases this optional credit is already receiving a
17 retirement annuity under this Article, the annuity shall be
18 recalculated as if the annuitant had applied for the leave
19 of absence credit at the time of retirement. The difference
20 between the entitled annuity and the actual annuity shall
21 be credited to the purchase of the optional credit. The
22 remainder of the purchase cost of the optional credit shall
23 be paid on or before April 1, 1992.

24 The change in this paragraph made by Public Act 86-273
25 shall be applicable to teachers who retire after June 1,
26 1989, as well as to teachers who are in service on that

1 date.

2 (6) For a person who first becomes a member before the
3 effective date of this amendatory Act of the 100th General
4 Assembly, any ~~Any~~ days of unused and uncompensated
5 accumulated sick leave earned by a teacher. The service
6 credit granted under this paragraph shall be the ratio of
7 the number of unused and uncompensated accumulated sick
8 leave days to 170 days, subject to a maximum of 2 years of
9 service credit. Prior to the member's retirement, each
10 former employer shall certify to the System the number of
11 unused and uncompensated accumulated sick leave days
12 credited to the member at the time of termination of
13 service. The period of unused sick leave shall not be
14 considered in determining the effective date of
15 retirement. A member is not required to make contributions
16 in order to obtain service credit for unused sick leave.

17 Credit for sick leave shall, at retirement, be granted
18 by the System for any retiring regional or assistant
19 regional superintendent of schools who first becomes a
20 member before the effective date of this amendatory Act of
21 the 100th General Assembly at the rate of 6 days per year
22 of creditable service or portion thereof established while
23 serving as such superintendent or assistant
24 superintendent.

25 (7) Periods prior to February 1, 1987 served as an
26 employee of the Illinois Mathematics and Science Academy

1 for which credit has not been terminated under Section
2 15-113.9 of this Code.

3 (8) Service as a substitute teacher for work performed
4 prior to July 1, 1990.

5 (9) Service as a part-time teacher for work performed
6 prior to July 1, 1990.

7 (10) Up to 2 years of employment with Southern Illinois
8 University - Carbondale from September 1, 1959 to August
9 31, 1961, or with Governors State University from September
10 1, 1972 to August 31, 1974, for which the teacher has no
11 credit under Article 15. To receive credit under this item
12 (10), a teacher must apply in writing to the Board and pay
13 the required contributions before May 1, 1993 and have at
14 least 12 years of service credit under this Article.

15 (b-1) A member may establish optional credit for up to 2
16 years of service as a teacher or administrator employed by a
17 private school recognized by the Illinois State Board of
18 Education, provided that the teacher (i) was certified under
19 the law governing the certification of teachers at the time the
20 service was rendered, (ii) applies in writing on or after
21 August 1, 2009 and on or before August 1, 2012, (iii) supplies
22 satisfactory evidence of the employment, (iv) completes at
23 least 10 years of contributing service as a teacher as defined
24 in Section 16-106, and (v) pays the contribution required in
25 subsection (d-5) of Section 16-128. The member may apply for
26 credit under this subsection and pay the required contribution

1 before completing the 10 years of contributing service required
2 under item (iv), but the credit may not be used until the item
3 (iv) contributing service requirement has been met.

4 (c) The service credits specified in this Section shall be
5 granted only if: (1) such service credits are not used for
6 credit in any other statutory tax-supported public employee
7 retirement system other than the federal Social Security
8 program; and (2) the member makes the required contributions as
9 specified in Section 16-128. Except as provided in subsection
10 (b-1) of this Section, the service credit shall be effective as
11 of the date the required contributions are completed.

12 Any service credits granted under this Section shall
13 terminate upon cessation of membership for any cause.

14 Credit may not be granted under this Section covering any
15 period for which an age retirement or disability retirement
16 allowance has been paid.

17 (Source: P.A. 96-546, eff. 8-17-09.)

18 (40 ILCS 5/16-152.1) (from Ch. 108 1/2, par. 16-152.1)

19 Sec. 16-152.1. Pickup of contributions.

20 (a) Each employer may pick up the member contributions
21 required under Section 16-152 for all salary earned after
22 December 31, 1981. If an employer decides not to pick up the
23 member contributions, the amount that would have been picked up
24 shall continue to be deducted from salary. If contributions are
25 picked up, they shall be treated as employer contributions in

1 determining tax treatment under the United States Internal
2 Revenue Code. The employer shall pay these member contributions
3 from the same source of funds which is used in paying salary to
4 the member. The employer may pick up these contributions by a
5 reduction in the cash salary of the member or by an offset
6 against a future salary increase or by a combination of a
7 reduction in salary and offset against a future salary
8 increase. If member contributions are picked up, they shall be
9 treated for all purposes of this Article 16 in the same manner
10 as member contributions made prior to the date the pick up
11 began.

12 (b) The State Board of Education shall pick up the
13 contributions of regional superintendents required under
14 Section 16-152 for all salary earned for the 1982 calendar year
15 and thereafter.

16 (c) Effective July 1, 1983, each employer shall pick up the
17 member contributions required under Section 16-152 for all
18 salary earned after such date. Contributions so picked up shall
19 be treated as employer contributions in determining tax
20 treatment under the United States Internal Revenue Code. The
21 employer shall pay these member contributions from the same
22 source of funds which is used in paying salary to the member.
23 The employer may pick up these contributions by a reduction in
24 the cash salary of the member or by an offset against a future
25 salary increase or by a combination of a reduction in salary
26 and offset against a future salary increase. Member

1 contributions so picked up shall be treated for all purposes of
2 this Article 16 in the same manner as member contributions made
3 prior to the date the pick up began.

4 (d) Subject to the requirements of federal law and the
5 rules of the board, beginning July 1, 1998 a member who is
6 employed on a full-time basis may elect to have the employer
7 pick up optional contributions that the member has elected to
8 pay to the System, and the contributions so picked up shall be
9 treated as employer contributions for the purposes of
10 determining federal tax treatment. The election to have
11 optional contributions picked up is irrevocable. At the time of
12 making the election, the member shall execute a binding,
13 irrevocable payroll deduction authorization. Upon receiving
14 notice of the election, the employer shall pick up the
15 contributions by a reduction in the cash salary of the member
16 and shall pay the contributions from the same source of funds
17 that is used to pay earnings to the member.

18 (e) Beginning on the effective date of this amendatory Act
19 of the 100th General Assembly, no employer shall pay employee
20 contributions on behalf of an employee, except for the sole
21 purpose of allowing the employee to make pre-tax contributions
22 as provided in this Section. The provisions of this subsection
23 (e) do not apply to an employment contract or collective
24 bargaining agreement that is in effect on the effective date of
25 this amendatory Act of the 100th General Assembly. However, any
26 such contract or agreement that is subsequently modified,

1 amended, or renewed shall be subject to the provisions of this
2 subsection (e).

3 (Source: P.A. 90-448, eff. 8-16-97.)

4 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

5 (Text of Section WITHOUT the changes made by P.A. 98-599,
6 which has been held unconstitutional)

7 Sec. 16-158. Contributions by State and other employing
8 units.

9 (a) The State shall make contributions to the System by
10 means of appropriations from the Common School Fund and other
11 State funds of amounts which, together with other employer
12 contributions, employee contributions, investment income, and
13 other income, will be sufficient to meet the cost of
14 maintaining and administering the System on a 90% funded basis
15 in accordance with actuarial recommendations.

16 The Board shall determine the amount of State contributions
17 required for each fiscal year on the basis of the actuarial
18 tables and other assumptions adopted by the Board and the
19 recommendations of the actuary, using the formula in subsection
20 (b-3).

21 (a-1) Annually, on or before November 15 until November 15,
22 2011, the Board shall certify to the Governor the amount of the
23 required State contribution for the coming fiscal year. The
24 certification under this subsection (a-1) shall include a copy
25 of the actuarial recommendations upon which it is based and

1 shall specifically identify the System's projected State
2 normal cost for that fiscal year.

3 On or before May 1, 2004, the Board shall recalculate and
4 recertify to the Governor the amount of the required State
5 contribution to the System for State fiscal year 2005, taking
6 into account the amounts appropriated to and received by the
7 System under subsection (d) of Section 7.2 of the General
8 Obligation Bond Act.

9 On or before July 1, 2005, the Board shall recalculate and
10 recertify to the Governor the amount of the required State
11 contribution to the System for State fiscal year 2006, taking
12 into account the changes in required State contributions made
13 by this amendatory Act of the 94th General Assembly.

14 On or before April 1, 2011, the Board shall recalculate and
15 recertify to the Governor the amount of the required State
16 contribution to the System for State fiscal year 2011, applying
17 the changes made by Public Act 96-889 to the System's assets
18 and liabilities as of June 30, 2009 as though Public Act 96-889
19 was approved on that date.

20 (a-5) On or before November 1 of each year, beginning
21 November 1, 2012, the Board shall submit to the State Actuary,
22 the Governor, and the General Assembly a proposed certification
23 of the amount of the required State contribution to the System
24 for the next fiscal year, along with all of the actuarial
25 assumptions, calculations, and data upon which that proposed
26 certification is based. On or before January 1 of each year,

1 beginning January 1, 2013, the State Actuary shall issue a
2 preliminary report concerning the proposed certification and
3 identifying, if necessary, recommended changes in actuarial
4 assumptions that the Board must consider before finalizing its
5 certification of the required State contributions. On or before
6 January 15, 2013 and each January 15 thereafter, the Board
7 shall certify to the Governor and the General Assembly the
8 amount of the required State contribution for the next fiscal
9 year. The Board's certification must note any deviations from
10 the State Actuary's recommended changes, the reason or reasons
11 for not following the State Actuary's recommended changes, and
12 the fiscal impact of not following the State Actuary's
13 recommended changes on the required State contribution.

14 (b) Through State fiscal year 1995, the State contributions
15 shall be paid to the System in accordance with Section 18-7 of
16 the School Code.

17 (b-1) Beginning in State fiscal year 1996, on the 15th day
18 of each month, or as soon thereafter as may be practicable, the
19 Board shall submit vouchers for payment of State contributions
20 to the System, in a total monthly amount of one-twelfth of the
21 required annual State contribution certified under subsection
22 (a-1). From the effective date of this amendatory Act of the
23 93rd General Assembly through June 30, 2004, the Board shall
24 not submit vouchers for the remainder of fiscal year 2004 in
25 excess of the fiscal year 2004 certified contribution amount
26 determined under this Section after taking into consideration

1 the transfer to the System under subsection (a) of Section
2 6z-61 of the State Finance Act. These vouchers shall be paid by
3 the State Comptroller and Treasurer by warrants drawn on the
4 funds appropriated to the System for that fiscal year.

5 If in any month the amount remaining unexpended from all
6 other appropriations to the System for the applicable fiscal
7 year (including the appropriations to the System under Section
8 8.12 of the State Finance Act and Section 1 of the State
9 Pension Funds Continuing Appropriation Act) is less than the
10 amount lawfully vouchered under this subsection, the
11 difference shall be paid from the Common School Fund under the
12 continuing appropriation authority provided in Section 1.1 of
13 the State Pension Funds Continuing Appropriation Act.

14 (b-2) Allocations from the Common School Fund apportioned
15 to school districts not coming under this System shall not be
16 diminished or affected by the provisions of this Article.

17 (b-3) For State fiscal years 2012 through 2045, the minimum
18 contribution to the System to be made by the State for each
19 fiscal year shall be an amount determined by the System to be
20 sufficient to bring the total assets of the System up to 90% of
21 the total actuarial liabilities of the System by the end of
22 State fiscal year 2045. In making these determinations, the
23 required State contribution shall be calculated each year as a
24 level percentage of payroll over the years remaining to and
25 including fiscal year 2045 and shall be determined under the
26 projected unit credit actuarial cost method.

1 For State fiscal years 1996 through 2005, the State
2 contribution to the System, as a percentage of the applicable
3 employee payroll, shall be increased in equal annual increments
4 so that by State fiscal year 2011, the State is contributing at
5 the rate required under this Section; except that in the
6 following specified State fiscal years, the State contribution
7 to the System shall not be less than the following indicated
8 percentages of the applicable employee payroll, even if the
9 indicated percentage will produce a State contribution in
10 excess of the amount otherwise required under this subsection
11 and subsection (a), and notwithstanding any contrary
12 certification made under subsection (a-1) before the effective
13 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
14 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
15 2003; and 13.56% in FY 2004.

16 Notwithstanding any other provision of this Article, the
17 total required State contribution for State fiscal year 2006 is
18 \$534,627,700.

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2007 is
21 \$738,014,500.

22 For each of State fiscal years 2008 through 2009, the State
23 contribution to the System, as a percentage of the applicable
24 employee payroll, shall be increased in equal annual increments
25 from the required State contribution for State fiscal year
26 2007, so that by State fiscal year 2011, the State is

1 contributing at the rate otherwise required under this Section.

2 Notwithstanding any other provision of this Article, the
3 total required State contribution for State fiscal year 2010 is
4 \$2,089,268,000 and shall be made from the proceeds of bonds
5 sold in fiscal year 2010 pursuant to Section 7.2 of the General
6 Obligation Bond Act, less (i) the pro rata share of bond sale
7 expenses determined by the System's share of total bond
8 proceeds, (ii) any amounts received from the Common School Fund
9 in fiscal year 2010, and (iii) any reduction in bond proceeds
10 due to the issuance of discounted bonds, if applicable.

11 Notwithstanding any other provision of this Article, the
12 total required State contribution for State fiscal year 2011 is
13 the amount recertified by the System on or before April 1, 2011
14 pursuant to subsection (a-1) of this Section and shall be made
15 from the proceeds of bonds sold in fiscal year 2011 pursuant to
16 Section 7.2 of the General Obligation Bond Act, less (i) the
17 pro rata share of bond sale expenses determined by the System's
18 share of total bond proceeds, (ii) any amounts received from
19 the Common School Fund in fiscal year 2011, and (iii) any
20 reduction in bond proceeds due to the issuance of discounted
21 bonds, if applicable. This amount shall include, in addition to
22 the amount certified by the System, an amount necessary to meet
23 employer contributions required by the State as an employer
24 under paragraph (e) of this Section, which may also be used by
25 the System for contributions required by paragraph (a) of
26 Section 16-127.

1 Beginning in State fiscal year 2046, the minimum State
2 contribution for each fiscal year shall be the amount needed to
3 maintain the total assets of the System at 90% of the total
4 actuarial liabilities of the System.

5 Amounts received by the System pursuant to Section 25 of
6 the Budget Stabilization Act or Section 8.12 of the State
7 Finance Act in any fiscal year do not reduce and do not
8 constitute payment of any portion of the minimum State
9 contribution required under this Article in that fiscal year.
10 Such amounts shall not reduce, and shall not be included in the
11 calculation of, the required State contributions under this
12 Article in any future year until the System has reached a
13 funding ratio of at least 90%. A reference in this Article to
14 the "required State contribution" or any substantially similar
15 term does not include or apply to any amounts payable to the
16 System under Section 25 of the Budget Stabilization Act.

17 Notwithstanding any other provision of this Section, the
18 required State contribution for State fiscal year 2005 and for
19 fiscal year 2008 and each fiscal year thereafter, as calculated
20 under this Section and certified under subsection (a-1), shall
21 not exceed an amount equal to (i) the amount of the required
22 State contribution that would have been calculated under this
23 Section for that fiscal year if the System had not received any
24 payments under subsection (d) of Section 7.2 of the General
25 Obligation Bond Act, minus (ii) the portion of the State's
26 total debt service payments for that fiscal year on the bonds

1 issued in fiscal year 2003 for the purposes of that Section
2 7.2, as determined and certified by the Comptroller, that is
3 the same as the System's portion of the total moneys
4 distributed under subsection (d) of Section 7.2 of the General
5 Obligation Bond Act. In determining this maximum for State
6 fiscal years 2008 through 2010, however, the amount referred to
7 in item (i) shall be increased, as a percentage of the
8 applicable employee payroll, in equal increments calculated
9 from the sum of the required State contribution for State
10 fiscal year 2007 plus the applicable portion of the State's
11 total debt service payments for fiscal year 2007 on the bonds
12 issued in fiscal year 2003 for the purposes of Section 7.2 of
13 the General Obligation Bond Act, so that, by State fiscal year
14 2011, the State is contributing at the rate otherwise required
15 under this Section.

16 (c) Payment of the required State contributions and of all
17 pensions, retirement annuities, death benefits, refunds, and
18 other benefits granted under or assumed by this System, and all
19 expenses in connection with the administration and operation
20 thereof, are obligations of the State.

21 If members are paid from special trust or federal funds
22 which are administered by the employing unit, whether school
23 district or other unit, the employing unit shall pay to the
24 System from such funds the full accruing retirement costs based
25 upon that service, which, beginning July 1, 2014, shall be at a
26 rate, expressed as a percentage of salary, equal to the total

1 minimum contribution to the System to be made by the State for
2 that fiscal year, including both normal cost and unfunded
3 liability components, expressed as a percentage of payroll, as
4 determined by the System under subsection (b-3) of this
5 Section. Employer contributions, based on salary paid to
6 members from federal funds, may be forwarded by the
7 distributing agency of the State of Illinois to the System
8 prior to allocation, in an amount determined in accordance with
9 guidelines established by such agency and the System. Any
10 contribution for fiscal year 2015 collected as a result of the
11 change made by this amendatory Act of the 98th General Assembly
12 shall be considered a State contribution under subsection (b-3)
13 of this Section.

14 (d) Effective July 1, 1986, any employer of a teacher as
15 defined in paragraph (8) of Section 16-106 shall pay the
16 employer's normal cost of benefits based upon the teacher's
17 service, in addition to employee contributions, as determined
18 by the System. Such employer contributions shall be forwarded
19 monthly in accordance with guidelines established by the
20 System.

21 However, with respect to benefits granted under Section
22 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
23 of Section 16-106, the employer's contribution shall be 12%
24 (rather than 20%) of the member's highest annual salary rate
25 for each year of creditable service granted, and the employer
26 shall also pay the required employee contribution on behalf of

1 the teacher. For the purposes of Sections 16-133.4 and
2 16-133.5, a teacher as defined in paragraph (8) of Section
3 16-106 who is serving in that capacity while on leave of
4 absence from another employer under this Article shall not be
5 considered an employee of the employer from which the teacher
6 is on leave.

7 (e) Beginning July 1, 1998, every employer of a teacher
8 shall pay to the System an employer contribution computed as
9 follows:

10 (1) Beginning July 1, 1998 through June 30, 1999, the
11 employer contribution shall be equal to 0.3% of each
12 teacher's salary.

13 (2) Beginning July 1, 1999 and thereafter, the employer
14 contribution shall be equal to 0.58% of each teacher's
15 salary.

16 The school district or other employing unit may pay these
17 employer contributions out of any source of funding available
18 for that purpose and shall forward the contributions to the
19 System on the schedule established for the payment of member
20 contributions.

21 These employer contributions are intended to offset a
22 portion of the cost to the System of the increases in
23 retirement benefits resulting from this amendatory Act of 1998.

24 Each employer of teachers is entitled to a credit against
25 the contributions required under this subsection (e) with
26 respect to salaries paid to teachers for the period January 1,

1 2002 through June 30, 2003, equal to the amount paid by that
2 employer under subsection (a-5) of Section 6.6 of the State
3 Employees Group Insurance Act of 1971 with respect to salaries
4 paid to teachers for that period.

5 The additional 1% employee contribution required under
6 Section 16-152 by this amendatory Act of 1998 is the
7 responsibility of the teacher and not the teacher's employer,
8 unless the employer agrees, through collective bargaining or
9 otherwise, to make the contribution on behalf of the teacher.

10 If an employer is required by a contract in effect on May
11 1, 1998 between the employer and an employee organization to
12 pay, on behalf of all its full-time employees covered by this
13 Article, all mandatory employee contributions required under
14 this Article, then the employer shall be excused from paying
15 the employer contribution required under this subsection (e)
16 for the balance of the term of that contract. The employer and
17 the employee organization shall jointly certify to the System
18 the existence of the contractual requirement, in such form as
19 the System may prescribe. This exclusion shall cease upon the
20 termination, extension, or renewal of the contract at any time
21 after May 1, 1998.

22 (f) If the amount of a teacher's salary for any school year
23 beginning on or after June 1, 2005 and before July 1, 2018 used
24 to determine final average salary exceeds the member's annual
25 full-time salary rate with the same employer for the previous
26 school year by more than 6%, the teacher's employer shall pay

1 to the System, in addition to all other payments required under
2 this Section and in accordance with guidelines established by
3 the System, the present value of the increase in benefits
4 resulting from the portion of the increase in salary that is in
5 excess of 6%. This present value shall be computed by the
6 System on the basis of the actuarial assumptions and tables
7 used in the most recent actuarial valuation of the System that
8 is available at the time of the computation. If a teacher's
9 salary for the 2005-2006 school year is used to determine final
10 average salary under this subsection (f), then the changes made
11 to this subsection (f) by Public Act 94-1057 shall apply in
12 calculating whether the increase in his or her salary is in
13 excess of 6%. For the purposes of this Section, change in
14 employment under Section 10-21.12 of the School Code on or
15 after June 1, 2005 shall constitute a change in employer. The
16 System may require the employer to provide any pertinent
17 information or documentation. The changes made to this
18 subsection (f) by this amendatory Act of the 94th General
19 Assembly apply without regard to whether the teacher was in
20 service on or after its effective date.

21 Whenever it determines that a payment is or may be required
22 under this subsection, the System shall calculate the amount of
23 the payment and bill the employer for that amount. The bill
24 shall specify the calculations used to determine the amount
25 due. If the employer disputes the amount of the bill, it may,
26 within 30 days after receipt of the bill, apply to the System

1 in writing for a recalculation. The application must specify in
2 detail the grounds of the dispute and, if the employer asserts
3 that the calculation is subject to subsection (g) or (h) of
4 this Section, must include an affidavit setting forth and
5 attesting to all facts within the employer's knowledge that are
6 pertinent to the applicability of that subsection. Upon
7 receiving a timely application for recalculation, the System
8 shall review the application and, if appropriate, recalculate
9 the amount due.

10 The employer contributions required under this subsection
11 (f) may be paid in the form of a lump sum within 90 days after
12 receipt of the bill. If the employer contributions are not paid
13 within 90 days after receipt of the bill, then interest will be
14 charged at a rate equal to the System's annual actuarially
15 assumed rate of return on investment compounded annually from
16 the 91st day after receipt of the bill. Payments must be
17 concluded within 3 years after the employer's receipt of the
18 bill.

19 (f-1) Beginning in fiscal year 2019, if a contract or
20 collective bargaining agreement entered into, amended, or
21 renewed on or after the effective date of this amendatory Act
22 of the 100th General Assembly provides for salaries to exceed
23 the salaries provided under the preceding contract or
24 collective bargaining agreement, then the employer shall pay to
25 the System, in addition to all other payments required under
26 this Section and in accordance with guidelines established by

1 the System, the current value of the projected amount of the
2 increase in benefits, as determined by the System and
3 reflecting whether the teachers covered under the contract or
4 collective bargaining agreement are Tier 1 members or Tier 2
5 members, resulting from the portion of the salaries that exceed
6 the amount of the salaries provided under the preceding
7 contract or collective bargaining agreement. The System may
8 require the employer to provide any pertinent information or
9 documentation.

10 Whenever it determines that a payment is or may be required
11 under this subsection (f-1), the System shall calculate the
12 amount of the payment and bill the employer for that amount.
13 The bill shall specify the calculations used to determine the
14 amount due. If the employer disputes the amount of the bill, it
15 may, within 30 days after receipt of the bill, apply to the
16 System in writing for a recalculation. The application must
17 specify in detail the grounds of the dispute. Upon receiving a
18 timely application for recalculation, the System shall review
19 the application and, if appropriate, recalculate the amount
20 due.

21 The employer contributions required under this subsection
22 (f-1) may be paid in the form of a lump sum within 90 days after
23 receipt of the bill. If the employer contributions are not paid
24 within 90 days after receipt of the bill, then interest shall
25 be charged at a rate equal to the System's annual actuarially
26 assumed rate of return on investment compounded annually from

1 the 91st day after receipt of the bill. Payments must be
2 concluded within 3 years after the employer's receipt of the
3 bill.

4 (g) This subsection (g) applies only to payments made or
5 salary increases given on or after June 1, 2005 but before July
6 1, 2011. The changes made by Public Act 94-1057 shall not
7 require the System to refund any payments received before July
8 31, 2006 (the effective date of Public Act 94-1057).

9 When assessing payment for any amount due under subsection
10 (f), the System shall exclude salary increases paid to teachers
11 under contracts or collective bargaining agreements entered
12 into, amended, or renewed before June 1, 2005.

13 When assessing payment for any amount due under subsection
14 (f), the System shall exclude salary increases paid to a
15 teacher at a time when the teacher is 10 or more years from
16 retirement eligibility under Section 16-132 or 16-133.2.

17 When assessing payment for any amount due under subsection
18 (f), the System shall exclude salary increases resulting from
19 overload work, including summer school, when the school
20 district has certified to the System, and the System has
21 approved the certification, that (i) the overload work is for
22 the sole purpose of classroom instruction in excess of the
23 standard number of classes for a full-time teacher in a school
24 district during a school year and (ii) the salary increases are
25 equal to or less than the rate of pay for classroom instruction
26 computed on the teacher's current salary and work schedule.

1 When assessing payment for any amount due under subsection
2 (f), the System shall exclude a salary increase resulting from
3 a promotion (i) for which the employee is required to hold a
4 certificate or supervisory endorsement issued by the State
5 Teacher Certification Board that is a different certification
6 or supervisory endorsement than is required for the teacher's
7 previous position and (ii) to a position that has existed and
8 been filled by a member for no less than one complete academic
9 year and the salary increase from the promotion is an increase
10 that results in an amount no greater than the lesser of the
11 average salary paid for other similar positions in the district
12 requiring the same certification or the amount stipulated in
13 the collective bargaining agreement for a similar position
14 requiring the same certification.

15 When assessing payment for any amount due under subsection
16 (f), the System shall exclude any payment to the teacher from
17 the State of Illinois or the State Board of Education over
18 which the employer does not have discretion, notwithstanding
19 that the payment is included in the computation of final
20 average salary.

21 (h) When assessing payment for any amount due under
22 subsection (f), the System shall exclude any salary increase
23 described in subsection (g) of this Section given on or after
24 July 1, 2011 but before July 1, 2014 under a contract or
25 collective bargaining agreement entered into, amended, or
26 renewed on or after June 1, 2005 but before July 1, 2011.

1 Notwithstanding any other provision of this Section, any
2 payments made or salary increases given after June 30, 2014
3 shall be used in assessing payment for any amount due under
4 subsection (f) of this Section.

5 (i) The System shall prepare a report and file copies of
6 the report with the Governor and the General Assembly by
7 January 1, 2007 that contains all of the following information:

8 (1) The number of recalculations required by the
9 changes made to this Section by Public Act 94-1057 for each
10 employer.

11 (2) The dollar amount by which each employer's
12 contribution to the System was changed due to
13 recalculations required by Public Act 94-1057.

14 (3) The total amount the System received from each
15 employer as a result of the changes made to this Section by
16 Public Act 94-4.

17 (4) The increase in the required State contribution
18 resulting from the changes made to this Section by Public
19 Act 94-1057.

20 (j) For purposes of determining the required State
21 contribution to the System, the value of the System's assets
22 shall be equal to the actuarial value of the System's assets,
23 which shall be calculated as follows:

24 As of June 30, 2008, the actuarial value of the System's
25 assets shall be equal to the market value of the assets as of
26 that date. In determining the actuarial value of the System's

1 assets for fiscal years after June 30, 2008, any actuarial
2 gains or losses from investment return incurred in a fiscal
3 year shall be recognized in equal annual amounts over the
4 5-year period following that fiscal year.

5 (k) For purposes of determining the required State
6 contribution to the system for a particular year, the actuarial
7 value of assets shall be assumed to earn a rate of return equal
8 to the system's actuarially assumed rate of return.

9 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
10 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
11 6-18-12; 97-813, eff. 7-13-12; 98-674, eff. 6-30-14.)

12 (40 ILCS 5/16-190.5 new)

13 Sec. 16-190.5. Accelerated pension benefit payment.

14 (a) As used in this Section:

15 "Eligible person" means a person who:

16 (1) has terminated service;

17 (2) has accrued sufficient service credit to be
18 eligible to receive a retirement annuity under this
19 Article;

20 (3) has not received any retirement annuity under this
21 Article; and

22 (4) does not have a QILDRO in effect against him or her
23 under this Article.

24 "Pension benefit" means the benefits under this Article, or
25 Article 1 as it relates to those benefits, including any

1 anticipated annual increases, that an eligible person is
2 entitled to upon attainment of the applicable retirement age.
3 "Pension benefit" also includes applicable survivor's or
4 disability benefits.

5 (b) Before January 1, 2018, the System shall calculate,
6 using actuarial tables and other assumptions adopted by the
7 Board, the net present value of pension benefits for each
8 eligible person and shall offer each eligible person the
9 opportunity to irrevocably elect to receive an amount
10 determined by the System to be equal to 70% of the net present
11 value of his or her pension benefits in lieu of receiving any
12 pension benefit. The offer shall specify the dollar amount that
13 the eligible person will receive if he or she so elects and
14 shall expire when a subsequent offer is made to an eligible
15 person. The System shall make a good faith effort to contact
16 every eligible person to notify him or her of the election and
17 of the amount of the accelerated pension benefit payment.

18 Beginning January 1, 2018 and until July 1, 2018, an
19 eligible person may irrevocably elect to receive an accelerated
20 pension benefit payment in the amount that the System offers
21 under this subsection in lieu of receiving any pension benefit.
22 A person who elects to receive an accelerated pension benefit
23 payment under this Section may not elect to proceed under the
24 Retirement Systems Reciprocal Act with respect to service under
25 this Article.

26 (c) A person's credits and creditable service under this

1 Article shall be terminated upon the person's receipt of an
2 accelerated pension benefit payment under this Section, and no
3 other benefit shall be paid under this Article based on those
4 terminated credits and creditable service, including any
5 retirement, survivor, or other benefit; except that to the
6 extent that participation, benefits, or premiums under the
7 State Employees Group Insurance Act of 1971 are based on the
8 amount of service credit, the terminated service credit shall
9 be used for that purpose.

10 (d) If a person who has received an accelerated pension
11 benefit payment under this Section returns to active service
12 under this Article, then:

13 (1) Any benefits under the System earned as a result of
14 that return to active service shall be based solely on the
15 person's credits and creditable service arising from the
16 return to active service.

17 (2) The accelerated pension benefit payment may not be
18 repaid to the System, and the terminated credits and
19 creditable service may not under any circumstances be
20 reinstated.

21 (e) As a condition of receiving an accelerated pension
22 benefit payment, an eligible person must have another
23 retirement plan or account qualified under the Internal Revenue
24 Code of 1986, as amended, for the accelerated pension benefit
25 payment to be rolled into. The accelerated pension benefit
26 payment under this Section may be subject to withholding or

1 payment of applicable taxes, but to the extent permitted by
2 federal law, a person who receives an accelerated pension
3 benefit payment under this Section must direct the System to
4 pay all of that payment as a rollover into another retirement
5 plan or account qualified under the Internal Revenue Code of
6 1986, as amended.

7 (f) Before January 1, 2019, the Board shall certify to the
8 Illinois Finance Authority and the General Assembly the amount
9 by which the total amount of accelerated pension benefit
10 payments made under this Section exceed the amount appropriated
11 to the System for the purpose of making those payments.

12 (g) The Board shall adopt any rules necessary to implement
13 this Section.

14 (h) No provision of this Section shall be interpreted in a
15 way that would cause the applicable System to cease to be a
16 qualified plan under the Internal Revenue Code of 1986.

17 (40 ILCS 5/16-203)

18 (Text of Section WITHOUT the changes made by P.A. 98-599,
19 which has been held unconstitutional)

20 Sec. 16-203. Application and expiration of new benefit
21 increases.

22 (a) As used in this Section, "new benefit increase" means
23 an increase in the amount of any benefit provided under this
24 Article, or an expansion of the conditions of eligibility for
25 any benefit under this Article, that results from an amendment

1 to this Code that takes effect after June 1, 2005 (the
2 effective date of Public Act 94-4). "New benefit increase",
3 however, does not include any benefit increase resulting from
4 the changes made to this Article by Public Act 95-910 or this
5 amendatory Act of the 100th General Assembly ~~this amendatory~~
6 ~~Act of the 95th General Assembly~~.

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

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

16 Every new benefit increase is contingent upon the General
17 Assembly providing the additional funding required under this
18 subsection. The Commission on Government Forecasting and
19 Accountability shall analyze whether adequate additional
20 funding has been provided for the new benefit increase and
21 shall report its analysis to the Public Pension Division of the
22 Department of Financial and Professional Regulation. A new
23 benefit increase created by a Public Act that does not include
24 the additional funding required under this subsection is null
25 and void. If the Public Pension Division determines that the
26 additional funding provided for a new benefit increase under

1 this subsection is or has become inadequate, it may so certify
2 to the Governor and the State Comptroller and, in the absence
3 of corrective action by the General Assembly, the new benefit
4 increase shall expire at the end of the fiscal year in which
5 the certification is made.

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

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

22 (Source: P.A. 94-4, eff. 6-1-05; 95-910, eff. 8-26-08.)

23 (40 ILCS 5/16-205.5 new)

24 Sec. 16-205.5. Tier 3 plan.

25 (a) By July 1, 2018, the System shall prepare and implement

1 a Tier 3 plan. The Tier 3 plan developed under this Section
2 shall be a plan that aggregates State and employee
3 contributions in individual participant accounts which, after
4 meeting any other requirements, are used for payouts after
5 retirement in accordance with this Section and any other
6 applicable laws. In developing, preparing, and implementing
7 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
8 the System shall utilize the framework of the self-managed plan
9 offered under Article 15 and shall endeavor to adapt the
10 benefits and structure of the self-managed plan. The System
11 shall consult with the State Universities Retirement System in
12 developing the Tier 3 plan.

13 As used in this Section, "defined benefit plan" means the
14 retirement plan available under this Article to Tier 1 or Tier
15 2 members who have not made the election authorized under this
16 Section.

17 (1) All persons who begin to participate in this System
18 on or after July 1, 2018 shall participate in the Tier 3
19 plan rather than the defined benefit plan.

20 (2) A participant in the Tier 3 plan shall pay employee
21 contributions at a rate of 8% of salary.

22 (3) State contributions shall be paid into the accounts
23 of all participants in the Tier 3 plan at a rate of 7.6% of
24 salary, less the amount determined annually by the Board to
25 cover the cost of offering the defined disability benefits
26 available to other participants under this Article if the

1 Tier 3 plan offers such benefits.

2 (4) The Tier 3 plan shall require one year of
3 participation in the Tier 3 plan before vesting in State
4 contributions. If the participant fails to vest in them,
5 the State contributions, and the earnings thereon, shall be
6 forfeited.

7 (5) The Tier 3 plan may provide for participants in the
8 plan to be eligible for the defined disability benefits
9 available to other participants under this Article. If it
10 does, the System shall reduce the employee contributions
11 credited to the member's Tier 3 plan account by an amount
12 determined by the System to cover the cost of offering such
13 benefits.

14 (6) The Tier 3 plan shall provide a variety of options
15 for investments. These options shall include investments
16 in a fund created by the System and managed in accordance
17 with legal and fiduciary standards, as well as investment
18 options otherwise available.

19 (7) The Tier 3 plan shall provide a variety of options
20 for payouts to participants in the Tier 3 plan who are no
21 longer active in the System and their survivors.

22 (8) To the extent authorized under federal law and as
23 authorized by the System, the plan shall allow former
24 participants in the plan to transfer or roll over employee
25 and vested State contributions, and the earnings thereon,
26 from the Tier 3 plan into other qualified retirement plans.

1 (9) The System shall reduce the employee contributions
2 credited to the member's Tier 3 plan account by an amount
3 determined by the System to cover the cost of offering
4 these benefits and any applicable administrative fees.

5 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
6 member of this System may elect, in writing, to cease accruing
7 benefits in the defined benefit plan and begin accruing
8 benefits for future service in the Tier 3 plan. An active Tier
9 1 or Tier 2 member who elects to cease accruing benefits in his
10 or her defined benefit plan shall be prohibited from purchasing
11 service credit on or after the date of his or her election. A
12 Tier 1 or Tier 2 member making the irrevocable election
13 provided under this subsection shall not receive interest
14 accruals to his or her benefit under paragraph (A) of
15 subsection (a) of Section 16-133 of this Code on or after the
16 date of his or her election. The election to participate in the
17 Tier 3 plan is voluntary and irrevocable.

18 (1) Service credit under the Tier 3 plan may be used
19 for determining retirement eligibility under the defined
20 benefit plan.

21 (2) The System shall make a good faith effort to
22 contact all active Tier 1 and Tier 2 members who are
23 eligible to participate in the Tier 3 plan. The System
24 shall mail information describing the option to join the
25 Tier 3 plan to each of these employees to his or her last
26 known address on file with the System. If the employee is

1 not responsive to other means of contact, it is sufficient
2 for the System to publish the details of the option on its
3 website.

4 (3) Upon request for further information describing
5 the option, the System shall provide employees with
6 information from the System before exercising the option to
7 join the plan, including information on the impact to their
8 benefits and service. The individual consultation shall
9 include projections of the member's defined benefits at
10 retirement or earlier termination of service and the value
11 of the member's account at retirement or earlier
12 termination of service. The System shall not provide advice
13 or counseling with respect to whether the employee should
14 exercise the option. The System shall inform Tier 1 and
15 Tier 2 members who are eligible to participate in the Tier
16 3 plan that they may also wish to obtain information and
17 counsel relating to their option from any other available
18 source, including but not limited to labor organizations,
19 private counsel, and financial advisors.

20 (b-5) A Tier 1 or Tier 2 member who elects to participate
21 in the Tier 3 plan may irrevocably elect to terminate all
22 participation in the defined benefit plan. Upon that election,
23 the System shall transfer to the member's individual account an
24 amount equal to the amount of contribution refund that the
25 member would be eligible to receive if the member terminated
26 employment on that date and elected a refund of contributions,

1 including regular interest for the respective years. The System
2 shall make the transfer as a tax free transfer in accordance
3 with Internal Revenue Service guidelines, for purposes of
4 funding the amount credited to the member's individual account.

5 (c) In no event shall the System, its staff, its authorized
6 representatives, or the Board be liable for any information
7 given to an employee under this Section. The System may
8 coordinate with the Illinois Department of Central Management
9 Services and other retirement systems administering a Tier 3
10 plan in accordance with this amendatory Act of the 100th
11 General Assembly to provide information concerning the impact
12 of the Tier 3 plan set forth in this Section.

13 (d) Notwithstanding any other provision of this Section, no
14 person shall begin participating in the Tier 3 plan until it
15 has attained qualified plan status and received all necessary
16 approvals from the U.S. Internal Revenue Service.

17 (e) The System shall report on its progress under this
18 Section, including the available details of the Tier 3 plan and
19 the System's plans for informing eligible Tier 1 and Tier 2
20 members about the plan, to the Governor and the General
21 Assembly on or before January 15, 2018.

22 (40 ILCS 5/18-110.1 new)

23 Sec. 18-110.1. Tier 1 participant. "Tier 1 participant": A
24 participant who first became a participant of this System
25 before January 1, 2011.

1 In the case of a Tier 1 participant who elects to
2 participate in the Tier 3 plan under Section 18-121.5 of this
3 Code, that Tier 1 participant shall be deemed a Tier 1
4 participant only with respect to service performed or
5 established before the effective date of that election.

6 (40 ILCS 5/18-110.2 new)

7 Sec. 18-110.2. Tier 2 participant. "Tier 2 participant": A
8 participant who first becomes a participant of this System on
9 or after January 1, 2011.

10 In the case of a Tier 2 participant who elects to
11 participate in the Tier 3 plan under Section 18-121.5 of this
12 Code, that Tier 2 participant shall be deemed a Tier 2
13 participant only with respect to service performed or
14 established before the effective date of that election.

15 (40 ILCS 5/18-110.3 new)

16 Sec. 18-110.3. Tier 3 participant. "Tier 3 participant": A
17 participant who first becomes a participant of this System on
18 or after July 1, 2018 or a Tier 1 or Tier 2 participant who
19 elects to participate in the Tier 3 plan under Section 18-121.5
20 of this Code, but only with respect to service performed on or
21 after the effective date of that election.

22 (40 ILCS 5/18-120) (from Ch. 108 1/2, par. 18-120)

23 Sec. 18-120. Employee participation.

1 (a) Except as provided in subsection (b), an ~~An~~ eligible
2 judge who is not a participant shall become a participant
3 beginning on the date he or she becomes an eligible judge,
4 unless the judge files with the board a written notice of
5 election not to participate within 30 days of the date of being
6 notified of the option.

7 A person electing not to participate shall thereafter be
8 ineligible to become a participant unless the election is
9 revoked as provided in Section 18-121.

10 (b) Notwithstanding any other provision of this Article, an
11 active participant may terminate his or her participation in
12 this System (including active participation in the Tier 3 plan,
13 if applicable) by notifying the System in writing. An active
14 participant terminating participation in this System under
15 this subsection shall be entitled to a refund of his or her
16 contributions (other than contributions to the Tier 3 plan
17 under Section 18-121.5) minus the benefits received prior to
18 the termination of participation.

19 (Source: P.A. 83-1440.)

20 (40 ILCS 5/18-121.5 new)

21 Sec. 18-121.5. Tier 3 plan.

22 (a) By July 1, 2018, the System shall prepare and implement
23 a Tier 3 plan. The Tier 3 plan developed under this Section
24 shall be a plan that aggregates State and employee
25 contributions in individual participant accounts which, after

1 meeting any other requirements, are used for payouts after
2 retirement in accordance with this Section and any other
3 applicable laws. In developing, preparing, and implementing
4 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
5 the System shall utilize the framework of the self-managed plan
6 offered under Article 15 and shall endeavor to adapt the
7 benefits and structure of the self-managed plan. The System
8 shall consult with the State Universities Retirement System in
9 developing the Tier 3 plan.

10 As used in this Section, "defined benefit plan" means the
11 retirement plan available under this Article to Tier 1 or Tier
12 2 participants who have not made the election authorized under
13 this Section.

14 (1) All persons who begin to participate in this System
15 on or after July 1, 2018 shall participate in the Tier 3
16 plan rather than the defined benefit plan.

17 (2) A participant in the Tier 3 plan shall pay employee
18 contributions at a rate of 8% of salary.

19 (3) State contributions shall be paid into the accounts
20 of all participants in the Tier 3 plan at a rate of 7.6% of
21 salary, less the amount determined annually by the Board to
22 cover the cost of offering the defined disability benefits
23 available to other participants under this Article if the
24 Tier 3 plan offers such benefits.

25 (4) The Tier 3 plan shall require one year of
26 participation in the Tier 3 plan before vesting in State

1 contributions. If the participant fails to vest in them,
2 the State contributions, and the earnings thereon, shall be
3 forfeited.

4 (5) The Tier 3 plan may provide for participants in the
5 plan to be eligible for defined disability benefits. If it
6 does, the System shall reduce the employee contributions
7 credited to the participant's Tier 3 plan account by an
8 amount determined by the System to cover the cost of
9 offering such benefits.

10 (6) The Tier 3 plan shall provide a variety of options
11 for investments. These options shall include investments
12 handled by the Illinois State Board of Investment as well
13 as private sector investment options.

14 (7) The Tier 3 plan shall provide a variety of options
15 for payouts to participants in the Tier 3 plan who are no
16 longer active in the System and their survivors.

17 (8) To the extent authorized under federal law and as
18 authorized by the System, the plan shall allow former
19 participants in the plan to transfer or roll over employee
20 and vested State contributions, and the earnings thereon,
21 into other qualified retirement plans.

22 (9) The System shall reduce the employee contributions
23 credited to the participant's Tier 3 plan account by an
24 amount determined by the System to cover the cost of
25 offering these benefits and any applicable administrative
26 fees.

1 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
2 participant of this System may elect, in writing, to cease
3 accruing benefits in the defined benefit plan and begin
4 accruing benefits for future service in the Tier 3 plan. The
5 election to participate in the Tier 3 plan is voluntary and
6 irrevocable.

7 (1) Service credit under the Tier 3 plan may be used
8 for determining retirement eligibility under the defined
9 benefit plan.

10 (2) The System shall make a good faith effort to
11 contact all active Tier 1 and Tier 2 participants who are
12 eligible to participate in the Tier 3 plan. The System
13 shall mail information describing the option to join the
14 Tier 3 plan to each of these employees to his or her last
15 known address on file with the System. If the employee is
16 not responsive to other means of contact, it is sufficient
17 for the System to publish the details of the option on its
18 website.

19 (3) Upon request for further information describing
20 the option, the System shall provide employees with
21 information from the System before exercising the option to
22 join the plan, including information on the impact to their
23 benefits and service. The individual consultation shall
24 include projections of the participant's defined benefits
25 at retirement or earlier termination of service and the
26 value of the participant's account at retirement or earlier

1 termination of service. The System shall not provide advice
2 or counseling with respect to whether the employee should
3 exercise the option. The System shall inform Tier 1 and
4 Tier 2 participants who are eligible to participate in the
5 Tier 3 plan that they may also wish to obtain information
6 and counsel relating to their option from any other
7 available source, including but not limited to private
8 counsel and financial advisors.

9 (b-5) A Tier 1 or Tier 2 participant who elects to
10 participate in the Tier 3 plan may irrevocably elect to
11 terminate all participation in the defined benefit plan. Upon
12 that election, the System shall transfer to the participant's
13 individual account an amount equal to the amount of
14 contribution refund that the participant would be eligible to
15 receive if the participant terminated employment on that date
16 and elected a refund of contributions, including interest at
17 the prescribed rate of interest for the respective years. The
18 System shall make the transfer as a tax free transfer in
19 accordance with Internal Revenue Service guidelines, for
20 purposes of funding the amount credited to the participant's
21 individual account.

22 (c) In no event shall the System, its staff, its authorized
23 representatives, or the Board be liable for any information
24 given to an employee under this Section. The System may
25 coordinate with the Illinois Department of Central Management
26 Services and other retirement systems administering a Tier 3

1 plan in accordance with this amendatory Act of the 100th
2 General Assembly to provide information concerning the impact
3 of the Tier 3 plan set forth in this Section.

4 (d) Notwithstanding any other provision of this Section, no
5 person shall begin participating in the Tier 3 plan until it
6 has attained qualified plan status and received all necessary
7 approvals from the U.S. Internal Revenue Service.

8 (e) The System shall report on its progress under this
9 Section, including the available details of the Tier 3 plan and
10 the System's plans for informing eligible Tier 1 and Tier 2
11 participants about the plan, to the Governor and the General
12 Assembly on or before January 15, 2018.

13 (f) The Illinois State Board of Investment shall be the
14 plan sponsor for the Tier 3 plan established under this
15 Section.

16 (40 ILCS 5/18-124) (from Ch. 108 1/2, par. 18-124)

17 Sec. 18-124. Retirement annuities - conditions for
18 eligibility.

19 (a) This subsection (a) applies to a Tier 1 participant ~~who~~
20 ~~first serves as a judge before the effective date of this~~
21 ~~amendatory Act of the 96th General Assembly.~~

22 A participant whose employment as a judge is terminated,
23 regardless of age or cause is entitled to a retirement annuity
24 beginning on the date specified in a written application
25 subject to the following:

1 (1) the date the annuity begins is subsequent to the
2 date of final termination of employment, or the date 30
3 days prior to the receipt of the application by the board
4 for annuities based on disability, or one year before the
5 receipt of the application by the board for annuities based
6 on attained age;

7 (2) the participant is at least age 55, or has become
8 permanently disabled and as a consequence is unable to
9 perform the duties of his or her office;

10 (3) the participant has at least 10 years of service
11 credit except that a participant terminating service after
12 June 30 1975, with at least 6 years of service credit,
13 shall be entitled to a retirement annuity at age 62 or
14 over;

15 (4) the participant is not receiving or entitled to
16 receive, at the date of retirement, any salary from an
17 employer for service currently performed.

18 (b) This subsection (b) applies to a Tier 2 participant ~~who~~
19 ~~first serves as a judge on or after the effective date of this~~
20 ~~amendatory Act of the 96th General Assembly.~~

21 A participant who has at least 8 years of creditable
22 service is entitled to a retirement annuity when he or she has
23 attained age 67.

24 A member who has attained age 62 and has at least 8 years
25 of service credit may elect to receive the lower retirement
26 annuity provided in subsection (d) of Section 18-125 of this

1 Code.

2 (Source: P.A. 96-889, eff. 1-1-11.)

3 (40 ILCS 5/18-125) (from Ch. 108 1/2, par. 18-125)

4 Sec. 18-125. Retirement annuity amount.

5 (a) The annual retirement annuity for a participant who
6 terminated service as a judge prior to July 1, 1971 shall be
7 based on the law in effect at the time of termination of
8 service.

9 (b) Except as provided in subsection (b-5), effective July
10 1, 1971, the retirement annuity for any participant in service
11 on or after such date shall be 3 1/2% of final average salary,
12 as defined in this Section, for each of the first 10 years of
13 service, and 5% of such final average salary for each year of
14 service in ~~on~~ excess of 10.

15 For purposes of this Section, final average salary for a
16 Tier 1 participant who first serves as a judge before August
17 10, 2009 (the effective date of Public Act 96-207) shall be:

18 (1) the average salary for the last 4 years of credited
19 service as a judge for a participant who terminates service
20 before July 1, 1975.

21 (2) for a participant who terminates service after June
22 30, 1975 and before July 1, 1982, the salary on the last
23 day of employment as a judge.

24 (3) for any participant who terminates service after
25 June 30, 1982 and before January 1, 1990, the average

1 salary for the final year of service as a judge.

2 (4) for a participant who terminates service on or
3 after January 1, 1990 but before July 14, 1995 (the
4 effective date of Public Act 89-136) ~~this amendatory Act of~~
5 ~~1995~~, the salary on the last day of employment as a judge.

6 (5) for a participant who terminates service on or
7 after July 14, 1995 (the effective date of Public Act
8 89-136) ~~this amendatory Act of 1995~~, the salary on the last
9 day of employment as a judge, or the highest salary
10 received by the participant for employment as a judge in a
11 position held by the participant for at least 4 consecutive
12 years, whichever is greater.

13 However, in the case of a participant who elects to
14 discontinue contributions as provided in subdivision (a) (2) of
15 Section 18-133, the time of such election shall be considered
16 the last day of employment in the determination of final
17 average salary under this subsection.

18 For a Tier 1 participant who first serves as a judge on or
19 after August 10, 2009 (the effective date of Public Act 96-207)
20 ~~and before January 1, 2011 (the effective date of Public Act~~
21 ~~96-889)~~, final average salary shall be the average monthly
22 salary obtained by dividing the total salary of the participant
23 during the period of: (1) the 48 consecutive months of service
24 within the last 120 months of service in which the total
25 compensation was the highest, or (2) the total period of
26 service, if less than 48 months, by the number of months of

1 service in that period.

2 The maximum retirement annuity for any participant shall be
3 85% of final average salary.

4 (b-5) Notwithstanding any other provision of this Article,
5 for a Tier 2 participant ~~who first serves as a judge on or~~
6 ~~after January 1, 2011 (the effective date of Public Act~~
7 ~~96-889)~~, the annual retirement annuity is 3% of the
8 participant's final average salary for each year of service.
9 The maximum retirement annuity payable shall be 60% of the
10 participant's final average salary.

11 For a Tier 2 participant ~~who first serves as a judge on or~~
12 ~~after January 1, 2011 (the effective date of Public Act~~
13 ~~96-889)~~, final average salary shall be the average monthly
14 salary obtained by dividing the total salary of the judge
15 during the 96 consecutive months of service within the last 120
16 months of service in which the total salary was the highest by
17 the number of months of service in that period; however,
18 beginning January 1, 2011, the annual salary may not exceed
19 \$106,800, except that that amount shall annually thereafter be
20 increased by the lesser of (i) 3% of that amount, including all
21 previous adjustments, or (ii) the annual unadjusted percentage
22 increase (but not less than zero) in the consumer price index-u
23 for the 12 months ending with the September preceding each
24 November 1. "Consumer price index-u" means the index published
25 by the Bureau of Labor Statistics of the United States
26 Department of Labor that measures the average change in prices

1 of goods and services purchased by all urban consumers, United
2 States city average, all items, 1982-84 = 100. The new amount
3 resulting from each annual adjustment shall be determined by
4 the Public Pension Division of the Department of Insurance and
5 made available to the Board by November 1st of each year.

6 (c) The retirement annuity for a participant who retires
7 prior to age 60 with less than 28 years of service in the
8 System shall be reduced $1/2$ of 1% for each month that the
9 participant's age is under 60 years at the time the annuity
10 commences. However, for a participant who retires on or after
11 December 10, 1999 (the effective date of Public Act 91-653)
12 ~~this amendatory Act of the 91st General Assembly~~, the
13 percentage reduction in retirement annuity imposed under this
14 subsection shall be reduced by $5/12$ of 1% for every month of
15 service in this System in excess of 20 years, and therefore a
16 participant with at least 26 years of service in this System
17 may retire at age 55 without any reduction in annuity.

18 The reduction in retirement annuity imposed by this
19 subsection shall not apply in the case of retirement on account
20 of disability.

21 (d) Notwithstanding any other provision of this Article,
22 for a Tier 2 participant ~~who first serves as a judge on or~~
23 ~~after January 1, 2011 (the effective date of Public Act 96-889)~~
24 ~~and~~ who is retiring after attaining age 62, the retirement
25 annuity shall be reduced by $1/2$ of 1% for each month that the
26 participant's age is under age 67 at the time the annuity

1 commences.

2 (Source: P.A. 96-207, eff. 8-10-09; 96-889, eff. 1-1-11;
3 96-1000, eff. 7-2-10; 96-1490, eff. 1-1-11; revised 9-9-16.)

4 (40 ILCS 5/18-125.1) (from Ch. 108 1/2, par. 18-125.1)

5 Sec. 18-125.1. Automatic increase in retirement annuity. A
6 participant who retires from service after June 30, 1969,
7 shall, in January of the year next following the year in which
8 the first anniversary of retirement occurs, and in January of
9 each year thereafter, have the amount of his or her originally
10 granted retirement annuity increased as follows: for each year
11 up to and including 1971, 1 1/2%; for each year from 1972
12 through 1979 inclusive, 2%; and for 1980 and each year
13 thereafter, 3%.

14 Notwithstanding any other provision of this Article, a
15 retirement annuity for a Tier 2 participant ~~who first serves as~~
16 ~~a judge on or after January 1, 2011 (the effective date of~~
17 ~~Public Act 96-889)~~ shall be increased in January of the year
18 next following the year in which the first anniversary of
19 retirement occurs, but in no event prior to age 67, and in
20 January of each year thereafter, by an amount equal to 3% or
21 the annual percentage increase in the consumer price index-u as
22 determined by the Public Pension Division of the Department of
23 Insurance under subsection (b-5) of Section 18-125, whichever
24 is less, of the retirement annuity then being paid.

25 This Section is not applicable to a participant who retires

1 before he or she has made contributions at the rate prescribed
2 in Section 18-133 for automatic increases for not less than the
3 equivalent of one full year, unless such a participant arranges
4 to pay the system the amount required to bring the total
5 contributions for the automatic increase to the equivalent of
6 one year's contribution based upon his or her last year's
7 salary.

8 This Section is applicable to all participants (other than
9 Tier 3 participants who do not have any service credit as a
10 Tier 1 or Tier 2 participant) in service after June 30, 1969
11 unless a participant has elected, prior to September 1, 1969,
12 in a written direction filed with the board not to be subject
13 to the provisions of this Section. Any participant in service
14 on or after July 1, 1992 shall have the option of electing
15 prior to April 1, 1993, in a written direction filed with the
16 board, to be covered by the provisions of the 1969 amendatory
17 Act. Such participant shall be required to make the aforesaid
18 additional contributions with compound interest at 4% per
19 annum.

20 Any participant who has become eligible to receive the
21 maximum rate of annuity and who resumes service as a judge
22 after receiving a retirement annuity under this Article shall
23 have the amount of his or her retirement annuity increased by
24 3% of the originally granted annuity amount for each year of
25 such resumed service, beginning in January of the year next
26 following the date of such resumed service, upon subsequent

1 termination of such resumed service.

2 Beginning January 1, 1990, all automatic annual increases
3 payable under this Section shall be calculated as a percentage
4 of the total annuity payable at the time of the increase,
5 including previous increases granted under this Article.

6 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

7 (40 ILCS 5/18-127) (from Ch. 108 1/2, par. 18-127)

8 Sec. 18-127. Retirement annuity - suspension on
9 reemployment.

10 (a) A participant receiving a retirement annuity who is
11 regularly employed for compensation by an employer other than a
12 county, in any capacity, shall have his or her retirement
13 annuity payments suspended during such employment. Upon
14 termination of such employment, retirement annuity payments at
15 the previous rate shall be resumed.

16 If such a participant resumes service as a judge, he or she
17 shall receive credit for any additional service. Upon
18 subsequent retirement, his or her retirement annuity shall be
19 the amount previously granted, plus the amount earned by the
20 additional judicial service under the provisions in effect
21 during the period of such additional service. However, if the
22 participant was receiving the maximum rate of annuity at the
23 time of re-employment, he or she may elect, in a written
24 direction filed with the board, not to receive any additional
25 service credit during the period of re-employment. In such

1 case, contributions shall not be required during the period of
2 re-employment. Any such election shall be irrevocable.

3 (b) Beginning January 1, 1991, any participant receiving a
4 retirement annuity who accepts temporary employment from an
5 employer other than a county for a period not exceeding 75
6 working days in any calendar year shall not be deemed to be
7 regularly employed for compensation or to have resumed service
8 as a judge for the purposes of this Article. A day shall be
9 considered a working day if the annuitant performs on it any of
10 his duties under the temporary employment agreement.

11 (c) Except as provided in subsection (a), beginning January
12 1, 1993, retirement annuities shall not be subject to
13 suspension upon resumption of employment for an employer, and
14 any retirement annuity that is then so suspended shall be
15 reinstated on that date.

16 (d) The changes made in this Section by this amendatory Act
17 of 1993 shall apply to judges no longer in service on its
18 effective date, as well as to judges serving on or after that
19 date.

20 (e) A participant receiving a retirement annuity under this
21 Article who serves as a part-time employee in any of the
22 following positions: Legislative Inspector General, Special
23 Legislative Inspector General, employee of the Office of the
24 Legislative Inspector General, Executive Director of the
25 Legislative Ethics Commission, or staff of the Legislative
26 Ethics Commission, but has not elected to participate in the

1 Article 14 System with respect to that service, shall not be
2 deemed to be regularly employed for compensation by an employer
3 other than a county, nor to have resumed service as a judge, on
4 the basis of that service, and the retirement annuity payments
5 and other benefits of that person under this Code shall not be
6 suspended, diminished, or otherwise impaired solely as a
7 consequence of that service. This subsection (e) applies
8 without regard to whether the person is in service as a judge
9 under this Article on or after the effective date of this
10 amendatory Act of the 93rd General Assembly. In this
11 subsection, a "part-time employee" is a person who is not
12 required to work at least 35 hours per week.

13 (f) A participant receiving a retirement annuity under this
14 Article who has made an election under Section 1-123 and who is
15 serving either as legal counsel in the Office of the Governor
16 or as Chief Deputy Attorney General shall not be deemed to be
17 regularly employed for compensation by an employer other than a
18 county, nor to have resumed service as a judge, on the basis of
19 that service, and the retirement annuity payments and other
20 benefits of that person under this Code shall not be suspended,
21 diminished, or otherwise impaired solely as a consequence of
22 that service. This subsection (f) applies without regard to
23 whether the person is in service as a judge under this Article
24 on or after the effective date of this amendatory Act of the
25 93rd General Assembly.

26 (g) Notwithstanding any other provision of this Article, if

1 a Tier 2 participant ~~person who first becomes a participant~~
2 ~~under this System on or after January 1, 2011 (the effective~~
3 ~~date of this amendatory Act of the 96th General Assembly)~~ is
4 receiving a retirement annuity under this Article and becomes a
5 member or participant under this Article or any other Article
6 of this Code and is employed on a full-time basis, then the
7 person's retirement annuity under this System shall be
8 suspended during that employment. Upon termination of that
9 employment, the person's retirement annuity shall resume and,
10 if appropriate, be recalculated under the applicable
11 provisions of this Article.

12 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

13 (40 ILCS 5/18-128.01) (from Ch. 108 1/2, par. 18-128.01)

14 Sec. 18-128.01. Amount of survivor's annuity.

15 (a) Upon the death of an annuitant, his or her surviving
16 spouse shall be entitled to a survivor's annuity of 66 2/3% of
17 the annuity the annuitant was receiving immediately prior to
18 his or her death, inclusive of annual increases in the
19 retirement annuity to the date of death.

20 (b) Upon the death of an active participant, his or her
21 surviving spouse shall receive a survivor's annuity of 66 2/3%
22 of the annuity earned by the participant as of the date of his
23 or her death, determined without regard to whether the
24 participant had attained age 60 as of that time, or 7 1/2% of
25 the last salary of the decedent, whichever is greater.

1 (c) Upon the death of a participant who had terminated
2 service with at least 10 years of service, his or her surviving
3 spouse shall be entitled to a survivor's annuity of 66 2/3% of
4 the annuity earned by the deceased participant at the date of
5 death.

6 (d) Upon the death of an annuitant, active participant, or
7 participant who had terminated service with at least 10 years
8 of service, each surviving child under the age of 18 or
9 disabled as defined in Section 18-128 shall be entitled to a
10 child's annuity in an amount equal to 5% of the decedent's
11 final salary, not to exceed in total for all such children the
12 greater of 20% of the decedent's last salary or 66 2/3% of the
13 annuity received or earned by the decedent as provided under
14 subsections (a) and (b) of this Section. This child's annuity
15 shall be paid whether or not a survivor's annuity was elected
16 under Section 18-123.

17 (e) The changes made in the survivor's annuity provisions
18 by Public Act 82-306 shall apply to the survivors of a deceased
19 participant or annuitant whose death occurs on or after August
20 21, 1981.

21 (f) Beginning January 1, 1990, every survivor's annuity
22 shall be increased (1) on each January 1 occurring on or after
23 the commencement of the annuity if the deceased member died
24 while receiving a retirement annuity, or (2) in other cases, on
25 each January 1 occurring on or after the first anniversary of
26 the commencement of the annuity, by an amount equal to 3% of

1 the current amount of the annuity, including any previous
2 increases under this Article. Such increases shall apply
3 without regard to whether the deceased member was in service on
4 or after the effective date of this amendatory Act of 1991, but
5 shall not accrue for any period prior to January 1, 1990.

6 (g) Notwithstanding any other provision of this Article,
7 the initial survivor's annuity for a survivor of a Tier 2
8 participant ~~who first serves as a judge after January 1, 2011~~
9 ~~(the effective date of Public Act 96-889)~~ shall be in the
10 amount of 66 2/3% of the annuity received or earned by the
11 decedent, and shall be increased (1) on each January 1
12 occurring on or after the commencement of the annuity if the
13 deceased participant died while receiving a retirement
14 annuity, or (2) in other cases, on each January 1 occurring on
15 or after the first anniversary of the commencement of the
16 annuity, but in no event prior to age 67, by an amount equal to
17 3% or the annual unadjusted percentage increase in the consumer
18 price index-u as determined by the Public Pension Division of
19 the Department of Insurance under subsection (b-5) of Section
20 18-125, whichever is less, of the survivor's annuity then being
21 paid.

22 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

23 (40 ILCS 5/18-133) (from Ch. 108 1/2, par. 18-133)

24 Sec. 18-133. Financing; employee contributions.

25 (a) Effective July 1, 1967, each participant is required to

1 contribute 7 1/2% of each payment of salary toward the
2 retirement annuity. Such contributions shall continue during
3 the entire time the participant is in service, with the
4 following exceptions:

5 (1) Contributions for the retirement annuity are not
6 required on salary received after 18 years of service by
7 persons who were participants before January 2, 1954.

8 (2) A participant who continues to serve as a judge
9 after becoming eligible to receive the maximum rate of
10 annuity may elect, through a written direction filed with
11 the Board, to discontinue contributing to the System. Any
12 such option elected by a judge shall be irrevocable unless
13 prior to January 1, 2000, and while continuing to serve as
14 judge, the judge (A) files with the Board a letter
15 cancelling the direction to discontinue contributing to
16 the System and requesting that such contributing resume,
17 and (B) pays into the System an amount equal to the total
18 of the discontinued contributions plus interest thereon at
19 5% per annum. Service credits earned in any other
20 "participating system" as defined in Article 20 of this
21 Code shall be considered for purposes of determining a
22 judge's eligibility to discontinue contributions under
23 this subdivision (a) (2).

24 (3) A participant who (i) has attained age 60, (ii)
25 continues to serve as a judge after becoming eligible to
26 receive the maximum rate of annuity, and (iii) has not

1 elected to discontinue contributing to the System under
2 subdivision (a) (2) of this Section (or has revoked any such
3 election) may elect, through a written direction filed with
4 the Board, to make contributions to the System based only
5 on the amount of the increases in salary received by the
6 judge on or after the date of the election, rather than the
7 total salary received. If a judge who is making
8 contributions to the System on the effective date of this
9 amendatory Act of the 91st General Assembly makes an
10 election to limit contributions under this subdivision
11 (a) (3) within 90 days after that effective date, the
12 election shall be deemed to become effective on that
13 effective date and the judge shall be entitled to receive a
14 refund of any excess contributions paid to the System
15 during that 90-day period; any other election under this
16 subdivision (a) (3) becomes effective on the first of the
17 month following the date of the election. An election to
18 limit contributions under this subdivision (a) (3) is
19 irrevocable. Service credits earned in any other
20 participating system as defined in Article 20 of this Code
21 shall be considered for purposes of determining a judge's
22 eligibility to make an election under this subdivision
23 (a) (3).

24 (b) Beginning July 1, 1969, each participant is required to
25 contribute 1% of each payment of salary towards the automatic
26 increase in annuity provided in Section 18-125.1. However, such

1 contributions need not be made by any participant who has
2 elected prior to September 15, 1969, not to be subject to the
3 automatic increase in annuity provisions.

4 (c) Effective July 13, 1953, each married participant
5 subject to the survivor's annuity provisions is required to
6 contribute 2 1/2% of each payment of salary, whether or not he
7 or she is required to make any other contributions under this
8 Section. Such contributions shall be made concurrently with the
9 contributions made for annuity purposes.

10 (d) Notwithstanding any other provision of this Article,
11 the required contributions for a Tier 2 participant ~~who first~~
12 ~~becomes a participant on or after January 1, 2011~~ shall not
13 exceed the contributions that would be due under this Article
14 if that participant's highest salary for annuity purposes were
15 \$106,800, plus any increase in that amount under Section
16 18-125.

17 (Source: P.A. 96-1490, eff. 1-1-11.)

18 (40 ILCS 5/18-161.5 new)

19 Sec. 18-161.5. Accelerated pension benefit payment.

20 (a) As used in this Section:

21 "Eligible person" means a person who:

22 (1) has terminated service;

23 (2) has accrued sufficient service credit to be
24 eligible to receive a retirement annuity under this
25 Article;

1 (3) has not received any retirement annuity under this
2 Article; and

3 (4) does not have a QILDRO in effect against him or her
4 under this Article.

5 "Pension benefit" means the benefits under this Article, or
6 Article 1 as it relates to those benefits, including any
7 anticipated annual increases, that an eligible person is
8 entitled to upon attainment of the applicable retirement age.
9 "Pension benefit" also includes applicable survivor's or
10 disability benefits.

11 (b) Before January 1, 2018, the System shall calculate,
12 using actuarial tables and other assumptions adopted by the
13 Board, the net present value of pension benefits for each
14 eligible person and shall offer each eligible person the
15 opportunity to irrevocably elect to receive an amount
16 determined by the System to be equal to 70% of the net present
17 value of his or her pension benefits in lieu of receiving any
18 pension benefit. The offer shall specify the dollar amount that
19 the eligible person will receive if he or she so elects and
20 shall expire when a subsequent offer is made to an eligible
21 person. The System shall make a good faith effort to contact
22 every eligible person to notify him or her of the election and
23 of the amount of the accelerated pension benefit payment.

24 Beginning January 1, 2018 and until July 1, 2018, an
25 eligible person may irrevocably elect to receive an accelerated
26 pension benefit payment in the amount that the System offers

1 under this subsection in lieu of receiving any pension benefit.
2 A person who elects to receive an accelerated pension benefit
3 payment under this Section may not elect to proceed under the
4 Retirement Systems Reciprocal Act with respect to service under
5 this Article.

6 (c) A person's credits and creditable service under this
7 Article shall be terminated upon the person's receipt of an
8 accelerated pension benefit payment under this Section, and no
9 other benefit shall be paid under this Article based on those
10 terminated credits and creditable service, including any
11 retirement, survivor, or other benefit; except that to the
12 extent that participation, benefits, or premiums under the
13 State Employees Group Insurance Act of 1971 are based on the
14 amount of service credit, the terminated service credit shall
15 be used for that purpose.

16 (d) If a person who has received an accelerated pension
17 benefit payment under this Section returns to active service
18 under this Article, then:

19 (1) Any benefits under the System earned as a result of
20 that return to active service shall be based solely on the
21 person's credits and creditable service arising from the
22 return to active service.

23 (2) The accelerated pension benefit payment may not be
24 repaid to the System, and the terminated credits and
25 creditable service may not under any circumstances be
26 reinstated.

1 (e) As a condition of receiving an accelerated pension
2 benefit payment, an eligible person must have another
3 retirement plan or account qualified under the Internal Revenue
4 Code of 1986, as amended, for the accelerated pension benefit
5 payment to be rolled into. The accelerated pension benefit
6 payment under this Section may be subject to withholding or
7 payment of applicable taxes, but to the extent permitted by
8 federal law, a person who receives an accelerated pension
9 benefit payment under this Section must direct the System to
10 pay all of that payment as a rollover into another retirement
11 plan or account qualified under the Internal Revenue Code of
12 1986, as amended.

13 (f) Before January 1, 2019, the Board shall certify to the
14 Illinois Finance Authority and the General Assembly the amount
15 by which the total amount of accelerated pension benefit
16 payments made under this Section exceed the amount appropriated
17 to the System for the purpose of making those payments.

18 (g) The Board shall adopt any rules necessary to implement
19 this Section.

20 (h) No provision of this Section shall be interpreted in a
21 way that would cause the applicable System to cease to be a
22 qualified plan under the Internal Revenue Code of 1986.

23 (40 ILCS 5/18-169)

24 Sec. 18-169. Application and expiration of new benefit
25 increases.

1 (a) As used in this Section, "new benefit increase" means
2 an increase in the amount of any benefit provided under this
3 Article, or an expansion of the conditions of eligibility for
4 any benefit under this Article, that results from an amendment
5 to this Code that takes effect after the effective date of this
6 amendatory Act of the 94th General Assembly. "New benefit
7 increase", however, does not include any benefit increase
8 resulting from the changes made by this amendatory Act of the
9 100th General Assembly.

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

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

19 Every new benefit increase is contingent upon the General
20 Assembly providing the additional funding required under this
21 subsection. The Commission on Government Forecasting and
22 Accountability shall analyze whether adequate additional
23 funding has been provided for the new benefit increase and
24 shall report its analysis to the Public Pension Division of the
25 Department of Financial and Professional Regulation. A new
26 benefit increase created by a Public Act that does not include

1 the additional funding required under this subsection is null
2 and void. If the Public Pension Division determines that the
3 additional funding provided for a new benefit increase under
4 this subsection is or has become inadequate, it may so certify
5 to the Governor and the State Comptroller and, in the absence
6 of corrective action by the General Assembly, the new benefit
7 increase shall expire at the end of the fiscal year in which
8 the certification is made.

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

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

25 (Source: P.A. 94-4, eff. 6-1-05.)

1 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

2 (Text of Section WITHOUT the changes made by P.A. 98-599,
3 which has been held unconstitutional)

4 Sec. 20-121. Calculation of proportional retirement
5 annuities.

6 (a) Upon retirement of the employee, a proportional
7 retirement annuity shall be computed by each participating
8 system in which pension credit has been established on the
9 basis of pension credits under each system. The computation
10 shall be in accordance with the formula or method prescribed by
11 each participating system which is in effect at the date of the
12 employee's latest withdrawal from service covered by any of the
13 systems in which he has pension credits which he elects to have
14 considered under this Article. However, the amount of any
15 retirement annuity payable under the self-managed plan
16 established under Section 15-158.2 of this Code depends solely
17 on the value of the participant's vested account balances and
18 is not subject to any proportional adjustment under this
19 Section.

20 (a-5) For persons who participate in a Tier 3 plan
21 established under Article 2, 14, 15, 16, or 18 of this Code to
22 whom the provisions of this Article apply, the pension credits
23 established under the Tier 3 plan may be considered in
24 determining eligibility for or the amount of the defined
25 benefit retirement annuity that is payable by any other
26 participating system.

1 **(b)** Combined pension credit under all retirement systems
2 subject to this Article shall be considered in determining
3 whether the minimum qualification has been met and the formula
4 or method of computation which shall be applied, except as may
5 be otherwise provided with respect to vesting in State or
6 employer contributions in a Tier 3 plan. If a system has a
7 step-rate formula for calculation of the retirement annuity,
8 pension credits covering previous service which have been
9 established under another system shall be considered in
10 determining which range or ranges of the step-rate formula are
11 to be applicable to the employee.

12 **(c)** Interest on pension credit shall continue to accumulate
13 in accordance with the provisions of the law governing the
14 retirement system in which the same has been established during
15 the time an employee is in the service of another employer, on
16 the assumption such employee, for interest purposes for pension
17 credit, is continuing in the service covered by such retirement
18 system.

19 (Source: P.A. 91-887, eff. 7-6-00.)

20 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

21 (Text of Section WITHOUT the changes made by P.A. 98-599,
22 which has been held unconstitutional)

23 Sec. 20-123. Survivor's annuity. The provisions governing
24 a retirement annuity shall be applicable to a survivor's
25 annuity. Appropriate credits shall be established for

1 survivor's annuity purposes in those participating systems
2 which provide survivor's annuities, according to the same
3 conditions and subject to the same limitations and restrictions
4 herein prescribed for a retirement annuity. If a participating
5 system has no survivor's annuity benefit, or if the survivor's
6 annuity benefit under that system is waived, pension credit
7 established in that system shall not be considered in
8 determining eligibility for or the amount of the survivor's
9 annuity which may be payable by any other participating system.

10 For persons who participate in the self-managed plan
11 established under Section 15-158.2 or the portable benefit
12 package established under Section 15-136.4, pension credit
13 established under Article 15 may be considered in determining
14 eligibility for or the amount of the survivor's annuity that is
15 payable by any other participating system, but pension credit
16 established in any other system shall not result in any right
17 to a survivor's annuity under the Article 15 system.

18 For persons who participate in a Tier 3 plan established
19 under Article 2, 14, 15, 16, or 18 of this Code to whom the
20 provisions of this Article apply, the pension credits
21 established under the Tier 3 plan may be considered in
22 determining eligibility for or the amount of the defined
23 benefit survivor's annuity that is payable by any other
24 participating system, but pension credits established in any
25 other system shall not result in any right to or increase in
26 the value of a survivor's annuity under the Tier 3 plan, which

1 depends solely on the options chosen and the value of the
2 participant's vested account balances and is not subject to any
3 proportional adjustment under this Section.

4 (Source: P.A. 91-887, eff. 7-6-00.)

5 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

6 (Text of Section WITHOUT the changes made by P.A. 98-599,
7 which has been held unconstitutional)

8 Sec. 20-124. Maximum benefits.

9 (a) In no event shall the combined retirement or survivors
10 annuities exceed the highest annuity which would have been
11 payable by any participating system in which the employee has
12 pension credits, if all of his pension credits had been
13 validated in that system.

14 If the combined annuities should exceed the highest maximum
15 as determined in accordance with this Section, the respective
16 annuities shall be reduced proportionately according to the
17 ratio which the amount of each proportional annuity bears to
18 the aggregate of all such annuities.

19 (b) In the case of a participant in the self-managed plan
20 established under Section 15-158.2 of this Code to whom the
21 provisions of this Article apply:

22 (i) For purposes of calculating the combined
23 retirement annuity and the proportionate reduction, if
24 any, in a retirement annuity other than one payable under
25 the self-managed plan, the amount of the Article 15

1 retirement annuity shall be deemed to be the highest
2 annuity to which the annuitant would have been entitled if
3 he or she had participated in the traditional benefit
4 package as defined in Section 15-103.1 rather than the
5 self-managed plan.

6 (ii) For purposes of calculating the combined
7 survivor's annuity and the proportionate reduction, if
8 any, in a survivor's annuity other than one payable under
9 the self-managed plan, the amount of the Article 15
10 survivor's annuity shall be deemed to be the highest
11 survivor's annuity to which the survivor would have been
12 entitled if the deceased employee had participated in the
13 traditional benefit package as defined in Section 15-103.1
14 rather than the self-managed plan.

15 (iii) Benefits payable under the self-managed plan are
16 not subject to proportionate reduction under this Section.

17 (c) In the case of a participant in a Tier 3 plan
18 established under Article 2, 14, 15, 16, or 18 of this Code to
19 whom the provisions of this Article apply:

20 (i) For purposes of calculating the combined
21 retirement annuity and the proportionate reduction, if
22 any, in a defined benefit retirement annuity, any benefit
23 payable under the Tier 3 plan shall not be considered.

24 (ii) For purposes of calculating the combined
25 survivor's annuity and the proportionate reduction, if
26 any, in a defined benefit survivor's annuity, any benefit

1 payable under the Tier 3 plan shall not be considered.

2 (iii) Benefits payable under a Tier 3 plan established
3 under Article 2, 14, 15, 16, or 18 of this Code are not
4 subject to proportionate reduction under this Section.

5 (Source: P.A. 91-887, eff. 7-6-00.)

6 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

7 (Text of Section WITHOUT the changes made by P.A. 98-599,
8 which has been held unconstitutional)

9 Sec. 20-125. Return to employment - suspension of benefits.
10 If a retired employee returns to employment which is covered by
11 a system from which he is receiving a proportional annuity
12 under this Article, his proportional annuity from all
13 participating systems shall be suspended during the period of
14 re-employment, except that this suspension does not apply to
15 any distributions payable under the self-managed plan
16 established under Section 15-158.2 of this Code or under a Tier
17 3 plan established under Article 2, 14, 15, 16, or 18 of this
18 Code.

19 The provisions of the Article under which such employment
20 would be covered shall govern the determination of whether the
21 employee has returned to employment, and if applicable the
22 exemption of temporary employment or employment not exceeding a
23 specified duration or frequency, for all participating systems
24 from which the retired employee is receiving a proportional
25 annuity under this Article, notwithstanding any contrary

1 provisions in the other Articles governing such systems.

2 (Source: P.A. 91-887, eff. 7-6-00.)

3 (40 ILCS 5/2-165 rep.)

4 (40 ILCS 5/2-166 rep.)

5 (40 ILCS 5/14-155 rep.)

6 (40 ILCS 5/14-156 rep.)

7 (40 ILCS 5/15-200 rep.)

8 (40 ILCS 5/15-201 rep.)

9 (40 ILCS 5/16-106.4 rep.)

10 (40 ILCS 5/16-205 rep.)

11 (40 ILCS 5/16-206 rep.)

12 Section 25. The Illinois Pension Code is amended by
13 repealing Sections 2-165, 2-166, 14-155, 14-156, 15-200,
14 15-201, 16-106.4, 16-205, and 16-206.

15 Section 30. The State Pension Funds Continuing
16 Appropriation Act is amended by adding Section 1.9 as follows:

17 (40 ILCS 15/1.9 new)

18 Sec. 1.9. Appropriations for State Pension Obligation
19 Acceleration Bonds. If for any reason the aggregate
20 appropriations made available are insufficient to meet the
21 levels required for the payment of principal and interest due
22 on State Pension Obligation Acceleration Bonds under Section
23 7.6 of the General Obligation Bond Act, this Section shall

1 constitute a continuing appropriation of all amounts necessary
2 for those purposes.

3 Section 35. The Illinois Educational Labor Relations Act is
4 amended by changing Sections 4 and 17 and by adding Section
5 10.6 as follows:

6 (115 ILCS 5/4) (from Ch. 48, par. 1704)

7 (Text of Section WITHOUT the changes made by P.A. 98-599,
8 which has been held unconstitutional)

9 Sec. 4. Employer rights. Employers shall not be required to
10 bargain over matters of inherent managerial policy, which shall
11 include such areas of discretion or policy as the functions of
12 the employer, standards of services, its overall budget, the
13 organizational structure and selection of new employees and
14 direction of employees. Employers, however, shall be required
15 to bargain collectively with regard to policy matters directly
16 affecting wages, hours and terms and conditions of employment
17 as well as the impact thereon upon request by employee
18 representatives, except as provided in Section 10.6. To
19 preserve the rights of employers and exclusive representatives
20 which have established collective bargaining relationships or
21 negotiated collective bargaining agreements prior to the
22 effective date of this Act, employers shall be required to
23 bargain collectively with regard to any matter concerning
24 wages, hours or conditions of employment about which they have

1 bargained for and agreed to in a collective bargaining
2 agreement prior to the effective date of this Act, except as
3 provided in Section 10.6.

4 (Source: P.A. 83-1014.)

5 (115 ILCS 5/10.6 new)

6 Sec. 10.6. Bargaining regarding pension contributions on
7 behalf of employees; prohibited.

8 (a) Notwithstanding any other provision of this Act,
9 beginning on the effective date of this amendatory Act of the
10 100th General Assembly, employers shall not bargain over
11 matters prohibited by subsection (e) of Section 16-152.1 of the
12 Illinois Pension Code, which concerns employers paying pension
13 contributions on behalf of employees.

14 (b) In case of any conflict between this Section and any
15 other provisions of this Act or any other law, the provisions
16 of this Section shall control.

17 (115 ILCS 5/17) (from Ch. 48, par. 1717)

18 (Text of Section WITHOUT the changes made by P.A. 98-599,
19 which has been held unconstitutional)

20 Sec. 17. Effect on other laws. Except as provided in
21 Section 10.6, in ~~in~~ case of any conflict between the provisions
22 of this Act and any other law, executive order or
23 administrative regulation, the provisions of this Act shall
24 prevail and control. Nothing in this Act shall be construed to

1 replace or diminish the rights of employees established by
2 Section 36d of "An Act to create the State Universities Civil
3 Service System", approved May 11, 1905, as amended or modified.
4 (Source: P.A. 83-1014.)

5 Section 90. The State Mandates Act is amended by adding
6 Section 8.41 as follows:

7 (30 ILCS 805/8.41 new)

8 Sec. 8.41. Exempt mandate. Notwithstanding Sections 6 and 8
9 of this Act, no reimbursement by the State is required for the
10 implementation of any mandate created by this amendatory Act of
11 the 100th General Assembly.

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

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