AMENDMENT TO SENATE BILL 1012

AMENDMENT NO. ______. Amend Senate Bill 1012 by replacing everything after the enacting clause with the following:

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

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

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

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

(b) "Annuitant" means (1) an employee who retires, or has retired, on or after January 1, 1966 on an immediate annuity under the provisions of Article Articles 2 (including an employee who, in lieu of receiving an annuity under that Article, has retired under the Tier 3 plan established under Section 2-165.5 of that Article), 14 (including an employee who has elected to receive an alternative retirement cancellation payment under Section 14-108.5 of the Illinois Pension Code in lieu of an annuity or an employee who, in lieu of receiving an annuity under that Article, has retired under the Tier 3 plan established under Section 14-155.5 of that Article), or 15 (including an employee who has retired under the optional retirement program established under Section 15-158.2 or the Tier 3 plan established under Section 15-155.5 of the Illinois Pension Code), paragraphs (2), (3), or (5) of Section 16-106 (including an employee who, in lieu of receiving an annuity under that Article, has retired under the Tier 3 plan established under Section 16-205.5 of the Illinois Pension Code), or Article 18 (including an employee who, in lieu of receiving an annuity under that Article, has retired under the Tier 3 plan established under Section 18-121.5 of that Article) of the Illinois Pension Code; (2) any person who was receiving group insurance coverage under this Act as of March 31, 1978 by reason of his status as an annuitant, even though the annuity in relation to which such coverage was provided is a
proportional annuity based on less than the minimum period of
service required for a retirement annuity in the system
involved; (3) any person not otherwise covered by this Act who
has retired as a participating member under Article 2 of the
Illinois Pension Code but is ineligible for the retirement
annuity under Section 2-119 of the Illinois Pension Code; (4)
the spouse of any person who is receiving a retirement annuity
under Article 18 of the Illinois Pension Code and who is
covered under a group health insurance program sponsored by a
governmental employer other than the State of Illinois and who
has irrevocably elected to waive his or her coverage under this
Act and to have his or her spouse considered as the "annuitant"
under this Act and not as a "dependent"; or (5) an employee who
retires, or has retired, from a qualified position, as
determined according to rules promulgated by the Director,
under a qualified local government, a qualified rehabilitation
facility, a qualified domestic violence shelter or service, or
a qualified child advocacy center. (For definition of "retired
employee", see (p) post).

(b-5) (Blank).

(b-6) (Blank).

(b-7) (Blank).

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

(d) "Compensation" means salary or wages payable on a regular payroll by the State Treasurer on a warrant of the State Comptroller out of any State, trust or federal fund, or by the Governor of the State through a disbursing officer of the State out of a trust or out of federal funds, or by any Department out of State, trust, federal or other funds held by the State Treasurer or the Department, to any person for personal services currently performed, and ordinary or accidental disability benefits under Articles 2, 14, 15 (including ordinary or accidental disability benefits under the optional retirement program established under Section 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of the Illinois Pension Code, for disability incurred after January 1, 1966, or benefits payable under the Workers' Compensation or Occupational Diseases Act or benefits payable under a sick pay plan established in accordance with Section 36 of the State Finance Act. "Compensation" also means salary or wages paid to an employee of any qualified local government, qualified rehabilitation facility, qualified domestic violence shelter or service, or qualified child advocacy center.

(e) "Commission" means the State Employees Group Insurance Advisory Commission authorized by this Act. Commencing July 1, 1984, "Commission" as used in this Act means the Commission on
Government Forecasting and Accountability as established by

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

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

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

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

(j) "Eligibility period" means the period of time a member has to elect enrollment in programs or to select benefits without regard to age, sex or health.

(k) "Employee" means and includes each officer or employee in the service of a department who (1) receives his compensation for service rendered to the department on a warrant issued pursuant to a payroll certified by a department
or on a warrant or check issued and drawn by a department upon
a trust, federal or other fund or on a warrant issued pursuant
to a payroll certified by an elected or duly appointed officer
of the State or who receives payment of the performance of
personal services on a warrant issued pursuant to a payroll
certified by a Department and drawn by the Comptroller upon the
State Treasurer against appropriations made by the General
Assembly from any fund or against trust funds held by the State
Treasurer, and (2) is employed full-time or part-time in a
position normally requiring actual performance of duty during
not less than 1/2 of a normal work period, as established by
the Director in cooperation with each department, except that
persons elected by popular vote will be considered employees
during the entire term for which they are elected regardless of
hours devoted to the service of the State, and (3) except that
"employee" does not include any person who is not eligible by
reason of such person's employment to participate in one of the
State retirement systems under Articles 2, 14, 15 (either the
regular Article 15 system or the optional retirement program
established under Section 15-158.2) or 18, or under paragraph
(2), (3), or (5) of Section 16-106, of the Illinois Pension
Code, but such term does include persons who are employed
during the 6 month qualifying period under Article 14 of the
Illinois Pension Code. Such term also includes any person who
(1) after January 1, 1966, is receiving ordinary or accidental
disability benefits under Articles 2, 14, 15 (including
ordinary or accidental disability benefits under the optional retirement program established under Section 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of the Illinois Pension Code, for disability incurred after January 1, 1966, (2) receives total permanent or total temporary disability under the Workers' Compensation Act or Occupational Disease Act as a result of injuries sustained or illness contracted in the course of employment with the State of Illinois, or (3) is not otherwise covered under this Act and has retired as a participating member under Article 2 of the Illinois Pension Code but is ineligible for the retirement annuity under Section 2-119 of the Illinois Pension Code.

However, a person who satisfies the criteria of the foregoing definition of "employee" except that such person is made ineligible to participate in the State Universities Retirement System by clause (4) of subsection (a) of Section 15-107 of the Illinois Pension Code is also an "employee" for the purposes of this Act. "Employee" also includes any person receiving or eligible for benefits under a sick pay plan established in accordance with Section 36 of the State Finance Act. "Employee" also includes (i) each officer or employee in the service of a qualified local government, including persons appointed as trustees of sanitary districts regardless of hours devoted to the service of the sanitary district, (ii) each employee in the service of a qualified rehabilitation facility, (iii) each full-time employee in the service of a qualified domestic
violence shelter or service, and (iv) each full-time employee in the service of a qualified child advocacy center, as determined according to rules promulgated by the Director.

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

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

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

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

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

(q) "Survivor" means a person receiving an annuity as a survivor of an employee or of an annuitant. "Survivor" also includes: (1) the surviving dependent of a person who satisfies the definition of "employee" except that such person is made ineligible to participate in the State Universities Retirement System by clause (4) of subsection (a) of Section 15-107 of the Illinois Pension Code; (2) the surviving dependent of any person formerly employed by the University of Illinois in the Cooperative Extension Service who would be an annuitant except for the fact that such person was made ineligible to participate in the State Universities Retirement System by clause (4) of subsection (a) of Section 15-107 of the Illinois Pension Code; and (3) the surviving dependent of a person who was an annuitant under this Act by virtue of receiving an alternative retirement cancellation payment under Section 14-108.5 of the Illinois Pension Code.

(q-2) "SERS" means the State Employees' Retirement System of Illinois, created under Article 14 of the Illinois Pension
(q-3) "SURS" means the State Universities Retirement System, created under Article 15 of the Illinois Pension Code.

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

(q-5) (Blank).

(q-6) (Blank).

(q-7) (Blank).

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

(s) "Unit of local government" means any county, municipality, township, school district (including a combination of school districts under the Intergovernmental Cooperation Act), special district or other unit, designated as a unit of local government by law, which exercises limited governmental powers or powers in respect to limited governmental subjects, any not-for-profit association with a membership that primarily includes townships and township officials, that has duties that include provision of research service, dissemination of information, and other acts for the purpose of improving township government, and that is funded wholly or partly in accordance with Section 85-15 of the Township Code; any not-for-profit corporation or association, with a membership consisting primarily of municipalities, that
operates its own utility system, and provides research, training, dissemination of information, or other acts to promote cooperation between and among municipalities that provide utility services and for the advancement of the goals and purposes of its membership; the Southern Illinois Collegiate Common Market, which is a consortium of higher education institutions in Southern Illinois; the Illinois Association of Park Districts; and any hospital provider that is owned by a county that has 100 or fewer hospital beds and has not already joined the program. "Qualified local government" means a unit of local government approved by the Director and participating in a program created under subsection (i) of Section 10 of this Act.

(t) "Qualified rehabilitation facility" means any not-for-profit organization that is accredited by the Commission on Accreditation of Rehabilitation Facilities or certified by the Department of Human Services (as successor to the Department of Mental Health and Developmental Disabilities) to provide services to persons with disabilities and which receives funds from the State of Illinois for providing those services, approved by the Director and participating in a program created under subsection (j) of Section 10 of this Act.

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

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

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

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

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

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

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

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

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

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

(y) (Blank).

(z) "Community college benefit recipient" means a person who:

(1) is not a "member" as defined in this Section; and
(2) is receiving a monthly survivor's annuity or retirement annuity under Article 15 of the Illinois Pension Code; and
(3) either (i) was a full-time employee of a community
college district or an association of community college boards created under the Public Community College Act (other than an employee whose last employer under Article 15 of the Illinois Pension Code was a community college district subject to Article VII of the Public Community College Act) and was eligible to participate in a group health benefit plan as an employee during the time of employment with a community college district (other than a community college district subject to Article VII of the Public Community College Act) or an association of community college boards, or (ii) is the survivor of a person described in item (i).

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

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

(2) is a community college benefit recipient's: (A) spouse, (B) dependent parent who is receiving at least half of his or her support from the community college benefit recipient, or (C) natural, step, adjudicated, or adopted child who is (i) under age 26, or (ii) age 19 or over and has a mental or physical disability from a cause originating prior to the age of 19 (age 26 if enrolled as an adult child).

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

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

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

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

Sec. 10. Contributions by the State and members.

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

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

(a-1) (Blank).

(a-2) (Blank).

(a-3) (Blank).

(a-4) (Blank).

(a-5) (Blank).

(a-6) (Blank).

(a-7) (Blank).

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

(a-8.5) Beginning on the effective date of this amendatory Act of the 97th General Assembly, the Director of Central Management Services shall, on an annual basis, determine the amount that the State shall contribute toward the basic program of group health benefits on behalf of annuitants (including individuals who (i) participated in the General Assembly
Retirement System, the State Employees' Retirement System of Illinois, the State Universities Retirement System, the Teachers' Retirement System of the State of Illinois, or the Judges Retirement System of Illinois and (ii) qualify as annuitants under subsection (b) of Section 3 of this Act), survivors (including individuals who (i) receive an annuity as a survivor of an individual who participated in the General Assembly Retirement System, the State Employees' Retirement System of Illinois, the State Universities Retirement System, the Teachers' Retirement System of the State of Illinois, or the Judges Retirement System of Illinois and (ii) qualify as survivors under subsection (q) of Section 3 of this Act), and retired employees (as defined in subsection (p) of Section 3 of this Act). The remainder of the cost of coverage for each annuitant, survivor, or retired employee, as determined by the Director of Central Management Services, shall be the responsibility of that annuitant, survivor, or retired employee.

Contributions required of annuitants, survivors, and retired employees shall be the same for all retirement systems and shall also be based on whether an individual has made an election under Section 15-135.1 of the Illinois Pension Code. Contributions may be based on annuitants', survivors', or retired employees' Medicare eligibility, but may not be based on Social Security eligibility.

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

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

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

The Department of Central Management Services, or any successor agency designated to procure healthcare contracts pursuant to this Act, is authorized to establish funds, separate accounts provided by any bank or banks as defined by the Illinois Banking Act, or separate accounts provided by any savings and loan association or associations as defined by the Illinois Savings and Loan Act of 1985 to be held by the Director, outside the State treasury, for the purpose of receiving the transfer of moneys from the Local Government Health Insurance Reserve Fund. The Department may promulgate rules further defining the methodology for the transfers. Any interest earned by moneys in the funds or accounts shall inure to the Local Government Health Insurance Reserve Fund. The
transferred moneys, and interest accrued thereon, shall be used exclusively for transfers to administrative service organizations or their financial institutions for payments of claims to claimants and providers under the self-insurance health plan. The transferred moneys, and interest accrued thereon, shall not be used for any other purpose including, but not limited to, reimbursement of administration fees due the administrative service organization pursuant to its contract or contracts with the Department.

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

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

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

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

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

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

(g) The State shall not pay the cost of the basic non-contributory group life insurance, program of health benefits and other employee benefits for members who are survivors as defined by paragraphs (1) and (2) of subsection (g) of Section 3 of this Act. The costs of benefits for these survivors shall be paid by the survivors or by the University of Illinois Cooperative Extension Service, or any combination thereof. However, the State shall pay the amount of the reduction in the cost of participation, if any, resulting from the amendment to subsection (a) made by this amendatory Act of the 91st General Assembly.

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

(i) Any unit of local government within the State of
Illinois may apply to the Director to have its employees,
annuitants, and their dependents provided group health
coverage under this Act on a non-insured basis. To participate,
a unit of local government must agree to enroll all of its
employees, who may select coverage under either the State group
health benefits plan or a health maintenance organization that
has contracted with the State to be available as a health care
provider for employees as defined in this Act. A unit of local
government must remit the entire cost of providing coverage
under the State group health benefits plan or, for coverage
under a health maintenance organization, an amount determined
by the Director based on an analysis of the sex, age,
geographic location, or other relevant demographic variables
for its employees, except that the unit of local government
shall not be required to enroll those of its employees who are
covered spouses or dependents under this plan or another group
policy or plan providing health benefits as long as (1) an
appropriate official from the unit of local government attests
that each employee not enrolled is a covered spouse or
dependent under this plan or another group policy or plan, and
(2) at least 50% of the employees are enrolled and the unit of
local government remits the entire cost of providing coverage
to those employees, except that a participating school district
must have enrolled at least 50% of its full-time employees who
have not waived coverage under the district's group health plan
by participating in a component of the district's cafeteria
plan. A participating school district is not required to enroll
a full-time employee who has waived coverage under the
district's health plan, provided that an appropriate official
from the participating school district attests that the
full-time employee has waived coverage by participating in a
component of the district's cafeteria plan. For the purposes of
this subsection, "participating school district" includes a
unit of local government whose primary purpose is education as
defined by the Department's rules.

Employees of a participating unit of local government who
are not enrolled due to coverage under another group health
policy or plan may enroll in the event of a qualifying change
in status, special enrollment, special circumstance as defined
by the Director, or during the annual Benefit Choice Period. A
participating unit of local government may also elect to cover
its annuitants. Dependent coverage shall be offered on an
optional basis, with the costs paid by the unit of local
government, its employees, or some combination of the two as
determined by the unit of local government. The unit of local
government shall be responsible for timely collection and
transmission of dependent premiums.
The Director shall annually determine monthly rates of payment, subject to the following constraints:

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

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

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

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

The Local Government Health Insurance Reserve Fund is hereby created as a nonappropriated trust fund to be held outside the State Treasury, with the State Treasurer as custodian. The Local Government Health Insurance Reserve Fund shall be a continuing fund not subject to fiscal year limitations. The Local Government Health Insurance Reserve Fund is not subject to administrative charges or charge-backs, including but not limited to those authorized under Section 8h of the State Finance Act. All revenues arising from the administration of the health benefits program established under this Section shall be deposited into the Local Government Health Insurance Reserve Fund. Any interest earned on moneys in the Local Government Health Insurance Reserve Fund shall be deposited into the Fund. All expenditures from this Fund shall be used for payments for health care benefits for local government and rehabilitation facility employees, annuitants, and dependents, and to reimburse the Department or its administrative service organization for all expenses incurred in the administration of benefits. No other State funds may be used for these purposes.
A local government employer's participation or desire to participate in a program created under this subsection shall not limit that employer's duty to bargain with the representative of any collective bargaining unit of its employees.

(j) Any rehabilitation facility within the State of Illinois may apply to the Director to have its employees, annuitants, and their eligible dependents provided group health coverage under this Act on a non-insured basis. To participate, a rehabilitation facility must agree to enroll all of its employees and remit the entire cost of providing such coverage for its employees, except that the rehabilitation facility shall not be required to enroll those of its employees who are covered spouses or dependents under this plan or another group policy or plan providing health benefits as long as (1) an appropriate official from the rehabilitation facility attests that each employee not enrolled is a covered spouse or dependent under this plan or another group policy or plan, and (2) at least 50% of the employees are enrolled and the rehabilitation facility remits the entire cost of providing coverage to those employees. Employees of a participating rehabilitation facility who are not enrolled due to coverage under another group health policy or plan may enroll in the event of a qualifying change in status, special enrollment, special circumstance as defined by the Director, or during the annual Benefit Choice Period. A participating rehabilitation
facility may also elect to cover its annuitants. Dependent
coverage shall be offered on an optional basis, with the costs
paid by the rehabilitation facility, its employees, or some
combination of the 2 as determined by the rehabilitation
facility. The rehabilitation facility shall be responsible for
timely collection and transmission of dependent premiums.

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

(1) In the first year of coverage, the rates shall be
equal to the amount normally charged to State employees for
elected optional coverages or for enrolled dependents
coverages or other contributory coverages on behalf of its
employees, adjusted for differences between State
employees and employees of the rehabilitation facility in
age, sex, geographic location or other relevant
demographic variables, plus an amount sufficient to pay for
the additional administrative costs of providing coverage
to employees of the rehabilitation facility and their
dependents.

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

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

(k) Any domestic violence shelter or service within the
State of Illinois may apply to the Director to have its employees, annuitants, and their dependents provided group health coverage under this Act on a non-insured basis. To participate, a domestic violence shelter or service must agree to enroll all of its employees and pay the entire cost of providing such coverage for its employees. The domestic violence shelter shall not be required to enroll those of its employees who are covered spouses or dependents under this plan or another group policy or plan providing health benefits as long as (1) an appropriate official from the domestic violence shelter attests that each employee not enrolled is a covered spouse or dependent under this plan or another group policy or plan and (2) at least 50% of the employees are enrolled and the domestic violence shelter remits the entire cost of providing coverage to those employees. Employees of a participating domestic violence shelter who are not enrolled due to coverage under another group health policy or plan may enroll in the event of a qualifying change in status, special enrollment, or special circumstance as defined by the Director or during the annual Benefit Choice Period. A participating domestic violence shelter may also elect to cover its annuitants. Dependent coverage shall be offered on an optional basis, with employees, or some combination of the 2 as determined by the domestic violence shelter or service. The domestic violence shelter or service shall be responsible for timely collection and transmission of dependent premiums.
The Director shall annually determine rates of payment, subject to the following constraints:

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

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

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

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

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

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

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

(n) Any child advocacy center within the State of Illinois
may apply to the Director to have its employees, annuitants,
and their dependents provided group health coverage under this
Act on a non-insured basis. To participate, a child advocacy
center must agree to enroll all of its employees and pay the
entire cost of providing coverage for its employees. The child
advocacy center shall not be required to enroll those of its
employees who are covered spouses or dependents under this plan
or another group policy or plan providing health benefits as long as (1) an appropriate official from the child advocacy center attests that each employee not enrolled is a covered spouse or dependent under this plan or another group policy or plan and (2) at least 50% of the employees are enrolled and the child advocacy center remits the entire cost of providing coverage to those employees. Employees of a participating child advocacy center who are not enrolled due to coverage under another group health policy or plan may enroll in the event of a qualifying change in status, special enrollment, or special circumstance as defined by the Director or during the annual Benefit Choice Period. A participating child advocacy center may also elect to cover its annuitants. Dependent coverage shall be offered on an optional basis, with the costs paid by the child advocacy center, its employees, or some combination of the 2 as determined by the child advocacy center. The child advocacy center shall be responsible for timely collection and transmission of dependent premiums.

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

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

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

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

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


(40 ILCS 5/1-160)

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

Sec. 1-160. Provisions applicable to new hires.
(a) The provisions of this Section apply to a person who, on or after January 1, 2011, first becomes a member or a participant under any reciprocal retirement system or pension fund established under this Code, other than a retirement system or pension fund established under Article 2, 3, 4, 5, 6, 15 or 18 of this Code, notwithstanding any other provision of this Code to the contrary, but do not apply to any self-managed plan established under this Code, to any person with respect to service as a sheriff's law enforcement employee under Article 7, or to any participant of the retirement plan established under Section 22-101. Notwithstanding anything to the contrary in this Section, for purposes of this Section, a person who participated in a retirement system under Article 15 prior to January 1, 2011 shall be deemed a person who first became a member or participant prior to January 1, 2011 under any retirement system or pension fund subject to this Section. The changes made to this Section by Public Act 98-596 this amendatory Act of the 98th General Assembly are a clarification of existing law and are intended to be retroactive to January 1, 2011 (the effective date of Public Act 96-889), notwithstanding the provisions of Section 1-103.1 of this Code.

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

(b) "Final average salary" means the average monthly (or annual) salary obtained by dividing the total salary or
earnings calculated under the Article applicable to the member
or participant during the 96 consecutive months (or 8
consecutive years) of service within the last 120 months (or 10
years) of service in which the total salary or earnings
calculated under the applicable Article was the highest by the
number of months (or years) of service in that period. For the
purposes of a person who first becomes a member or participant
of any retirement system or pension fund to which this Section
applies on or after January 1, 2011, in this Code, "final
average salary" shall be substituted for the following:

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

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

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

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

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

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

(b-5) Beginning on January 1, 2011, for all purposes under
this Code (including without limitation the calculation of
benefits and employee contributions), the annual earnings,
salary, or wages (based on the plan year) of a member or
participant to whom this Section applies shall not exceed
$106,800; however, that amount shall annually thereafter be increased by the lesser of (i) 3% of that amount, including all previous adjustments, or (ii) one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, including all previous adjustments.

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

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

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

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

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

(f) The initial survivor's or widow's annuity of an
otherwise eligible survivor or widow of a retired member or participant who first became a member or participant on or after January 1, 2011 shall be in the amount of 66 2/3% of the retired member's or participant's retirement annuity at the date of death. In the case of the death of a member or participant who has not retired and who first became a member or participant on or after January 1, 2011, eligibility for a survivor's or widow's annuity shall be determined by the applicable Article of this Code. The initial benefit shall be 66 2/3% of the earned annuity without a reduction due to age. A child's annuity of an otherwise eligible child shall be in the amount prescribed under each Article if applicable. Any survivor's or widow's annuity shall be increased (1) on each January 1 occurring on or after the commencement of the annuity if the deceased member died while receiving a retirement annuity or (2) in other cases, on each January 1 occurring after the first anniversary of the commencement of the annuity. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted survivor's annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.
(g) The benefits in Section 14-110 apply only if the person is a State policeman, a fire fighter in the fire protection service of a department, or a security employee of the Department of Corrections or the Department of Juvenile Justice, as those terms are defined in subsection (b) of Section 14-110. A person who meets the requirements of this Section is entitled to an annuity calculated under the provisions of Section 14-110, in lieu of the regular or minimum retirement annuity, only if the person has withdrawn from service with not less than 20 years of eligible creditable service and has attained age 60, regardless of whether the attainment of age 60 occurs while the person is still in service.

(h) If a person who first becomes a member or a participant of a retirement system or pension fund subject to this Section on or after January 1, 2011 is receiving a retirement annuity or retirement pension under that system or fund and becomes a member or participant under any other system or fund created by this Code and is employed on a full-time basis, except for those members or participants exempted from the provisions of this Section under subsection (a) of this Section, then the person's retirement annuity or retirement pension under that system or fund shall be suspended during that employment. Upon termination of that employment, the person's retirement annuity or retirement pension payments shall resume and be recalculated if recalculation is provided for under the
If a person who first becomes a member of a retirement system or pension fund subject to this Section on or after January 1, 2012 and is receiving a retirement annuity or retirement pension under that system or fund and accepts on a contractual basis a position to provide services to a governmental entity from which he or she has retired, then that person's annuity or retirement pension earned as an active employee of the employer shall be suspended during that contractual service. A person receiving an annuity or retirement pension under this Code shall notify the pension fund or retirement system from which he or she is receiving an annuity or retirement pension, as well as his or her contractual employer, of his or her retirement status before accepting contractual employment. A person who fails to submit such notification shall be guilty of a Class A misdemeanor and required to pay a fine of $1,000. Upon termination of that contractual employment, the person's retirement annuity or retirement pension payments shall resume and, if appropriate, be recalculated under the applicable provisions of this Code.

(i) (Blank).

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

(Source: P.A. 97-609, eff. 1-1-12; 98-92, eff. 7-16-13; 98-596, eff. 11-19-13; 98-622, eff. 6-1-14; revised 3-24-16.)
Sec. 2-105.3. Tier 1 participant; Tier 2 participant; Tier 3 participant.

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

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

"Tier 2 participant": A participant who first became a participant on or after January 1, 2011.

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

"Tier 3 participant": A participant who first becomes a participant on or after July 1, 2018 or a Tier 1 or Tier 2 participant who elects to participate in the Tier 3 plan under Section 2-165.5 of this Code, but only with respect to service performed on or after the effective date of that election.
which has been held unconstitutional)

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

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

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

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

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

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

(e) Except as otherwise provided in the language creating
the new benefit increase, a new benefit increase that expires
under this Section continues to apply to persons who applied
and qualified for the affected benefit while the new benefit
increase was in effect and to the affected beneficiaries and
alternate payees of such persons, but does not apply to any
other person, including without limitation a person who
continues in service after the expiration date and did not
apply and qualify for the affected benefit while the new
benefit increase was in effect.
(Source: P.A. 94-4, eff. 6-1-05.)

(40 ILCS 5/2-165.5 new)
Sec. 2-165.5. Tier 3 plan.

(a) By July 1, 2018, the System shall prepare and implement a Tier 3 plan. The Tier 3 plan developed under this Section shall be a plan that aggregates State and employee contributions in individual participant accounts which, after meeting any other requirements, are used for payouts after retirement in accordance with this Section and any other applicable laws.

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

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

(2) A participant in the Tier 3 plan shall pay employee contributions at a rate determined by the participant, but not less than 3% of salary and not more than a percentage of salary determined by the Board in accordance with the requirements of State and federal law.

(3) State contributions shall be paid into the accounts of all participants in the Tier 3 plan at a uniform rate,
expressed as a percentage of salary and determined for each year. This rate shall be no higher than 7.6% of salary and shall be no lower than 3% of salary. The State shall adjust this rate annually.

(4) The Tier 3 plan shall require 5 years of participation in the Tier 3 plan before vesting in State contributions. If the participant fails to vest in them, the State contributions, and the earnings thereon, shall be forfeited.

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

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

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

(8) The System shall reduce the employee contributions credited to the participant's Tier 3 plan account by an amount determined by the System to cover the cost of offering these benefits and any applicable administrative fees.
(b) Under the Tier 3 plan, an active Tier 1 or Tier 2 participant of this System may elect, in writing, to cease accruing benefits in the defined benefit plan and begin accruing benefits for future service in the Tier 3 plan. The election to participate in the Tier 3 plan is voluntary and irrevocable.

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

(2) The System shall make a good faith effort to contact all active Tier 1 and Tier 2 participants who are eligible to participate in the Tier 3 plan. The System shall mail information describing the option to join the Tier 3 plan to each of these employees to his or her last known address on file with the System. If the employee is not responsive to other means of contact, it is sufficient for the System to publish the details of the option on its website.

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

(b-5) A Tier 1 or Tier 2 participant who elects to participate in the Tier 3 plan may irrevocably elect to terminate all participation in the defined benefit plan. Upon that election, the System shall transfer to the participant's individual account an amount equal to the amount of contribution refund that the participant would be eligible to receive if the member terminated employment on that date and elected a refund of contributions, including the prescribed rate of interest for the respective years. The System shall make the transfer as a tax free transfer in accordance with Internal Revenue Service guidelines, for purposes of funding the amount credited to the participant's individual account.

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

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

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

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

(g) The intent of this amendatory Act of the 100th General Assembly is to ensure that the State's normal cost of participation in the Tier 3 plan is similar, and if possible equal, to the State's normal cost of participation in the defined benefit plan, unless a lower State's normal cost is necessary to ensure cost neutrality.

(40 ILCS 5/14-103.41 new)

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

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

(40 ILCS 5/14-103.42 new)

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

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

(40 ILCS 5/14-103.43 new)

Sec. 14-103.43. Tier 3 member. "Tier 3 member": A member of this System who first becomes a member on or after July 1, 2018 or a Tier 1 or Tier 2 member who elects to participate in the Tier 3 plan under Section 14-155.5 of this Code, but only with respect to service performed on or after the effective date of that election.
Sec. 14-152.1. Application and expiration of new benefit increases.

(a) As used in this Section, "new benefit increase" means an increase in the amount of any benefit provided under this Article, or an expansion of the conditions of eligibility for any benefit under this Article, that results from an amendment to this Code that takes effect after June 1, 2005 (the effective date of Public Act 94-4). "New benefit increase", however, does not include any benefit increase resulting from the changes made to this Article by Public Act 96-37 or this amendatory Act of the 100th General Assembly.

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

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

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

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

(e) Except as otherwise provided in the language creating the new benefit increase, a new benefit increase that expires under this Section continues to apply to persons who applied and qualified for the affected benefit while the new benefit increase was in effect and to the affected beneficiaries and alternate payees of such persons, but does not apply to any
other person, including without limitation a person who continues in service after the expiration date and did not apply and qualify for the affected benefit while the new benefit increase was in effect.  
(Source: P.A. 96-37, eff. 7-13-09.)

(40 ILCS 5/14-155.5 new)  
Sec. 14-155.5. Tier 3 plan.  
(a) By July 1, 2018, the System shall prepare and implement a Tier 3 plan. The Tier 3 plan developed under this Section shall be a plan that aggregates State and employee contributions in individual participant accounts which, after meeting any other requirements, are used for payouts after retirement in accordance with this Section and any other applicable laws.  
As used in this Section, "defined benefit plan" means the retirement plan available under this Article to Tier 1 or Tier 2 members who have not made the election authorized under this Section.  
(1) All persons who begin to participate in this System on or after July 1, 2018 shall participate in the Tier 3 plan rather than the defined benefit plan.  
(2) A participant in the Tier 3 plan shall pay employee contributions at a rate determined by the participant, but not less than 3% of compensation and not more than a percentage of compensation determined by the board in
accordance with the requirements of State and federal law.

(3) State contributions shall be paid into the accounts of all participants in the Tier 3 plan at a uniform rate, expressed as a percentage of compensation and determined for each year. This rate shall be no higher than 7.6% of compensation and shall be no lower than 3% of compensation. The State shall adjust this rate annually.

(4) The Tier 3 plan shall require 5 years of participation in the Tier 3 plan before vesting in State contributions. If the participant fails to vest in them, the State contributions, and the earnings thereon, shall be forfeited.

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

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

(7) The Tier 3 plan shall provide a variety of options for payouts to participants in the Tier 3 plan who are no longer active in the System and their survivors.
(8) To the extent authorized under federal law and as authorized by the System, the plan shall allow former participants in the plan to transfer or roll over employee and vested State contributions, and the earnings thereon, from the Tier 3 plan into other qualified retirement plans.

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

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

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

(2) The System shall make a good faith effort to contact all active Tier 1 and Tier 2 members who are eligible to participate in the Tier 3 plan. The System shall mail information describing the option to join the Tier 3 plan to each of these employees to his or her last known address on file with the System. If the employee is not responsive to other means of contact, it is sufficient for the System to publish the details of the option on its website.
(3) Upon request for further information describing the option, the System shall provide employees with information from the System before exercising the option to join the plan, including information on the impact to their benefits and service. The individual consultation shall include projections of the member's defined benefits at retirement or earlier termination of service and the value of the member's account at retirement or earlier termination of service. The System shall not provide advice or counseling with respect to whether the employee should exercise the option. The System shall inform Tier 1 and Tier 2 members who are eligible to participate in the Tier 3 plan that they may also wish to obtain information and counsel relating to their option from any other available source, including but not limited to labor organizations, private counsel, and financial advisors.

(b-5) A Tier 1 or Tier 2 member who elects to participate in the Tier 3 plan may irrevocably elect to terminate all participation in the defined benefit plan. Upon that election, the System shall transfer to the member's individual account an amount equal to the amount of contribution refund that the member would be eligible to receive if the member terminated employment on that date and elected a refund of contributions, including regular interest for the respective years. The System shall make the transfer as a tax free transfer in accordance with Internal Revenue Service guidelines, for purposes of
funding the amount credited to the member's individual account.

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

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

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

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

(g) The intent of this amendatory Act of the 100th General Assembly is to ensure that the State's normal cost of participation in the Tier 3 plan is similar, and if possible equal, to the State's normal cost of participation in the defined benefit plan, unless a lower State's normal cost is
necessary to ensure cost neutrality.

(40 ILCS 5/15-108.1)

Sec. 15-108.1. Tier 1 member. "Tier 1 member": A participant or an annuitant of a retirement annuity under this Article, other than a participant in the self-managed plan under Section 15-158.2, who first became a participant or member before January 1, 2011 under any reciprocal retirement system or pension fund established under this Code, other than a retirement system or pension fund established under Articles 2, 3, 4, 5, 6, or 18 of this Code. "Tier 1 member" includes a person who first became a participant under this System before January 1, 2011 and who accepts a refund and is subsequently reemployed by an employer on or after January 1, 2011.

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

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

(40 ILCS 5/15-108.2)

Sec. 15-108.2. Tier 2 member. "Tier 2 member": A person who first becomes a participant under this Article on or after January 1, 2011, other than a person in the self-managed plan established under Section 15-158.2, unless the person is
otherwise a Tier 1 member. The changes made to this Section by this amendatory Act of the 98th General Assembly are a correction of existing law and are intended to be retroactive to the effective date of Public Act 96-889, notwithstanding the provisions of Section 1-103.1 of this Code.

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

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

(40 ILCS 5/15-108.3 new)

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

(40 ILCS 5/15-198)

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

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

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

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

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

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

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

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

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

(40 ILCS 5/15-200.5 new)
Sec. 15-200.5. Tier 3 plan.

(a) By July 1, 2018, the System shall prepare and implement a Tier 3 plan. The Tier 3 plan developed under this Section shall be a plan that aggregates State and employee contributions in individual participant accounts which, after meeting any other requirements, are used for payouts after retirement in accordance with this Section and any other applicable laws.

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

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

(2) A participant in the Tier 3 plan shall pay employee contributions at a rate determined by the participant, but not less than 3% of earnings and not more than a percentage of earnings determined by the Board in accordance with the requirements of State and federal law.

(3) State contributions shall be paid into the accounts of all participants in the Tier 3 plan at a uniform rate, expressed as a percentage of earnings and determined for
each year. This rate shall be no higher than 7.6% of earnings and shall be no lower than 3% of earnings. The State shall adjust this rate annually.

(4) The Tier 3 plan shall require 5 years of participation in the Tier 3 plan before vesting in State contributions. If the participant fails to vest in them, the State contributions, and the earnings thereon, shall be forfeited.

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

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

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

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

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

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

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

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

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

(b-5) A Tier 1 or Tier 2 member who elects to participate in the Tier 3 plan may irrevocably elect to terminate all participation in the defined benefit plan. Upon that election, the System shall transfer to the member's individual account an amount equal to the amount of contribution refund that the member would be eligible to receive if the member terminated employment on that date and elected a refund of contributions,
including interest at the effective rate for the respective years. The System shall make the transfer as a tax free transfer in accordance with Internal Revenue Service guidelines, for purposes of funding the amount credited to the member's individual account.

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

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

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

(f) The intent of this amendatory Act of the 100th General Assembly is to ensure that the State's normal cost of participation in the Tier 3 plan is similar, and if possible equal, to the State's normal cost of participation in the
defined benefit plan, unless a lower State's normal cost is
necessary to ensure cost neutrality.

(40 ILCS 5/16-106.40 new)

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

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

(40 ILCS 5/16-106.41 new)

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

In the case of a Tier 2 member who elects to participate in
the Tier 3 plan under Section 16-205.5 of this Code, the Tier 2
member shall be deemed a Tier 2 member only with respect to
service performed or established before the effective date of
that election.
Sec. 16-106.42. Tier 3 member. "Tier 3 member": A member of the System who first becomes a member under this Article on or after July 1, 2018 or a Tier 1 or Tier 2 member who elects to participate in the Tier 3 plan under Section 16-205.5 of this Code, but only with respect to service performed on or after the effective date of that election.

Sec. 16-203. Application and expiration of new benefit increases.

(a) As used in this Section, "new benefit increase" means an increase in the amount of any benefit provided under this Article, or an expansion of the conditions of eligibility for any benefit under this Article, that results from an amendment to this Code that takes effect after June 1, 2005 (the effective date of Public Act 94-4). "New benefit increase", however, does not include any benefit increase resulting from the changes made to this Article by Public Act 95-910 or this amendatory Act of the 100th General Assembly this amendatory Act of the 95th General Assembly.

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

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

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

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

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

(Source: P.A. 94-4, eff. 6-1-05; 95-910, eff. 8-26-08.)

(40 ILCS 5/16-205.5 new)

Sec. 16-205.5. Tier 3 plan.

(a) By July 1, 2018, the System shall prepare and implement a Tier 3 plan. The Tier 3 plan developed under this Section shall be a plan that aggregates State and employee contributions in individual participant accounts which, after meeting any other requirements, are used for payouts after retirement in accordance with this Section and any other applicable laws.

As used in this Section, "defined benefit plan" means the retirement plan available under this Article to Tier 1 or Tier 2 members who have not made the election authorized under this
(1) All persons who begin to participate in this System on or after July 1, 2018 shall participate in the Tier 3 plan rather than the defined benefit plan.

(2) A participant in the Tier 3 plan shall pay employee contributions at a rate determined by the participant, but not less than 3% of salary and not more than a percentage of salary determined by the Board in accordance with the requirements of State and federal law.

(3) State contributions shall be paid into the accounts of all participants in the Tier 3 plan at a uniform rate, expressed as a percentage of salary and determined for each year. This rate shall be no higher than 7.6% of salary and shall be no lower than 3% of salary. The State shall adjust this rate annually.

(4) The Tier 3 plan shall require 5 years of participation in the Tier 3 plan before vesting in State contributions. If the participant fails to vest in them, the State contributions, and the earnings thereon, shall be forfeited.

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

(6) The Tier 3 plan shall provide a variety of options for investments. These options shall include investments in a fund created by the System and managed in accordance with legal and fiduciary standards, as well as investment options otherwise available.

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

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

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

(b) Under the Tier 3 plan, an active Tier 1 or Tier 2 member of this System may elect, in writing, to cease accruing benefits in the defined benefit plan and begin accruing benefits for future service in the Tier 3 plan. An active Tier 1 or Tier 2 member who elects to cease accruing benefits in his or her defined benefit plan shall be prohibited from purchasing service credit on or after the date of his or her election. A Tier 1 or Tier 2 member making the irrevocable election
provided under this subsection shall not receive interest accruals to his or her benefit under paragraph (A) of subsection (a) of Section 16-133 of this Code on or after the date of his or her election. The election to participate in the Tier 3 plan is voluntary and irrevocable.

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

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

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

(b-5) A Tier 1 or Tier 2 member who elects to participate
in the Tier 3 plan may irrevocably elect to terminate all
participation in the defined benefit plan. Upon that election,
the System shall transfer to the member's individual account an
amount equal to the amount of contribution refund that the
member would be eligible to receive if the member terminated
employment on that date and elected a refund of contributions,
including regular interest for the respective years. The System
shall make the transfer as a tax free transfer in accordance
with Internal Revenue Service guidelines, for purposes of
funding the amount credited to the member's individual account.

(c) In no event shall the System, its staff, its authorized
representatives, or the Board be liable for any information
given to an employee under this Section. The System may
coordinate with the Illinois Department of Central Management
Services and other retirement systems administering a Tier 3
plan in accordance with this amendatory Act of the 100th
General Assembly to provide information concerning the impact
of the Tier 3 plan set forth in this Section.
(d) Notwithstanding any other provision of this Section, no person shall begin participating in the Tier 3 plan until it has attained qualified plan status and received all necessary approvals from the U.S. Internal Revenue Service.

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

(f) The intent of this amendatory Act of the 100th General Assembly is to ensure that the State's normal cost of participation in the Tier 3 plan is similar, and if possible equal, to the State's normal cost of participation in the defined benefit plan, unless a lower State's normal cost is necessary to ensure cost neutrality.

(40 ILCS 5/18-110.1 new)

Sec. 18-110.1. Tier 1 participant. "Tier 1 participant": A participant who first became a participant of this System before January 1, 2011.

In the case of a Tier 1 participant who elects to participate in the Tier 3 plan under Section 18-121.5 of this Code, that Tier 1 participant shall be deemed a Tier 1 participant only with respect to service performed or established before the effective date of that election.
Sec. 18-110.2. Tier 2 participant. "Tier 2 participant": A participant who first becomes a participant of this System on or after January 1, 2011.

In the case of a Tier 2 participant who elects to participate in the Tier 3 plan under Section 18-121.5 of this Code, that Tier 2 participant shall be deemed a Tier 2 participant only with respect to service performed or established before the effective date of that election.

Sec. 18-110.3. Tier 3 participant. "Tier 3 participant": A participant who first becomes a participant of this System on or after July 1, 2018 or a Tier 1 or Tier 2 participant who elects to participate in the Tier 3 plan under Section 18-121.5 of this Code, but only with respect to service performed on or after the effective date of that election.

Sec. 18-121.5. Tier 3 plan.

(a) By July 1, 2018, the System shall prepare and implement a Tier 3 plan. The Tier 3 plan developed under this Section shall be a plan that aggregates State and employee contributions in individual participant accounts which, after meeting any other requirements, are used for payouts after retirement in accordance with this Section and any other
applicable laws.

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

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

(2) A participant in the Tier 3 plan shall pay employee contributions at a rate determined by the participant, but not less than 3% of salary and not more than a percentage of salary determined by the Board in accordance with the requirements of State and federal law.

(3) State contributions shall be paid into the accounts of all participants in the Tier 3 plan at a uniform rate, expressed as a percentage of salary and determined for each year. This rate shall be no higher than 7.6% of salary and shall be no lower than 3% of salary. The State shall adjust this rate annually.

(4) The Tier 3 plan shall require 5 years of participation in the Tier 3 plan before vesting in State contributions. If the participant fails to vest in them, the State contributions, and the earnings thereon, shall be forfeited.

(5) The Tier 3 plan may provide for participants in the plan to be eligible for defined disability benefits. If it
does, the System shall reduce the employee contributions credited to the participant's Tier 3 plan account by an amount determined by the System to cover the cost of offering such benefits.

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

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

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

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

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

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

(2) The System shall make a good faith effort to contact all active Tier 1 and Tier 2 participants who are eligible to participate in the Tier 3 plan. The System shall mail information describing the option to join the Tier 3 plan to each of these employees to his or her last known address on file with the System. If the employee is not responsive to other means of contact, it is sufficient for the System to publish the details of the option on its website.

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

(b-5) A Tier 1 or Tier 2 participant who elects to participate in the Tier 3 plan may irrevocably elect to terminate all participation in the defined benefit plan. Upon that election, the System shall transfer to the participant's individual account an amount equal to the amount of contribution refund that the participant would be eligible to receive if the participant terminated employment on that date and elected a refund of contributions, including interest at the prescribed rate of interest for the respective years. The System shall make the transfer as a tax free transfer in accordance with Internal Revenue Service guidelines, for purposes of funding the amount credited to the participant's individual account.

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

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

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

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

(g) The intent of this amendatory Act of the 100th General Assembly is to ensure that the State's normal cost of participation in the Tier 3 plan is similar, and if possible equal, to the State's normal cost of participation in the defined benefit plan, unless a lower State's normal cost is necessary to ensure cost neutrality.

(40 ILCS 5/18-124) (from Ch. 108 1/2, par. 18-124)

Sec. 18-124. Retirement annuities - conditions for eligibility.

(a) This subsection (a) applies to a Tier 1 participant who first serves as a judge before the effective date of this amendatory Act of the 96th General Assembly.

A participant whose employment as a judge is terminated, regardless of age or cause is entitled to a retirement annuity beginning on the date specified in a written application
subject to the following:

(1) the date the annuity begins is subsequent to the
date of final termination of employment, or the date 30
days prior to the receipt of the application by the board
for annuities based on disability, or one year before the
receipt of the application by the board for annuities based
on attained age;

(2) the participant is at least age 55, or has become
permanently disabled and as a consequence is unable to
perform the duties of his or her office;

(3) the participant has at least 10 years of service
credit except that a participant terminating service after
June 30 1975, with at least 6 years of service credit,
shall be entitled to a retirement annuity at age 62 or
over;

(4) the participant is not receiving or entitled to
receive, at the date of retirement, any salary from an
employer for service currently performed.

(b) This subsection (b) applies to a Tier 2 participant who
first serves as a judge on or after the effective date of this
amendatory Act of the 96th General Assembly.

A participant who has at least 8 years of creditable
service is entitled to a retirement annuity when he or she has
attained age 67.

A member who has attained age 62 and has at least 8 years
of service credit may elect to receive the lower retirement
annuity provided in subsection (d) of Section 18-125 of this Code.
(Source: P.A. 96-889, eff. 1-1-11.)

(40 ILCS 5/18-125) (from Ch. 108 1/2, par. 18-125)
Sec. 18-125. Retirement annuity amount.
(a) The annual retirement annuity for a participant who terminated service as a judge prior to July 1, 1971 shall be based on the law in effect at the time of termination of service.

(b) Except as provided in subsection (b-5), effective July 1, 1971, the retirement annuity for any participant in service on or after such date shall be 3 1/2% of final average salary, as defined in this Section, for each of the first 10 years of service, and 5% of such final average salary for each year of service in excess of 10.

For purposes of this Section, final average salary for a Tier 1 participant who first serves as a judge before August 10, 2009 (the effective date of Public Act 96-207) shall be:

(1) the average salary for the last 4 years of credited service as a judge for a participant who terminates service before July 1, 1975.

(2) for a participant who terminates service after June 30, 1975 and before July 1, 1982, the salary on the last day of employment as a judge.

(3) for any participant who terminates service after
June 30, 1982 and before January 1, 1990, the average salary for the final year of service as a judge.

(4) for a participant who terminates service on or after January 1, 1990 but before July 14, 1995 (the effective date of Public Act 89-136) this amendatory Act of 1995, the salary on the last day of employment as a judge.

(5) for a participant who terminates service on or after July 14, 1995 (the effective date of Public Act 89-136) this amendatory Act of 1995, the salary on the last day of employment as a judge, or the highest salary received by the participant for employment as a judge in a position held by the participant for at least 4 consecutive years, whichever is greater.

However, in the case of a participant who elects to discontinue contributions as provided in subdivision (a)(2) of Section 18-133, the time of such election shall be considered the last day of employment in the determination of final average salary under this subsection.

For a Tier 1 participant who first serves as a judge on or after August 10, 2009 (the effective date of Public Act 96-207) and before January 1, 2011 (the effective date of Public Act 96-889), final average salary shall be the average monthly salary obtained by dividing the total salary of the participant during the period of: (1) the 48 consecutive months of service within the last 120 months of service in which the total compensation was the highest, or (2) the total period of
service, if less than 48 months, by the number of months of
service in that period.

The maximum retirement annuity for any participant shall be
85% of final average salary.

(b-5) Notwithstanding any other provision of this Article,
for a Tier 2 participant who first serves as a judge on or
after January 1, 2011 (the effective date of Public Act
96-889), the annual retirement annuity is 3% of the
participant's final average salary for each year of service.
The maximum retirement annuity payable shall be 60% of the
participant's final average salary.

For a Tier 2 participant who first serves as a judge on or
after January 1, 2011 (the effective date of Public Act
96-889), final average salary shall be the average monthly
salary obtained by dividing the total salary of the judge
during the 96 consecutive months of service within the last 120
months of service in which the total salary was the highest by
the number of months of service in that period; however,
beginning January 1, 2011, the annual salary may not exceed
$106,800, except that that amount shall annually thereafter be
increased by the lesser of (i) 3% of that amount, including all
previous adjustments, or (ii) the annual unadjusted percentage
increase (but not less than zero) in the consumer price index-u
for the 12 months ending with the September preceding each
November 1. "Consumer price index-u" means the index published
by the Bureau of Labor Statistics of the United States
Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100. The new amount resulting from each annual adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the Board by November 1st of each year.

(c) The retirement annuity for a participant who retires prior to age 60 with less than 28 years of service in the System shall be reduced 1/2 of 1% for each month that the participant's age is under 60 years at the time the annuity commences. However, for a participant who retires on or after December 10, 1999 (the effective date of Public Act 91-653) this amendatory Act of the 91st General Assembly, the percentage reduction in retirement annuity imposed under this subsection shall be reduced by 5/12 of 1% for every month of service in this System in excess of 20 years, and therefore a participant with at least 26 years of service in this System may retire at age 55 without any reduction in annuity.

The reduction in retirement annuity imposed by this subsection shall not apply in the case of retirement on account of disability.

(d) Notwithstanding any other provision of this Article, for a Tier 2 participant who first serves as a judge on or after January 1, 2011 (the effective date of Public Act 96-889) and who is retiring after attaining age 62, the retirement annuity shall be reduced by 1/2 of 1% for each month that the
participant's age is under age 67 at the time the annuity commences.
(Source: P.A. 96-207, eff. 8-10-09; 96-889, eff. 1-1-11;
96-1000, eff. 7-2-10; 96-1490, eff. 1-1-11; revised 9-9-16.)

(40 ILCS 5/18-125.1) (from Ch. 108 1/2, par. 18-125.1)
Sec. 18-125.1. Automatic increase in retirement annuity. A participant who retires from service after June 30, 1969, shall, in January of the year next following the year in which the first anniversary of retirement occurs, and in January of each year thereafter, have the amount of his or her originally granted retirement annuity increased as follows: for each year up to and including 1971, 1 1/2%; for each year from 1972 through 1979 inclusive, 2%; and for 1980 and each year thereafter, 3%.

Notwithstanding any other provision of this Article, a retirement annuity for a Tier 2 participant who first serves as a judge on or after January 1, 2011 (the effective date of Public Act 96-889) shall be increased in January of the year next following the year in which the first anniversary of retirement occurs, but in no event prior to age 67, and in January of each year thereafter, by an amount equal to 3% or the annual percentage increase in the consumer price index-u as determined by the Public Pension Division of the Department of Insurance under subsection (b-5) of Section 18-125, whichever is less, of the retirement annuity then being paid.
This Section is not applicable to a participant who retires before he or she has made contributions at the rate prescribed in Section 18-133 for automatic increases for not less than the equivalent of one full year, unless such a participant arranges to pay the system the amount required to bring the total contributions for the automatic increase to the equivalent of one year's contribution based upon his or her last year's salary.

This Section is applicable to all participants (other than Tier 3 participants who do not have any service credit as a Tier 1 or Tier 2 participant) in service after June 30, 1969 unless a participant has elected, prior to September 1, 1969, in a written direction filed with the board not to be subject to the provisions of this Section. Any participant in service on or after July 1, 1992 shall have the option of electing prior to April 1, 1993, in a written direction filed with the board, to be covered by the provisions of the 1969 amendatory Act. Such participant shall be required to make the aforesaid additional contributions with compound interest at 4% per annum.

Any participant who has become eligible to receive the maximum rate of annuity and who resumes service as a judge after receiving a retirement annuity under this Article shall have the amount of his or her retirement annuity increased by 3% of the originally granted annuity amount for each year of such resumed service, beginning in January of the year next
following the date of such resumed service, upon subsequent
termination of such resumed service.

Beginning January 1, 1990, all automatic annual increases
payable under this Section shall be calculated as a percentage
of the total annuity payable at the time of the increase,
including previous increases granted under this Article.
(Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

(40 ILCS 5/18-127) (from Ch. 108 1/2, par. 18-127)
Sec. 18-127. Retirement annuity - suspension on reemployment.

(a) A participant receiving a retirement annuity who is regularly employed for compensation by an employer other than a county, in any capacity, shall have his or her retirement annuity payments suspended during such employment. Upon termination of such employment, retirement annuity payments at the previous rate shall be resumed.

If such a participant resumes service as a judge, he or she shall receive credit for any additional service. Upon subsequent retirement, his or her retirement annuity shall be the amount previously granted, plus the amount earned by the additional judicial service under the provisions in effect during the period of such additional service. However, if the participant was receiving the maximum rate of annuity at the time of re-employment, he or she may elect, in a written direction filed with the board, not to receive any additional
service credit during the period of re-employment. In such case, contributions shall not be required during the period of re-employment. Any such election shall be irrevocable.

(b) Beginning January 1, 1991, any participant receiving a retirement annuity who accepts temporary employment from an employer other than a county for a period not exceeding 75 working days in any calendar year shall not be deemed to be regularly employed for compensation or to have resumed service as a judge for the purposes of this Article. A day shall be considered a working day if the annuitant performs on it any of his duties under the temporary employment agreement.

(c) Except as provided in subsection (a), beginning January 1, 1993, retirement annuities shall not be subject to suspension upon resumption of employment for an employer, and any retirement annuity that is then so suspended shall be reinstated on that date.

(d) The changes made in this Section by this amendatory Act of 1993 shall apply to judges no longer in service on its effective date, as well as to judges serving on or after that date.

(e) A participant receiving a retirement annuity under this Article who serves as a part-time employee in any of the following positions: Legislative Inspector General, Special Legislative Inspector General, employee of the Office of the Legislative Inspector General, Executive Director of the Legislative Ethics Commission, or staff of the Legislative
Ethics Commission, but has not elected to participate in the Article 14 System with respect to that service, shall not be deemed to be regularly employed for compensation by an employer other than a county, nor to have resumed service as a judge, on the basis of that service, and the retirement annuity payments and other benefits of that person under this Code shall not be suspended, diminished, or otherwise impaired solely as a consequence of that service. This subsection (e) applies without regard to whether the person is in service as a judge under this Article on or after the effective date of this amendatory Act of the 93rd General Assembly. In this subsection, a "part-time employee" is a person who is not required to work at least 35 hours per week.

(f) A participant receiving a retirement annuity under this Article who has made an election under Section 1-123 and who is serving either as legal counsel in the Office of the Governor or as Chief Deputy Attorney General shall not be deemed to be regularly employed for compensation by an employer other than a county, nor to have resumed service as a judge, on the basis of that service, and the retirement annuity payments and other benefits of that person under this Code shall not be suspended, diminished, or otherwise impaired solely as a consequence of that service. This subsection (f) applies without regard to whether the person is in service as a judge under this Article on or after the effective date of this amendatory Act of the 93rd General Assembly.
(g) Notwithstanding any other provision of this Article, if a Tier 2 participant person who first becomes a participant under this System on or after January 1, 2011 (the effective date of this amendatory Act of the 96th General Assembly) is receiving a retirement annuity under this Article and becomes a member or participant under this Article or any other Article of this Code and is employed on a full-time basis, then the person's retirement annuity under this System shall be suspended during that employment. Upon termination of that employment, the person's retirement annuity shall resume and, if appropriate, be recalculated under the applicable provisions of this Article.

(Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

(40 ILCS 5/18-128.01) (from Ch. 108 1/2, par. 18-128.01)

Sec. 18-128.01. Amount of survivor's annuity.

(a) Upon the death of an annuitant, his or her surviving spouse shall be entitled to a survivor's annuity of 66 2/3% of the annuity the annuitant was receiving immediately prior to his or her death, inclusive of annual increases in the retirement annuity to the date of death.

(b) Upon the death of an active participant, his or her surviving spouse shall receive a survivor's annuity of 66 2/3% of the annuity earned by the participant as of the date of his or her death, determined without regard to whether the participant had attained age 60 as of that time, or 7 1/2% of
the last salary of the decedent, whichever is greater.

(c) Upon the death of a participant who had terminated service with at least 10 years of service, his or her surviving spouse shall be entitled to a survivor's annuity of 66 2/3% of the annuity earned by the deceased participant at the date of death.

(d) Upon the death of an annuitant, active participant, or participant who had terminated service with at least 10 years of service, each surviving child under the age of 18 or disabled as defined in Section 18-128 shall be entitled to a child's annuity in an amount equal to 5% of the decedent's final salary, not to exceed in total for all such children the greater of 20% of the decedent's last salary or 66 2/3% of the annuity received or earned by the decedent as provided under subsections (a) and (b) of this Section. This child's annuity shall be paid whether or not a survivor's annuity was elected under Section 18-123.

(e) The changes made in the survivor's annuity provisions by Public Act 82-306 shall apply to the survivors of a deceased participant or annuitant whose death occurs on or after August 21, 1981.

(f) Beginning January 1, 1990, every survivor's annuity shall be increased (1) on each January 1 occurring on or after the commencement of the annuity if the deceased member died while receiving a retirement annuity, or (2) in other cases, on each January 1 occurring on or after the first anniversary of
the commencement of the annuity, by an amount equal to 3% of
the current amount of the annuity, including any previous
increases under this Article. Such increases shall apply
without regard to whether the deceased member was in service on
or after the effective date of this amendatory Act of 1991, but
shall not accrue for any period prior to January 1, 1990.

(g) Notwithstanding any other provision of this Article,
the initial survivor's annuity for a survivor of a Tier 2
participant who first serves as a judge after January 1, 2011
(the effective date of Public Act 96-889) shall be in the
amount of 66 2/3% of the annuity received or earned by the
decedent, and shall be increased (1) on each January 1
occurring on or after the commencement of the annuity if the
deceased participant died while receiving a retirement
annuity, or (2) in other cases, on each January 1 occurring on
or after the first anniversary of the commencement of the
annuity, but in no event prior to age 67, by an amount equal to
3% or the annual unadjusted percentage increase in the consumer
price index-u as determined by the Public Pension Division of
the Department of Insurance under subsection (b-5) of Section
18-125, whichever is less, of the survivor's annuity then being
paid.

(Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

(40 ILCS 5/18-133) (from Ch. 108 1/2, par. 18-133)
Sec. 18-133. Financing; employee contributions.
(a) Effective July 1, 1967, each participant is required to contribute 7 1/2% of each payment of salary toward the retirement annuity. Such contributions shall continue during the entire time the participant is in service, with the following exceptions:

(1) Contributions for the retirement annuity are not required on salary received after 18 years of service by persons who were participants before January 2, 1954.

(2) A participant who continues to serve as a judge after becoming eligible to receive the maximum rate of annuity may elect, through a written direction filed with the Board, to discontinue contributing to the System. Any such option elected by a judge shall be irrevocable unless prior to January 1, 2000, and while continuing to serve as judge, the judge (A) files with the Board a letter cancelling the direction to discontinue contributing to the System and requesting that such contributing resume, and (B) pays into the System an amount equal to the total of the discontinued contributions plus interest thereon at 5% per annum. Service credits earned in any other "participating system" as defined in Article 20 of this Code shall be considered for purposes of determining a judge's eligibility to discontinue contributions under this subdivision (a)(2).

(3) A participant who (i) has attained age 60, (ii) continues to serve as a judge after becoming eligible to
receive the maximum rate of annuity, and (iii) has not
elected to discontinue contributing to the System under
subdivision (a)(2) of this Section (or has revoked any such
election) may elect, through a written direction filed with
the Board, to make contributions to the System based only
on the amount of the increases in salary received by the
judge on or after the date of the election, rather than the
total salary received. If a judge who is making
contributions to the System on the effective date of this
amendatory Act of the 91st General Assembly makes an
election to limit contributions under this subdivision
(a)(3) within 90 days after that effective date, the
election shall be deemed to become effective on that
effective date and the judge shall be entitled to receive a
refund of any excess contributions paid to the System
during that 90-day period; any other election under this
subdivision (a)(3) becomes effective on the first of the
month following the date of the election. An election to
limit contributions under this subdivision (a)(3) is
irrevocable. Service credits earned in any other
participating system as defined in Article 20 of this Code
shall be considered for purposes of determining a judge's
eligibility to make an election under this subdivision
(a)(3).

(b) Beginning July 1, 1969, each participant is required to
contribute 1% of each payment of salary towards the automatic
increase in annuity provided in Section 18-125.1. However, such contributions need not be made by any participant who has elected prior to September 15, 1969, not to be subject to the automatic increase in annuity provisions.  

(c) Effective July 13, 1953, each married participant subject to the survivor's annuity provisions is required to contribute 2 1/2% of each payment of salary, whether or not he or she is required to make any other contributions under this Section. Such contributions shall be made concurrently with the contributions made for annuity purposes.  

(d) Notwithstanding any other provision of this Article, the required contributions for a Tier 2 participant who first becomes a participant on or after January 1, 2011 shall not exceed the contributions that would be due under this Article if that participant's highest salary for annuity purposes were $106,800, plus any increase in that amount under Section 18-125.  

(Source: P.A. 96-1490, eff. 1-1-11.)
to this Code that takes effect after the effective date of this amendatory Act of the 94th General Assembly. "New benefit increase", however, does not include any benefit increase resulting from the changes made by this amendatory Act of the 100th General Assembly.

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

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

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

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

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

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

(40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)
(Text of Section WITHOUT the changes made by P.A. 98-599, which has been held unconstitutional)
(a) Upon retirement of the employee, a proportional retirement annuity shall be computed by each participating system in which pension credit has been established on the basis of pension credits under each system. The computation shall be in accordance with the formula or method prescribed by each participating system which is in effect at the date of the employee's latest withdrawal from service covered by any of the systems in which he has pension credits which he elects to have considered under this Article. However, the amount of any retirement annuity payable under the self-managed plan established under Section 15-158.2 of this Code depends solely on the value of the participant's vested account balances and is not subject to any proportional adjustment under this Section.

(a-5) For persons who participate in a Tier 3 plan established under Article 2, 14, 15, 16, or 18 of this Code to whom the provisions of this Article apply, the pension credits established under the Tier 3 plan may be considered in determining eligibility for or the amount of the defined benefit retirement annuity that is payable by any other participating system.

(b) Combined pension credit under all retirement systems subject to this Article shall be considered in determining whether the minimum qualification has been met and the formula or method of computation which shall be applied, except as may
be otherwise provided with respect to vesting in State or employer contributions in a Tier 3 plan. If a system has a step-rate formula for calculation of the retirement annuity, pension credits covering previous service which have been established under another system shall be considered in determining which range or ranges of the step-rate formula are to be applicable to the employee.

(c) Interest on pension credit shall continue to accumulate in accordance with the provisions of the law governing the retirement system in which the same has been established during the time an employee is in the service of another employer, on the assumption such employee, for interest purposes for pension credit, is continuing in the service covered by such retirement system.

(Source: P.A. 91-887, eff. 7-6-00.)

(40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

Sec. 20-123. Survivor's annuity. The provisions governing a retirement annuity shall be applicable to a survivor's annuity. Appropriate credits shall be established for survivor's annuity purposes in those participating systems which provide survivor's annuities, according to the same conditions and subject to the same limitations and restrictions herein prescribed for a retirement annuity. If a participating
system has no survivor's annuity benefit, or if the survivor's
annuity benefit under that system is waived, pension credit
established in that system shall not be considered in
determining eligibility for or the amount of the survivor's
annuity which may be payable by any other participating system.

For persons who participate in the self-managed plan
established under Section 15-158.2 or the portable benefit
package established under Section 15-136.4, pension credit
established under Article 15 may be considered in determining
eligibility for or the amount of the survivor's annuity that is
payable by any other participating system, but pension credit
established in any other system shall not result in any right
to a survivor's annuity under the Article 15 system.

For persons who participate in a Tier 3 plan established
under Article 2, 14, 15, 16, or 18 of this Code to whom the
provisions of this Article apply, the pension credits
established under the Tier 3 plan may be considered in
determining eligibility for or the amount of the defined
benefit survivor's annuity that is payable by any other
participating system, but pension credits established in any
other system shall not result in any right to or increase in
the value of a survivor's annuity under the Tier 3 plan, which
depends solely on the options chosen and the value of the
participant's vested account balances and is not subject to any
proportional adjustment under this Section.

(Source: P.A. 91-887, eff. 7-6-00.)
Sec. 20-124. Maximum benefits.

(a) In no event shall the combined retirement or survivors annuities exceed the highest annuity which would have been payable by any participating system in which the employee has pension credits, if all of his pension credits had been validated in that system.

If the combined annuities should exceed the highest maximum as determined in accordance with this Section, the respective annuities shall be reduced proportionately according to the ratio which the amount of each proportional annuity bears to the aggregate of all such annuities.

(b) In the case of a participant in the self-managed plan established under Section 15-158.2 of this Code to whom the provisions of this Article apply:

(i) For purposes of calculating the combined retirement annuity and the proportionate reduction, if any, in a retirement annuity other than one payable under the self-managed plan, the amount of the Article 15 retirement annuity shall be deemed to be the highest annuity to which the annuitant would have been entitled if he or she had participated in the traditional benefit package as defined in Section 15-103.1 rather than the
self-managed plan.

(ii) For purposes of calculating the combined survivor's annuity and the proportionate reduction, if any, in a survivor's annuity other than one payable under the self-managed plan, the amount of the Article 15 survivor's annuity shall be deemed to be the highest survivor's annuity to which the survivor would have been entitled if the deceased employee had participated in the traditional benefit package as defined in Section 15-103.1 rather than the self-managed plan.

(iii) Benefits payable under the self-managed plan are not subject to proportionate reduction under this Section.

(c) In the case of a participant in a Tier 3 plan established under Article 2, 14, 15, 16, or 18 of this Code to whom the provisions of this Article apply:

(i) For purposes of calculating the combined retirement annuity and the proportionate reduction, if any, in a defined benefit retirement annuity, any benefit payable under the Tier 3 plan shall not be considered.

(ii) For purposes of calculating the combined survivor's annuity and the proportionate reduction, if any, in a defined benefit survivor's annuity, any benefit payable under the Tier 3 plan shall not be considered.

(iii) Benefits payable under a Tier 3 plan established under Article 2, 14, 15, 16, or 18 of this Code are not subject to proportionate reduction under this Section.
Sec. 20-125. Return to employment - suspension of benefits. If a retired employee returns to employment which is covered by a system from which he is receiving a proportional annuity under this Article, his proportional annuity from all participating systems shall be suspended during the period of re-employment, except that this suspension does not apply to any distributions payable under the self-managed plan established under Section 15-158.2 of this Code or under a Tier 3 plan established under Article 2, 14, 15, 16, or 18 of this Code.

The provisions of the Article under which such employment would be covered shall govern the determination of whether the employee has returned to employment, and if applicable the exemption of temporary employment or employment not exceeding a specified duration or frequency, for all participating systems from which the retired employee is receiving a proportional annuity under this Article, notwithstanding any contrary provisions in the other Articles governing such systems.

(Source: P.A. 91-887, eff. 7-6-00.)

(40 ILCS 5/2-165 rep.)

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