



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB1820

Introduced 2/9/2017, by Sen. Dan McConchie

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code with respect to the 5 State-funded retirement systems. Provides that beginning January 1, 2018, a person under one of those Articles who (i) has terminated service, (ii) has met the age and service requirement to receive a retirement annuity, (iii) has not received a retirement annuity under that Article, and (iv) meets certain other eligibility requirements may elect to receive, in lieu of any pension benefits under that Article, a lump sum accelerated pension benefit payment equal to 70% of the net present value of his or her pension benefits or may elect to receive a partial accelerated pension benefit payment in exchange for a specified reduction in pension benefits. Provides that if a person elects to receive an accelerated pension benefit payment, his or her credits and creditable service under that Article shall be terminated upon receipt of the accelerated pension benefit payment; except that the terminated service credit shall be used for the purposes of determining participation and benefits under the State Employees Group Insurance Act of 1971. Makes other changes. Amends the State Employees Group Insurance Act of 1971 to make related changes. Amends the Illinois Finance Authority Act. Requires the Authority to issue bonds if the amount of those payments exceed the amount appropriated to each System for those payments. Amends the General Obligation Bond Act. Authorizes \$250,000,000 in State Pension Obligation Acceleration Bonds to be sold to pay for accelerated pension benefit payments. Amends the State Pension Funds Continuing Appropriation Act to create a continuing appropriation for payments on those Bonds. Amends the State Finance Act to create the State Pension Obligation Acceleration Bond Fund. Effective immediately.

LRB100 10677 RPS 20901 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

1 AN ACT concerning public employee benefits.

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

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

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

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

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

18 (b) "Annuitant" means (1) an employee who retires, or has
19 retired, on or after January 1, 1966 on an immediate annuity
20 under the provisions of Articles 2 (including an employee who
21 meets the criteria for retirement, but in lieu of receiving an
22 annuity under that Article has elected to receive an
23 accelerated pension benefit payment under Section 2-154.5 of

1 that Article), 14 (including an employee who has elected to
2 receive an alternative retirement cancellation payment under
3 Section 14-108.5 of the Illinois Pension Code in lieu of an
4 annuity or who meets the criteria for retirement, but in lieu
5 of receiving an annuity under that Article has elected to
6 receive an accelerated pension benefit payment under Section
7 14-147.5 of that Article), 15 (including an employee who has
8 retired under the optional retirement program established
9 under Section 15-158.2 or who meets the criteria for retirement
10 but in lieu of receiving an annuity under that Article has
11 elected to receive an accelerated pension benefit payment under
12 Section 15-185.5 of the Article), paragraphs (2), (3), or (5)
13 of Section 16-106 (including an employee who meets the criteria
14 for retirement, but in lieu of receiving an annuity under that
15 Article has elected to receive an accelerated pension benefit
16 payment under Section 16-190.5 of the Illinois Pension Code),
17 or Article 18 (including an employee who meets the criteria for
18 retirement, but in lieu of receiving an annuity under that
19 Article, has elected to receive an accelerated pension benefit
20 payment under Section 18-161.5 of that Article) of the Illinois
21 Pension Code; (2) any person who was receiving group insurance
22 coverage under this Act as of March 31, 1978 by reason of his
23 status as an annuitant, even though the annuity in relation to
24 which such coverage was provided is a proportional annuity
25 based on less than the minimum period of service required for a
26 retirement annuity in the system involved; (3) any person not

1 otherwise covered by this Act who has retired as a
2 participating member under Article 2 of the Illinois Pension
3 Code but is ineligible for the retirement annuity under Section
4 2-119 of the Illinois Pension Code; (4) the spouse of any
5 person who is receiving a retirement annuity under Article 18
6 of the Illinois Pension Code and who is covered under a group
7 health insurance program sponsored by a governmental employer
8 other than the State of Illinois and who has irrevocably
9 elected to waive his or her coverage under this Act and to have
10 his or her spouse considered as the "annuitant" under this Act
11 and not as a "dependent"; or (5) an employee who retires, or
12 has retired, from a qualified position, as determined according
13 to rules promulgated by the Director, under a qualified local
14 government, a qualified rehabilitation facility, a qualified
15 domestic violence shelter or service, or a qualified child
16 advocacy center. (For definition of "retired employee", see (p)
17 post).

18 (b-5) (Blank).

19 (b-6) (Blank).

20 (b-7) (Blank).

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

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

22 (e) "Commission" means the State Employees Group Insurance
23 Advisory Commission authorized by this Act. Commencing July 1,
24 1984, "Commission" as used in this Act means the Commission on
25 Government Forecasting and Accountability as established by
26 the Legislative Commission Reorganization Act of 1984.

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

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

21 (h) "Dependent", when the term is used in the context of
22 the health and life plan, means a member's spouse and any child
23 (1) from birth to age 26 including an adopted child, a child
24 who lives with the member from the time of the filing of a
25 petition for adoption until entry of an order of adoption, a
26 stepchild or adjudicated child, or a child who lives with the

1 member if such member is a court appointed guardian of the
2 child or (2) age 19 or over who has a mental or physical
3 disability from a cause originating prior to the age of 19 (age
4 26 if enrolled as an adult child dependent). For the health
5 plan only, the term "dependent" also includes (1) any person
6 enrolled prior to the effective date of this Section who is
7 dependent upon the member to the extent that the member may
8 claim such person as a dependent for income tax deduction
9 purposes and (2) any person who has received after June 30,
10 2000 an organ transplant and who is financially dependent upon
11 the member and eligible to be claimed as a dependent for income
12 tax purposes. A member requesting to cover any dependent must
13 provide documentation as requested by the Department of Central
14 Management Services and file with the Department any and all
15 forms required by the Department.

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

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

21 (k) "Employee" means and includes each officer or employee
22 in the service of a department who (1) receives his
23 compensation for service rendered to the department on a
24 warrant issued pursuant to a payroll certified by a department
25 or on a warrant or check issued and drawn by a department upon
26 a trust, federal or other fund or on a warrant issued pursuant

1 to a payroll certified by an elected or duly appointed officer
2 of the State or who receives payment of the performance of
3 personal services on a warrant issued pursuant to a payroll
4 certified by a Department and drawn by the Comptroller upon the
5 State Treasurer against appropriations made by the General
6 Assembly from any fund or against trust funds held by the State
7 Treasurer, and (2) is employed full-time or part-time in a
8 position normally requiring actual performance of duty during
9 not less than 1/2 of a normal work period, as established by
10 the Director in cooperation with each department, except that
11 persons elected by popular vote will be considered employees
12 during the entire term for which they are elected regardless of
13 hours devoted to the service of the State, and (3) except that
14 "employee" does not include any person who is not eligible by
15 reason of such person's employment to participate in one of the
16 State retirement systems under Articles 2, 14, 15 (either the
17 regular Article 15 system or the optional retirement program
18 established under Section 15-158.2) or 18, or under paragraph
19 (2), (3), or (5) of Section 16-106, of the Illinois Pension
20 Code, but such term does include persons who are employed
21 during the 6 month qualifying period under Article 14 of the
22 Illinois Pension Code. Such term also includes any person who
23 (1) after January 1, 1966, is receiving ordinary or accidental
24 disability benefits under Articles 2, 14, 15 (including
25 ordinary or accidental disability benefits under the optional
26 retirement program established under Section 15-158.2),

1 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of
2 the Illinois Pension Code, for disability incurred after
3 January 1, 1966, (2) receives total permanent or total
4 temporary disability under the Workers' Compensation Act or
5 Occupational Disease Act as a result of injuries sustained or
6 illness contracted in the course of employment with the State
7 of Illinois, or (3) is not otherwise covered under this Act and
8 has retired as a participating member under Article 2 of the
9 Illinois Pension Code but is ineligible for the retirement
10 annuity under Section 2-119 of the Illinois Pension Code.
11 However, a person who satisfies the criteria of the foregoing
12 definition of "employee" except that such person is made
13 ineligible to participate in the State Universities Retirement
14 System by clause (4) of subsection (a) of Section 15-107 of the
15 Illinois Pension Code is also an "employee" for the purposes of
16 this Act. "Employee" also includes any person receiving or
17 eligible for benefits under a sick pay plan established in
18 accordance with Section 36 of the State Finance Act. "Employee"
19 also includes (i) each officer or employee in the service of a
20 qualified local government, including persons appointed as
21 trustees of sanitary districts regardless of hours devoted to
22 the service of the sanitary district, (ii) each employee in the
23 service of a qualified rehabilitation facility, (iii) each
24 full-time employee in the service of a qualified domestic
25 violence shelter or service, and (iv) each full-time employee
26 in the service of a qualified child advocacy center, as

1 determined according to rules promulgated by the Director.

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

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

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

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

24 (p) "Retired employee" means any person who would be an
25 annuitant as that term is defined herein but for the fact that
26 such person retired prior to January 1, 1966. Such term also

1 includes any person formerly employed by the University of
2 Illinois in the Cooperative Extension Service who would be an
3 annuitant but for the fact that such person was made ineligible
4 to participate in the State Universities Retirement System by
5 clause (4) of subsection (a) of Section 15-107 of the Illinois
6 Pension Code.

7 (q) "Survivor" means a person receiving an annuity as a
8 survivor of an employee or of an annuitant. "Survivor" also
9 includes: (1) the surviving dependent of a person who satisfies
10 the definition of "employee" except that such person is made
11 ineligible to participate in the State Universities Retirement
12 System by clause (4) of subsection (a) of Section 15-107 of the
13 Illinois Pension Code; (2) the surviving dependent of any
14 person formerly employed by the University of Illinois in the
15 Cooperative Extension Service who would be an annuitant except
16 for the fact that such person was made ineligible to
17 participate in the State Universities Retirement System by
18 clause (4) of subsection (a) of Section 15-107 of the Illinois
19 Pension Code; and (3) the surviving dependent of a person who
20 was an annuitant under this Act by virtue of receiving an
21 alternative retirement cancellation payment under Section
22 14-108.5 of the Illinois Pension Code.

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

26 (q-3) "SURS" means the State Universities Retirement

1 System, created under Article 15 of the Illinois Pension Code.

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

5 (q-5) (Blank).

6 (q-6) (Blank).

7 (q-7) (Blank).

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

11 (s) "Unit of local government" means any county,
12 municipality, township, school district (including a
13 combination of school districts under the Intergovernmental
14 Cooperation Act), special district or other unit, designated as
15 a unit of local government by law, which exercises limited
16 governmental powers or powers in respect to limited
17 governmental subjects, any not-for-profit association with a
18 membership that primarily includes townships and township
19 officials, that has duties that include provision of research
20 service, dissemination of information, and other acts for the
21 purpose of improving township government, and that is funded
22 wholly or partly in accordance with Section 85-15 of the
23 Township Code; any not-for-profit corporation or association,
24 with a membership consisting primarily of municipalities, that
25 operates its own utility system, and provides research,
26 training, dissemination of information, or other acts to

1 promote cooperation between and among municipalities that
2 provide utility services and for the advancement of the goals
3 and purposes of its membership; the Southern Illinois
4 Collegiate Common Market, which is a consortium of higher
5 education institutions in Southern Illinois; the Illinois
6 Association of Park Districts; and any hospital provider that
7 is owned by a county that has 100 or fewer hospital beds and
8 has not already joined the program. "Qualified local
9 government" means a unit of local government approved by the
10 Director and participating in a program created under
11 subsection (i) of Section 10 of this Act.

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

22 (u) "Qualified domestic violence shelter or service" means
23 any Illinois domestic violence shelter or service and its
24 administrative offices funded by the Department of Human
25 Services (as successor to the Illinois Department of Public
26 Aid), approved by the Director and participating in a program

1 created under subsection (k) of Section 10.

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

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

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

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

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

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

20 (2) is a TRS benefit recipient's: (A) spouse, (B)
21 dependent parent who is receiving at least half of his or
22 her support from the TRS benefit recipient, or (C) natural,
23 step, adjudicated, or adopted child who is (i) under age
24 26, (ii) was, on January 1, 1996, participating as a
25 dependent beneficiary in the health insurance program
26 offered under Article 16 of the Illinois Pension Code, or

1 (iii) age 19 or over who has a mental or physical
2 disability from a cause originating prior to the age of 19
3 (age 26 if enrolled as an adult child).

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

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

17 (y) (Blank).

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

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

21 (2) is receiving a monthly survivor's annuity or
22 retirement annuity under Article 15 of the Illinois Pension
23 Code; and

24 (3) either (i) was a full-time employee of a community
25 college district or an association of community college
26 boards created under the Public Community College Act

1 (other than an employee whose last employer under Article
2 15 of the Illinois Pension Code was a community college
3 district subject to Article VII of the Public Community
4 College Act) and was eligible to participate in a group
5 health benefit plan as an employee during the time of
6 employment with a community college district (other than a
7 community college district subject to Article VII of the
8 Public Community College Act) or an association of
9 community college boards, or (ii) is the survivor of a
10 person described in item (i).

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

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

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

23 "Community college dependent beneficiary" does not
24 include, as indicated under paragraph (2) of this subsection
25 (aa), a dependent of the survivor of a community college
26 benefit recipient who first becomes a dependent of a survivor

1 of a community college benefit recipient on or after the
2 effective date of this amendatory Act of the 97th General
3 Assembly unless that dependent would have been eligible for
4 coverage as a dependent of the deceased community college
5 benefit recipient upon whom the survivor annuity is based.

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

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

13 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

15 (a) The State shall pay the cost of basic non-contributory
16 group life insurance and, subject to member paid contributions
17 set by the Department or required by this Section and except as
18 provided in this Section, the basic program of group health
19 benefits on each eligible member, except a member, not
20 otherwise covered by this Act, who has retired as a
21 participating member under Article 2 of the Illinois Pension
22 Code but is ineligible for the retirement annuity under Section
23 2-119 of the Illinois Pension Code, and part of each eligible
24 member's and retired member's premiums for health insurance
25 coverage for enrolled dependents as provided by Section 9. The

1 State shall pay the cost of the basic program of group health
2 benefits only after benefits are reduced by the amount of
3 benefits covered by Medicare for all members and dependents who
4 are eligible for benefits under Social Security or the Railroad
5 Retirement system or who had sufficient Medicare-covered
6 government employment, except that such reduction in benefits
7 shall apply only to those members and dependents who (1) first
8 become eligible for such Medicare coverage on or after July 1,
9 1992; or (2) are Medicare-eligible members or dependents of a
10 local government unit which began participation in the program
11 on or after July 1, 1992; or (3) remain eligible for, but no
12 longer receive Medicare coverage which they had been receiving
13 on or after July 1, 1992. The Department may determine the
14 aggregate level of the State's contribution on the basis of
15 actual cost of medical services adjusted for age, sex or
16 geographic or other demographic characteristics which affect
17 the costs of such programs.

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

1 survivor if he or she were the dependent or survivor of an
2 annuitant under the State Universities Retirement System.

3 (a-1) (Blank).

4 (a-2) (Blank).

5 (a-3) (Blank).

6 (a-4) (Blank).

7 (a-5) (Blank).

8 (a-6) (Blank).

9 (a-7) (Blank).

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

19 (a-8.5) Beginning on the effective date of this amendatory
20 Act of the 97th General Assembly, the Director of Central
21 Management Services shall, on an annual basis, determine the
22 amount that the State shall contribute toward the basic program
23 of group health benefits on behalf of annuitants (including
24 individuals who (i) participated in the General Assembly
25 Retirement System, the State Employees' Retirement System of
26 Illinois, the State Universities Retirement System, the

1 Teachers' Retirement System of the State of Illinois, or the
2 Judges Retirement System of Illinois and (ii) qualify as
3 annuitants under subsection (b) of Section 3 of this Act),
4 survivors (including individuals who (i) receive an annuity as
5 a survivor of an individual who participated in the General
6 Assembly Retirement System, the State Employees' Retirement
7 System of Illinois, the State Universities Retirement System,
8 the Teachers' Retirement System of the State of Illinois, or
9 the Judges Retirement System of Illinois and (ii) qualify as
10 survivors under subsection (q) of Section 3 of this Act), and
11 retired employees (as defined in subsection (p) of Section 3 of
12 this Act). The remainder of the cost of coverage for each
13 annuitant, survivor, or retired employee, as determined by the
14 Director of Central Management Services, shall be the
15 responsibility of that annuitant, survivor, or retired
16 employee.

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

24 (a-9) No later than May 1 of each calendar year, the
25 Director of Central Management Services shall certify in
26 writing to the Executive Secretary of the State Employees'

1 Retirement System of Illinois the amounts of the Medicare
2 supplement health care premiums and the amounts of the health
3 care premiums for all other retirees who are not Medicare
4 eligible.

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

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

12 The Department of Central Management Services, or any
13 successor agency designated to procure healthcare contracts
14 pursuant to this Act, is authorized to establish funds,
15 separate accounts provided by any bank or banks as defined by
16 the Illinois Banking Act, or separate accounts provided by any
17 savings and loan association or associations as defined by the
18 Illinois Savings and Loan Act of 1985 to be held by the
19 Director, outside the State treasury, for the purpose of
20 receiving the transfer of moneys from the Local Government
21 Health Insurance Reserve Fund. The Department may promulgate
22 rules further defining the methodology for the transfers. Any
23 interest earned by moneys in the funds or accounts shall inure
24 to the Local Government Health Insurance Reserve Fund. The
25 transferred moneys, and interest accrued thereon, shall be used
26 exclusively for transfers to administrative service

1 organizations or their financial institutions for payments of
2 claims to claimants and providers under the self-insurance
3 health plan. The transferred moneys, and interest accrued
4 thereon, shall not be used for any other purpose including, but
5 not limited to, reimbursement of administration fees due the
6 administrative service organization pursuant to its contract
7 or contracts with the Department.

8 (a-10) To the extent that participation, benefits, or
9 premiums under this Act are based on a person's service credit
10 under an Article of the Illinois Pension Code, service credit
11 terminated in exchange for an accelerated pension benefit
12 payment under Section 2-154.5, 14-147.5, 15-185.5, 16-190.5,
13 or 18-161.5 of that Code shall be included in determining a
14 person's service credit for the purposes of this Act.

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

25 (c) The basic non-contributory coverage from the basic
26 program of group health benefits shall be continued for each

1 employee not in pay status or on active service by reason of
2 (1) leave of absence due to illness or injury, (2) authorized
3 educational leave of absence or sabbatical leave, or (3)
4 military leave. This coverage shall continue until expiration
5 of authorized leave and return to active service, but not to
6 exceed 24 months for leaves under item (1) or (2). This
7 24-month limitation and the requirement of returning to active
8 service shall not apply to persons receiving ordinary or
9 accidental disability benefits or retirement benefits through
10 the appropriate State retirement system or benefits under the
11 Workers' Compensation or Occupational Disease Act.

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

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

1 additional service imposed pursuant to law).

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

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

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

1 is terminated.

2 (i) Any unit of local government within the State of
3 Illinois may apply to the Director to have its employees,
4 annuitants, and their dependents provided group health
5 coverage under this Act on a non-insured basis. To participate,
6 a unit of local government must agree to enroll all of its
7 employees, who may select coverage under either the State group
8 health benefits plan or a health maintenance organization that
9 has contracted with the State to be available as a health care
10 provider for employees as defined in this Act. A unit of local
11 government must remit the entire cost of providing coverage
12 under the State group health benefits plan or, for coverage
13 under a health maintenance organization, an amount determined
14 by the Director based on an analysis of the sex, age,
15 geographic location, or other relevant demographic variables
16 for its employees, except that the unit of local government
17 shall not be required to enroll those of its employees who are
18 covered spouses or dependents under this plan or another group
19 policy or plan providing health benefits as long as (1) an
20 appropriate official from the unit of local government attests
21 that each employee not enrolled is a covered spouse or
22 dependent under this plan or another group policy or plan, and
23 (2) at least 50% of the employees are enrolled and the unit of
24 local government remits the entire cost of providing coverage
25 to those employees, except that a participating school district
26 must have enrolled at least 50% of its full-time employees who

1 have not waived coverage under the district's group health plan
2 by participating in a component of the district's cafeteria
3 plan. A participating school district is not required to enroll
4 a full-time employee who has waived coverage under the
5 district's health plan, provided that an appropriate official
6 from the participating school district attests that the
7 full-time employee has waived coverage by participating in a
8 component of the district's cafeteria plan. For the purposes of
9 this subsection, "participating school district" includes a
10 unit of local government whose primary purpose is education as
11 defined by the Department's rules.

12 Employees of a participating unit of local government who
13 are not enrolled due to coverage under another group health
14 policy or plan may enroll in the event of a qualifying change
15 in status, special enrollment, special circumstance as defined
16 by the Director, or during the annual Benefit Choice Period. A
17 participating unit of local government may also elect to cover
18 its annuitants. Dependent coverage shall be offered on an
19 optional basis, with the costs paid by the unit of local
20 government, its employees, or some combination of the two as
21 determined by the unit of local government. The unit of local
22 government shall be responsible for timely collection and
23 transmission of dependent premiums.

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

26 (1) In the first year of coverage, the rates shall be

1 equal to the amount normally charged to State employees for
2 elected optional coverages or for enrolled dependents
3 coverages or other contributory coverages, or contributed
4 by the State for basic insurance coverages on behalf of its
5 employees, adjusted for differences between State
6 employees and employees of the local government in age,
7 sex, geographic location or other relevant demographic
8 variables, plus an amount sufficient to pay for the
9 additional administrative costs of providing coverage to
10 employees of the unit of local government and their
11 dependents.

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

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

26 Monthly payments by the unit of local government or its

1 employees for group health benefits plan or health maintenance
2 organization coverage shall be deposited in the Local
3 Government Health Insurance Reserve Fund.

4 The Local Government Health Insurance Reserve Fund is
5 hereby created as a nonappropriated trust fund to be held
6 outside the State Treasury, with the State Treasurer as
7 custodian. The Local Government Health Insurance Reserve Fund
8 shall be a continuing fund not subject to fiscal year
9 limitations. The Local Government Health Insurance Reserve
10 Fund is not subject to administrative charges or charge-backs,
11 including but not limited to those authorized under Section 8h
12 of the State Finance Act. All revenues arising from the
13 administration of the health benefits program established
14 under this Section shall be deposited into the Local Government
15 Health Insurance Reserve Fund. Any interest earned on moneys in
16 the Local Government Health Insurance Reserve Fund shall be
17 deposited into the Fund. All expenditures from this Fund shall
18 be used for payments for health care benefits for local
19 government and rehabilitation facility employees, annuitants,
20 and dependents, and to reimburse the Department or its
21 administrative service organization for all expenses incurred
22 in the administration of benefits. No other State funds may be
23 used for these purposes.

24 A local government employer's participation or desire to
25 participate in a program created under this subsection shall
26 not limit that employer's duty to bargain with the

1 representative of any collective bargaining unit of its
2 employees.

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

1 combination of the 2 as determined by the rehabilitation
2 facility. The rehabilitation facility shall be responsible for
3 timely collection and transmission of dependent premiums.

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

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

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

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

23 (k) Any domestic violence shelter or service within the
24 State of Illinois may apply to the Director to have its
25 employees, annuitants, and their dependents provided group
26 health coverage under this Act on a non-insured basis. To

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

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

26 (1) In the first year of coverage, the rates shall be

1 equal to the amount normally charged to State employees for
2 elected optional coverages or for enrolled dependents
3 coverages or other contributory coverages on behalf of its
4 employees, adjusted for differences between State
5 employees and employees of the domestic violence shelter or
6 service in age, sex, geographic location or other relevant
7 demographic variables, plus an amount sufficient to pay for
8 the additional administrative costs of providing coverage
9 to employees of the domestic violence shelter or service
10 and their dependents.

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

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

19 (1) A public community college or entity organized pursuant
20 to the Public Community College Act may apply to the Director
21 initially to have only annuitants not covered prior to July 1,
22 1992 by the district's health plan provided health coverage
23 under this Act on a non-insured basis. The community college
24 must execute a 2-year contract to participate in the Local
25 Government Health Plan. Any annuitant may enroll in the event
26 of a qualifying change in status, special enrollment, special

1 circumstance as defined by the Director, or during the annual
2 Benefit Choice Period.

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

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

13 (m) The Director shall adopt any rules deemed necessary for
14 implementation of this amendatory Act of 1989 (Public Act
15 86-978).

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

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

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

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

1 to employees of the child advocacy center and their
2 dependents.

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

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

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

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

12 (20 ILCS 3501/801-40)

13 Sec. 801-40. In addition to the powers otherwise authorized
14 by law and in addition to the foregoing general corporate
15 powers, the Authority shall also have the following additional
16 specific powers to be exercised in furtherance of the purposes
17 of this Act.

18 (a) The Authority shall have power (i) to accept grants,
19 loans or appropriations from the federal government or the
20 State, or any agency or instrumentality thereof, to be used for
21 the operating expenses of the Authority, or for any purposes of
22 the Authority, including the making of direct loans of such
23 funds with respect to projects, and (ii) to enter into any
24 agreement with the federal government or the State, or any

1 agency or instrumentality thereof, in relationship to such
2 grants, loans or appropriations.

3 (b) The Authority shall have power to procure and enter
4 into contracts for any type of insurance and indemnity
5 agreements covering loss or damage to property from any cause,
6 including loss of use and occupancy, or covering any other
7 insurable risk.

8 (c) The Authority shall have the continuing power to issue
9 bonds for its corporate purposes. Bonds may be issued by the
10 Authority in one or more series and may provide for the payment
11 of any interest deemed necessary on such bonds, of the costs of
12 issuance of such bonds, of any premium on any insurance, or of
13 the cost of any guarantees, letters of credit or other similar
14 documents, may provide for the funding of the reserves deemed
15 necessary in connection with such bonds, and may provide for
16 the refunding or advance refunding of any bonds or for accounts
17 deemed necessary in connection with any purpose of the
18 Authority. The bonds may bear interest payable at any time or
19 times and at any rate or rates, notwithstanding any other
20 provision of law to the contrary, and such rate or rates may be
21 established by an index or formula which may be implemented or
22 established by persons appointed or retained therefor by the
23 Authority, or may bear no interest or may bear interest payable
24 at maturity or upon redemption prior to maturity, may bear such
25 date or dates, may be payable at such time or times and at such
26 place or places, may mature at any time or times not later than

1 40 years from the date of issuance, may be sold at public or
2 private sale at such time or times and at such price or prices,
3 may be secured by such pledges, reserves, guarantees, letters
4 of credit, insurance contracts or other similar credit support
5 or liquidity instruments, may be executed in such manner, may
6 be subject to redemption prior to maturity, may provide for the
7 registration of the bonds, and may be subject to such other
8 terms and conditions all as may be provided by the resolution
9 or indenture authorizing the issuance of such bonds. The holder
10 or holders of any bonds issued by the Authority may bring suits
11 at law or proceedings in equity to compel the performance and
12 observance by any person or by the Authority or any of its
13 agents or employees of any contract or covenant made with the
14 holders of such bonds and to compel such person or the
15 Authority and any of its agents or employees to perform any
16 duties required to be performed for the benefit of the holders
17 of any such bonds by the provision of the resolution
18 authorizing their issuance, and to enjoin such person or the
19 Authority and any of its agents or employees from taking any
20 action in conflict with any such contract or covenant.
21 Notwithstanding the form and tenor of any such bonds and in the
22 absence of any express recital on the face thereof that it is
23 non-negotiable, all such bonds shall be negotiable
24 instruments. Pending the preparation and execution of any such
25 bonds, temporary bonds may be issued as provided by the
26 resolution. The bonds shall be sold by the Authority in such

1 manner as it shall determine. The bonds may be secured as
2 provided in the authorizing resolution by the receipts,
3 revenues, income and other available funds of the Authority and
4 by any amounts derived by the Authority from the loan agreement
5 or lease agreement with respect to the project or projects; and
6 bonds may be issued as general obligations of the Authority
7 payable from such revenues, funds and obligations of the
8 Authority as the bond resolution shall provide, or may be
9 issued as limited obligations with a claim for payment solely
10 from such revenues, funds and obligations as the bond
11 resolution shall provide. The Authority may grant a specific
12 pledge or assignment of and lien on or security interest in
13 such rights, revenues, income, or amounts and may grant a
14 specific pledge or assignment of and lien on or security
15 interest in any reserves, funds or accounts established in the
16 resolution authorizing the issuance of bonds. Any such pledge,
17 assignment, lien or security interest for the benefit of the
18 holders of the Authority's bonds shall be valid and binding
19 from the time the bonds are issued without any physical
20 delivery or further act, and shall be valid and binding as
21 against and prior to the claims of all other parties having
22 claims against the Authority or any other person irrespective
23 of whether the other parties have notice of the pledge,
24 assignment, lien or security interest. As evidence of such
25 pledge, assignment, lien and security interest, the Authority
26 may execute and deliver a mortgage, trust agreement, indenture

1 or security agreement or an assignment thereof. A remedy for
2 any breach or default of the terms of any such agreement by the
3 Authority may be by mandamus proceedings in any court of
4 competent jurisdiction to compel the performance and
5 compliance therewith, but the agreement may prescribe by whom
6 or on whose behalf such action may be instituted. It is
7 expressly understood that the Authority may, but need not,
8 acquire title to any project with respect to which it exercises
9 its authority.

10 (c-5) The Authority shall have the power to issue State
11 Pension Obligation Acceleration Bonds if in any fiscal year the
12 amount appropriated for all accelerated pension benefit
13 payments and partial accelerated pension benefit payments are
14 less than the amount required for those payments. The proceeds
15 from the State Pension Obligation Acceleration Bonds issued
16 under this subsection may only be used to pay for accelerated
17 pension benefit payments and partial accelerated pension
18 benefit payments for the fiscal year in which the State Pension
19 Obligation Acceleration Bonds are issued.

20 The Authority shall not have outstanding at any one time
21 State Pension Obligation Acceleration Bonds for any of the
22 purposes of this subsection in an aggregate principal amount
23 exceeding \$250,000,000, excluding bonds issued to refund
24 outstanding State Pension Obligation Acceleration Bonds.

25 (d) With respect to the powers granted by this Act, the
26 Authority may adopt rules and regulations prescribing the

1 procedures by which persons may apply for assistance under this
2 Act. Nothing herein shall be deemed to preclude the Authority,
3 prior to the filing of any formal application, from conducting
4 preliminary discussions and investigations with respect to the
5 subject matter of any prospective application.

6 (e) The Authority shall have power to acquire by purchase,
7 lease, gift or otherwise any property or rights therein from
8 any person useful for its purposes, whether improved for the
9 purposes of any prospective project, or unimproved. The
10 Authority may also accept any donation of funds for its
11 purposes from any such source. The Authority shall have no
12 independent power of condemnation but may acquire any property
13 or rights therein obtained upon condemnation by any other
14 authority, governmental entity or unit of local government with
15 such power.

16 (f) The Authority shall have power to develop, construct
17 and improve either under its own direction, or through
18 collaboration with any approved applicant, or to acquire
19 through purchase or otherwise, any project, using for such
20 purpose the proceeds derived from the sale of its bonds or from
21 governmental loans or grants, and to hold title in the name of
22 the Authority to such projects.

23 (g) The Authority shall have power to lease pursuant to a
24 lease agreement any project so developed and constructed or
25 acquired to the approved tenant on such terms and conditions as
26 may be appropriate to further the purposes of this Act and to

1 maintain the credit of the Authority. Any such lease may
2 provide for either the Authority or the approved tenant to
3 assume initially, in whole or in part, the costs of
4 maintenance, repair and improvements during the leasehold
5 period. In no case, however, shall the total rentals from any
6 project during any initial leasehold period or the total loan
7 repayments to be made pursuant to any loan agreement, be less
8 than an amount necessary to return over such lease or loan
9 period (1) all costs incurred in connection with the
10 development, construction, acquisition or improvement of the
11 project and for repair, maintenance and improvements thereto
12 during the period of the lease or loan; provided, however, that
13 the rentals or loan repayments need not include costs met
14 through the use of funds other than those obtained by the
15 Authority through the issuance of its bonds or governmental
16 loans; (2) a reasonable percentage additive to be agreed upon
17 by the Authority and the borrower or tenant to cover a properly
18 allocable portion of the Authority's general expenses,
19 including, but not limited to, administrative expenses,
20 salaries and general insurance, and (3) an amount sufficient to
21 pay when due all principal of, interest and premium, if any on,
22 any bonds issued by the Authority with respect to the project.
23 The portion of total rentals payable under clause (3) of this
24 subsection (g) shall be deposited in such special accounts,
25 including all sinking funds, acquisition or construction
26 funds, debt service and other funds as provided by any

1 resolution, mortgage or trust agreement of the Authority
2 pursuant to which any bond is issued.

3 (h) The Authority has the power, upon the termination of
4 any leasehold period of any project, to sell or lease for a
5 further term or terms such project on such terms and conditions
6 as the Authority shall deem reasonable and consistent with the
7 purposes of the Act. The net proceeds from all such sales and
8 the revenues or income from such leases shall be used to
9 satisfy any indebtedness of the Authority with respect to such
10 project and any balance may be used to pay any expenses of the
11 Authority or be used for the further development, construction,
12 acquisition or improvement of projects. In the event any
13 project is vacated by a tenant prior to the termination of the
14 initial leasehold period, the Authority shall sell or lease the
15 facilities of the project on the most advantageous terms
16 available. The net proceeds of any such disposition shall be
17 treated in the same manner as the proceeds from sales or the
18 revenues or income from leases subsequent to the termination of
19 any initial leasehold period.

20 (i) The Authority shall have the power to make loans to
21 persons to finance a project, to enter into loan agreements
22 with respect thereto, and to accept guarantees from persons of
23 its loans or the resultant evidences of obligations of the
24 Authority.

25 (j) The Authority may fix, determine, charge and collect
26 any premiums, fees, charges, costs and expenses, including,

1 without limitation, any application fees, commitment fees,
2 program fees, financing charges or publication fees from any
3 person in connection with its activities under this Act.

4 (k) In addition to the funds established as provided
5 herein, the Authority shall have the power to create and
6 establish such reserve funds and accounts as may be necessary
7 or desirable to accomplish its purposes under this Act and to
8 deposit its available monies into the funds and accounts.

9 (l) At the request of the governing body of any unit of
10 local government, the Authority is authorized to market such
11 local government's revenue bond offerings by preparing bond
12 issues for sale, advertising for sealed bids, receiving bids at
13 its offices, making the award to the bidder that offers the
14 most favorable terms or arranging for negotiated placements or
15 underwritings of such securities. The Authority may, at its
16 discretion, offer for concurrent sale the revenue bonds of
17 several local governments. Sales by the Authority of revenue
18 bonds under this Section shall in no way imply State guarantee
19 of such debt issue. The Authority may require such financial
20 information from participating local governments as it deems
21 necessary in order to carry out the purposes of this subsection
22 (1).

23 (m) The Authority may make grants to any county to which
24 Division 5-37 of the Counties Code is applicable to assist in
25 the financing of capital development, construction and
26 renovation of new or existing facilities for hospitals and

1 health care facilities under that Act. Such grants may only be
2 made from funds appropriated for such purposes from the Build
3 Illinois Bond Fund.

4 (n) The Authority may establish an urban development action
5 grant program for the purpose of assisting municipalities in
6 Illinois which are experiencing severe economic distress to
7 help stimulate economic development activities needed to aid in
8 economic recovery. The Authority shall determine the types of
9 activities and projects for which the urban development action
10 grants may be used, provided that such projects and activities
11 are broadly defined to include all reasonable projects and
12 activities the primary objectives of which are the development
13 of viable urban communities, including decent housing and a
14 suitable living environment, and expansion of economic
15 opportunity, principally for persons of low and moderate
16 incomes. The Authority shall enter into grant agreements from
17 monies appropriated for such purposes from the Build Illinois
18 Bond Fund. The Authority shall monitor the use of the grants,
19 and shall provide for audits of the funds as well as recovery
20 by the Authority of any funds determined to have been spent in
21 violation of this subsection (n) or any rule or regulation
22 promulgated hereunder. The Authority shall provide technical
23 assistance with regard to the effective use of the urban
24 development action grants. The Authority shall file an annual
25 report to the General Assembly concerning the progress of the
26 grant program.

1 (o) The Authority may establish a Housing Partnership
2 Program whereby the Authority provides zero-interest loans to
3 municipalities for the purpose of assisting in the financing of
4 projects for the rehabilitation of affordable multi-family
5 housing for low and moderate income residents. The Authority
6 may provide such loans only upon a municipality's providing
7 evidence that it has obtained private funding for the
8 rehabilitation project. The Authority shall provide 3 State
9 dollars for every 7 dollars obtained by the municipality from
10 sources other than the State of Illinois. The loans shall be
11 made from monies appropriated for such purpose from the Build
12 Illinois Bond Fund. The total amount of loans available under
13 the Housing Partnership Program shall not exceed \$30,000,000.
14 State loan monies under this subsection shall be used only for
15 the acquisition and rehabilitation of existing buildings
16 containing 4 or more dwelling units. The terms of any loan made
17 by the municipality under this subsection shall require
18 repayment of the loan to the municipality upon any sale or
19 other transfer of the project.

20 (p) The Authority may award grants to universities and
21 research institutions, research consortiums and other
22 not-for-profit entities for the purposes of: remodeling or
23 otherwise physically altering existing laboratory or research
24 facilities, expansion or physical additions to existing
25 laboratory or research facilities, construction of new
26 laboratory or research facilities or acquisition of modern

1 equipment to support laboratory or research operations
2 provided that such grants (i) be used solely in support of
3 project and equipment acquisitions which enhance technology
4 transfer, and (ii) not constitute more than 60 percent of the
5 total project or acquisition cost.

6 (q) Grants may be awarded by the Authority to units of
7 local government for the purpose of developing the appropriate
8 infrastructure or defraying other costs to the local government
9 in support of laboratory or research facilities provided that
10 such grants may not exceed 40% of the cost to the unit of local
11 government.

12 (r) The Authority may establish a Direct Loan Program to
13 make loans to individuals, partnerships or corporations for the
14 purpose of an industrial project, as defined in Section 801-10
15 of this Act. For the purposes of such program and not by way of
16 limitation on any other program of the Authority, the Authority
17 shall have the power to issue bonds, notes, or other evidences
18 of indebtedness including commercial paper for purposes of
19 providing a fund of capital from which it may make such loans.
20 The Authority shall have the power to use any appropriations
21 from the State made especially for the Authority's Direct Loan
22 Program for additional capital to make such loans or for the
23 purposes of reserve funds or pledged funds which secure the
24 Authority's obligations of repayment of any bond, note or other
25 form of indebtedness established for the purpose of providing
26 capital for which it intends to make such loans under the

1 Direct Loan Program. For the purpose of obtaining such capital,
2 the Authority may also enter into agreements with financial
3 institutions and other persons for the purpose of selling loans
4 and developing a secondary market for such loans. Loans made
5 under the Direct Loan Program may be in an amount not to exceed
6 \$300,000 and shall be made for a portion of an industrial
7 project which does not exceed 50% of the total project. No loan
8 may be made by the Authority unless approved by the affirmative
9 vote of at least 8 members of the board. The Authority shall
10 establish procedures and publish rules which shall provide for
11 the submission, review, and analysis of each direct loan
12 application and which shall preserve the ability of each board
13 member to reach an individual business judgment regarding the
14 propriety of making each direct loan. The collective discretion
15 of the board to approve or disapprove each loan shall be
16 unencumbered. The Authority may establish and collect such fees
17 and charges, determine and enforce such terms and conditions,
18 and charge such interest rates as it determines to be necessary
19 and appropriate to the successful administration of the Direct
20 Loan Program. The Authority may require such interests in
21 collateral and such guarantees as it determines are necessary
22 to protect the Authority's interest in the repayment of the
23 principal and interest of each loan made under the Direct Loan
24 Program.

25 (s) The Authority may guarantee private loans to third
26 parties up to a specified dollar amount in order to promote

1 economic development in this State.

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

5 (u) The Authority shall have the power to issue bonds,
6 notes or other evidences of indebtedness, which may be used to
7 make loans to units of local government which are authorized to
8 enter into loan agreements and other documents and to issue
9 bonds, notes and other evidences of indebtedness for the
10 purpose of financing the protection of storm sewer outfalls,
11 the construction of adequate storm sewer outfalls, and the
12 provision for flood protection of sanitary sewage treatment
13 plans, in counties that have established a stormwater
14 management planning committee in accordance with Section
15 5-1062 of the Counties Code. Any such loan shall be made by the
16 Authority pursuant to the provisions of Section 820-5 to 820-60
17 of this Act. The unit of local government shall pay back to the
18 Authority the principal amount of the loan, plus annual
19 interest as determined by the Authority. The Authority shall
20 have the power, subject to appropriations by the General
21 Assembly, to subsidize or buy down a portion of the interest on
22 such loans, up to 4% per annum.

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

25 (w) Moral Obligation. In the event that the Authority
26 determines that monies of the Authority will not be sufficient

1 for the payment of the principal of and interest on its bonds
2 during the next State fiscal year, the Chairperson, as soon as
3 practicable, shall certify to the Governor the amount required
4 by the Authority to enable it to pay such principal of and
5 interest on the bonds. The Governor shall submit the amount so
6 certified to the General Assembly as soon as practicable, but
7 no later than the end of the current State fiscal year. This
8 subsection shall apply only to any bonds or notes as to which
9 the Authority shall have determined, in the resolution
10 authorizing the issuance of the bonds or notes, that this
11 subsection shall apply. Whenever the Authority makes such a
12 determination, that fact shall be plainly stated on the face of
13 the bonds or notes and that fact shall also be reported to the
14 Governor. In the event of a withdrawal of moneys from a reserve
15 fund established with respect to any issue or issues of bonds
16 of the Authority to pay principal or interest on those bonds,
17 the Chairperson of the Authority, as soon as practicable, shall
18 certify to the Governor the amount required to restore the
19 reserve fund to the level required in the resolution or
20 indenture securing those bonds. The Governor shall submit the
21 amount so certified to the General Assembly as soon as
22 practicable, but no later than the end of the current State
23 fiscal year. The Authority shall obtain written approval from
24 the Governor for any bonds and notes to be issued under this
25 Section. In addition to any other bonds authorized to be issued
26 under Sections 825-60, 825-65(e), 830-25 and 845-5, the

1 principal amount of Authority bonds outstanding issued under
2 this Section 801-40(w) or under 20 ILCS 3850/1-80 or 30 ILCS
3 360/2-6(c), which have been assumed by the Authority, shall not
4 exceed \$150,000,000. This subsection (w) shall in no way be
5 applied to any bonds issued by the Authority on behalf of the
6 Illinois Power Agency under Section 825-90 of this Act.

7 (x) The Authority may enter into agreements or contracts
8 with any person necessary or appropriate to place the payment
9 obligations of the Authority under any of its bonds in whole or
10 in part on any interest rate basis, cash flow basis, or other
11 basis desired by the Authority, including without limitation
12 agreements or contracts commonly known as "interest rate swap
13 agreements", "forward payment conversion agreements", and
14 "futures", or agreements or contracts to exchange cash flows or
15 a series of payments, or agreements or contracts, including
16 without limitation agreements or contracts commonly known as
17 "options", "puts", or "calls", to hedge payment, rate spread,
18 or similar exposure; provided that any such agreement or
19 contract shall not constitute an obligation for borrowed money
20 and shall not be taken into account under Section 845-5 of this
21 Act or any other debt limit of the Authority or the State of
22 Illinois.

23 (y) The Authority shall publish summaries of projects and
24 actions approved by the members of the Authority on its
25 website. These summaries shall include, but not be limited to,
26 information regarding the:

- 1 (1) project;
- 2 (2) Board's action or actions;
- 3 (3) purpose of the project;
- 4 (4) Authority's program and contribution;
- 5 (5) volume cap;
- 6 (6) jobs retained;
- 7 (7) projected new jobs;
- 8 (8) construction jobs created;
- 9 (9) estimated sources and uses of funds;
- 10 (10) financing summary;
- 11 (11) project summary;
- 12 (12) business summary;
- 13 (13) ownership or economic disclosure statement;
- 14 (14) professional and financial information;
- 15 (15) service area; and
- 16 (16) legislative district.

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

19 (Source: P.A. 95-470, eff. 8-27-07; 95-481, eff. 8-28-07;
20 95-876, eff. 8-21-08; 96-795, eff. 7-1-10 (see Section 5 of
21 P.A. 96-793 for the effective date of changes made by P.A.
22 96-795).)

23 Section 15. The State Finance Act is amended by adding
24 Section 5.878 as follows:

1 (30 ILCS 105/5.878 new)

2 Sec. 5.878. The State Pension Obligation Acceleration Bond
3 Fund.

4 Section 20. The General Obligation Bond Act is amended by
5 changing Sections 2, 2.5, 9, 11, 12, and 13 and by adding
6 Section 7.6 as follows:

7 (30 ILCS 330/2) (from Ch. 127, par. 652)

8 Sec. 2. Authorization for Bonds. The State of Illinois is
9 authorized to issue, sell and provide for the retirement of
10 General Obligation Bonds of the State of Illinois for the
11 categories and specific purposes expressed in Sections 2
12 through 8 of this Act, in the total amount of \$50,167,925,743
13 ~~\$49,917,925,743~~.

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

16 Of the total amount of Bonds authorized in this Act, up to
17 \$2,200,000,000 in aggregate original principal amount may be
18 issued and sold in accordance with the Baccalaureate Savings
19 Act in the form of General Obligation College Savings Bonds.

20 Of the total amount of Bonds authorized in this Act, up to
21 \$300,000,000 in aggregate original principal amount may be
22 issued and sold in accordance with the Retirement Savings Act
23 in the form of General Obligation Retirement Savings Bonds.

24 Of the total amount of Bonds authorized in this Act, the

1 additional \$10,000,000,000 authorized by Public Act 93-2, the
2 \$3,466,000,000 authorized by Public Act 96-43, and the
3 \$4,096,348,300 authorized by Public Act 96-1497 shall be used
4 solely as provided in Section 7.2.

5 Of the total amount of Bonds authorized in this Act, the
6 additional \$250,000,000 authorized by this amendatory Act of
7 the 100th General Assembly shall be used solely as provided in
8 Section 7.6.

9 The issuance and sale of Bonds pursuant to the General
10 Obligation Bond Act is an economical and efficient method of
11 financing the long-term capital needs of the State. This Act
12 will permit the issuance of a multi-purpose General Obligation
13 Bond with uniform terms and features. This will not only lower
14 the cost of registration but also reduce the overall cost of
15 issuing debt by improving the marketability of Illinois General
16 Obligation Bonds.

17 (Source: P.A. 97-333, eff. 8-12-11; 97-771, eff. 7-10-12;
18 97-813, eff. 7-13-12; 98-94, eff. 7-17-13; 98-463, eff.
19 8-16-13; 98-781, eff. 7-22-14.)

20 (30 ILCS 330/2.5)

21 Sec. 2.5. Limitation on issuance of Bonds.

22 (a) Except as provided in subsection (b), no Bonds may be
23 issued if, after the issuance, in the next State fiscal year
24 after the issuance of the Bonds, the amount of debt service
25 (including principal, whether payable at maturity or pursuant

1 to mandatory sinking fund installments, and interest) on all
2 then-outstanding Bonds, other than (i) Bonds authorized by this
3 amendatory Act of the 100th General Assembly, (ii) Bonds
4 authorized by Public Act 96-43, and (iii) ~~other than~~ Bonds
5 authorized by Public Act 96-1497, would exceed 7% of the
6 aggregate appropriations from the general funds (which consist
7 of the General Revenue Fund, the Common School Fund, the
8 General Revenue Common School Special Account Fund, and the
9 Education Assistance Fund) and the Road Fund for the fiscal
10 year immediately prior to the fiscal year of the issuance.

11 (b) If the Comptroller and Treasurer each consent in
12 writing, Bonds may be issued even if the issuance does not
13 comply with subsection (a). In addition, \$2,000,000,000 in
14 Bonds for the purposes set forth in Sections 3, 4, 5, 6, and 7,
15 and \$2,000,000,000 in Refunding Bonds under Section 16, may be
16 issued during State fiscal year 2017 without complying with
17 subsection (a).

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

19 (30 ILCS 330/7.6 new)

20 Sec. 7.6. State Pension Obligation Acceleration Bonds.

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

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

5 (c) The proceeds of State Pension Obligation Acceleration
6 Bonds authorized in subsection (b) of this Section, less the
7 amounts authorized in the Bond Sale Order to be directly paid
8 out for bond sale expenses under Section 8, shall be deposited
9 directly into the State Pension Obligation Acceleration Bond
10 Fund, and the Comptroller and the Treasurer shall, as soon as
11 practical, make payments as contemplated by subsection (c-5) of
12 Section 801-40 of the Illinois Finance Authority Act.

13 (d) There is created the State Pension Obligation
14 Acceleration Bond Fund as a special fund in the State Treasury.
15 Funds deposited in the State Pension Obligation Acceleration
16 Bond Fund may only be used for the purposes set forth in
17 subsection (c-5) of Section 801-40 of the Illinois Finance
18 Authority Act or for the payment of principal and interest due
19 on State Pension Obligation Acceleration Bonds.

20 (30 ILCS 330/9) (from Ch. 127, par. 659)

21 Sec. 9. Conditions for Issuance and Sale of Bonds -
22 Requirements for Bonds.

23 (a) Except as otherwise provided in this subsection and
24 subsection (h), Bonds shall be issued and sold from time to
25 time, in one or more series, in such amounts and at such prices

1 as may be directed by the Governor, upon recommendation by the
2 Director of the Governor's Office of Management and Budget.
3 Bonds shall be in such form (either coupon, registered or book
4 entry), in such denominations, payable within 25 years from
5 their date, subject to such terms of redemption with or without
6 premium, bear interest payable at such times and at such fixed
7 or variable rate or rates, and be dated as shall be fixed and
8 determined by the Director of the Governor's Office of
9 Management and Budget in the order authorizing the issuance and
10 sale of any series of Bonds, which order shall be approved by
11 the Governor and is herein called a "Bond Sale Order"; provided
12 however, that interest payable at fixed or variable rates shall
13 not exceed that permitted in the Bond Authorization Act, as now
14 or hereafter amended. Bonds shall be payable at such place or
15 places, within or without the State of Illinois, and may be
16 made registrable as to either principal or as to both principal
17 and interest, as shall be specified in the Bond Sale Order.
18 Bonds may be callable or subject to purchase and retirement or
19 tender and remarketing as fixed and determined in the Bond Sale
20 Order. Bonds, other than Bonds issued under Section 3 of this
21 Act for the costs associated with the purchase and
22 implementation of information technology, (i) except for
23 refunding Bonds satisfying the requirements of Section 16 of
24 this Act and sold during fiscal year 2009, 2010, 2011, or 2017
25 must be issued with principal or mandatory redemption amounts
26 in equal amounts, with the first maturity issued occurring

1 within the fiscal year in which the Bonds are issued or within
2 the next succeeding fiscal year and (ii) must mature or be
3 subject to mandatory redemption each fiscal year thereafter up
4 to 25 years, except for refunding Bonds satisfying the
5 requirements of Section 16 of this Act and sold during fiscal
6 year 2009, 2010, or 2011 which must mature or be subject to
7 mandatory redemption each fiscal year thereafter up to 16
8 years. Bonds issued under Section 3 of this Act for the costs
9 associated with the purchase and implementation of information
10 technology must be issued with principal or mandatory
11 redemption amounts in equal amounts, with the first maturity
12 issued occurring with the fiscal year in which the respective
13 bonds are issued or with the next succeeding fiscal year, with
14 the respective bonds issued maturing or subject to mandatory
15 redemption each fiscal year thereafter up to 10 years.
16 Notwithstanding any provision of this Act to the contrary, the
17 Bonds authorized by Public Act 96-43 shall be payable within 5
18 years from their date and must be issued with principal or
19 mandatory redemption amounts in equal amounts, with payment of
20 principal or mandatory redemption beginning in the first fiscal
21 year following the fiscal year in which the Bonds are issued.

22 Notwithstanding any provision of this Act to the contrary,
23 the Bonds authorized by Public Act 96-1497 shall be payable
24 within 8 years from their date and shall be issued with payment
25 of maturing principal or scheduled mandatory redemptions in
26 accordance with the following schedule, except the following

1 amounts shall be prorated if less than the total additional
2 amount of Bonds authorized by Public Act 96-1497 are issued:

| 3 | Fiscal Year After Issuance | Amount |
|---|----------------------------|---------------|
| 4 | 1-2 | \$0 |
| 5 | 3 | \$110,712,120 |
| 6 | 4 | \$332,136,360 |
| 7 | 5 | \$664,272,720 |
| 8 | 6-8 | \$996,409,080 |

9 In the case of any series of Bonds bearing interest at a
10 variable interest rate ("Variable Rate Bonds"), in lieu of
11 determining the rate or rates at which such series of Variable
12 Rate Bonds shall bear interest and the price or prices at which
13 such Variable Rate Bonds shall be initially sold or remarketed
14 (in the event of purchase and subsequent resale), the Bond Sale
15 Order may provide that such interest rates and prices may vary
16 from time to time depending on criteria established in such
17 Bond Sale Order, which criteria may include, without
18 limitation, references to indices or variations in interest
19 rates as may, in the judgment of a remarketing agent, be
20 necessary to cause Variable Rate Bonds of such series to be
21 remarketable from time to time at a price equal to their
22 principal amount, and may provide for appointment of a bank,
23 trust company, investment bank, or other financial institution
24 to serve as remarketing agent in that connection. The Bond Sale
25 Order may provide that alternative interest rates or provisions
26 for establishing alternative interest rates, different

1 security or claim priorities, or different call or amortization
2 provisions will apply during such times as Variable Rate Bonds
3 of any series are held by a person providing credit or
4 liquidity enhancement arrangements for such Bonds as
5 authorized in subsection (b) of this Section. The Bond Sale
6 Order may also provide for such variable interest rates to be
7 established pursuant to a process generally known as an auction
8 rate process and may provide for appointment of one or more
9 financial institutions to serve as auction agents and
10 broker-dealers in connection with the establishment of such
11 interest rates and the sale and remarketing of such Bonds.

12 (b) In connection with the issuance of any series of Bonds,
13 the State may enter into arrangements to provide additional
14 security and liquidity for such Bonds, including, without
15 limitation, bond or interest rate insurance or letters of
16 credit, lines of credit, bond purchase contracts, or other
17 arrangements whereby funds are made available to retire or
18 purchase Bonds, thereby assuring the ability of owners of the
19 Bonds to sell or redeem their Bonds. The State may enter into
20 contracts and may agree to pay fees to persons providing such
21 arrangements, but only under circumstances where the Director
22 of the Governor's Office of Management and Budget certifies
23 that he or she reasonably expects the total interest paid or to
24 be paid on the Bonds, together with the fees for the
25 arrangements (being treated as if interest), would not, taken
26 together, cause the Bonds to bear interest, calculated to their

1 stated maturity, at a rate in excess of the rate that the Bonds
2 would bear in the absence of such arrangements.

3 The State may, with respect to Bonds issued or anticipated
4 to be issued, participate in and enter into arrangements with
5 respect to interest rate protection or exchange agreements,
6 guarantees, or financial futures contracts for the purpose of
7 limiting, reducing, or managing interest rate exposure. The
8 authority granted under this paragraph, however, shall not
9 increase the principal amount of Bonds authorized to be issued
10 by law. The arrangements may be executed and delivered by the
11 Director of the Governor's Office of Management and Budget on
12 behalf of the State. Net payments for such arrangements shall
13 constitute interest on the Bonds and shall be paid from the
14 General Obligation Bond Retirement and Interest Fund. The
15 Director of the Governor's Office of Management and Budget
16 shall at least annually certify to the Governor and the State
17 Comptroller his or her estimate of the amounts of such net
18 payments to be included in the calculation of interest required
19 to be paid by the State.

20 (c) Prior to the issuance of any Variable Rate Bonds
21 pursuant to subsection (a), the Director of the Governor's
22 Office of Management and Budget shall adopt an interest rate
23 risk management policy providing that the amount of the State's
24 variable rate exposure with respect to Bonds shall not exceed
25 20%. This policy shall remain in effect while any Bonds are
26 outstanding and the issuance of Bonds shall be subject to the

1 terms of such policy. The terms of this policy may be amended
2 from time to time by the Director of the Governor's Office of
3 Management and Budget but in no event shall any amendment cause
4 the permitted level of the State's variable rate exposure with
5 respect to Bonds to exceed 20%.

6 (d) "Build America Bonds" in this Section means Bonds
7 authorized by Section 54AA of the Internal Revenue Code of
8 1986, as amended ("Internal Revenue Code"), and bonds issued
9 from time to time to refund or continue to refund "Build
10 America Bonds".

11 (e) Notwithstanding any other provision of this Section,
12 Qualified School Construction Bonds shall be issued and sold
13 from time to time, in one or more series, in such amounts and
14 at such prices as may be directed by the Governor, upon
15 recommendation by the Director of the Governor's Office of
16 Management and Budget. Qualified School Construction Bonds
17 shall be in such form (either coupon, registered or book
18 entry), in such denominations, payable within 25 years from
19 their date, subject to such terms of redemption with or without
20 premium, and if the Qualified School Construction Bonds are
21 issued with a supplemental coupon, bear interest payable at
22 such times and at such fixed or variable rate or rates, and be
23 dated as shall be fixed and determined by the Director of the
24 Governor's Office of Management and Budget in the order
25 authorizing the issuance and sale of any series of Qualified
26 School Construction Bonds, which order shall be approved by the

1 Governor and is herein called a "Bond Sale Order"; except that
2 interest payable at fixed or variable rates, if any, shall not
3 exceed that permitted in the Bond Authorization Act, as now or
4 hereafter amended. Qualified School Construction Bonds shall
5 be payable at such place or places, within or without the State
6 of Illinois, and may be made registrable as to either principal
7 or as to both principal and interest, as shall be specified in
8 the Bond Sale Order. Qualified School Construction Bonds may be
9 callable or subject to purchase and retirement or tender and
10 remarketing as fixed and determined in the Bond Sale Order.
11 Qualified School Construction Bonds must be issued with
12 principal or mandatory redemption amounts or sinking fund
13 payments into the General Obligation Bond Retirement and
14 Interest Fund (or subaccount therefor) in equal amounts, with
15 the first maturity issued, mandatory redemption payment or
16 sinking fund payment occurring within the fiscal year in which
17 the Qualified School Construction Bonds are issued or within
18 the next succeeding fiscal year, with Qualified School
19 Construction Bonds issued maturing or subject to mandatory
20 redemption or with sinking fund payments thereof deposited each
21 fiscal year thereafter up to 25 years. Sinking fund payments
22 set forth in this subsection shall be permitted only to the
23 extent authorized in Section 54F of the Internal Revenue Code
24 or as otherwise determined by the Director of the Governor's
25 Office of Management and Budget. "Qualified School
26 Construction Bonds" in this subsection means Bonds authorized

1 by Section 54F of the Internal Revenue Code and for bonds
2 issued from time to time to refund or continue to refund such
3 "Qualified School Construction Bonds".

4 (f) Beginning with the next issuance by the Governor's
5 Office of Management and Budget to the Procurement Policy Board
6 of a request for quotation for the purpose of formulating a new
7 pool of qualified underwriting banks list, all entities
8 responding to such a request for quotation for inclusion on
9 that list shall provide a written report to the Governor's
10 Office of Management and Budget and the Illinois Comptroller.
11 The written report submitted to the Comptroller shall (i) be
12 published on the Comptroller's Internet website and (ii) be
13 used by the Governor's Office of Management and Budget for the
14 purposes of scoring such a request for quotation. The written
15 report, at a minimum, shall:

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

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

25 (3) indicate, pursuant to the firm's proprietary
26 trading activities, disclosure of whether the firm, within

1 the past 3 months, has entered into any proprietary trades
2 for its own account in State of Illinois CDS;

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

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

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

18 (g) All entities included on a Governor's Office of
19 Management and Budget's pool of qualified underwriting banks
20 list shall, as soon as possible after March 18, 2011 (the
21 effective date of Public Act 96-1554), but not later than
22 January 21, 2011, and on a quarterly fiscal basis thereafter,
23 provide a written report to the Governor's Office of Management
24 and Budget and the Illinois Comptroller. The written reports
25 submitted to the Comptroller shall be published on the
26 Comptroller's Internet website. The written reports, at a

1 minimum, shall:

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

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

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

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

21 (5) list all time periods during the past 3 months
22 during which the firm held net long or net short State of
23 Illinois CDS proprietary credit protection positions, the
24 amount of such positions, and whether those positions were
25 net long or net short credit protection positions; and

26 (6) indicate whether, within the previous 3 months, the

1 firm released any publicly available research or marketing
2 reports that reference State of Illinois CDS and include
3 those research or marketing reports as attachments.

4 (h) Notwithstanding any other provision of this Section,
5 for purposes of maximizing market efficiencies and cost
6 savings, State Pension Obligation Acceleration Bonds may be
7 issued and sold from time to time, in one or more series, in
8 such amounts and at such prices as may be directed by the
9 Governor, upon recommendation by the Director of the Governor's
10 Office of Management and Budget. State Pension Obligation
11 Acceleration Bonds shall be in such form, either coupon,
12 registered, or book entry, in such denominations, shall bear
13 interest payable at such times and at such fixed or variable
14 rate or rates, and be dated as shall be fixed and determined by
15 the Director of the Governor's Office of Management and Budget
16 in the order authorizing the issuance and sale of any series of
17 State Pension Obligation Acceleration Bonds, which order shall
18 be approved by the Governor and is herein called a "Bond Sale
19 Order"; provided, however, that interest payable at fixed or
20 variable rates shall not exceed that permitted in the Bond
21 Authorization Act. State Pension Obligation Acceleration Bonds
22 shall be payable at such place or places, within or without the
23 State of Illinois, and may be made registrable as to either
24 principal or as to both principal and interest, as shall be
25 specified in the Bond Sale Order. State Pension Obligation
26 Acceleration Bonds may be callable or subject to purchase and

1 retirement or tender and remarketing as fixed and determined in
2 the Bond Sale Order.

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

4 (30 ILCS 330/11) (from Ch. 127, par. 661)

5 Sec. 11. Sale of Bonds. Except as otherwise provided in
6 this Section, Bonds shall be sold from time to time pursuant to
7 notice of sale and public bid or by negotiated sale in such
8 amounts and at such times as is directed by the Governor, upon
9 recommendation by the Director of the Governor's Office of
10 Management and Budget. At least 25%, based on total principal
11 amount, of all Bonds issued each fiscal year shall be sold
12 pursuant to notice of sale and public bid. At all times during
13 each fiscal year, no more than 75%, based on total principal
14 amount, of the Bonds issued each fiscal year, shall have been
15 sold by negotiated sale. Failure to satisfy the requirements in
16 the preceding 2 sentences shall not affect the validity of any
17 previously issued Bonds; provided that all Bonds authorized by
18 Public Act 96-43 and Public Act 96-1497 shall not be included
19 in determining compliance for any fiscal year with the
20 requirements of the preceding 2 sentences; and further provided
21 that refunding Bonds satisfying the requirements of Section 16
22 of this Act and sold during fiscal year 2009, 2010, 2011, or
23 2017 shall not be subject to the requirements in the preceding
24 2 sentences.

25 If any Bonds, including refunding Bonds, are to be sold by

1 negotiated sale, the Director of the Governor's Office of
2 Management and Budget shall comply with the competitive request
3 for proposal process set forth in the Illinois Procurement Code
4 and all other applicable requirements of that Code.

5 If Bonds are to be sold pursuant to notice of sale and
6 public bid, the Director of the Governor's Office of Management
7 and Budget may, from time to time, as Bonds are to be sold,
8 advertise the sale of the Bonds in at least 2 daily newspapers,
9 one of which is published in the City of Springfield and one in
10 the City of Chicago. The sale of the Bonds shall also be
11 advertised in the volume of the Illinois Procurement Bulletin
12 that is published by the Department of Central Management
13 Services, and shall be published once at least 10 days prior to
14 the date fixed for the opening of the bids. The Director of the
15 Governor's Office of Management and Budget may reschedule the
16 date of sale upon the giving of such additional notice as the
17 Director deems adequate to inform prospective bidders of such
18 change; provided, however, that all other conditions of the
19 sale shall continue as originally advertised.

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

23 All State Pension Obligation Acceleration Bonds shall
24 comply with this Section. Notwithstanding anything to the
25 contrary, however, for purposes of complying with this Section,
26 State Pension Obligation Acceleration Bonds, regardless of the

1 number of series or issuances sold thereunder, shall be
2 considered a single issue or series. Furthermore, for purposes
3 of complying with the competitive bidding requirements of this
4 Section, the words "at all times" shall not apply to any such
5 sale of the State Pension Obligation Acceleration Bonds. The
6 Director of the Governor's Office of Management and Budget
7 shall determine the time and manner of any competitive sale of
8 the State Pension Obligation Acceleration Bonds; however, that
9 sale shall under no circumstances take place later than 60 days
10 after the State closes the sale of 75% of the State Pension
11 Obligation Acceleration Bonds by negotiated sale.

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

13 (30 ILCS 330/12) (from Ch. 127, par. 662)

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

15 (a) Proceeds from the sale of Bonds, authorized by Section
16 3 of this Act, shall be deposited in the separate fund known as
17 the Capital Development Fund.

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

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

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

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

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

10 (f) Proceeds from the sale of Bonds, authorized by Section
11 7 of this Act, shall be deposited in the separate fund known as
12 the Coal Development Fund.

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

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

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

22 (g) Proceeds from the sale of Bonds, authorized by Section
23 8 of this Act, shall be deposited in the Capital Development
24 Fund.

25 (h) Subsequent to the issuance of any Bonds for the
26 purposes described in Sections 2 through 8 of this Act, the

1 Governor and the Director of the Governor's Office of
2 Management and Budget may provide for the reallocation of
3 unspent proceeds of such Bonds to any other purposes authorized
4 under said Sections of this Act, subject to the limitations on
5 aggregate principal amounts contained therein. Upon any such
6 reallocation, such unspent proceeds shall be transferred to the
7 appropriate funds as determined by reference to paragraphs (a)
8 through (g) of this Section.

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

10 (30 ILCS 330/13) (from Ch. 127, par. 663)

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

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

1 (b) Proceeds from the sale of Bonds for the purpose of
2 development of coal and alternative forms of energy shall be
3 expended in such amounts and at such times as the Department of
4 Commerce and Economic Opportunity, with the advice and
5 recommendation of the Illinois Coal Development Board for coal
6 development projects, may deem necessary and desirable for the
7 specific purpose contemplated by Section 7 of this Act. In
8 considering the approval of projects to be funded, the
9 Department of Commerce and Economic Opportunity shall give
10 special consideration to projects designed to remove sulfur and
11 other pollutants in the preparation and utilization of coal,
12 and in the use and operation of electric utility generating
13 plants and industrial facilities which utilize Illinois coal as
14 their primary source of fuel.

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

21 (c-1) Any money received by the Department of
22 Transportation as reimbursement for expenditures for high
23 speed rail purposes pursuant to appropriations from the
24 Transportation Bond, Series B Fund for (i) CREATE (Chicago
25 Region Environmental and Transportation Efficiency), (ii) High
26 Speed Rail, or (iii) AMTRAK projects authorized by the federal

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

7 (c-2) Any money received by the Department of
8 Transportation as reimbursement for expenditures for transit
9 capital purposes pursuant to appropriations from the
10 Transportation Bond, Series B Fund for projects authorized by
11 the federal government under the provisions of the American
12 Recovery and Reinvestment Act of 2009 or the Safe Accountable
13 Flexible Efficient Transportation Equity Act—A Legacy for
14 Users (SAFETEA-LU), or any successor federal transportation
15 authorization Act, shall be deposited into the Federal Mass
16 Transit Trust Fund.

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

18 Section 25. The Illinois Pension Code is amended by adding
19 Sections 2-154.5, 2-154.6, 14-147.5, 14-147.6, 15-185.5,
20 15-185.6, 16-190.5, 16-190.6, 18-161.5, and 18-161.6 and by
21 changing Sections 2-162, 14-152.1, 15-198, 16-203, and 18-169
22 as follows:

23 (40 ILCS 5/2-154.5 new)

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

1 (a) As used in this Section:

2 "Eligible person" means a person who:

3 (1) has terminated service;

4 (2) has met the age and service requirements to receive
5 a retirement annuity under this Article;

6 (3) has not received any retirement annuity under this
7 Article;

8 (4) does not have a QILDRO in effect against him or her
9 under this Article;

10 (5) has not elected to receive a partial accelerated
11 pension benefit payment under Section 2-154.6; and

12 (6) has received counseling, in a form and manner
13 developed by the Board by rule, regarding (i) the costs,
14 benefits, and risks of electing to receive the accelerated
15 pension benefit payment under this Section in lieu of
16 pension benefits and (ii) asset management.

17 "Pension benefit" means the benefits under this Article, or
18 Article 1 as it relates to those benefits, including any
19 anticipated annual increases, to which an eligible person is
20 entitled. "Pension benefit" also includes a survivor's
21 annuity, if applicable.

22 (b) Beginning January 1, 2018, an eligible person may
23 irrevocably elect to receive an accelerated pension benefit
24 payment under this Section. The accelerated pension benefit
25 payment under this Section shall be a one-time lump sum payment
26 in an amount equal to 70% of the net present value of his or her

1 pension benefits in lieu of receiving any pension benefit, as
2 calculated by the System using the actuarial tables and other
3 assumptions adopted by the Board. A person who elects to
4 receive an accelerated pension benefit payment under this
5 Section may not elect to proceed under the Retirement Systems
6 Reciprocal Act with respect to service under this Article.

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

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

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

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

1 reinstated.

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

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

19 (g) The Board shall adopt any rules necessary to implement
20 this Section.

21 (h) No provision of this Section shall be interpreted in a
22 way that would cause the applicable System to cease to be a
23 qualified plan under the Internal Revenue Code of 1986. No
24 benefit shall be less than the minimum required to avoid the
25 application of mandatory Social Security coverage.

1 (40 ILCS 5/2-154.6 new)

2 Sec. 2-154.6. Partial accelerated pension benefit payment.

3 (a) As used in this Section:

4 "Eligible person" means a person who:

5 (1) has terminated service;

6 (2) has met the age and service requirements to receive
7 a retirement annuity under this Article;

8 (3) has not received any retirement annuity under this
9 Article;

10 (4) does not have a QILDRO in effect against him or her
11 under this Article;

12 (5) has not elected to receive an accelerated pension
13 benefit payment under Section 2-154.5; and

14 (6) has received counseling, in a form and manner
15 developed by the Board by rule, regarding (i) the costs,
16 benefits, and risks of electing to receive a partial
17 accelerated pension benefit payment under this Section in
18 exchange for a reduction of pension benefits and (ii) asset
19 management.

20 "Pension benefit" means the benefits under this Article, or
21 Article 1 as it relates to those benefits, including any
22 anticipated annual increases, to which an eligible person is
23 entitled. "Pension benefit" also includes survivors' benefits,
24 if applicable.

25 (b) Beginning January 1, 2018, an eligible person may make
26 a written election with the System to receive a partial

1 accelerated pension benefit payment in exchange for a reduction
2 in pension benefits. In the written election, the eligible
3 person shall specify the percentage by which pension benefits
4 shall be reduced; however, a person may not elect a percentage
5 reduction of his or her pension benefits that would result in a
6 partial accelerated pension benefit payment of less than
7 \$50,000.

8 Before providing the partial accelerated pension benefit
9 payment under this Section to a person, the System shall notify
10 that person if the percentage elected for the reduction in his
11 or her pension benefits would result in any applicable benefit
12 being less than the minimum amount specified for the
13 corresponding benefit in this Article, and the eligible person
14 shall be provided the opportunity to change the amount of his
15 or her election.

16 A person who elects to receive a partial accelerated
17 pension benefit payment under this Section may not elect to
18 proceed under the Retirement Systems Reciprocal Act with
19 respect to service under this Article.

20 (c) The partial accelerated pension benefit payment under
21 this Section shall be a one-time lump sum payment in an amount
22 equal to 70% of the elected percentage. For the purposes of
23 this Section, "elected percentage" means the percentage, as
24 specified in the eligible person's written election, of the net
25 present value of pension benefits, which shall be calculated by
26 the System using the actuarial tables and other assumptions

1 adopted by the Board.

2 A person who receives the partial accelerated pension
3 benefit payment shall have his or her pension benefits reduced
4 by the percentage specified in that person's written election.

5 (d) The percentage reduction in pension benefits may not
6 under any circumstances be modified after the partial
7 accelerated pension benefit payment under this Section is
8 received. Notwithstanding any provision of this Article to the
9 contrary, a person who elects to receive a partial accelerated
10 pension benefit payment that results in an applicable benefit
11 being less than the minimum amount specified for that benefit
12 in this Article shall not be entitled to receive that minimum
13 amount.

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

17 (1) Any benefits under the System earned as a result of
18 that return to active service shall be reduced by the
19 amount specified in that person's written election.

20 (2) The partial accelerated pension benefit payment
21 may not be repaid to the System.

22 (3) That person is not eligible to elect or receive any
23 additional partial accelerated pension benefit payment.

24 (f) The partial accelerated pension benefit payment under
25 this Section may be subject to withholding or payment of
26 applicable taxes, but to the extent permitted by federal law, a

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

6 (g) The Board shall adopt any rules necessary to implement
7 this Section.

8 (h) No provision of this Section shall be interpreted in a
9 way that would cause the applicable System to cease to be a
10 qualified plan under the Internal Revenue Code of 1986. No
11 benefit shall be less than the minimum required to avoid the
12 application of mandatory Social Security coverage.

13 (40 ILCS 5/2-162)

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

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

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

1 ~~100th General Assembly the effective date of this amendatory~~
2 ~~Act of the 94th General Assembly.~~

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

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

12 Every new benefit increase is contingent upon the General
13 Assembly providing the additional funding required under this
14 subsection. The Commission on Government Forecasting and
15 Accountability shall analyze whether adequate additional
16 funding has been provided for the new benefit increase and
17 shall report its analysis to the Public Pension Division of the
18 Department of Insurance ~~Financial and Professional Regulation~~.

19 A new benefit increase created by a Public Act that does not
20 include the additional funding required under this subsection
21 is null and void. If the Public Pension Division determines
22 that the additional funding provided for a new benefit increase
23 under this subsection is or has become inadequate, it may so
24 certify to the Governor and the State Comptroller and, in the
25 absence of corrective action by the General Assembly, the new
26 benefit increase shall expire at the end of the fiscal year in

1 which the certification is made.

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

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

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

19 (40 ILCS 5/14-147.5 new)

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

21 (a) As used in this Section:

22 "Eligible person" means a person who:

23 (1) has terminated service;

24 (2) has met the age and service requirements to receive

25 a retirement annuity under this Article;

1 (3) has not received any retirement annuity under this
2 Article;

3 (4) does not have a QILDRO in effect against him or her
4 under this Article;

5 (5) has not elected to receive a partial accelerated
6 pension benefit payment under Section 14-147.6; and

7 (6) has received counseling, in a form and manner
8 developed by the Board by rule, regarding (i) the costs,
9 benefits, and risks of electing to receive the accelerated
10 pension benefit payment under this Section in lieu of
11 pension benefits and (ii) asset management.

12 "Pension benefit" means the benefits under this Article, or
13 Article 1 as it relates to those benefits, including any
14 anticipated annual increases, to which an eligible person is
15 entitled. "Pension benefit" also includes a survivors or
16 widow's annuity, if applicable.

17 (b) Beginning January 1, 2018, an eligible person may
18 irrevocably elect to receive an accelerated pension benefit
19 payment under this Section. The accelerated pension benefit
20 payment under this Section shall be a one-time lump sum payment
21 in an amount equal to 70% of the net present value of his or her
22 pension benefits in lieu of receiving any pension benefit, as
23 calculated by the System using the actuarial tables and other
24 assumptions adopted by the Board. A person who elects to
25 receive an accelerated pension benefit payment under this
26 Section may not elect to proceed under the Retirement Systems

1 Reciprocal Act with respect to service under this Article.

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

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

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

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

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

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

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

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

16 (h) No provision of this Section shall be interpreted in a
17 way that would cause the applicable System to cease to be a
18 qualified plan under the Internal Revenue Code of 1986. The
19 benefit shall not violate any requirement of the Social
20 Security coverage agreement.

21 (40 ILCS 5/14-147.6 new)

22 Sec. 14-147.6. Partial accelerated pension benefit
23 payment.

24 (a) As used in this Section:

25 "Eligible person" means a person who:

- 1 (1) has terminated service;
2 (2) has met the age and service requirements to receive
3 a retirement annuity under this Article;
4 (3) has not received any retirement annuity under this
5 Article;
6 (4) does not have a QILDRO in effect against him or her
7 under this Article;
8 (5) has not elected to receive an accelerated pension
9 benefit payment under Section 14-147.5; and
10 (6) has received counseling, in a form and manner
11 developed by the Board by rule, regarding (i) the costs,
12 benefits, and risks of electing to receive a partial
13 accelerated pension benefit payment under this Section in
14 exchange for a reduction of pension benefits and (ii) asset
15 management.

16 "Pension benefit" means the benefits under this Article, or
17 Article 1 as it relates to those benefits, including any
18 anticipated annual increases, to which an eligible person is
19 entitled. "Pension benefit" also includes a survivors or
20 widow's annuity, if applicable.

21 (b) Beginning January 1, 2018, an eligible person may make
22 a written election with the System to receive a partial
23 accelerated pension benefit payment in exchange for a reduction
24 in pension benefits. In the written election, the eligible
25 person shall specify the percentage by which pension benefits
26 shall be reduced; however, a person may not elect a percentage

1 reduction of his or her pension benefits that would result in a
2 partial accelerated pension benefit payment of less than
3 \$50,000.

4 Before providing the partial accelerated pension benefit
5 payment under this Section to a person, the System shall notify
6 that person if the percentage elected for the reduction in his
7 or her pension benefits would result in any applicable benefit
8 being less than the minimum amount specified for the
9 corresponding benefit in this Article, and the eligible person
10 shall be provided the opportunity to change the amount of his
11 or her election.

12 A person who elects to receive a partial accelerated
13 pension benefit payment under this Section may not elect to
14 proceed under the Retirement Systems Reciprocal Act with
15 respect to service under this Article.

16 (c) The partial accelerated pension benefit payment under
17 this Section shall be a one-time lump sum payment in an amount
18 equal to 70% of the elected percentage. For the purposes of
19 this Section, "elected percentage" means the percentage, as
20 specified in the eligible person's written election, of the net
21 present value of pension benefits, which shall be calculated by
22 the System using the actuarial tables and other assumptions
23 adopted by the Board.

24 A person who receives the partial accelerated pension
25 benefit payment shall have his or her pension benefits reduced
26 by the percentage specified in that person's written election.

1 (d) The percentage reduction in pension benefits may not
2 under any circumstances be modified after the partial
3 accelerated pension benefit payment under this Section is
4 received. Notwithstanding any provision of this Article to the
5 contrary, a person who elects to receive a partial accelerated
6 pension benefit payment that results in an applicable benefit
7 being less than the minimum amount specified for that benefit
8 in this Article shall not be entitled to receive that minimum
9 amount.

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

13 (1) Any benefits under the System earned as a result of
14 that return to active service shall be reduced by the
15 amount specified in that person's written election.

16 (2) The partial accelerated pension benefit payment
17 may not be repaid to the System.

18 (3) That person is not eligible to elect or receive any
19 additional partial accelerated pension benefit payment.

20 (f) The partial accelerated pension benefit payment under
21 this Section may be subject to withholding or payment of
22 applicable taxes, but to the extent permitted by federal law, a
23 person who receives a partial accelerated pension benefit
24 payment under this Section may direct the System to pay all or
25 a portion of that payment as a rollover into another retirement
26 plan or account qualified under the Internal Revenue Code of

1 1986, as amended.

2 (g) The Board shall adopt any rules necessary to implement
3 this Section.

4 (h) No provision of this Section shall be interpreted in a
5 way that would cause the applicable System to cease to be a
6 qualified plan under the Internal Revenue Code of 1986. The
7 benefit shall not violate any requirement of the Social
8 Security coverage agreement.

9 (40 ILCS 5/14-152.1)

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

12 Sec. 14-152.1. Application and expiration of new benefit
13 increases.

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

24 (b) Notwithstanding any other provision of this Code or any
25 subsequent amendment to this Code, every new benefit increase

1 is subject to this Section and shall be deemed to be granted
2 only in conformance with and contingent upon compliance with
3 the provisions of this Section.

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

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

24 (d) Every new benefit increase shall expire 5 years after
25 its effective date or on such earlier date as may be specified
26 in the language enacting the new benefit increase or provided

1 under subsection (c). This does not prevent the General
2 Assembly from extending or re-creating a new benefit increase
3 by law.

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

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

15 (40 ILCS 5/15-185.5 new)

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

17 (a) As used in this Section:

18 "Eligible person" means a person who:

19 (1) has terminated service;

20 (2) has met the age and service requirements to receive
21 a retirement annuity under this Article;

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

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

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

3 (6) has not elected to receive a partial accelerated
4 pension benefit payment under Section 15-185.6; and

5 (7) has received counseling, in a form and manner
6 developed by the Board by rule, regarding (i) the costs,
7 benefits, and risks of electing to receive the accelerated
8 pension benefit payment under this Section in lieu of
9 pension benefits and (ii) asset management.

10 "Pension benefit" means the benefits under this Article, or
11 Article 1 as it relates to those benefits, including any
12 anticipated annual increases, to which an eligible person is
13 entitled. "Pension benefit" also includes a survivor annuity,
14 if applicable.

15 (b) Beginning January 1, 2018, an eligible person may
16 irrevocably elect to receive an accelerated pension benefit
17 payment under this Section. The accelerated pension benefit
18 payment under this Section shall be a one-time lump sum payment
19 in an amount equal to 70% of the net present value of his or her
20 pension benefits in lieu of receiving any pension benefit, as
21 calculated by the System using the actuarial tables and other
22 assumptions adopted by the Board. A person who elects to
23 receive an accelerated pension benefit payment under this
24 Section may not elect to proceed under the Retirement Systems
25 Reciprocal Act with respect to service under this Article.

26 (c) A person's credits and creditable service under this

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

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

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

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

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

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

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

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

14 (h) No provision of this Section shall be interpreted in a
15 way that would cause the applicable System to cease to be a
16 qualified plan under the Internal Revenue Code of 1986. No
17 benefit shall be less than the minimum required to avoid the
18 application of mandatory Social Security coverage.

19 (40 ILCS 5/15-185.6 new)

20 Sec. 15-185.6. Partial accelerated pension benefit
21 payment.

22 (a) As used in this Section:

23 "Eligible person" means a person who:

24 (1) has terminated service;

25 (2) has met the age and service requirements to receive

1 a retirement annuity under this Article;

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

4 (4) does not have a QILDRO in effect against him or her
5 under this Article;

6 (5) is not a participant in the self-managed plan under
7 Section 15-158.2;

8 (6) has not elected to receive an accelerated pension
9 benefit payment under Section 15-185.5; and

10 (7) has received counseling, in a form and manner
11 developed by the Board by rule, regarding (i) the costs,
12 benefits, and risks of electing to receive a partial
13 accelerated pension benefit payment under this Section in
14 exchange for a reduction of a retirement annuity and (ii)
15 asset management.

16 "Pension benefit" means the benefits under this Article, or
17 Article 1 as it relates to those benefits, including any
18 anticipated annual increases, to which an eligible person is
19 entitled. "Pension benefit" also includes a survivor annuity,
20 if applicable.

21 (b) Beginning January 1, 2018, an eligible person may make
22 a written election with the System to receive a partial
23 accelerated pension benefit payment in exchange for a reduction
24 in pension benefits. In the written election, the eligible
25 person shall specify the percentage by which pension benefits
26 shall be reduced; however, a person may not elect a percentage

1 reduction of his or her pension benefits that would result in a
2 partial accelerated pension benefit payment of less than
3 \$50,000.

4 Before providing the partial accelerated pension benefit
5 payment under this Section to a person, the System shall notify
6 that person if the percentage elected for the reduction in his
7 or her pension benefits would result in any applicable benefit
8 being less than the minimum amount specified for the
9 corresponding benefit in this Article, and the eligible person
10 shall be provided the opportunity to change the amount of his
11 or her election.

12 A person who elects to receive a partial accelerated
13 pension benefit payment under this Section may not elect to
14 proceed under the Retirement Systems Reciprocal Act with
15 respect to service under this Article.

16 (c) The partial accelerated pension benefit payment under
17 this Section shall be a one-time lump sum payment in an amount
18 equal to 70% of the elected percentage. For the purposes of
19 this Section, "elected percentage" means the percentage, as
20 specified in the eligible person's written election, of the net
21 present value of pension benefits, which shall be calculated by
22 the System using the actuarial tables and other assumptions
23 adopted by the Board.

24 A person who receives the partial accelerated pension
25 benefit payment shall have his or her pension benefits reduced
26 by the percentage specified in that person's written election.

1 (d) The percentage reduction in pension benefits may not
2 under any circumstances be modified after the partial
3 accelerated pension benefit payment under this Section is
4 received. Notwithstanding any provision of this Article to the
5 contrary, a person who elects to receive a partial accelerated
6 pension benefit payment that results in an applicable benefit
7 being less than the minimum amount specified for that benefit
8 in this Article shall not be entitled to receive that minimum
9 amount.

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

13 (1) Any benefits under the System earned as a result of
14 that return to active service shall be reduced by the
15 amount specified in that person's written election.

16 (2) The partial accelerated pension benefit payment
17 may not be repaid to the System.

18 (3) That person is not eligible to elect or receive any
19 additional partial accelerated pension benefit payment.

20 (f) The partial accelerated pension benefit payment under
21 this Section may be subject to withholding or payment of
22 applicable taxes, but to the extent permitted by federal law, a
23 person who receives a partial accelerated pension benefit
24 payment under this Section may direct the System to pay all or
25 a portion of that payment as a rollover into another retirement
26 plan or account qualified under the Internal Revenue Code of

1 1986, as amended.

2 (g) The Board shall adopt any rules necessary to implement
3 this Section.

4 (h) No provision of this Section shall be interpreted in a
5 way that would cause the applicable System to cease to be a
6 qualified plan under the Internal Revenue Code of 1986. No
7 benefit shall be less than the minimum required to avoid the
8 application of mandatory Social Security coverage.

9 (40 ILCS 5/15-198)

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

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

14 (a) As used in this Section, "new benefit increase" means
15 an increase in the amount of any benefit provided under this
16 Article, or an expansion of the conditions of eligibility for
17 any benefit under this Article, that results from an amendment
18 to this Code that takes effect after June 1, 2005 (the
19 effective date of Public Act 94-4). "New benefit increase",
20 however, does not include any benefit increase resulting from
21 the changes made to this Article by this amendatory Act of the
22 100th General Assembly ~~the effective date of this amendatory~~
23 Act of the 94th General Assembly.

24 (b) Notwithstanding any other provision of this Code or any
25 subsequent amendment to this Code, every new benefit increase

1 is subject to this Section and shall be deemed to be granted
2 only in conformance with and contingent upon compliance with
3 the provisions of this Section.

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

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

24 (d) Every new benefit increase shall expire 5 years after
25 its effective date or on such earlier date as may be specified
26 in the language enacting the new benefit increase or provided

1 under subsection (c). This does not prevent the General
2 Assembly from extending or re-creating a new benefit increase
3 by law.

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

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

15 (40 ILCS 5/16-190.5 new)

16 Sec. 16-190.5. Accelerated pension benefit payment.

17 (a) As used in this Section:

18 "Eligible person" means a person who:

19 (1) has terminated service;

20 (2) has met the age and service requirements to receive
21 a retirement annuity under this Article;

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

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

1 (5) has not elected to receive a partial accelerated
2 pension benefit payment under Section 16-190.6; and

3 (6) has received counseling, in a form and manner
4 developed by the Board by rule, regarding (i) the costs,
5 benefits, and risks of electing to receive the accelerated
6 pension benefit payment under this Section in lieu of
7 pension benefits and (ii) asset management.

8 "Pension benefit" means the benefits under this Article, or
9 Article 1 as it relates to those benefits, including any
10 anticipated annual increases, to which an eligible person is
11 entitled. "Pension benefit" also includes survivors' benefits,
12 if applicable.

13 (b) Beginning January 1, 2018, an eligible person may
14 irrevocably elect to receive an accelerated pension benefit
15 payment under this Section. The accelerated pension benefit
16 payment under this Section shall be a one-time lump sum payment
17 in an amount equal to 70% of the net present value of his or her
18 pension benefits in lieu of receiving any pension benefit, as
19 calculated by the System using the actuarial tables and other
20 assumptions adopted by the Board. A person who elects to
21 receive an accelerated pension benefit payment under this
22 Section may not elect to proceed under the Retirement Systems
23 Reciprocal Act with respect to service under this Article.

24 (c) A person's credits and creditable service under this
25 Article shall be terminated upon the person's receipt of an
26 accelerated pension benefit payment under this Section, and no

1 other benefit shall be paid under this Article based on those
2 terminated credits and creditable service, including any
3 retirement, survivor, or other benefit; except that to the
4 extent that participation, benefits, or premiums under the
5 State Employees Group Insurance Act of 1971 are based on the
6 amount of service credit, the terminated service credit shall
7 be used for that purpose.

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

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

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

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

1 benefit payment under this Section must direct the System to
2 pay all of that payment as a rollover into another retirement
3 plan or account qualified under the Internal Revenue Code of
4 1986, as amended.

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

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

12 (h) No provision of this Section shall be interpreted in a
13 way that would cause the applicable System to cease to be a
14 qualified plan under the Internal Revenue Code of 1986. No
15 benefit shall be less than the minimum required to avoid the
16 application of mandatory Social Security coverage.

17 (40 ILCS 5/16-190.6 new)

18 Sec. 16-190.6. Partial accelerated pension benefit
19 payment.

20 (a) As used in this Section:

21 "Eligible person" means a person who:

22 (1) has terminated service;

23 (2) has met the age and service requirements to receive
24 a retirement annuity under this Article;

25 (3) has not received any retirement annuity under this

1 Article;

2 (4) does not have a QILDRO in effect against him or her
3 under this Article;

4 (5) has not elected to receive an accelerated pension
5 benefit payment under Section 16-190.5; and

6 (6) has received counseling, in a form and manner
7 developed by the Board by rule, regarding (i) the costs,
8 benefits, and risks of electing to receive a partial
9 accelerated pension benefit payment under this Section in
10 exchange for a reduction of pension benefits and (ii) asset
11 management.

12 "Pension benefit" means the benefits under this Article, or
13 Article 1 as it relates to those benefits, including any
14 anticipated annual increases, to which an eligible person is
15 entitled. "Pension benefit" also includes survivors' benefits,
16 if applicable.

17 (b) Beginning January 1, 2018, an eligible person may make
18 a written election with the System to receive a partial
19 accelerated pension benefit payment in exchange for a reduction
20 in pension benefits. In the written election, the eligible
21 person shall specify the percentage by which pension benefits
22 shall be reduced; however, a person may not elect a percentage
23 reduction of his or her pension benefits that would result in a
24 partial accelerated pension benefit payment of less than
25 \$50,000.

26 Before providing the partial accelerated pension benefit

1 payment under this Section to a person, the System shall notify
2 that person if the percentage elected for the reduction in his
3 or her pension benefits would result in any applicable benefit
4 being less than the minimum amount specified for the
5 corresponding benefit in this Article, and the eligible person
6 shall be provided the opportunity to change the amount of his
7 or her election.

8 A person who elects to receive a partial accelerated
9 pension benefit payment under this Section may not elect to
10 proceed under the Retirement Systems Reciprocal Act with
11 respect to service under this Article.

12 (c) The partial accelerated pension benefit payment under
13 this Section shall be a one-time lump sum payment in an amount
14 equal to 70% of the elected percentage. For the purposes of
15 this Section, "elected percentage" means the percentage, as
16 specified in the eligible person's written election, of the net
17 present value of pension benefits, which shall be calculated by
18 the System using the actuarial tables and other assumptions
19 adopted by the Board.

20 A person who receives the partial accelerated pension
21 benefit payment shall have his or her pension benefits reduced
22 by the percentage specified in that person's written election.

23 (d) The percentage reduction in pension benefits may not
24 under any circumstances be modified after the partial
25 accelerated pension benefit payment under this Section is
26 received. Notwithstanding any provision of this Article to the

1 contrary, a person who elects to receive a partial accelerated
2 pension benefit payment that results in an applicable benefit
3 being less than the minimum amount specified for that benefit
4 in this Article shall not be entitled to receive that minimum
5 amount.

6 (e) If a person who has received a partial accelerated
7 pension benefit payment under this Section returns to active
8 service under this Article, then:

9 (1) Any benefits under the System earned as a result of
10 that return to active service shall be reduced by the
11 amount specified in that person's written election.

12 (2) The partial accelerated pension benefit payment
13 may not be repaid to the System.

14 (3) That person is not eligible to elect or receive any
15 additional partial accelerated pension benefit payment.

16 (f) The partial accelerated pension benefit payment under
17 this Section may be subject to withholding or payment of
18 applicable taxes, but to the extent permitted by federal law, a
19 person who receives a partial accelerated pension benefit
20 payment under this Section may direct the System to pay all or
21 a portion of that payment as a rollover into another retirement
22 plan or account qualified under the Internal Revenue Code of
23 1986, as amended.

24 (g) The Board shall adopt any rules necessary to implement
25 this Section.

26 (h) No provision of this Section shall be interpreted in a

1 way that would cause the applicable System to cease to be a
2 qualified plan under the Internal Revenue Code of 1986. No
3 benefit shall be less than the minimum required to avoid the
4 application of mandatory Social Security coverage.

5 (40 ILCS 5/16-203)

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

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

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

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

25 (c) The Public Act enacting a new benefit increase must

1 identify and provide for payment to the System of additional
2 funding at least sufficient to fund the resulting annual
3 increase in cost to the System as it accrues.

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

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

26 (e) Except as otherwise provided in the language creating

1 the new benefit increase, a new benefit increase that expires
2 under this Section continues to apply to persons who applied
3 and qualified for the affected benefit while the new benefit
4 increase was in effect and to the affected beneficiaries and
5 alternate payees of such persons, but does not apply to any
6 other person, including without limitation a person who
7 continues in service after the expiration date and did not
8 apply and qualify for the affected benefit while the new
9 benefit increase was in effect.

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

11 (40 ILCS 5/18-161.5 new)

12 Sec. 18-161.5. Accelerated pension benefit payment.

13 (a) As used in this Section:

14 "Eligible person" means a person who:

15 (1) has terminated service;

16 (2) has met the age and service requirements to receive
17 a retirement annuity under this Article;

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

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

22 (5) has not elected to receive a partial accelerated
23 pension benefit payment under Section 18-161.6; and

24 (6) has received counseling, in a form and manner
25 developed by the Board by rule, regarding (i) the costs,

1 benefits, and risks of electing to receive the accelerated
2 pension benefit payment under this Section in lieu of
3 pension benefits and (ii) asset management.

4 "Pension benefit" means the benefits under this Article, or
5 Article 1 as it relates to those benefits, including any
6 anticipated annual increases, to which an eligible person is
7 entitled. "Pension benefit" also includes a survivor's
8 annuity, if applicable.

9 (b) Beginning January 1, 2018, an eligible person may
10 irrevocably elect to receive an accelerated pension benefit
11 payment under this Section. The accelerated pension benefit
12 payment under this Section shall be a one-time lump sum payment
13 in an amount equal to 70% of the net present value of his or her
14 pension benefits in lieu of receiving any pension benefit, as
15 calculated by the System using the actuarial tables and other
16 assumptions adopted by the Board. A person who elects to
17 receive an accelerated pension benefit payment under this
18 Section may not elect to proceed under the Retirement Systems
19 Reciprocal Act with respect to service under this Article.

20 (c) A person's credits and creditable service under this
21 Article shall be terminated upon the person's receipt of an
22 accelerated pension benefit payment under this Section, and no
23 other benefit shall be paid under this Article based on those
24 terminated credits and creditable service, including any
25 retirement, survivor, or other benefit; except that to the
26 extent that participation, benefits, or premiums under the

1 State Employees Group Insurance Act of 1971 are based on the
2 amount of service credit, the terminated service credit shall
3 be used for that purpose.

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

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

11 (2) The accelerated pension benefit payment may not be
12 repaid to the System, and the terminated credits and
13 creditable service may not under any circumstances be
14 reinstated.

15 (e) As a condition of receiving an accelerated pension
16 benefit payment, an eligible person must have another
17 retirement plan or account qualified under the Internal Revenue
18 Code of 1986, as amended, for the accelerated pension benefit
19 payment to be rolled into. The accelerated pension benefit
20 payment under this Section may be subject to withholding or
21 payment of applicable taxes, but to the extent permitted by
22 federal law, a person who receives an accelerated pension
23 benefit payment under this Section must direct the System to
24 pay all of that payment as a rollover into another retirement
25 plan or account qualified under the Internal Revenue Code of
26 1986, as amended.

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

6 (g) The Board shall adopt any rules necessary to implement
7 this Section.

8 (h) No provision of this Section shall be interpreted in a
9 way that would cause the applicable System to cease to be a
10 qualified plan under the Internal Revenue Code of 1986. No
11 benefit shall be less than the minimum required to avoid the
12 application of mandatory Social Security coverage.

13 (40 ILCS 5/18-161.6 new)

14 Sec. 18-161.6. Partial accelerated pension benefit
15 payment.

16 (a) As used in this Section:

17 "Eligible person" means a person who:

18 (1) has terminated service;

19 (2) has met the age and service requirements to receive
20 a retirement annuity under this Article;

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

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

25 (5) has not elected to receive an accelerated pension

1 benefit payment under Section 18-161.5; and

2 (6) has received counseling, in a form and manner
3 developed by the Board by rule, regarding (i) the costs,
4 benefits, and risks of electing to receive a partial
5 accelerated pension benefit payment under this Section in
6 exchange for a reduction of a retirement annuity and (ii)
7 asset management.

8 "Pension benefit" means the benefits under this Article, or
9 Article 1 as it relates to those benefits, including any
10 anticipated annual increases, to which an eligible person is
11 entitled. "Pension benefit" also includes a survivor's
12 annuity, if applicable.

13 (b) Beginning January 1, 2018, an eligible person may make
14 a written election with the System to receive a partial
15 accelerated pension benefit payment in exchange for a reduction
16 in pension benefits. In the written election, the eligible
17 person shall specify the percentage by which pension benefits
18 shall be reduced; however, a person may not elect a percentage
19 reduction of his or her pension benefits that would result in a
20 partial accelerated pension benefit payment of less than
21 \$50,000.

22 Before providing the partial accelerated pension benefit
23 payment under this Section to a person, the System shall notify
24 that person if the percentage elected for the reduction in his
25 or her pension benefits would result in any applicable benefit
26 being less than the minimum amount specified for the

1 corresponding benefit in this Article, and the eligible person
2 shall be provided the opportunity to change the amount of his
3 or her election.

4 A person who elects to receive a partial accelerated
5 pension benefit payment under this Section may not elect to
6 proceed under the Retirement Systems Reciprocal Act with
7 respect to service under this Article.

8 (c) The partial accelerated pension benefit payment under
9 this Section shall be a one-time lump sum payment in an amount
10 equal to 70% of the elected percentage. For the purposes of
11 this Section, "elected percentage" means the percentage, as
12 specified in the eligible person's written election, of the net
13 present value of pension benefits, which shall be calculated by
14 the System using the actuarial tables and other assumptions
15 adopted by the Board.

16 A person who receives the partial accelerated pension
17 benefit payment shall have his or her pension benefits reduced
18 by the percentage specified in that person's written election.

19 (d) The percentage reduction in pension benefits may not
20 under any circumstances be modified after the partial
21 accelerated pension benefit payment under this Section is
22 received. Notwithstanding any provision of this Article to the
23 contrary, a person who elects to receive a partial accelerated
24 pension benefit payment that results in an applicable benefit
25 being less than the minimum amount specified for that benefit
26 in this Article shall not be entitled to receive that minimum

1 amount.

2 (e) If a person who has received a partial accelerated
3 pension benefit payment under this Section returns to active
4 service under this Article, then:

5 (1) Any benefits under the System earned as a result of
6 that return to active service shall be reduced by the
7 amount specified in that person's written election.

8 (2) The partial accelerated pension benefit payment
9 may not be repaid to the System.

10 (3) That person is not eligible to elect or receive any
11 additional partial accelerated pension benefit payment.

12 (f) The partial accelerated pension benefit payment under
13 this Section may be subject to withholding or payment of
14 applicable taxes, but to the extent permitted by federal law, a
15 person who receives a partial accelerated pension benefit
16 payment under this Section may direct the System to pay all or
17 a portion of that payment as a rollover into another retirement
18 plan or account qualified under the Internal Revenue Code of
19 1986, as amended.

20 (g) The Board shall adopt any rules necessary to implement
21 this Section.

22 (h) No provision of this Section shall be interpreted in a
23 way that would cause the applicable System to cease to be a
24 qualified plan under the Internal Revenue Code of 1986. No
25 benefit shall be less than the minimum required to avoid the
26 application of mandatory Social Security coverage.

1 (40 ILCS 5/18-169)

2 Sec. 18-169. Application and expiration of new benefit
3 increases.

4 (a) As used in this Section, "new benefit increase" means
5 an increase in the amount of any benefit provided under this
6 Article, or an expansion of the conditions of eligibility for
7 any benefit under this Article, that results from an amendment
8 to this Code that takes effect after June 1, 2005 (the
9 effective date of Public Act 94-4). "New benefit increase",
10 however, does not include any benefit increase resulting from
11 the changes made to this Article by this amendatory Act of the
12 100th General Assembly ~~the effective date of this amendatory~~
13 ~~Act of the 94th General Assembly.~~

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

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

23 Every new benefit increase is contingent upon the General
24 Assembly providing the additional funding required under this
25 subsection. The Commission on Government Forecasting and

1 Accountability shall analyze whether adequate additional
2 funding has been provided for the new benefit increase and
3 shall report its analysis to the Public Pension Division of the
4 Department of Insurance ~~Financial and Professional Regulation~~.

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

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

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

1 continues in service after the expiration date and did not
2 apply and qualify for the affected benefit while the new
3 benefit increase was in effect.

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

5 Section 30. The State Pension Funds Continuing
6 Appropriation Act is amended by adding Section 1.9 as follows:

7 (40 ILCS 15/1.9 new)

8 Sec. 1.9. Appropriations for State Pension Obligation
9 Acceleration Bonds. If for any reason the aggregate
10 appropriations made available are insufficient to meet the
11 levels required for the payment of principal and interest due
12 on State Pension Obligation Acceleration Bonds under Section
13 7.6 of the General Obligation Bond Act, this Section shall
14 constitute a continuing appropriation of all amounts necessary
15 for those purposes.

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

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| 3 | 5 ILCS 375/3 | from Ch. 127, par. 523 |
| 4 | 5 ILCS 375/10 | from Ch. 127, par. 530 |
| 5 | 20 ILCS 3501/801-40 | |
| 6 | 30 ILCS 105/5.878 new | |
| 7 | 30 ILCS 330/2 | from Ch. 127, par. 652 |
| 8 | 30 ILCS 330/2.5 | |
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| 10 | 30 ILCS 330/9 | from Ch. 127, par. 659 |
| 11 | 30 ILCS 330/11 | from Ch. 127, par. 661 |
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| 13 | 30 ILCS 330/13 | from Ch. 127, par. 663 |
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- 1 40 ILCS 5/18-161.5 new
- 2 40 ILCS 5/18-161.6 new
- 3 40 ILCS 5/18-169
- 4 40 ILCS 15/1.9 new