



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB2172

Introduced 3/15/2017, by Sen. Michael Connelly

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. Restricts participation in the General Assembly Retirement System to persons who became participants before the effective date. Provides separate benefits for persons who, on or after 6 months after the effective date, first become participants or members under the State Universities or Downstate Teachers Article or a noncovered participant under the State Employees Article. Requires those retirement systems to establish a defined contribution plan for certain members. In the IMRF, Chicago Municipal, Cook County, Cook County Forest Preserve, Chicago Laborers, Chicago Park District, Metropolitan Water Reclamation District, and Chicago Teachers Articles, establishes similar benefits if the governing body of the unit of local government adopts those benefits by resolution or ordinance. In the State Employee, State Universities, and Downstate Teachers Articles, requires those Systems to offer certain inactive members the opportunity to elect to receive an accelerated pension benefit payment equal to 70% of the net present value of their pension benefits in lieu of receiving any pension benefit. In the 5 State-funded retirement systems and the Chicago Teachers Pension Fund, makes funding changes. In the State Universities and Downstate Teachers Articles, shifts certain costs to the local employer. In the Chicago Teachers Article, requires the State to contribute \$215,200,000 for fiscal year 2017 and provides a continuing appropriation from the Common School Fund for that contribution. Amends the Budget Stabilization Act. Provides for the transfer of certain amounts from the General Revenue Fund to the Pension Stabilization Fund. Makes other changes. Effective immediately.

LRB100 11909 RPS 23560 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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, 14 (including an employee
21 who has elected to receive an alternative retirement
22 cancellation payment under Section 14-108.5 of the Illinois
23 Pension Code in lieu of an annuity or who meets the criteria

1 for retirement, but in lieu of receiving an annuity under that
2 Article has elected to receive an accelerated pension benefit
3 payment under Section 14-147.5 of that Article), 15 (including
4 an employee who has retired under the optional retirement
5 program established under Section 15-158.2 or who meets the
6 criteria for retirement but in lieu of receiving an annuity
7 under that Article has elected to receive an accelerated
8 pension benefit payment under Section 15-185.5 of the Article),
9 paragraphs (2), (3), or (5) of Section 16-106 (including an
10 employee who meets the criteria for retirement, but in lieu of
11 receiving an annuity under that Article has elected to receive
12 an accelerated pension benefit payment under Section 16-190.5
13 of the Illinois Pension Code), or Article 18 of the Illinois
14 Pension Code; (2) any person who was receiving group insurance
15 coverage under this Act as of March 31, 1978 by reason of his
16 status as an annuitant, even though the annuity in relation to
17 which such coverage was provided is a proportional annuity
18 based on less than the minimum period of service required for a
19 retirement annuity in the system involved; (3) any person 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; (4) the spouse of any
24 person who is receiving a retirement annuity under Article 18
25 of the Illinois Pension Code and who is covered under a group
26 health insurance program sponsored by a governmental employer

1 other than the State of Illinois and who has irrevocably
2 elected to waive his or her coverage under this Act and to have
3 his or her spouse considered as the "annuitant" under this Act
4 and not as a "dependent"; or (5) an employee who retires, or
5 has retired, from a qualified position, as determined according
6 to rules promulgated by the Director, under a qualified local
7 government, a qualified rehabilitation facility, a qualified
8 domestic violence shelter or service, or a qualified child
9 advocacy center. (For definition of "retired employee", see (p)
10 post).

11 (b-5) (Blank).

12 (b-6) (Blank).

13 (b-7) (Blank).

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

20 (d) "Compensation" means salary or wages payable on a
21 regular payroll by the State Treasurer on a warrant of the
22 State Comptroller out of any State, trust or federal fund, or
23 by the Governor of the State through a disbursing officer of
24 the State out of a trust or out of federal funds, or by any
25 Department out of State, trust, federal or other funds held by
26 the State Treasurer or the Department, to any person for

1 personal services currently performed, and ordinary or
2 accidental disability benefits under Articles 2, 14, 15
3 (including ordinary or accidental disability benefits under
4 the optional retirement program established under Section
5 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or
6 Article 18 of the Illinois Pension Code, for disability
7 incurred after January 1, 1966, or benefits payable under the
8 Workers' Compensation or Occupational Diseases Act or benefits
9 payable under a sick pay plan established in accordance with
10 Section 36 of the State Finance Act. "Compensation" also means
11 salary or wages paid to an employee of any qualified local
12 government, qualified rehabilitation facility, qualified
13 domestic violence shelter or service, or qualified child
14 advocacy center.

15 (e) "Commission" means the State Employees Group Insurance
16 Advisory Commission authorized by this Act. Commencing July 1,
17 1984, "Commission" as used in this Act means the Commission on
18 Government Forecasting and Accountability as established by
19 the Legislative Commission Reorganization Act of 1984.

20 (f) "Contributory", when referred to as contributory
21 coverage, shall mean optional coverages or benefits elected by
22 the member toward the cost of which such member makes
23 contribution, or which are funded in whole or in part through
24 the acceptance of a reduction in earnings or the foregoing of
25 an increase in earnings by an employee, as distinguished from
26 noncontributory coverage or benefits which are paid entirely by

1 the State of Illinois without reduction of the member's salary.

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

14 (h) "Dependent", when the term is used in the context of
15 the health and life plan, means a member's spouse and any child
16 (1) from birth to age 26 including an adopted child, a child
17 who lives with the member from the time of the filing of a
18 petition for adoption until entry of an order of adoption, a
19 stepchild or adjudicated child, or a child who lives with the
20 member if such member is a court appointed guardian of the
21 child or (2) age 19 or over who has a mental or physical
22 disability from a cause originating prior to the age of 19 (age
23 26 if enrolled as an adult child dependent). For the health
24 plan only, the term "dependent" also includes (1) any person
25 enrolled prior to the effective date of this Section who is
26 dependent upon the member to the extent that the member may

1 claim such person as a dependent for income tax deduction
2 purposes and (2) any person who has received after June 30,
3 2000 an organ transplant and who is financially dependent upon
4 the member and eligible to be claimed as a dependent for income
5 tax purposes. A member requesting to cover any dependent must
6 provide documentation as requested by the Department of Central
7 Management Services and file with the Department any and all
8 forms required by the Department.

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

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

14 (k) "Employee" means and includes each officer or employee
15 in the service of a department who (1) receives his
16 compensation for service rendered to the department on a
17 warrant issued pursuant to a payroll certified by a department
18 or on a warrant or check issued and drawn by a department upon
19 a trust, federal or other fund or on a warrant issued pursuant
20 to a payroll certified by an elected or duly appointed officer
21 of the State or who receives payment of the performance of
22 personal services on a warrant issued pursuant to a payroll
23 certified by a Department and drawn by the Comptroller upon the
24 State Treasurer against appropriations made by the General
25 Assembly from any fund or against trust funds held by the State
26 Treasurer, and (2) is employed full-time or part-time in a

1 position normally requiring actual performance of duty during
2 not less than 1/2 of a normal work period, as established by
3 the Director in cooperation with each department, except that
4 persons elected by popular vote will be considered employees
5 during the entire term for which they are elected regardless of
6 hours devoted to the service of the State, and (3) except that
7 "employee" does not include any person who is not eligible by
8 reason of such person's employment to participate in one of the
9 State retirement systems under Articles 2, 14, 15 (either the
10 regular Article 15 system or the optional retirement program
11 established under Section 15-158.2) or 18, or under paragraph
12 (2), (3), or (5) of Section 16-106, of the Illinois Pension
13 Code, but such term does include persons who are employed
14 during the 6 month qualifying period under Article 14 of the
15 Illinois Pension Code. Such term also includes any person who
16 (1) after January 1, 1966, is receiving ordinary or accidental
17 disability benefits under Articles 2, 14, 15 (including
18 ordinary or accidental disability benefits under the optional
19 retirement program established under Section 15-158.2),
20 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of
21 the Illinois Pension Code, for disability incurred after
22 January 1, 1966, (2) receives total permanent or total
23 temporary disability under the Workers' Compensation Act or
24 Occupational Disease Act as a result of injuries sustained or
25 illness contracted in the course of employment with the State
26 of Illinois, or (3) is not otherwise covered under this Act and

1 has retired as a participating member under Article 2 of the
2 Illinois Pension Code but is ineligible for the retirement
3 annuity under Section 2-119 of the Illinois Pension Code.
4 However, a person who satisfies the criteria of the foregoing
5 definition of "employee" except that such person is made
6 ineligible to participate in the State Universities Retirement
7 System by clause (4) of subsection (a) of Section 15-107 of the
8 Illinois Pension Code is also an "employee" for the purposes of
9 this Act. "Employee" also includes any person receiving or
10 eligible for benefits under a sick pay plan established in
11 accordance with Section 36 of the State Finance Act. "Employee"
12 also includes (i) each officer or employee in the service of a
13 qualified local government, including persons appointed as
14 trustees of sanitary districts regardless of hours devoted to
15 the service of the sanitary district, (ii) each employee in the
16 service of a qualified rehabilitation facility, (iii) each
17 full-time employee in the service of a qualified domestic
18 violence shelter or service, and (iv) each full-time employee
19 in the service of a qualified child advocacy center, as
20 determined according to rules promulgated by the Director.

21 (1) "Member" means an employee, annuitant, retired
22 employee or survivor. In the case of an annuitant or retired
23 employee who first becomes an annuitant or retired employee on
24 or after the effective date of this amendatory Act of the 97th
25 General Assembly, the individual must meet the minimum vesting
26 requirements of the applicable retirement system in order to be

1 eligible for group insurance benefits under that system. In the
2 case of a survivor who first becomes a survivor on or after the
3 effective date of this amendatory Act of the 97th General
4 Assembly, the deceased employee, annuitant, or retired
5 employee upon whom the annuity is based must have been eligible
6 to participate in the group insurance system under the
7 applicable retirement system in order for the survivor to be
8 eligible for group insurance benefits under that system.

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

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

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

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

26 (q) "Survivor" means a person receiving an annuity as a

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

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

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

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

24 (q-5) (Blank).

25 (q-6) (Blank).

26 (q-7) (Blank).

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

4 (s) "Unit of local government" means any county,
5 municipality, township, school district (including a
6 combination of school districts under the Intergovernmental
7 Cooperation Act), special district or other unit, designated as
8 a unit of local government by law, which exercises limited
9 governmental powers or powers in respect to limited
10 governmental subjects, any not-for-profit association with a
11 membership that primarily includes townships and township
12 officials, that has duties that include provision of research
13 service, dissemination of information, and other acts for the
14 purpose of improving township government, and that is funded
15 wholly or partly in accordance with Section 85-15 of the
16 Township Code; any not-for-profit corporation or association,
17 with a membership consisting primarily of municipalities, that
18 operates its own utility system, and provides research,
19 training, dissemination of information, or other acts to
20 promote cooperation between and among municipalities that
21 provide utility services and for the advancement of the goals
22 and purposes of its membership; the Southern Illinois
23 Collegiate Common Market, which is a consortium of higher
24 education institutions in Southern Illinois; the Illinois
25 Association of Park Districts; and any hospital provider that
26 is owned by a county that has 100 or fewer hospital beds and

1 has not already joined the program. "Qualified local
2 government" means a unit of local government approved by the
3 Director and participating in a program created under
4 subsection (i) of Section 10 of this Act.

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

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

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

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

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

25 (3) either (i) has at least 8 years of creditable
26 service under Article 16 of the Illinois Pension Code, or

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

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

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

13 (2) is a TRS benefit recipient's: (A) spouse, (B)
14 dependent parent who is receiving at least half of his or
15 her support from the TRS benefit recipient, or (C) natural,
16 step, adjudicated, or adopted child who is (i) under age
17 26, (ii) was, on January 1, 1996, participating as a
18 dependent beneficiary in the health insurance program
19 offered under Article 16 of the Illinois Pension Code, or
20 (iii) age 19 or over who has a mental or physical
21 disability from a cause originating prior to the age of 19
22 (age 26 if enrolled as an adult child).

23 "TRS dependent beneficiary" does not include, as indicated
24 under paragraph (2) of this subsection (w), a dependent of the
25 survivor of a TRS benefit recipient who first becomes a
26 dependent of a survivor of a TRS benefit recipient on or after

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

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

10 (y) (Blank).

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

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

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

17 (3) either (i) was a full-time employee of a community
18 college district or an association of community college
19 boards created under the Public Community College Act
20 (other than an employee whose last employer under Article
21 15 of the Illinois Pension Code was a community college
22 district subject to Article VII of the Public Community
23 College Act) and was eligible to participate in a group
24 health benefit plan as an employee during the time of
25 employment with a community college district (other than a
26 community college district subject to Article VII of the

1 Public Community College Act) or an association of
2 community college boards, or (ii) is the survivor of a
3 person described in item (i).

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

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

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

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

25 (bb) "Qualified child advocacy center" means any Illinois
26 child advocacy center and its administrative offices funded by

1 the Department of Children and Family Services, as defined by
2 the Children's Advocacy Center Act (55 ILCS 80/), approved by
3 the Director and participating in a program created under
4 subsection (n) of Section 10.

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

6 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

8 (a) The State shall pay the cost of basic non-contributory
9 group life insurance and, subject to member paid contributions
10 set by the Department or required by this Section and except as
11 provided in this Section, the basic program of group health
12 benefits on each eligible member, except a member, not
13 otherwise covered by this Act, who has retired as a
14 participating member under Article 2 of the Illinois Pension
15 Code but is ineligible for the retirement annuity under Section
16 2-119 of the Illinois Pension Code, and part of each eligible
17 member's and retired member's premiums for health insurance
18 coverage for enrolled dependents as provided by Section 9. The
19 State shall pay the cost of the basic program of group health
20 benefits only after benefits are reduced by the amount of
21 benefits covered by Medicare for all members and dependents who
22 are eligible for benefits under Social Security or the Railroad
23 Retirement system or who had sufficient Medicare-covered
24 government employment, except that such reduction in benefits
25 shall apply only to those members and dependents who (1) first

1 become eligible for such Medicare coverage on or after July 1,
2 1992; or (2) are Medicare-eligible members or dependents of a
3 local government unit which began participation in the program
4 on or after July 1, 1992; or (3) remain eligible for, but no
5 longer receive Medicare coverage which they had been receiving
6 on or after July 1, 1992. The Department may determine the
7 aggregate level of the State's contribution on the basis of
8 actual cost of medical services adjusted for age, sex or
9 geographic or other demographic characteristics which affect
10 the costs of such programs.

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

22 (a-1) (Blank).

23 (a-2) (Blank).

24 (a-3) (Blank).

25 (a-4) (Blank).

26 (a-5) (Blank).

1 (a-6) (Blank).

2 (a-7) (Blank).

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

12 (a-8.5) Beginning on the effective date of this amendatory
13 Act of the 97th General Assembly, the Director of Central
14 Management Services shall, on an annual basis, determine the
15 amount that the State shall contribute toward the basic program
16 of group health benefits on behalf of annuitants (including
17 individuals who (i) participated in the General Assembly
18 Retirement System, the State Employees' Retirement System of
19 Illinois, the State Universities Retirement System, the
20 Teachers' Retirement System of the State of Illinois, or the
21 Judges Retirement System of Illinois and (ii) qualify as
22 annuitants under subsection (b) of Section 3 of this Act),
23 survivors (including individuals who (i) receive an annuity as
24 a survivor of an individual who participated in the General
25 Assembly Retirement System, the State Employees' Retirement
26 System of Illinois, the State Universities Retirement System,

1 the Teachers' Retirement System of the State of Illinois, or
2 the Judges Retirement System of Illinois and (ii) qualify as
3 survivors under subsection (q) of Section 3 of this Act), and
4 retired employees (as defined in subsection (p) of Section 3 of
5 this Act). The remainder of the cost of coverage for each
6 annuitant, survivor, or retired employee, as determined by the
7 Director of Central Management Services, shall be the
8 responsibility of that annuitant, survivor, or retired
9 employee.

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

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

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

26 The Director of Central Management Services shall provide

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

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

1 (a-10) To the extent that participation, benefits, or
2 premiums under this Act are based on a person's service credit
3 under an Article of the Illinois Pension Code, service credit
4 terminated in exchange for an accelerated pension benefit
5 payment under Section 14-147.5, 15-185.5, or 16-190.5 of that
6 Code shall be included in determining a person's service credit
7 for the purposes of this Act.

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

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

1 service shall not apply to persons receiving ordinary or
2 accidental disability benefits or retirement benefits through
3 the appropriate State retirement system or benefits under the
4 Workers' Compensation or Occupational Disease Act.

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

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

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

24 (g) The State shall not pay the cost of the basic
25 non-contributory group life insurance, program of health
26 benefits and other employee benefits for members who are

1 survivors as defined by paragraphs (1) and (2) of subsection
2 (q) of Section 3 of this Act. The costs of benefits for these
3 survivors shall be paid by the survivors or by the University
4 of Illinois Cooperative Extension Service, or any combination
5 thereof. However, the State shall pay the amount of the
6 reduction in the cost of participation, if any, resulting from
7 the amendment to subsection (a) made by this amendatory Act of
8 the 91st General Assembly.

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

21 (i) Any unit of local government within the State of
22 Illinois may apply to the Director to have its employees,
23 annuitants, and their dependents provided group health
24 coverage under this Act on a non-insured basis. To participate,
25 a unit of local government must agree to enroll all of its
26 employees, who may select coverage under either the State group

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

1 component of the district's cafeteria plan. For the purposes of
2 this subsection, "participating school district" includes a
3 unit of local government whose primary purpose is education as
4 defined by the Department's rules.

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

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

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

1 variables, plus an amount sufficient to pay for the
2 additional administrative costs of providing coverage to
3 employees of the unit of local government and their
4 dependents.

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

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

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

23 The Local Government Health Insurance Reserve Fund is
24 hereby created as a nonappropriated trust fund to be held
25 outside the State Treasury, with the State Treasurer as
26 custodian. The Local Government Health Insurance Reserve Fund

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

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

22 (j) Any rehabilitation facility within the State of
23 Illinois may apply to the Director to have its employees,
24 annuitants, and their eligible dependents provided group
25 health coverage under this Act on a non-insured basis. To
26 participate, a rehabilitation facility must agree to enroll all

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

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

25 (1) In the first year of coverage, the rates shall be
26 equal to the amount normally charged to State employees for

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

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

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

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

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

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

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

1 the additional administrative costs of providing coverage
2 to employees of the domestic violence shelter or service
3 and their dependents.

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

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

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

22 The Director shall annually determine monthly rates of
23 payment subject to the following constraints: for those
24 community colleges with annuitants only enrolled, first year
25 rates shall be equal to the average cost to cover claims for a
26 State member adjusted for demographics, Medicare

1 participation, and other factors; and in the second year, a
2 further adjustment of rates shall be made to reflect the actual
3 first year's claims experience of the covered annuitants.

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

6 (m) The Director shall adopt any rules deemed necessary for
7 implementation of this amendatory Act of 1989 (Public Act
8 86-978).

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

1 circumstance as defined by the Director or during the annual
2 Benefit Choice Period. A participating child advocacy center
3 may also elect to cover its annuitants. Dependent coverage
4 shall be offered on an optional basis, with the costs paid by
5 the child advocacy center, its employees, or some combination
6 of the 2 as determined by the child advocacy center. The child
7 advocacy center shall be responsible for timely collection and
8 transmission of dependent premiums.

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

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

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

25 Monthly payments by the child advocacy center or its
26 employees for group health insurance shall be deposited into

1 the Local Government Health Insurance Reserve Fund.

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

3 Section 10. The Budget Stabilization Act is amended by
4 changing Section 20 as follows:

5 (30 ILCS 122/20)

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

8 Sec. 20. Pension Stabilization Fund.

9 (a) The Pension Stabilization Fund is hereby created as a
10 special fund in the State treasury. Moneys in the fund shall be
11 used for the sole purpose of making payments to the designated
12 retirement systems as provided in Section 25.

13 (b) For each fiscal year through State fiscal year 2020,
14 when the General Assembly's appropriations and transfers or
15 diversions as required by law from general funds do not exceed
16 99% of the estimated general funds revenues pursuant to
17 subsection (a) of Section 10, the Comptroller shall transfer
18 from the General Revenue Fund as provided by this Section a
19 total amount equal to 0.5% of the estimated general funds
20 revenues to the Pension Stabilization Fund.

21 (c) For each fiscal year through State fiscal year 2020,
22 when the General Assembly's appropriations and transfers or
23 diversions as required by law from general funds do not exceed
24 98% of the estimated general funds revenues pursuant to

1 subsection (b) of Section 10, the Comptroller shall transfer
2 from the General Revenue Fund as provided by this Section a
3 total amount equal to 1.0% of the estimated general funds
4 revenues to the Pension Stabilization Fund.

5 (c-5) In addition to any other amounts required to be
6 transferred under this Section, in State fiscal year 2021 and
7 each fiscal year thereafter through State fiscal year 2045, or
8 when each of the designated retirement systems, as defined in
9 Section 25, has achieved 100% funding, whichever occurs first,
10 the State Comptroller shall order transferred and the State
11 Treasurer shall transfer from the General Revenue Fund to the
12 Pension Stabilization Fund an amount equal to (1) the sum of
13 the amounts certified by the designated retirement systems
14 under subsection (a-10) of Section 14-135.08, subsection
15 (a-10) of Section 15-165, and subsection (a-10) of Section
16 16-158 of this Code for that fiscal year minus (2) the sum of
17 the required State contributions certified by the retirement
18 systems under subsection (a-5) of Section 14-135.08,
19 subsection (a-5) of Section 15-165, and subsection (a-5) of
20 Section 16-158 of this Code for that fiscal year. The
21 transferred amount is intended to represent the annual savings
22 to the State resulting from the enactment of Section 1-161 and
23 Section 14-155.2, the enactment of subsection (a-2) of Section
24 15-155 and subsection (b-4) of Section 16-158, and the changes
25 made to Section 1-160 by this amendatory Act of the 100th
26 General Assembly.

1 (d) The Comptroller shall transfer 1/12 of the total amount
2 to be transferred each fiscal year under this Section into the
3 Pension Stabilization Fund on the first day of each month of
4 that fiscal year or as soon thereafter as possible; except that
5 the final transfer of the fiscal year shall be made as soon as
6 practical after the August 31 following the end of the fiscal
7 year.

8 Until State fiscal year 2021, before ~~Before~~ the final
9 transfer for a fiscal year is made, the Comptroller shall
10 reconcile the estimated general funds revenues used in
11 calculating the other transfers under this Section for that
12 fiscal year with the actual general funds revenues for that
13 fiscal year. The final transfer for the fiscal year shall be
14 adjusted so that the total amount transferred under this
15 Section for that fiscal year is equal to the percentage
16 specified in subsection (b) or (c) of this Section, whichever
17 is applicable, of the actual general funds revenues for that
18 fiscal year. The actual general funds revenues for the fiscal
19 year shall be calculated in a manner consistent with subsection
20 (c) of Section 10 of this Act.

21 (Source: P.A. 94-839, eff. 6-6-06.)

22 Section 15. The Illinois Pension Code is amended by
23 changing Sections 1-160, 2-101, 2-105, 2-107, 2-124, 2-134,
24 2-162, 14-131, 14-135.08, 14-152.1, 15-108.1, 15-108.2,
25 15-155, 15-165, 15-198, 16-158, 16-203, 17-127, 17-129,

1 18-131, 18-140, 20-121, 20-123, 20-124, and 20-125 and by
2 adding Sections 1-161, 1-162, 2-105.3, 2-165.1, 2-166.1,
3 14-103.41, 14-147.5, 14-155.1, 14-155.2, 14-156.1, 15-185.5,
4 15-200.1, 15-201.1, 16-107.1, 16-190.5, 16-205.1, 16-206.1,
5 and 17-106.05 as follows:

6 (40 ILCS 5/1-160)

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

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

10 (a) The provisions of this Section apply to a person who,
11 on or after January 1, 2011, first becomes a member or a
12 participant under any reciprocal retirement system or pension
13 fund established under this Code, other than a retirement
14 system or pension fund established under Article 2, 3, 4, 5, 6,
15 15 or 18 of this Code, notwithstanding any other provision of
16 this Code to the contrary, but do not apply to any self-managed
17 plan established under this Code, to any person with respect to
18 service as a sheriff's law enforcement employee under Article
19 7, or to any participant of the retirement plan established
20 under Section 22-101. Notwithstanding anything to the contrary
21 in this Section, for purposes of this Section, a person who
22 participated in a retirement system under Article 15 prior to
23 January 1, 2011 shall be deemed a person who first became a
24 member or participant prior to January 1, 2011 under any
25 retirement system or pension fund subject to this Section. The

1 changes made to this Section by Public Act 98-596 ~~this~~
2 ~~amendatory Act of the 98th General Assembly~~ are a clarification
3 of existing law and are intended to be retroactive to January
4 1, 2011 (the effective date of Public Act 96-889),
5 notwithstanding the provisions of Section 1-103.1 of this Code.

6 This Section does not apply to a person who, on or after 6
7 months after the effective date of this amendatory Act of the
8 100th General Assembly, first becomes a member or participant
9 under Article 14 or 16, unless that person (i) is a covered
10 employee under Article 14 who has not elected to participate in
11 the defined contribution plan under Section 14-155.2 or (ii)
12 elects under subsection (b) of Section 1-161 to receive the
13 benefits provided under this Section and the applicable
14 provisions of the Article under which he or she is a member or
15 participant. This Section also does not apply to a person who
16 first becomes a member or participant of an affected pension
17 fund on or after 6 months after the resolution or ordinance
18 date, as defined in Section 1-162, unless that person elects
19 under subsection (c) of Section 1-162 to receive the benefits
20 provided under this Section and the applicable provisions of
21 the Article under which he or she is a member or participant.

22 (b) "Final average salary" means the average monthly (or
23 annual) salary obtained by dividing the total salary or
24 earnings calculated under the Article applicable to the member
25 or participant during the 96 consecutive months (or 8
26 consecutive years) of service within the last 120 months (or 10

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

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

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

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

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

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

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

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

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

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

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

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

26 (d) The retirement annuity of a member or participant who

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

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

23 (f) The initial survivor's or widow's annuity of an
24 otherwise eligible survivor or widow of a retired member or
25 participant who first became a member or participant on or
26 after January 1, 2011 shall be in the amount of 66 2/3% of the

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

24 (g) The benefits in Section 14-110 apply only if the person
25 is a State policeman, a fire fighter in the fire protection
26 service of a department, or a security employee of the

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

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

25 If a person who first becomes a member of a retirement
26 system or pension fund subject to this Section on or after

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

18 (i) (Blank).

19 (j) Except for Sections 1-161 and 1-162, in ~~in~~ the case of
20 a conflict between the provisions of this Section and any other
21 provision of this Code, the provisions of this Section shall
22 control.

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

25 (40 ILCS 5/1-161 new)

1 Sec. 1-161. Optional benefits for certain Tier 2 members
2 under Articles 14, 15, and 16.

3 (a) Notwithstanding any other provision of this Code to the
4 contrary, the provisions of this Section apply to a person who,
5 on or after 6 months after the effective date of this
6 amendatory Act of the 100th General Assembly, first becomes a
7 member or a participant under Article 14, 15, or 16 and who
8 does not make the election under subsection (b) or (c),
9 whichever is applicable. The provisions of this Section do not
10 apply to any participant in a self-managed plan or to a covered
11 employee under Article 14.

12 (b) In lieu of the benefits provided under this Section, a
13 member or participant, except for a participant under Article
14 15, may irrevocably elect the benefits under Section 1-160 and
15 the benefits otherwise applicable to that member or
16 participant. The election must be made within 30 days after
17 becoming a member or participant. Each retirement system shall
18 establish procedures for making this election.

19 (c) A participant under Article 15 may irrevocably elect
20 the benefits otherwise provided to a Tier 2 participant under
21 Article 15. The election must be made within 30 days after
22 becoming a participant. The retirement system under Article 15
23 shall establish procedures for making this election.

24 (d) "Final average salary" means the average monthly (or
25 annual) salary obtained by dividing the total salary or
26 earnings calculated under the Article applicable to the member

1 or participant during the last 120 months (or 10 years) of
2 service in which the total salary or earnings calculated under
3 the applicable Article was the highest by the number of months
4 (or years) of service in that period. For the purposes of a
5 person who first becomes a member or participant of any
6 retirement system to which this Section applies on or after 6
7 months after the effective date of this amendatory Act of the
8 100th General Assembly, in this Code, "final average salary"
9 shall be substituted for "final average compensation" in
10 Article 14.

11 (e) Beginning 6 months after the effective date of this
12 amendatory Act of the 100th General Assembly, for all purposes
13 under this Code (including without limitation the calculation
14 of benefits and employee contributions), the annual earnings,
15 salary, or wages (based on the plan year) of a member or
16 participant to whom this Section applies shall not at any time
17 exceed the federal Social Security Wage Base then in effect.

18 (f) A member or participant is entitled to a retirement
19 annuity upon written application if he or she has attained the
20 normal retirement age determined by the Social Security
21 Administration for that member or participant's year of birth,
22 but no earlier than 67 years of age, and has at least 10 years
23 of service credit and is otherwise eligible under the
24 requirements of the applicable Article.

25 (g) The amount of the retirement annuity to which a member
26 or participant is entitled shall be computed by multiplying

1 1.25% for each year of service credit by his or her final
2 average salary.

3 (h) Any retirement annuity or supplemental annuity shall be
4 subject to annual increases on the first anniversary of the
5 annuity start date. Each annual increase shall be one-half the
6 annual unadjusted percentage increase (but not less than zero)
7 in the consumer price index-w for the 12 months ending with the
8 September preceding each November 1 of the originally granted
9 retirement annuity. If the annual unadjusted percentage change
10 in the consumer price index-w for the 12 months ending with the
11 September preceding each November 1 is zero or there is a
12 decrease, then the annuity shall not be increased.

13 For the purposes of this Section, "consumer price index-w"
14 means the index published by the Bureau of Labor Statistics of
15 the United States Department of Labor that measures the average
16 change in prices of goods and services purchased by Urban Wage
17 Earners and Clerical Workers, United States city average, all
18 items, 1982-84 = 100. The new amount resulting from each annual
19 adjustment shall be determined by the Public Pension Division
20 of the Department of Insurance and made available to the boards
21 of the retirement systems and pension funds by November 1 of
22 each year.

23 (i) The initial survivor's or widow's annuity of an
24 otherwise eligible survivor or widow of a retired member or
25 participant who first became a member or participant on or
26 after 6 months after the effective date of this amendatory Act

1 of the 100th General Assembly shall be in the amount of 66 2/3%
2 of the retired member's or participant's retirement annuity at
3 the date of death. In the case of the death of a member or
4 participant who has not retired and who first became a member
5 or participant on or after 6 months after the effective date of
6 this amendatory Act of the 100th General Assembly, eligibility
7 for a survivor's or widow's annuity shall be determined by the
8 applicable Article of this Code. The benefit shall be 66 2/3%
9 of the earned annuity without a reduction due to age. A child's
10 annuity of an otherwise eligible child shall be in the amount
11 prescribed under each Article if applicable.

12 (j) In lieu of any other employee contributions, except for
13 the contribution to the defined contribution plan under
14 subsection (k) of this Section, each employee shall contribute
15 6.2% of his her or salary to the retirement system. However,
16 the employee contribution under this subsection shall not
17 exceed the amount of the normal cost of the benefits under this
18 Section (except for the defined contribution plan under
19 subsection (k) of this Section), expressed as a percentage of
20 payroll and determined on or before November 1 of each year by
21 the board of trustees of the retirement system. If the board of
22 trustees of the retirement system determines that the 6.2%
23 employee contribution rate exceeds the normal cost of the
24 benefits under this Section (except for the defined
25 contribution plan under subsection (k) of this Section), then
26 on or before December 1 of that year, the board of trustees

1 shall certify the amount of the normal cost of the benefits
2 under this Section (except for the defined contribution plan
3 under subsection (k) of this Section), expressed as a
4 percentage of payroll, to the State Actuary and the Commission
5 on Government Forecasting and Accountability, and the employee
6 contribution under this subsection shall be reduced to that
7 amount beginning January 1 of the following year. Thereafter,
8 if the normal cost of the benefits under this Section (except
9 for the defined contribution plan under subsection (k) of this
10 Section), expressed as a percentage of payroll and determined
11 on or before November 1 of each year by the board of trustees
12 of the retirement system, exceeds 6.2% of salary, then on or
13 before December 1 of that year, the board of trustees shall
14 certify the normal cost to the State Actuary and the Commission
15 on Government Forecasting and Accountability, and the employee
16 contributions shall revert back to 6.2% of salary beginning
17 January 1 of the following year.

18 (k) No later than 5 months after the effective date of this
19 amendatory Act of the 100th General Assembly, each retirement
20 system under Article 14, 15, or 16 shall prepare and implement
21 a defined contribution plan for members or participants who are
22 subject to this Section. The defined contribution plan
23 developed under this subsection shall be a plan that aggregates
24 employer and employee contributions in individual participant
25 accounts which, after meeting any other requirements, are used
26 for payouts after retirement in accordance with this subsection

1 and any other applicable laws.

2 (1) Each member or participant shall contribute a
3 minimum of 4% of his or her salary to the defined
4 contribution plan.

5 (2) For each participant in the defined contribution
6 plan who has been employed with the same employer for at
7 least one year, employer contributions shall be paid into
8 that participant's accounts at a rate expressed as a
9 percentage of salary. This rate may be set for individual
10 employees, but shall be no higher than 6% of salary and
11 shall be no lower than 2% of salary.

12 (3) Employer contributions shall vest when those
13 contributions are paid into a member's or participant's
14 account.

15 (4) The defined contribution plan shall provide a
16 variety of options for investments. These options shall
17 include investments handled by the Illinois State Board of
18 Investment as well as private sector investment options.

19 (5) The defined contribution plan shall provide a
20 variety of options for payouts to retirees and their
21 survivors.

22 (6) To the extent authorized under federal law and as
23 authorized by the retirement system, the defined
24 contribution plan shall allow former participants in the
25 plan to transfer or roll over employee and employer
26 contributions, and the earnings thereon, into other

1 qualified retirement plans.

2 (7) Each retirement system shall reduce the employee
3 contributions credited to the member's defined
4 contribution plan account by an amount determined by that
5 retirement system to cover the cost of offering the
6 benefits under this subsection and any applicable
7 administrative fees.

8 (8) No person shall begin participating in the defined
9 contribution plan until it has attained qualified plan
10 status and received all necessary approvals from the U.S.
11 Internal Revenue Service.

12 (1) By accepting the benefits under this Section, a member
13 or participant acknowledges and consents that benefits once
14 earned may not be diminished, but that future benefits may be
15 modified, including, but not limited to, changes in the
16 retirement age at which a member or participant becomes
17 eligible to receive future benefits, changes in the amount of
18 the automatic annual increase for those future benefits, or the
19 amount of the retirement annuity. Any increase in benefits
20 under this Section applicable to persons under Article 15 or 16
21 does not apply unless it is approved by resolution or ordinance
22 of the governing body of the unit of local government with
23 regard to the members or participants under that unit of local
24 government.

25 (m) In the case of a conflict between the provisions of
26 this Section and any other provision of this Code, the

1 provisions of this Section shall control.

2 (40 ILCS 5/1-162 new)

3 Sec. 1-162. Optional benefits for certain Tier 2 members of
4 pension funds under Articles 7, 8, 9, 10, 11, 12, 13, and 17.

5 (a) As used in this Section:

6 "Affected pension fund" means a pension fund established
7 under Article 7, 8, 9, 10, 11, 12, 13, or 17 that the governing
8 body of the unit of local government has designated as an
9 affected pension fund by adoption of a resolution or ordinance.

10 "Resolution or ordinance date" means the date on which the
11 governing body of the unit of local government designates a
12 pension fund under Article 7, 8, 9, 10, 11, 12, 13, or 17 as an
13 affected pension fund by adoption of a resolution or ordinance.

14 (b) Notwithstanding any other provision of this Code to the
15 contrary, the provisions of this Section apply to a person who
16 first becomes a member or a participant in an affected pension
17 fund on or after 6 months after the resolution or ordinance
18 date and who does not make the election under subsection (c).
19 The provisions of this Section do not apply to a sheriff's law
20 enforcement employee under Article 7.

21 (c) In lieu of the benefits provided under this Section, a
22 member or participant may irrevocably elect the benefits under
23 Section 1-160 and the benefits otherwise applicable to that
24 member or participant. The election must be made within 30 days
25 after becoming a member or participant. Each affected pension

1 fund shall establish procedures for making this election.

2 (d) "Final average salary" means the average monthly (or
3 annual) salary obtained by dividing the total salary or
4 earnings calculated under the Article applicable to the member
5 or participant during the last 120 months (or 10 years) of
6 service in which the total salary or earnings calculated under
7 the applicable Article was the highest by the number of months
8 (or years) of service in that period. For the purposes of a
9 person who first becomes a member or participant of an affected
10 pension fund on or after 6 months after the ordinance or
11 resolution date, in this Code, "final average salary" shall be
12 substituted for the following:

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

15 (2) In Articles 8, 9, 10, 11, and 12, "highest average
16 annual salary for any 4 consecutive years within the last
17 10 years of service immediately preceding the date of
18 withdrawal".

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

20 (4) In Article 17, "average salary".

21 (e) Beginning 6 months after the resolution or ordinance
22 date, for all purposes under this Code (including without
23 limitation the calculation of benefits and employee
24 contributions), the annual earnings, salary, or wages (based on
25 the plan year) of a member or participant to whom this Section
26 applies shall not at any time exceed the federal Social

1 Security Wage Base then in effect.

2 (f) A member or participant is entitled to a retirement
3 annuity upon written application if he or she has attained the
4 normal retirement age determined by the Social Security
5 Administration for that member or participant's year of birth,
6 but no earlier than 67 years of age, and has at least 10 years
7 of service credit and is otherwise eligible under the
8 requirements of the applicable Article.

9 (g) The amount of the retirement annuity to which a member
10 or participant is entitled shall be computed by multiplying
11 1.25% for each year of service credit by his or her final
12 average salary.

13 (h) Any retirement annuity or supplemental annuity shall be
14 subject to annual increases on the first anniversary of the
15 annuity start date. Each annual increase shall be one-half the
16 annual unadjusted percentage increase (but not less than zero)
17 in the consumer price index-w for the 12 months ending with the
18 September preceding each November 1 of the originally granted
19 retirement annuity. If the annual unadjusted percentage change
20 in the consumer price index-w for the 12 months ending with the
21 September preceding each November 1 is zero or there is a
22 decrease, then the annuity shall not be increased.

23 For the purposes of this Section, "consumer price index-w"
24 means the index published by the Bureau of Labor Statistics of
25 the United States Department of Labor that measures the average
26 change in prices of goods and services purchased by Urban Wage

1 Earners and Clerical Workers, United States city average, all
2 items, 1982-84 = 100. The new amount resulting from each annual
3 adjustment shall be determined by the Public Pension Division
4 of the Department of Insurance and made available to the boards
5 of the retirement systems and pension funds by November 1 of
6 each year.

7 (i) The initial survivor's or widow's annuity of an
8 otherwise eligible survivor or widow of a retired member or
9 participant who first became a member or participant on or
10 after 6 months after the resolution or ordinance date shall be
11 in the amount of 66 2/3% of the retired member's or
12 participant's retirement annuity at the date of death. In the
13 case of the death of a member or participant who has not
14 retired and who first became a member or participant on or
15 after 6 months after the resolution or ordinance date,
16 eligibility for a survivor's or widow's annuity shall be
17 determined by the applicable Article of this Code. The benefit
18 shall be 66 2/3% of the earned annuity without a reduction due
19 to age. A child's annuity of an otherwise eligible child shall
20 be in the amount prescribed under each Article if applicable.

21 (j) In lieu of any other employee contributions, except for
22 the contribution to the defined contribution plan under
23 subsection (k) of this Section, each employee shall contribute
24 6.2% of his her or salary to the affected pension fund.
25 However, the employee contribution under this subsection shall
26 not exceed the amount of the normal cost of the benefits under

1 this Section (except for the defined contribution plan under
2 subsection (k) of this Section), expressed as a percentage of
3 payroll and determined on or before November 1 of each year by
4 the board of trustees of the affected pension fund. If the
5 board of trustees of the affected pension fund determines that
6 the 6.2% employee contribution rate exceeds the normal cost of
7 the benefits under this Section (except for the defined
8 contribution plan under subsection (k) of this Section), then
9 on or before December 1 of that year, the board of trustees
10 shall certify the amount of the normal cost of the benefits
11 under this Section (except for the defined contribution plan
12 under subsection (k) of this Section), expressed as a
13 percentage of payroll, to the State Actuary and the Commission
14 on Government Forecasting and Accountability, and the employee
15 contribution under this subsection shall be reduced to that
16 amount beginning January 1 of the following year. Thereafter,
17 if the normal cost of the benefits under this Section (except
18 for the defined contribution plan under subsection (k) of this
19 Section), expressed as a percentage of payroll and determined
20 on or before November 1 of each year by the board of trustees
21 of the affected pension fund, exceeds 6.2% of salary, then on
22 or before December 1 of that year, the board of trustees shall
23 certify the normal cost to the State Actuary and the Commission
24 on Government Forecasting and Accountability, and the employee
25 contributions shall revert back to 6.2% of salary beginning
26 January 1 of the following year.

1 (k) No later than 5 months after the resolution or
2 ordinance date, an affected pension fund shall prepare and
3 implement a defined contribution plan for members or
4 participants who are subject to this Section. The defined
5 contribution plan developed under this subsection shall be a
6 plan that aggregates employer and employee contributions in
7 individual participant accounts which, after meeting any other
8 requirements, are used for payouts after retirement in
9 accordance with this subsection and any other applicable laws.

10 (1) Each member or participant shall contribute a
11 minimum of 4% of his or her salary to the defined
12 contribution plan.

13 (2) For each participant in the defined contribution
14 plan who has been employed with the same employer for at
15 least one year, employer contributions shall be paid into
16 that participant's accounts at a rate expressed as a
17 percentage of salary. This rate may be set for individual
18 employees, but shall be no higher than 6% of salary and
19 shall be no lower than 2% of salary.

20 (3) Employer contributions shall vest when those
21 contributions are paid into a member's or participant's
22 account.

23 (4) The defined contribution plan shall provide a
24 variety of options for investments. These options shall
25 include investments handled by the Illinois State Board of
26 Investment as well as private sector investment options.

1 (5) The defined contribution plan shall provide a
2 variety of options for payouts to retirees and their
3 survivors.

4 (6) To the extent authorized under federal law and as
5 authorized by the affected pension fund, the defined
6 contribution plan shall allow former participants in the
7 plan to transfer or roll over employee and employer
8 contributions, and the earnings thereon, into other
9 qualified retirement plans.

10 (7) Each affected pension fund shall reduce the
11 employee contributions credited to the member's defined
12 contribution plan account by an amount determined by that
13 affected pension fund to cover the cost of offering the
14 benefits under this subsection and any applicable
15 administrative fees.

16 (8) No person shall begin participating in the defined
17 contribution plan until it has attained qualified plan
18 status and received all necessary approvals from the U.S.
19 Internal Revenue Service.

20 (1) By accepting the benefits under this Section, a member
21 or participant acknowledges and consents that benefits once
22 earned may not be diminished, but that future benefits may be
23 modified, including, but not limited to, changes in the
24 retirement age at which a member or participant becomes
25 eligible to receive future benefits, changes in the amount of
26 the automatic annual increase for those future benefits, or the

1 amount of the retirement annuity. Any increase in benefits
2 under this Section does not apply unless it is approved by
3 resolution or ordinance of the governing body of the unit of
4 local government with regard to the members or participants
5 under that unit of local government.

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

9 (40 ILCS 5/2-101) (from Ch. 108 1/2, par. 2-101)

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

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

18 Participation in the retirement system created under this
19 Article is restricted to persons who became participants before
20 the effective date of this amendatory Act of the 100th General
21 Assembly. Beginning on that date, the System shall not accept
22 any new participants.

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

24 (40 ILCS 5/2-105) (from Ch. 108 1/2, par. 2-105)

1 Sec. 2-105. Member. "Member": Members of the General
2 Assembly of this State, including persons who enter military
3 service while a member of the General Assembly, and any person
4 serving as Governor, Lieutenant Governor, Secretary of State,
5 Treasurer, Comptroller, or Attorney General for the period of
6 service in such office.

7 Any person who has served for 10 or more years as Clerk or
8 Assistant Clerk of the House of Representatives, Secretary or
9 Assistant Secretary of the Senate, or any combination thereof,
10 may elect to become a member of this system while thenceforth
11 engaged in such service by filing a written election with the
12 board. Any person so electing shall be deemed an active member
13 of the General Assembly for the purpose of validating and
14 transferring any service credits earned under any of the funds
15 and systems established under Articles 3 through 18 of this
16 Code.

17 However, notwithstanding any other provision of this
18 Article, a person shall not be deemed a member for the purposes
19 of this Article unless he or she became a participant of the
20 System before the effective date of this amendatory Act of the
21 100th General Assembly.

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

23 (40 ILCS 5/2-105.3 new)

24 Sec. 2-105.3. Tier 1 employee. "Tier 1 employee": A
25 participant who first became a participant before January 1,

1 2011.

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

3 Sec. 2-107. Participant. "Participant": Any member who
4 elects to participate; and any former member who elects to
5 continue participation under Section 2-117.1, for the duration
6 of such continued participation. However, notwithstanding any
7 other provision of this Article, a person shall not be deemed a
8 participant for the purposes of this Article unless he or she
9 became a participant of the System before the effective date of
10 this amendatory Act of the 100th General Assembly.

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

12 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

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

15 Sec. 2-124. Contributions by State.

16 (a) The State shall make contributions to the System by
17 appropriations of amounts which, together with the
18 contributions of participants, interest earned on investments,
19 and other income will meet the cost of maintaining and
20 administering the System on a 90% funded basis in accordance
21 with actuarial recommendations.

22 (b) The Board shall determine the amount of State
23 contributions required for each fiscal year on the basis of the
24 actuarial tables and other assumptions adopted by the Board and

1 the prescribed rate of interest, using the formula in
2 subsection (c).

3 (c) For State fiscal years 2018 through 2045, the minimum
4 contribution to the System to be made by the State for each
5 fiscal year shall be an amount determined by the System to be
6 sufficient to bring the total assets of the System up to 90% of
7 the total actuarial liabilities of the System by the end of
8 State fiscal year 2045. In making these determinations, the
9 required State contribution shall be calculated each year as a
10 level percentage of total payroll, including payroll that is
11 not deemed pensionable, but excluding payroll attributable to
12 participants in the defined contribution plan under Section
13 2-165.1, over the years remaining to and including fiscal year
14 2045 and shall be determined under the projected unit credit
15 actuarial cost method.

16 Beginning in State fiscal year 2018, any increase or
17 decrease in State contribution over the prior fiscal year due
18 exclusively to changes in actuarial or investment assumptions
19 adopted by the Board shall be included in the State
20 contribution to the System, as a percentage of the applicable
21 employee payroll, and shall be increased in equal annual
22 increments so that by the State fiscal year occurring 5 years
23 after the adoption of the actuarial or investment assumptions,
24 the State is contributing at the rate otherwise required under
25 this Section.

26 For State fiscal years 2012 through 2017 ~~2045~~, the minimum

1 contribution to the System to be made by the State for each
2 fiscal year shall be an amount determined by the System to be
3 sufficient to bring the total assets of the System up to 90% of
4 the total actuarial liabilities of the System by the end of
5 State fiscal year 2045. In making these determinations, the
6 required State contribution shall be calculated each year as a
7 level percentage of payroll over the years remaining to and
8 including fiscal year 2045 and shall be determined under the
9 projected unit credit actuarial cost method.

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

15 Notwithstanding any other provision of this Article, the
16 total required State contribution for State fiscal year 2006 is
17 \$4,157,000.

18 Notwithstanding any other provision of this Article, the
19 total required State contribution for State fiscal year 2007 is
20 \$5,220,300.

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

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2010 is
3 \$10,454,000 and shall be made from the proceeds of bonds sold
4 in fiscal year 2010 pursuant to Section 7.2 of the General
5 Obligation Bond Act, less (i) the pro rata share of bond sale
6 expenses determined by the System's share of total bond
7 proceeds, (ii) any amounts received from the General Revenue
8 Fund in fiscal year 2010, and (iii) any reduction in bond
9 proceeds due to the issuance of discounted bonds, if
10 applicable.

11 Notwithstanding any other provision of this Article, the
12 total required State contribution for State fiscal year 2011 is
13 the amount recertified by the System on or before April 1, 2011
14 pursuant to Section 2-134 and shall be made from the proceeds
15 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
16 the General Obligation Bond Act, less (i) the pro rata share of
17 bond sale expenses determined by the System's share of total
18 bond proceeds, (ii) any amounts received from the General
19 Revenue Fund in fiscal year 2011, and (iii) any reduction in
20 bond proceeds due to the issuance of discounted bonds, if
21 applicable.

22 Beginning in State fiscal year 2046, the minimum State
23 contribution for each fiscal year shall be the amount needed to
24 maintain the total assets of the System at 90% of the total
25 actuarial liabilities of the System.

26 Amounts received by the System pursuant to Section 25 of

1 the Budget Stabilization Act or Section 8.12 of the State
2 Finance Act in any fiscal year do not reduce and do not
3 constitute payment of any portion of the minimum State
4 contribution required under this Article in that fiscal year.
5 Such amounts shall not reduce, and shall not be included in the
6 calculation of, the required State contributions under this
7 Article in any future year until the System has reached a
8 funding ratio of at least 90%. A reference in this Article to
9 the "required State contribution" or any substantially similar
10 term does not include or apply to any amounts payable to the
11 System under Section 25 of the Budget Stabilization Act.

12 Notwithstanding any other provision of this Section, the
13 required State contribution for State fiscal year 2005 and for
14 fiscal year 2008 and each fiscal year thereafter, as calculated
15 under this Section and certified under Section 2-134, shall not
16 exceed an amount equal to (i) the amount of the required State
17 contribution that would have been calculated under this Section
18 for that fiscal year if the System had not received any
19 payments under subsection (d) of Section 7.2 of the General
20 Obligation Bond Act, minus (ii) the portion of the State's
21 total debt service payments for that fiscal year on the bonds
22 issued in fiscal year 2003 for the purposes of that Section
23 7.2, as determined and certified by the Comptroller, that is
24 the same as the System's portion of the total moneys
25 distributed under subsection (d) of Section 7.2 of the General
26 Obligation Bond Act. In determining this maximum for State

1 fiscal years 2008 through 2010, however, the amount referred to
2 in item (i) shall be increased, as a percentage of the
3 applicable employee payroll, in equal increments calculated
4 from the sum of the required State contribution for State
5 fiscal year 2007 plus the applicable portion of the State's
6 total debt service payments for fiscal year 2007 on the bonds
7 issued in fiscal year 2003 for the purposes of Section 7.2 of
8 the General Obligation Bond Act, so that, by State fiscal year
9 2011, the State is contributing at the rate otherwise required
10 under this Section.

11 (d) For purposes of determining the required State
12 contribution to the System, the value of the System's assets
13 shall be equal to the actuarial value of the System's assets,
14 which shall be calculated as follows:

15 As of June 30, 2008, the actuarial value of the System's
16 assets shall be equal to the market value of the assets as of
17 that date. In determining the actuarial value of the System's
18 assets for fiscal years after June 30, 2008, any actuarial
19 gains or losses from investment return incurred in a fiscal
20 year shall be recognized in equal annual amounts over the
21 5-year period following that fiscal year.

22 (e) For purposes of determining the required State
23 contribution to the system for a particular year, the actuarial
24 value of assets shall be assumed to earn a rate of return equal
25 to the system's actuarially assumed rate of return.

26 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;

1 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
2 7-13-12.)

3 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

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

6 Sec. 2-134. To certify required State contributions and
7 submit vouchers.

8 (a) The Board shall certify to the Governor on or before
9 December 15 of each year until December 15, 2011 the amount of
10 the required State contribution to the System for the next
11 fiscal year and shall specifically identify the System's
12 projected State normal cost for that fiscal year. The
13 certification shall include a copy of the actuarial
14 recommendations upon which it is based and shall specifically
15 identify the System's projected State normal cost for that
16 fiscal year.

17 On or before November 1 of each year, beginning November 1,
18 2012, the Board shall submit to the State Actuary, the
19 Governor, and the General Assembly a proposed certification of
20 the amount of the required State contribution to the System for
21 the next fiscal year, along with all of the actuarial
22 assumptions, calculations, and data upon which that proposed
23 certification is based. On or before January 1 of each year
24 beginning January 1, 2013, the State Actuary shall issue a
25 preliminary report concerning the proposed certification and

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

12 On or before May 1, 2004, the Board shall recalculate and
13 recertify to the Governor the amount of the required State
14 contribution to the System for State fiscal year 2005, taking
15 into account the amounts appropriated to and received by the
16 System under subsection (d) of Section 7.2 of the General
17 Obligation Bond Act.

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

23 On or before April 1, 2011, the Board shall recalculate and
24 recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2011, applying
26 the changes made by Public Act 96-889 to the System's assets

1 and liabilities as of June 30, 2009 as though Public Act 96-889
2 was approved on that date.

3 As soon as practical after the effective date of this
4 amendatory Act of the 100th General Assembly, the Board shall
5 recalculate and recertify to the State Actuary, the Governor,
6 and the General Assembly the amount of the State contribution
7 to the System for State fiscal year 2018, taking into account
8 the changes in required State contributions made by this
9 amendatory Act of the 100th General Assembly. The State Actuary
10 shall review the assumptions and valuations underlying the
11 Board's revised certification and issue a preliminary report
12 concerning the proposed recertification and identifying, if
13 necessary, recommended changes in actuarial assumptions that
14 the Board must consider before finalizing its certification of
15 the required State contributions. The Board's final
16 certification must note any deviations from the State Actuary's
17 recommended changes, the reason or reasons for not following
18 the State Actuary's recommended changes, and the fiscal impact
19 of not following the State Actuary's recommended changes on the
20 required State contribution.

21 (b) Beginning in State fiscal year 1996, on or as soon as
22 possible after the 15th day of each month the Board shall
23 submit vouchers for payment of State contributions to the
24 System, in a total monthly amount of one-twelfth of the
25 required annual State contribution certified under subsection
26 (a). From the effective date of this amendatory Act of the 93rd

1 General Assembly through June 30, 2004, the Board shall not
2 submit vouchers for the remainder of fiscal year 2004 in excess
3 of the fiscal year 2004 certified contribution amount
4 determined under this Section after taking into consideration
5 the transfer to the System under subsection (d) of Section
6 6z-61 of the State Finance Act. These vouchers shall be paid by
7 the State Comptroller and Treasurer by warrants drawn on the
8 funds appropriated to the System for that fiscal year. If in
9 any month the amount remaining unexpended from all other
10 appropriations to the System for the applicable fiscal year
11 (including the appropriations to the System under Section 8.12
12 of the State Finance Act and Section 1 of the State Pension
13 Funds Continuing Appropriation Act) is less than the amount
14 lawfully vouchered under this Section, the difference shall be
15 paid from the General Revenue Fund under the continuing
16 appropriation authority provided in Section 1.1 of the State
17 Pension Funds Continuing Appropriation Act.

18 (c) The full amount of any annual appropriation for the
19 System for State fiscal year 1995 shall be transferred and made
20 available to the System at the beginning of that fiscal year at
21 the request of the Board. Any excess funds remaining at the end
22 of any fiscal year from appropriations shall be retained by the
23 System as a general reserve to meet the System's accrued
24 liabilities.

25 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
26 97-694, eff. 6-18-12.)

1 (40 ILCS 5/2-162)

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

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

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

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

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

24 Every new benefit increase is contingent upon the General
25 Assembly providing the additional funding required under this

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

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

21 (e) Except as otherwise provided in the language creating
22 the new benefit increase, a new benefit increase that expires
23 under this Section continues to apply to persons who applied
24 and qualified for the affected benefit while the new benefit
25 increase was in effect and to the affected beneficiaries and
26 alternate payees of such persons, but does not apply to any

1 other person, including without limitation a person who
2 continues in service after the expiration date and did not
3 apply and qualify for the affected benefit while the new
4 benefit increase was in effect.

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

6 (40 ILCS 5/2-165.1 new)

7 Sec. 2-165.1. Defined contribution plan.

8 (a) By July 1, 2018, the System shall prepare and implement
9 a voluntary defined contribution plan for up to 5% of eligible
10 active Tier 1 employees. The System shall determine the 5% cap
11 by the number of active Tier 1 employees on the effective date
12 of this Section. The defined contribution plan developed under
13 this Section shall be a plan that aggregates employer and
14 employee contributions in individual participant accounts
15 which, after meeting any other requirements, are used for
16 payouts after retirement in accordance with this Section and
17 any other applicable laws.

18 As used in this Section, "defined benefit plan" means the
19 retirement plan available under this Article to Tier 1
20 employees who have not made the election authorized under this
21 Section.

22 (1) Under the defined contribution plan, an active Tier
23 1 employee of this System could elect to cease accruing
24 benefits in the defined benefit plan under this Article and
25 begin accruing benefits for future service in the defined

1 contribution plan. Service credit under the defined
2 contribution plan may be used for determining retirement
3 eligibility under the defined benefit plan.

4 (2) Participants in the defined contribution plan
5 shall pay employee contributions at the same rate as Tier 1
6 employees in this System who do not participate in the
7 defined contribution plan.

8 (3) State contributions shall be paid into the accounts
9 of all participants in the defined contribution plan at a
10 uniform rate, expressed as a percentage of compensation and
11 determined for each year. This rate shall be no higher than
12 the employer's normal cost for Tier 1 employees in the
13 defined benefit plan for that year, as determined by the
14 System and expressed as a percentage of compensation, and
15 shall be no lower than 3% of compensation. The State shall
16 adjust this rate annually.

17 (4) The defined contribution plan shall require 5 years
18 of participation in the defined contribution plan before
19 vesting in State contributions. If the participant fails to
20 vest in them, the State contributions, and the earnings
21 thereon, shall be forfeited.

22 (5) The defined contribution plan may provide for
23 participants in the plan to be eligible for defined
24 disability benefits. If it does, the System shall reduce
25 the employee contributions credited to the participant's
26 defined contribution plan account by an amount determined

1 by the System to cover the cost of offering such benefits.

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

6 (7) The defined contribution plan shall provide a
7 variety of options for payouts to retirees and their
8 survivors.

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

14 (9) The System shall reduce the employee contributions
15 credited to the participant's defined contribution plan
16 account by an amount determined by the System to cover the
17 cost of offering these benefits and any applicable
18 administrative fees.

19 (b) Only persons who are active Tier 1 employees of the
20 System on the effective date of this Section are eligible to
21 participate in the defined contribution plan. Participation in
22 the defined contribution plan shall be limited to the first 5%
23 of eligible persons who elect to participate. The election to
24 participate in the defined contribution plan is voluntary and
25 irrevocable.

26 (c) An eligible active Tier 1 employee may irrevocably

1 elect to participate in the defined contribution plan by filing
2 with the System a written application to participate that is
3 received by the System prior to its determination that 5% of
4 eligible persons have elected to participate in the defined
5 contribution plan.

6 When the System first determines that 5% of eligible
7 persons have elected to participate in the defined contribution
8 plan, the System shall provide notice to previously eligible
9 employees that the plan is no longer available and shall cease
10 accepting applications to participate.

11 (d) The System shall make a good faith effort to contact
12 each active Tier 1 employee who is eligible to participate in
13 the defined contribution plan. The System shall mail
14 information describing the option to join the defined
15 contribution plan to each of these employees to his or her last
16 known address on file with the System. If the employee is not
17 responsive to other means of contact, it is sufficient for the
18 System to publish the details of the option on its website.

19 Upon request for further information describing the
20 option, the System shall provide employees with information
21 from the System before exercising the option to join the plan,
22 including information on the impact to their vested benefits or
23 non-vested service. The individual consultation shall include
24 projections of the participant's defined benefits at
25 retirement or earlier termination of service and the value of
26 the participant's account at retirement or earlier termination

1 of service. The System shall not provide advice or counseling
2 with respect to whether the employee should exercise the
3 option. The System shall inform Tier 1 employees who are
4 eligible to participate in the defined contribution plan that
5 they may also wish to obtain information and counsel relating
6 to their option from any other available source, including but
7 not limited to labor organizations, private counsel, and
8 financial advisors.

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

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

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

26 (h) The Illinois State Board of Investments shall be the

1 plan sponsor for the defined contribution plan established
2 under this Section.

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

9 (40 ILCS 5/2-166.1 new)

10 Sec. 2-166.1. Defined contribution plan; termination. If
11 the defined contribution plan is terminated or becomes
12 inoperative pursuant to law, then each participant in the plan
13 shall automatically be deemed to have been a contributing Tier
14 1 employee in the System's defined benefit plan during the time
15 in which he or she participated in the defined contribution
16 plan, and for that purpose the System shall be entitled to
17 recover the amounts in the participant's defined contribution
18 accounts.

19 (40 ILCS 5/14-103.41 new)

20 Sec. 14-103.41. Tier 1 employee. "Tier 1 employee": An
21 employee under this Article who first became a member or
22 participant before January 1, 2011 under any reciprocal
23 retirement system or pension fund established under this Code
24 other than a retirement system or pension fund established

1 under Article 2, 3, 4, 5, 6, or 18 of this Code.

2 (40 ILCS 5/14-131)

3 Sec. 14-131. Contributions by State.

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

11 For the purposes of this Section and Section 14-135.08,
12 references to State contributions refer only to employer
13 contributions and do not include employee contributions that
14 are picked up or otherwise paid by the State or a department on
15 behalf of the employee.

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

20 The Board shall also determine a State contribution rate
21 for each fiscal year, expressed as a percentage of payroll,
22 based on the total required State contribution for that fiscal
23 year (less the amount received by the System from
24 appropriations under Section 8.12 of the State Finance Act and
25 Section 1 of the State Pension Funds Continuing Appropriation

1 Act, if any, for the fiscal year ending on the June 30
2 immediately preceding the applicable November 15 certification
3 deadline), the estimated payroll (including all forms of
4 compensation) for personal services rendered by eligible
5 employees, and the recommendations of the actuary.

6 For the purposes of this Section and Section 14.1 of the
7 State Finance Act, the term "eligible employees" includes
8 employees who participate in the System, persons who may elect
9 to participate in the System but have not so elected, persons
10 who are serving a qualifying period that is required for
11 participation, and annuitants employed by a department as
12 described in subdivision (a) (1) or (a) (2) of Section 14-111.

13 (c) Contributions shall be made by the several departments
14 for each pay period by warrants drawn by the State Comptroller
15 against their respective funds or appropriations based upon
16 vouchers stating the amount to be so contributed. These amounts
17 shall be based on the full rate certified by the Board under
18 Section 14-135.08 for that fiscal year. From the effective date
19 of this amendatory Act of the 93rd General Assembly through the
20 payment of the final payroll from fiscal year 2004
21 appropriations, the several departments shall not make
22 contributions for the remainder of fiscal year 2004 but shall
23 instead make payments as required under subsection (a-1) of
24 Section 14.1 of the State Finance Act. The several departments
25 shall resume those contributions at the commencement of fiscal
26 year 2005.

1 (c-1) Notwithstanding subsection (c) of this Section, for
2 fiscal years 2010, 2012, 2013, 2014, 2015, 2016, and 2017 only,
3 contributions by the several departments are not required to be
4 made for General Revenue Funds payrolls processed by the
5 Comptroller. Payrolls paid by the several departments from all
6 other State funds must continue to be processed pursuant to
7 subsection (c) of this Section.

8 (c-2) For State fiscal years 2010, 2012, 2013, 2014, 2015,
9 2016, and 2017 only, on or as soon as possible after the 15th
10 day of each month, the Board shall submit vouchers for payment
11 of State contributions to the System, in a total monthly amount
12 of one-twelfth of the fiscal year General Revenue Fund
13 contribution as certified by the System pursuant to Section
14 14-135.08 of the Illinois Pension Code.

15 (d) If an employee is paid from trust funds or federal
16 funds, the department or other employer shall pay employer
17 contributions from those funds to the System at the certified
18 rate, unless the terms of the trust or the federal-State
19 agreement preclude the use of the funds for that purpose, in
20 which case the required employer contributions shall be paid by
21 the State. From the effective date of this amendatory Act of
22 the 93rd General Assembly through the payment of the final
23 payroll from fiscal year 2004 appropriations, the department or
24 other employer shall not pay contributions for the remainder of
25 fiscal year 2004 but shall instead make payments as required
26 under subsection (a-1) of Section 14.1 of the State Finance

1 Act. The department or other employer shall resume payment of
2 contributions at the commencement of fiscal year 2005.

3 (e) For State fiscal years 2018 through 2045, the minimum
4 contribution to the System to be made by the State for each
5 fiscal year shall be an amount determined by the System to be
6 sufficient to bring the total assets of the System up to 90% of
7 the total actuarial liabilities of the System by the end of
8 State fiscal year 2045. In making these determinations, the
9 required State contribution shall be calculated each year as a
10 level percentage of total payroll, including payroll that is
11 not deemed pensionable, over the years remaining to and
12 including fiscal year 2045 and shall be determined under the
13 projected unit credit actuarial cost method.

14 Beginning in State fiscal year 2018, any increase or
15 decrease in State contribution over the prior fiscal year due
16 exclusively to changes in actuarial or investment assumptions
17 adopted by the Board shall be included in the State
18 contribution to the System, as a percentage of the applicable
19 employee payroll, and shall be increased in equal annual
20 increments so that by the State fiscal year occurring 5 years
21 after the adoption of the actuarial or investment assumptions,
22 the State is contributing at the rate otherwise required under
23 this Section.

24 For State fiscal years 2012 through 2017 ~~2045~~, the minimum
25 contribution to the System to be made by the State for each
26 fiscal year shall be an amount determined by the System to be

1 sufficient to bring the total assets of the System up to 90% of
2 the total actuarial liabilities of the System by the end of
3 State fiscal year 2045. In making these determinations, the
4 required State contribution shall be calculated each year as a
5 level percentage of payroll over the years remaining to and
6 including fiscal year 2045 and shall be determined under the
7 projected unit credit actuarial cost method.

8 For State fiscal years 1996 through 2005, the State
9 contribution to the System, as a percentage of the applicable
10 employee payroll, shall be increased in equal annual increments
11 so that by State fiscal year 2011, the State is contributing at
12 the rate required under this Section; except that (i) for State
13 fiscal year 1998, for all purposes of this Code and any other
14 law of this State, the certified percentage of the applicable
15 employee payroll shall be 5.052% for employees earning eligible
16 creditable service under Section 14-110 and 6.500% for all
17 other employees, notwithstanding any contrary certification
18 made under Section 14-135.08 before the effective date of this
19 amendatory Act of 1997, and (ii) in the following specified
20 State fiscal years, the State contribution to the System shall
21 not be less than the following indicated percentages of the
22 applicable employee payroll, even if the indicated percentage
23 will produce a State contribution in excess of the amount
24 otherwise required under this subsection and subsection (a):
25 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
26 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

1 Notwithstanding any other provision of this Article, the
2 total required State contribution to the System for State
3 fiscal year 2006 is \$203,783,900.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution to the System for State
6 fiscal year 2007 is \$344,164,400.

7 For each of State fiscal years 2008 through 2009, the State
8 contribution to the System, as a percentage of the applicable
9 employee payroll, shall be increased in equal annual increments
10 from the required State contribution for State fiscal year
11 2007, so that by State fiscal year 2011, the State is
12 contributing at the rate otherwise required under this Section.

13 Notwithstanding any other provision of this Article, the
14 total required State General Revenue Fund contribution for
15 State fiscal year 2010 is \$723,703,100 and shall be made from
16 the proceeds of bonds sold in fiscal year 2010 pursuant to
17 Section 7.2 of the General Obligation Bond Act, less (i) the
18 pro rata share of bond sale expenses determined by the System's
19 share of total bond proceeds, (ii) any amounts received from
20 the General Revenue Fund in fiscal year 2010, and (iii) any
21 reduction in bond proceeds due to the issuance of discounted
22 bonds, if applicable.

23 Notwithstanding any other provision of this Article, the
24 total required State General Revenue Fund contribution for
25 State fiscal year 2011 is the amount recertified by the System
26 on or before April 1, 2011 pursuant to Section 14-135.08 and

1 shall be made from the proceeds of bonds sold in fiscal year
2 2011 pursuant to Section 7.2 of the General Obligation Bond
3 Act, less (i) the pro rata share of bond sale expenses
4 determined by the System's share of total bond proceeds, (ii)
5 any amounts received from the General Revenue Fund in fiscal
6 year 2011, and (iii) any reduction in bond proceeds due to the
7 issuance of discounted bonds, if applicable.

8 Beginning in State fiscal year 2046, the minimum State
9 contribution for each fiscal year shall be the amount needed to
10 maintain the total assets of the System at 90% of the total
11 actuarial liabilities of the System.

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

24 Notwithstanding any other provision of this Section, the
25 required State contribution for State fiscal year 2005 and for
26 fiscal year 2008 and each fiscal year thereafter, as calculated

1 under this Section and certified under Section 14-135.08, shall
2 not exceed an amount equal to (i) the amount of the required
3 State contribution that would have been calculated under this
4 Section for that fiscal year if the System had not received any
5 payments under subsection (d) of Section 7.2 of the General
6 Obligation Bond Act, minus (ii) the portion of the State's
7 total debt service payments for that fiscal year on the bonds
8 issued in fiscal year 2003 for the purposes of that Section
9 7.2, as determined and certified by the Comptroller, that is
10 the same as the System's portion of the total moneys
11 distributed under subsection (d) of Section 7.2 of the General
12 Obligation Bond Act. In determining this maximum for State
13 fiscal years 2008 through 2010, however, the amount referred to
14 in item (i) shall be increased, as a percentage of the
15 applicable employee payroll, in equal increments calculated
16 from the sum of the required State contribution for State
17 fiscal year 2007 plus the applicable portion of the State's
18 total debt service payments for fiscal year 2007 on the bonds
19 issued in fiscal year 2003 for the purposes of Section 7.2 of
20 the General Obligation Bond Act, so that, by State fiscal year
21 2011, the State is contributing at the rate otherwise required
22 under this Section.

23 (f) After the submission of all payments for eligible
24 employees from personal services line items in fiscal year 2004
25 have been made, the Comptroller shall provide to the System a
26 certification of the sum of all fiscal year 2004 expenditures

1 for personal services that would have been covered by payments
2 to the System under this Section if the provisions of this
3 amendatory Act of the 93rd General Assembly had not been
4 enacted. Upon receipt of the certification, the System shall
5 determine the amount due to the System based on the full rate
6 certified by the Board under Section 14-135.08 for fiscal year
7 2004 in order to meet the State's obligation under this
8 Section. The System shall compare this amount due to the amount
9 received by the System in fiscal year 2004 through payments
10 under this Section and under Section 6z-61 of the State Finance
11 Act. If the amount due is more than the amount received, the
12 difference shall be termed the "Fiscal Year 2004 Shortfall" for
13 purposes of this Section, and the Fiscal Year 2004 Shortfall
14 shall be satisfied under Section 1.2 of the State Pension Funds
15 Continuing Appropriation Act. If the amount due is less than
16 the amount received, the difference shall be termed the "Fiscal
17 Year 2004 Overpayment" for purposes of this Section, and the
18 Fiscal Year 2004 Overpayment shall be repaid by the System to
19 the Pension Contribution Fund as soon as practicable after the
20 certification.

21 (g) For purposes of determining the required State
22 contribution to the System, the value of the System's assets
23 shall be equal to the actuarial value of the System's assets,
24 which shall be calculated as follows:

25 As of June 30, 2008, the actuarial value of the System's
26 assets shall be equal to the market value of the assets as of

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

6 (h) For purposes of determining the required State
7 contribution to the System for a particular year, the actuarial
8 value of assets shall be assumed to earn a rate of return equal
9 to the System's actuarially assumed rate of return.

10 (i) After the submission of all payments for eligible
11 employees from personal services line items paid from the
12 General Revenue Fund in fiscal year 2010 have been made, the
13 Comptroller shall provide to the System a certification of the
14 sum of all fiscal year 2010 expenditures for personal services
15 that would have been covered by payments to the System under
16 this Section if the provisions of this amendatory Act of the
17 96th General Assembly had not been enacted. Upon receipt of the
18 certification, the System shall determine the amount due to the
19 System based on the full rate certified by the Board under
20 Section 14-135.08 for fiscal year 2010 in order to meet the
21 State's obligation under this Section. The System shall compare
22 this amount due to the amount received by the System in fiscal
23 year 2010 through payments under this Section. If the amount
24 due is more than the amount received, the difference shall be
25 termed the "Fiscal Year 2010 Shortfall" for purposes of this
26 Section, and the Fiscal Year 2010 Shortfall shall be satisfied

1 under Section 1.2 of the State Pension Funds Continuing
2 Appropriation Act. If the amount due is less than the amount
3 received, the difference shall be termed the "Fiscal Year 2010
4 Overpayment" for purposes of this Section, and the Fiscal Year
5 2010 Overpayment shall be repaid by the System to the General
6 Revenue Fund as soon as practicable after the certification.

7 (j) After the submission of all payments for eligible
8 employees from personal services line items paid from the
9 General Revenue Fund in fiscal year 2011 have been made, the
10 Comptroller shall provide to the System a certification of the
11 sum of all fiscal year 2011 expenditures for personal services
12 that would have been covered by payments to the System under
13 this Section if the provisions of this amendatory Act of the
14 96th General Assembly had not been enacted. Upon receipt of the
15 certification, the System shall determine the amount due to the
16 System based on the full rate certified by the Board under
17 Section 14-135.08 for fiscal year 2011 in order to meet the
18 State's obligation under this Section. The System shall compare
19 this amount due to the amount received by the System in fiscal
20 year 2011 through payments under this Section. If the amount
21 due is more than the amount received, the difference shall be
22 termed the "Fiscal Year 2011 Shortfall" for purposes of this
23 Section, and the Fiscal Year 2011 Shortfall shall be satisfied
24 under Section 1.2 of the State Pension Funds Continuing
25 Appropriation Act. If the amount due is less than the amount
26 received, the difference shall be termed the "Fiscal Year 2011

1 Overpayment" for purposes of this Section, and the Fiscal Year
2 2011 Overpayment shall be repaid by the System to the General
3 Revenue Fund as soon as practicable after the certification.

4 (k) For fiscal years 2012 through 2017 only, after the
5 submission of all payments for eligible employees from personal
6 services line items paid from the General Revenue Fund in the
7 fiscal year have been made, the Comptroller shall provide to
8 the System a certification of the sum of all expenditures in
9 the fiscal year for personal services. Upon receipt of the
10 certification, the System shall determine the amount due to the
11 System based on the full rate certified by the Board under
12 Section 14-135.08 for the fiscal year in order to meet the
13 State's obligation under this Section. The System shall compare
14 this amount due to the amount received by the System for the
15 fiscal year. If the amount due is more than the amount
16 received, the difference shall be termed the "Prior Fiscal Year
17 Shortfall" for purposes of this Section, and the Prior Fiscal
18 Year Shortfall shall be satisfied under Section 1.2 of the
19 State Pension Funds Continuing Appropriation Act. If the amount
20 due is less than the amount received, the difference shall be
21 termed the "Prior Fiscal Year Overpayment" for purposes of this
22 Section, and the Prior Fiscal Year Overpayment shall be repaid
23 by the System to the General Revenue Fund as soon as
24 practicable after the certification.

25 (Source: P.A. 98-24, eff. 6-19-13; 98-674, eff. 6-30-14; 99-8,
26 eff. 7-9-15; 99-523, eff. 6-30-16.)

1 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

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

4 Sec. 14-135.08. To certify required State contributions.

5 (a) To certify to the Governor and to each department, on
6 or before November 15 of each year until November 15, 2011, the
7 required rate for State contributions to the System for the
8 next State fiscal year, as determined under subsection (b) of
9 Section 14-131. The certification to the Governor under this
10 subsection (a) shall include a copy of the actuarial
11 recommendations upon which the rate is based and shall
12 specifically identify the System's projected State normal cost
13 for that fiscal year.

14 (a-5) On or before November 1 of each year, beginning
15 November 1, 2012, the Board shall submit to the State Actuary,
16 the Governor, and the General Assembly a proposed certification
17 of the amount of the required State contribution to the System
18 for the next fiscal year, along with all of the actuarial
19 assumptions, calculations, and data upon which that proposed
20 certification is based. On or before January 1 of each year
21 beginning January 1, 2013, the State Actuary shall issue a
22 preliminary report concerning the proposed certification and
23 identifying, if necessary, recommended changes in actuarial
24 assumptions that the Board must consider before finalizing its
25 certification of the required State contributions. On or before

1 January 15, 2013 and each January 15 thereafter, the Board
2 shall certify to the Governor and the General Assembly the
3 amount of the required State contribution for the next fiscal
4 year. The Board's certification must note any deviations from
5 the State Actuary's recommended changes, the reason or reasons
6 for not following the State Actuary's recommended changes, and
7 the fiscal impact of not following the State Actuary's
8 recommended changes on the required State contribution.

9 (a-10) For purposes of subsection (c-5) of Section 20 of
10 the Budget Stabilization Act, on or before November 1 of each
11 year beginning November 1, 2019, the Board shall determine the
12 amount of the State contribution to the System that would have
13 been required for the next fiscal year if Section 1-161,
14 Section 14-155.2, and the changes made to Section 1-160 by this
15 amendatory Act of the 100th General Assembly had not taken
16 effect, using the best and most recent available data but based
17 on the law in effect on May 31, 2019. The Board shall submit to
18 the State Actuary, the Governor, and the General Assembly a
19 proposed certification, along with the relevant law, actuarial
20 assumptions, calculations, and data upon which that
21 certification is based. On or before January 1, 2020 and every
22 January 1 thereafter, the State Actuary shall issue a
23 preliminary report concerning the proposed certification and
24 identifying, if necessary, recommended changes in actuarial
25 assumptions that the Board must consider before finalizing its
26 certification. On or before January 15, 2020 and every January

1 1 thereafter, the Board shall certify to the Governor and the
2 General Assembly the amount of the State contribution to the
3 System that would have been required for the next fiscal year
4 if Section 1-161, Section 14-155.2, and the changes made to
5 Section 1-160 by this amendatory Act of the 100th General
6 Assembly had not taken effect, using the best and most recent
7 available data but based on the law in effect on May 31, 2019.
8 The Board's certification must note any deviations from the
9 State Actuary's recommended changes, the reason or reasons for
10 not following the State Actuary's recommended changes, and the
11 impact of not following the State Actuary's recommended
12 changes.

13 (b) The certifications under subsections (a) and (a-5)
14 shall include an additional amount necessary to pay all
15 principal of and interest on those general obligation bonds due
16 the next fiscal year authorized by Section 7.2(a) of the
17 General Obligation Bond Act and issued to provide the proceeds
18 deposited by the State with the System in July 2003,
19 representing deposits other than amounts reserved under
20 Section 7.2(c) of the General Obligation Bond Act. For State
21 fiscal year 2005, the Board shall make a supplemental
22 certification of the additional amount necessary to pay all
23 principal of and interest on those general obligation bonds due
24 in State fiscal years 2004 and 2005 authorized by Section
25 7.2(a) of the General Obligation Bond Act and issued to provide
26 the proceeds deposited by the State with the System in July

1 2003, representing deposits other than amounts reserved under
2 Section 7.2(c) of the General Obligation Bond Act, as soon as
3 practical after the effective date of this amendatory Act of
4 the 93rd General Assembly.

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

12 On or before July 1, 2005, the Board shall recalculate and
13 recertify to the Governor and to each department the amount of
14 the required State contribution to the System and the required
15 rates for State contributions to the System for State fiscal
16 year 2006, taking into account the changes in required State
17 contributions made by this amendatory Act of the 94th General
18 Assembly.

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

25 As soon as practical after the effective date of this
26 amendatory Act of the 100th General Assembly, the Board shall

1 recalculate and recertify to the State Actuary, the Governor,
2 and the General Assembly the amount of the State contribution
3 to the System for State fiscal year 2018, taking into account
4 the changes in required State contributions made by this
5 amendatory Act of the 100th General Assembly. The State Actuary
6 shall review the assumptions and valuations underlying the
7 Board's revised certification and issue a preliminary report
8 concerning the proposed recertification and identifying, if
9 necessary, recommended changes in actuarial assumptions that
10 the Board must consider before finalizing its certification of
11 the required State contributions. The Board's final
12 certification must note any deviations from the State Actuary's
13 recommended changes, the reason or reasons for not following
14 the State Actuary's recommended changes, and the fiscal impact
15 of not following the State Actuary's recommended changes on the
16 required State contribution.

17 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
18 97-694, eff. 6-18-12.)

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 accrued sufficient service credit to be
25 eligible to receive a retirement annuity under this

1 Article;

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

3 Article; and

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

5 under this Article.

6 "Pension benefit" means the benefits under this Article, or

7 Article 1 as it relates to those benefits, including any

8 anticipated annual increases, that an eligible person is

9 entitled to upon attainment of the applicable retirement age.

10 "Pension benefit" also includes applicable survivor's or

11 disability benefits.

12 (b) Before January 1, 2019, and annually thereafter, the

13 System shall calculate, using actuarial tables and other

14 assumptions adopted by the Board, the net present value of

15 pension benefits for each eligible person and shall offer each

16 eligible person the opportunity to irrevocably elect to receive

17 an amount determined by the System to be equal to 70% of the

18 net present value of his or her pension benefits in lieu of

19 receiving any pension benefit. The offer shall specify the

20 dollar amount that the eligible person will receive if he or

21 she so elects and shall expire when a subsequent offer is made

22 to an eligible person or when the System determines that 10% of

23 eligible persons in that year have made the election under this

24 subsection, whichever occurs first. The System shall make a

25 good faith effort to contact every eligible person to notify

26 him or her of the election and of the amount of the accelerated

1 pension benefit payment.

2 Until the System determines that 10% of eligible persons in
3 that year have made the election under this subsection, an
4 eligible person may irrevocably elect to receive an accelerated
5 pension benefit payment in the amount that the System offers
6 under this subsection in lieu of receiving any pension benefit.
7 A person who elects to receive an accelerated pension benefit
8 payment under this Section may not elect to proceed under the
9 Retirement Systems Reciprocal Act with respect to service under
10 this Article.

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

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

24 (1) Any benefits under the System earned as a result of
25 that return to active service shall be based solely on the
26 person's credits and creditable service arising from the

1 return to active service.

2 (2) The accelerated pension benefit payment may not be
3 repaid to the System, and the terminated credits and
4 creditable service may not under any circumstances be
5 reinstated.

6 (e) As a condition of receiving an accelerated pension
7 benefit payment, an eligible person must have another
8 retirement plan or account qualified under the Internal Revenue
9 Code of 1986, as amended, for the accelerated pension benefit
10 payment to be rolled into. The accelerated pension benefit
11 payment under this Section may be subject to withholding or
12 payment of applicable taxes, but to the extent permitted by
13 federal law, a person who receives an accelerated pension
14 benefit payment under this Section must direct the System to
15 pay all of that payment as a rollover into another retirement
16 plan or account qualified under the Internal Revenue Code of
17 1986, as amended.

18 (f) Before January 1, 2020 and every January 1 thereafter,
19 the Board shall certify to the Illinois Finance Authority and
20 the General Assembly the amount by which the total amount of
21 accelerated pension benefit payments made under this Section
22 exceed the amount appropriated to the System for the purpose of
23 making those payments.

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.

3 (i) Notwithstanding any other provision of this Section, in
4 no case shall the total amount of accelerated pension benefit
5 payments paid under this Section, Section 15-185.5, and Section
6 16-190.5 cause the Illinois Finance Authority to issue more
7 than the \$250,000,000 of State Pension Obligation Acceleration
8 Bonds authorized in subsection (c-5) of Section 801-40 of the
9 Illinois Finance Authority Act.

10 (40 ILCS 5/14-152.1)

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

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

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

25 (b) Notwithstanding any other provision of this Code or any

1 subsequent amendment to this Code, every new benefit increase
2 is subject to this Section and shall be deemed to be granted
3 only in conformance with and contingent upon compliance with
4 the provisions of this Section.

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

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

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

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

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

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

16 (40 ILCS 5/14-155.1 new)

17 Sec. 14-155.1. Defined contribution plan.

18 (a) By July 1, 2019, the System shall prepare and implement
19 a voluntary defined contribution plan for up to 5% of eligible
20 active Tier 1 employees. The System shall determine the 5% cap
21 by the number of active Tier 1 employees on the effective date
22 of this Section. The defined contribution plan developed under
23 this Section shall be a plan that aggregates employer and
24 employee contributions in individual participant accounts
25 which, after meeting any other requirements, are used for

1 payouts after retirement in accordance with this Section and
2 any other applicable laws.

3 As used in this Section, "defined benefit plan" means the
4 retirement plan available under this Article to Tier 1
5 employees who have not made the election authorized under this
6 Section.

7 (1) Under the defined contribution plan, an active Tier
8 1 employee of this System could elect to cease accruing
9 benefits in the defined benefit plan under this Article and
10 begin accruing benefits for future service in the defined
11 contribution plan. Service credit under the defined
12 contribution plan may be used for determining retirement
13 eligibility under the defined benefit plan.

14 (2) Participants in the defined contribution plan
15 shall pay employee contributions at the same rate as Tier 1
16 employees in this System who do not participate in the
17 defined contribution plan.

18 (3) State contributions shall be paid into the accounts
19 of all participants in the defined contribution plan at a
20 uniform rate, expressed as a percentage of compensation and
21 determined for each year. This rate shall be no higher than
22 the employer's normal cost for Tier 1 employees in the
23 defined benefit plan for that year, as determined by the
24 System and expressed as a percentage of compensation, and
25 shall be no lower than 3% of compensation. The State shall
26 adjust this rate annually.

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

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

13 (6) The defined contribution plan shall provide a
14 variety of options for investments. These options shall
15 include investments handled by the Illinois State Board of
16 Investment as well as private sector investment options.

17 (7) The defined contribution plan shall provide a
18 variety of options for payouts to retirees and their
19 survivors.

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

25 (9) The System shall reduce the employee contributions
26 credited to the member's defined contribution plan account

1 by an amount determined by the System to cover the cost of
2 offering these benefits and any applicable administrative
3 fees.

4 (b) Only persons who are active Tier 1 employees of the
5 System on the effective date of this Section are eligible to
6 participate in the defined contribution plan. Participation in
7 the defined contribution plan shall be limited to the first 5%
8 of eligible persons who elect to participate. The election to
9 participate in the defined contribution plan is voluntary and
10 irrevocable.

11 (c) An eligible Tier 1 employee may irrevocably elect to
12 participate in the defined contribution plan by filing with the
13 System a written application to participate that is received by
14 the System prior to its determination that 5% of eligible
15 persons have elected to participate in the defined contribution
16 plan.

17 When the System first determines that 5% of eligible
18 persons have elected to participate in the defined contribution
19 plan, the System shall provide notice to previously eligible
20 employees that the plan is no longer available and shall cease
21 accepting applications to participate.

22 (d) The System shall make a good faith effort to contact
23 each active Tier 1 employee who is eligible to participate in
24 the defined contribution plan. The System shall mail
25 information describing the option to join the defined
26 contribution plan to each of these employees to his or her last

1 known address on file with the System. If the employee is not
2 responsive to other means of contact, it is sufficient for the
3 System to publish the details of the option on its website.

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

19 (e) In no event shall the System, its staff, its authorized
20 representatives, or the Board be liable for any information
21 given to an employee under this Section. The System may
22 coordinate with the Illinois Department of Central Management
23 Services and other retirement systems administering a defined
24 contribution plan in accordance with this amendatory Act of the
25 100th General Assembly to provide information concerning the
26 impact of the option set forth in this Section.

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

5 (g) The System shall report on its progress under this
6 Section, including the available details of the defined
7 contribution plan and the System's plans for informing eligible
8 Tier 1 employees about the plan, to the Governor and the
9 General Assembly on or before January 15, 2019.

10 (h) The Illinois State Board of Investment shall be the
11 plan sponsor for the defined contribution plan established
12 under this Section.

13 (i) The intent of this amendatory Act of the 100th General
14 Assembly is to ensure that the State's normal cost of
15 participation in the defined contribution plan is similar, and
16 if possible equal, to the State's normal cost of participation
17 in the defined benefit plan, unless a lower State's normal cost
18 is necessary to ensure cost neutrality.

19 (40 ILCS 5/14-155.2 new)

20 Sec. 14-155.2. Defined contribution plan for certain
21 covered employees.

22 (a) As used in this Section:

23 "Defined benefit plan" means the retirement plan available
24 under this Article and Section 1-160 to eligible covered
25 employees who do not make the election authorized under this

1 Section.

2 "Eligible covered employee" means a covered employee who
3 first becomes a participant under this Article on or after 6
4 months after the effective date of this amendatory Act of the
5 100th General Assembly.

6 (b) In lieu of the defined benefit plan, an eligible
7 covered employee may irrevocably elect to participate in the
8 defined contribution plan under this Section. The election to
9 participate in the defined contribution plan must be made
10 within 30 days after becoming an eligible covered employee. The
11 election to participate in the defined contribution plan under
12 this Section is voluntary and irrevocable.

13 (c) No later than 5 months after the effective date of this
14 amendatory Act of the 100th General Assembly, the System shall
15 prepare and implement a voluntary defined contribution plan for
16 eligible covered employees. The defined contribution plan
17 developed under this Section shall be a plan that aggregates
18 employer and employee contributions in individual participant
19 accounts which, after meeting any other requirements, are used
20 for payouts after retirement in accordance with this Section
21 and any other applicable laws.

22 (1) A participant in the defined contribution plan
23 shall contribute a minimum of 3% of his or her compensation
24 to the defined contribution plan.

25 (2) For persons who participate in the defined
26 contribution plan for at least one year, employer

1 contributions shall be paid into the accounts of those
2 participants at a rate of 3% of compensation.

3 (3) Employer contributions shall vest when those
4 contributions are paid into a participant's account.

5 (4) The defined contribution plan shall provide a
6 variety of options for investments. These options shall
7 include investments handled by the Illinois State Board of
8 Investment as well as private sector investment options.

9 (5) The defined contribution plan shall provide a
10 variety of options for payouts to retirees and their
11 survivors.

12 (6) To the extent authorized under federal law and as
13 authorized by the affected pension fund, the defined
14 contribution plan shall allow former participants in the
15 plan to transfer or roll over employee and employer
16 contributions, and the earnings thereon, into other
17 qualified retirement plans.

18 (7) The System shall reduce the employee contributions
19 credited to the participant's defined contribution plan
20 account by an amount determined by the System to cover the
21 cost of offering the benefits under this Section and any
22 applicable administrative fees.

23 (40 ILCS 5/14-156.1 new)

24 Sec. 14-156.1. Defined contribution plan; termination. If
25 the defined contribution plan under Section 14-155.1 is

1 terminated or becomes inoperative pursuant to law, then each
2 participant in the plan shall automatically be deemed to have
3 been a contributing Tier 1 employee in the System's defined
4 benefit plan during the time in which he or she participated in
5 the defined contribution plan, and for that purpose the System
6 shall be entitled to recover the amounts in the participant's
7 defined contribution accounts.

8 (40 ILCS 5/15-108.1)

9 Sec. 15-108.1. Tier 1 member; Tier 1 employee.

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

21 "Tier 1 employee": A Tier 1 member who is a participating
22 employee, unless he or she is a disability benefit recipient
23 under Section 15-150.

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

1 (40 ILCS 5/15-108.2)

2 Sec. 15-108.2. Tier 2 member. "Tier 2 member": A person who
3 first becomes a participant under this Article on or after
4 January 1, 2011 and before 6 months after the effective date of
5 this amendatory Act of the 100th General Assembly, other than a
6 person in the self-managed plan established under Section
7 15-158.2 or a person who makes the election under subsection
8 (c) of Section 1-161, unless the person is otherwise a Tier 1
9 member. The changes made to this Section by this amendatory Act
10 of the 98th General Assembly are a correction of existing law
11 and are intended to be retroactive to the effective date of
12 Public Act 96-889, notwithstanding the provisions of Section
13 1-103.1 of this Code.

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

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

16 Sec. 15-155. Employer contributions.

17 (a) The State of Illinois shall make contributions by
18 appropriations of amounts which, together with the other
19 employer contributions from trust, federal, and other funds,
20 employee contributions, income from investments, and other
21 income of this System, will be sufficient to meet the cost of
22 maintaining and administering the System on a 90% funded basis
23 in accordance with actuarial recommendations.

24 The Board shall determine the amount of State contributions
25 required for each fiscal year on the basis of the actuarial

1 tables and other assumptions adopted by the Board and the
2 recommendations of the actuary, using the formula in subsection
3 (a-1).

4 (a-1) For State fiscal years 2018 through 2045, the minimum
5 contribution to the System to be made by the State for each
6 fiscal year shall be an amount determined by the System to be
7 sufficient to bring the total assets of the System up to 90% of
8 the total actuarial liabilities of the System by the end of
9 State fiscal year 2045. In making these determinations, the
10 required State contribution shall be calculated each year as a
11 level percentage of total payroll, including payroll that is
12 not deemed pensionable, but excluding payroll attributable to
13 participants in the defined contribution plan under Section
14 15-200.1, over the years remaining to and including fiscal year
15 2045 and shall be determined under the projected unit credit
16 actuarial cost method.

17 Beginning in State fiscal year 2018, any increase or
18 decrease in State contribution over the prior fiscal year due
19 exclusively to changes in actuarial or investment assumptions
20 adopted by the Board shall be included in the State
21 contribution to the System, as a percentage of the applicable
22 employee payroll, and shall be increased in equal annual
23 increments so that by the State fiscal year occurring 5 years
24 after the adoption of the actuarial or investment assumptions,
25 the State is contributing at the rate otherwise required under
26 this Section.

1 For State fiscal years 2012 through 2017 ~~2045~~, the minimum
2 contribution to the System to be made by the State for each
3 fiscal year shall be an amount determined by the System to be
4 sufficient to bring the total assets of the System up to 90% of
5 the total actuarial liabilities of the System by the end of
6 State fiscal year 2045. In making these determinations, the
7 required State contribution shall be calculated each year as a
8 level percentage of payroll over the years remaining to and
9 including fiscal year 2045 and shall be determined under the
10 projected unit credit actuarial cost method.

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

16 Notwithstanding any other provision of this Article, the
17 total required State contribution for State fiscal year 2006 is
18 \$166,641,900.

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2007 is
21 \$252,064,100.

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

1 contributing at the rate otherwise required under this Section.

2 Notwithstanding any other provision of this Article, the
3 total required State contribution for State fiscal year 2010 is
4 \$702,514,000 and shall be made from the State Pensions Fund and
5 proceeds of bonds sold in fiscal year 2010 pursuant to Section
6 7.2 of the General Obligation Bond Act, less (i) the pro rata
7 share of bond sale expenses determined by the System's share of
8 total bond proceeds, (ii) any amounts received from the General
9 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
10 proceeds due to the issuance of discounted bonds, if
11 applicable.

12 Notwithstanding any other provision of this Article, the
13 total required State contribution for State fiscal year 2011 is
14 the amount recertified by the System on or before April 1, 2011
15 pursuant to Section 15-165 and shall be made from the State
16 Pensions Fund and proceeds of bonds sold in fiscal year 2011
17 pursuant to Section 7.2 of the General Obligation Bond Act,
18 less (i) the pro rata share of bond sale expenses determined by
19 the System's share of total bond proceeds, (ii) any amounts
20 received from the General Revenue Fund in fiscal year 2011, and
21 (iii) any reduction in bond proceeds due to the issuance of
22 discounted bonds, if applicable.

23 Beginning in State fiscal year 2046, the minimum State
24 contribution for each fiscal year shall be the amount needed to
25 maintain the total assets of the System at 90% of the total
26 actuarial liabilities of the System.

1 Amounts received by the System pursuant to Section 25 of
2 the Budget Stabilization Act or Section 8.12 of the State
3 Finance Act in any fiscal year do not reduce and do not
4 constitute payment of any portion of the minimum State
5 contribution required under this Article in that fiscal year.
6 Such amounts shall not reduce, and shall not be included in the
7 calculation of, the required State contributions under this
8 Article in any future year until the System has reached a
9 funding ratio of at least 90%. A reference in this Article to
10 the "required State contribution" or any substantially similar
11 term does not include or apply to any amounts payable to the
12 System under Section 25 of the Budget Stabilization Act.

13 Notwithstanding any other provision of this Section, the
14 required State contribution for State fiscal year 2005 and for
15 fiscal year 2008 and each fiscal year thereafter, as calculated
16 under this Section and certified under Section 15-165, shall
17 not exceed an amount equal to (i) the amount of the required
18 State contribution that would have been calculated under this
19 Section for that fiscal year if the System had not received any
20 payments under subsection (d) of Section 7.2 of the General
21 Obligation Bond Act, minus (ii) the portion of the State's
22 total debt service payments for that fiscal year on the bonds
23 issued in fiscal year 2003 for the purposes of that Section
24 7.2, as determined and certified by the Comptroller, that is
25 the same as the System's portion of the total moneys
26 distributed under subsection (d) of Section 7.2 of the General

1 Obligation Bond Act. In determining this maximum for State
2 fiscal years 2008 through 2010, however, the amount referred to
3 in item (i) shall be increased, as a percentage of the
4 applicable employee payroll, in equal increments calculated
5 from the sum of the required State contribution for State
6 fiscal year 2007 plus the applicable portion of the State's
7 total debt service payments for fiscal year 2007 on the bonds
8 issued in fiscal year 2003 for the purposes of Section 7.2 of
9 the General Obligation Bond Act, so that, by State fiscal year
10 2011, the State is contributing at the rate otherwise required
11 under this Section.

12 (a-2) For employees first hired on or after 6 months after
13 the effective date of this amendatory Act of the 100th General
14 Assembly who have elected the benefits under Section 1-161 of
15 this Code, the employer shall annually contribute an amount,
16 expressed as a percentage of payroll, equal to the defined
17 benefit normal cost of the defined benefit plan, less the
18 employee contribution, plus 2%. On an annual basis, the System
19 shall certify to each employer the amount of unfunded liability
20 accrued in the employer's account to be paid by the employer so
21 that the System is 90% funded by the end of State fiscal year
22 2045. The contributions shall be divided equally over a
23 12-month period and made monthly. The employer shall also
24 contribute an amount equal to the employer defined
25 contribution, as set on an individual employee basis, under
26 paragraph (2) of subsection (k) of Section 1-161 during each

1 pay period. The System shall have the authority to adopt rules
2 regarding implementation of employer contributions.

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

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

1 affected municipalities as soon as may be practical. The
2 employer contributions required under this subsection shall be
3 remitted by the municipality to the System at the same time and
4 in the same manner as employee contributions.

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

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

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

25 (f) Normal costs under this Section means liability for
26 pensions and other benefits which accrues to the System because

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

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

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

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

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

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

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

10 (g-1) For academic years beginning on or after July 1,
11 2018, if the amount of a participant's earnings for any
12 academic year used to determine the final rate of earnings,
13 determined on a full-time equivalent basis, exceeds the amount
14 of his or her earnings with the same employer for the previous
15 academic year, determined on a full-time equivalent basis, by
16 more than the unadjusted percentage increase in the consumer
17 price index-u for the calendar year immediately preceding the
18 beginning of the academic year, published by the Public Pension
19 Division of the Department of Insurance by November 1 of each
20 year, then the participant's employer shall pay to the System,
21 in addition to all other payments required under this Section
22 and in accordance with guidelines established by the System,
23 the present value of the increase in benefits resulting from
24 the portion of the increase in earnings that is in excess of
25 the unadjusted percentage increase in the consumer price
26 index-u for the applicable calendar year. This present value

1 shall be computed by the System on the basis of the actuarial
2 assumptions and tables used in the most recent actuarial
3 valuation of the System that is available at the time of the
4 computation. The System may require the employer to provide any
5 pertinent information or documentation.

6 Whenever it determines that a payment is or may be required
7 under this subsection (g-1), the System shall calculate the
8 amount of the payment and bill the employer for that amount.
9 The bill shall specify the calculations used to determine the
10 amount due. If the employer disputes the amount of the bill, it
11 may, within 30 days after receipt of the bill, apply to the
12 System in writing for a recalculation. The application must
13 specify in detail the grounds of the dispute and, if the
14 employer asserts that the calculation is subject to subsection
15 (i-1) of this Section, must include an affidavit setting forth
16 and attesting to all facts within the employer's knowledge that
17 are pertinent to the applicability of subsection (i-1). Upon
18 receiving a timely application for recalculation, the System
19 shall review the application and, if appropriate, recalculate
20 the amount due.

21 The employer contributions required under this subsection
22 (g-1) may be paid in the form of a lump sum within 90 days after
23 receipt of the bill. If the employer contributions are not paid
24 within 90 days after receipt of the bill, then interest shall
25 be charged at a rate equal to the System's annual actuarially
26 assumed rate of return on investment compounded annually from

1 the 91st day after receipt of the bill. Payments must be
2 concluded within 3 years after the employer's receipt of the
3 bill.

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

13 (h) This subsection (h) applies only to payments made or
14 salary increases given on or after June 1, 2005 but before July
15 1, 2011. The changes made by Public Act 94-1057 shall not
16 require the System to refund any payments received before July
17 31, 2006 (the effective date of Public Act 94-1057).

18 When assessing payment for any amount due under subsection
19 (g), the System shall exclude earnings increases paid to
20 participants under contracts or collective bargaining
21 agreements entered into, amended, or renewed before June 1,
22 2005.

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

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

15 When assessing payment for any amount due under subsection
16 (g), the System shall exclude any earnings increase resulting
17 from (i) a promotion for which the employee moves from one
18 classification to a higher classification under the State
19 Universities Civil Service System, (ii) a promotion in academic
20 rank for a tenured or tenure-track faculty position, or (iii) a
21 promotion that the Illinois Community College Board has
22 recommended in accordance with subsection (k) of this Section.
23 These earnings increases shall be excluded only if the
24 promotion is to a position that has existed and been filled by
25 a member for no less than one complete academic year and the
26 earnings increase as a result of the promotion is an increase

1 that results in an amount no greater than the average salary
2 paid for other similar positions.

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

13 (i-1) When assessing payment for any amount due under
14 subsection (g-1), the System shall exclude salary increases
15 paid to participants under contracts or collective bargaining
16 agreements entered into, amended, or renewed before the
17 effective date of this amendatory Act of the 100th General
18 Assembly.

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

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

25 (2) The dollar amount by which each employer's
26 contribution to the System was changed due to

1 recalculations required by Public Act 94-1057.

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

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

8 (j-5) For academic years beginning on or after July 1,
9 2018, if the amount of a participant's earnings for any
10 academic year, determined on a full-time equivalent basis,
11 exceeds \$140,000, the participant's employer shall pay to the
12 System, in addition to all other payments required under this
13 Section and in accordance with guidelines established by the
14 System, the amount of the earnings that exceed \$140,000
15 multiplied by the level percentage of payroll used in that
16 fiscal year, as determined by the System, to be sufficient to
17 bring the total assets of the System up to 90% of the total
18 actuarial liabilities of the System by the end of State fiscal
19 year 2045. This amount shall be computed by the System on the
20 basis of the actuarial assumptions and tables used in the most
21 recent actuarial valuation of the System that is available at
22 the time of the computation. The System may require the
23 employer to provide any pertinent information or
24 documentation.

25 Whenever it determines that a payment is or may be required
26 under this subsection, the System shall calculate the amount of

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

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

18 (k) The Illinois Community College Board shall adopt rules
19 for recommending lists of promotional positions submitted to
20 the Board by community colleges and for reviewing the
21 promotional lists on an annual basis. When recommending
22 promotional lists, the Board shall consider the similarity of
23 the positions submitted to those positions recognized for State
24 universities by the State Universities Civil Service System.
25 The Illinois Community College Board shall file a copy of its
26 findings with the System. The System shall consider the

1 findings of the Illinois Community College Board when making
2 determinations under this Section. The System shall not exclude
3 any earnings increases resulting from a promotion when the
4 promotion was not submitted by a community college. Nothing in
5 this subsection (k) shall require any community college to
6 submit any information to the Community College Board.

7 (l) For purposes of determining the required State
8 contribution to the System, the value of the System's assets
9 shall be equal to the actuarial value of the System's assets,
10 which shall be calculated as follows:

11 As of June 30, 2008, the actuarial value of the System's
12 assets shall be equal to the market value of the assets as of
13 that date. In determining the actuarial value of the System's
14 assets for fiscal years after June 30, 2008, any actuarial
15 gains or losses from investment return incurred in a fiscal
16 year shall be recognized in equal annual amounts over the
17 5-year period following that fiscal year.

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

22 (Source: P.A. 98-92, eff. 7-16-13; 98-463, eff. 8-16-13;
23 99-897, eff. 1-1-17.)

24 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

25 (Text of Section WITHOUT the changes made by P.A. 98-599,

1 which has been held unconstitutional)

2 Sec. 15-165. To certify amounts and submit vouchers.

3 (a) The Board shall certify to the Governor on or before
4 November 15 of each year until November 15, 2011 the
5 appropriation required from State funds for the purposes of
6 this System for the following fiscal year. The certification
7 under this subsection (a) shall include a copy of the actuarial
8 recommendations upon which it is based and shall specifically
9 identify the System's projected State normal cost for that
10 fiscal year and the projected State cost for the self-managed
11 plan for that fiscal year.

12 On or before May 1, 2004, the Board shall recalculate and
13 recertify to the Governor the amount of the required State
14 contribution to the System for State fiscal year 2005, taking
15 into account the amounts appropriated to and received by the
16 System under subsection (d) of Section 7.2 of the General
17 Obligation Bond Act.

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

23 On or before April 1, 2011, the Board shall recalculate and
24 recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2011, applying
26 the changes made by Public Act 96-889 to the System's assets

1 and liabilities as of June 30, 2009 as though Public Act 96-889
2 was approved on that date.

3 (a-5) On or before November 1 of each year, beginning
4 November 1, 2012, the Board shall submit to the State Actuary,
5 the Governor, and the General Assembly a proposed certification
6 of the amount of the required State contribution to the System
7 for the next fiscal year, along with all of the actuarial
8 assumptions, calculations, and data upon which that proposed
9 certification is based. On or before January 1 of each year,
10 beginning January 1, 2013, the State Actuary shall issue a
11 preliminary report concerning the proposed certification and
12 identifying, if necessary, recommended changes in actuarial
13 assumptions that the Board must consider before finalizing its
14 certification of the required State contributions. On or before
15 January 15, 2013 and each January 15 thereafter, the Board
16 shall certify to the Governor and the General Assembly the
17 amount of the required State contribution for the next fiscal
18 year. The Board's certification must note, in a written
19 response to the State Actuary, any deviations from the State
20 Actuary's recommended changes, the reason or reasons for not
21 following the State Actuary's recommended changes, and the
22 fiscal impact of not following the State Actuary's recommended
23 changes on the required State contribution.

24 (a-10) For purposes of subsection (c-5) of Section 20 of
25 the Budget Stabilization Act, on or before November 1 of each
26 year beginning November 1, 2019, the Board shall determine the

1 amount of the State contribution to the System that would have
2 been required for the next fiscal year if Section 1-161,
3 subsection (a-2) of Section 15-155, and the changes made to
4 Section 1-160 by this amendatory Act of the 100th General
5 Assembly had not taken effect, using the best and most recent
6 available data but based on the law in effect on May 31, 2019.
7 The Board shall submit to the State Actuary, the Governor, and
8 the General Assembly a proposed certification, along with the
9 relevant law, actuarial assumptions, calculations, and data
10 upon which that certification is based. On or before January 1,
11 2020 and every January 1 thereafter, the State Actuary shall
12 issue a preliminary report concerning the proposed
13 certification and identifying, if necessary, recommended
14 changes in actuarial assumptions that the Board must consider
15 before finalizing its certification. On or before January 15,
16 2020 and every January 1 thereafter, the Board shall certify to
17 the Governor and the General Assembly the amount of the State
18 contribution to the System that would have been required for
19 the next fiscal year if Section 1-161, subsection (a-2) of
20 Section 15-155, and the changes made to Section 1-160 by this
21 amendatory Act of the 100th General Assembly had not taken
22 effect, using the best and most recent available data but based
23 on the law in effect on May 31, 2019. The Board's certification
24 must note any deviations from the State Actuary's recommended
25 changes, the reason or reasons for not following the State
26 Actuary's recommended changes, and the impact of not following

1 the State Actuary's recommended changes.

2 (a-15) As soon as practical after the effective date of
3 this amendatory Act of the 100th General Assembly, the Board
4 shall recalculate and recertify to the State Actuary, the
5 Governor, and the General Assembly the amount of the State
6 contribution to the System for State fiscal year 2018, taking
7 into account the changes in required State contributions made
8 by this amendatory Act of the 100th General Assembly. The State
9 Actuary shall review the assumptions and valuations underlying
10 the Board's revised certification and issue a preliminary
11 report concerning the proposed recertification and
12 identifying, if necessary, recommended changes in actuarial
13 assumptions that the Board must consider before finalizing its
14 certification of the required State contributions. The Board's
15 final certification must note any deviations from the State
16 Actuary's recommended changes, the reason or reasons for not
17 following the State Actuary's recommended changes, and the
18 fiscal impact of not following the State Actuary's recommended
19 changes on the required State contribution.

20 (b) The Board shall certify to the State Comptroller or
21 employer, as the case may be, from time to time, by its
22 chairperson and secretary, with its seal attached, the amounts
23 payable to the System from the various funds.

24 (c) Beginning in State fiscal year 1996, on or as soon as
25 possible after the 15th day of each month the Board shall
26 submit vouchers for payment of State contributions to the

1 System, in a total monthly amount of one-twelfth of the
2 required annual State contribution certified under subsection
3 (a). From the effective date of this amendatory Act of the 93rd
4 General Assembly through June 30, 2004, the Board shall not
5 submit vouchers for the remainder of fiscal year 2004 in excess
6 of the fiscal year 2004 certified contribution amount
7 determined under this Section after taking into consideration
8 the transfer to the System under subsection (b) of Section
9 6z-61 of the State Finance Act. These vouchers shall be paid by
10 the State Comptroller and Treasurer by warrants drawn on the
11 funds appropriated to the System for that fiscal year.

12 If in any month the amount remaining unexpended from all
13 other appropriations to the System for the applicable fiscal
14 year (including the appropriations to the System under Section
15 8.12 of the State Finance Act and Section 1 of the State
16 Pension Funds Continuing Appropriation Act) is less than the
17 amount lawfully vouchered under this Section, the difference
18 shall be paid from the General Revenue Fund under the
19 continuing appropriation authority provided in Section 1.1 of
20 the State Pension Funds Continuing Appropriation Act.

21 (d) So long as the payments received are the full amount
22 lawfully vouchered under this Section, payments received by the
23 System under this Section shall be applied first toward the
24 employer contribution to the self-managed plan established
25 under Section 15-158.2. Payments shall be applied second toward
26 the employer's portion of the normal costs of the System, as

1 defined in subsection (f) of Section 15-155. The balance shall
2 be applied toward the unfunded actuarial liabilities of the
3 System.

4 (e) In the event that the System does not receive, as a
5 result of legislative enactment or otherwise, payments
6 sufficient to fully fund the employer contribution to the
7 self-managed plan established under Section 15-158.2 and to
8 fully fund that portion of the employer's portion of the normal
9 costs of the System, as calculated in accordance with Section
10 15-155(a-1), then any payments received shall be applied
11 proportionately to the optional retirement program established
12 under Section 15-158.2 and to the employer's portion of the
13 normal costs of the System, as calculated in accordance with
14 Section 15-155(a-1).

15 (Source: P.A. 97-694, eff. 6-18-12; 98-92, eff. 7-16-13.)

16 (40 ILCS 5/15-185.5 new)

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

18 (a) As used in this Section:

19 "Eligible person" means a person who:

20 (1) has terminated service;

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

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

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

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

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

9 "Pension benefit" also includes applicable survivor's or
10 disability benefits.

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

1 Until the System determines that 10% of eligible persons in
2 that year have made the election under this subsection, an
3 eligible person may irrevocably elect to receive an accelerated
4 pension benefit payment in the amount that the System offers
5 under this subsection in lieu of receiving any pension benefit.
6 A person who elects to receive an accelerated pension benefit
7 payment under this Section may not elect to proceed under the
8 Retirement Systems Reciprocal Act with respect to service under
9 this Article.

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

20 (d) If a person who has received an accelerated pension
21 benefit payment under this Section returns to participating
22 employee status under this Article, then:

23 (1) Any benefits under the System earned as a result of
24 that return to participating employee status shall be based
25 solely on the person's credits and creditable service
26 arising from the return to participating employee status.

1 (2) The accelerated pension benefit payment may not be
2 repaid to the System, and the terminated credits and
3 creditable service may not under any circumstances be
4 reinstated.

5 (e) As a condition of receiving an accelerated pension
6 benefit payment, an eligible person must have another
7 retirement plan or account qualified under the Internal Revenue
8 Code of 1986, as amended, for the accelerated pension benefit
9 payment to be rolled into. The accelerated pension benefit
10 payment under this Section may be subject to withholding or
11 payment of applicable taxes, but to the extent permitted by
12 federal law, a person who receives an accelerated pension
13 benefit payment under this Section must direct the System to
14 pay all of that payment as a rollover into another retirement
15 plan or account qualified under the Internal Revenue Code of
16 1986, as amended.

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

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

25 (h) No provision of this Section shall be interpreted in a
26 way that would cause the applicable System to cease to be a

1 qualified plan under the Internal Revenue Code of 1986.

2 (i) Notwithstanding any other provision of this Section, in
3 no case shall the total amount of accelerated pension benefit
4 payments paid under this Section, Section 14-147.5, and Section
5 16-190.5 cause the Illinois Finance Authority to issue more
6 than the \$250,000,000 of State Pension Obligation Acceleration
7 Bonds authorized in subsection (c-5) of Section 801-40 of the
8 Illinois Finance Authority Act.

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 the effective date of this
19 amendatory Act of the 94th General Assembly. "New benefit
20 increase", however, does not include any benefit increase
21 resulting from the changes made to this Article by this
22 amendatory Act of the 100th General Assembly.

23 (b) Notwithstanding any other provision of this Code or any
24 subsequent amendment to this Code, every new benefit increase
25 is subject to this Section and shall be deemed to be granted

1 only in conformance with and contingent upon compliance with
2 the provisions of this Section.

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

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

23 (d) Every new benefit increase shall expire 5 years after
24 its effective date or on such earlier date as may be specified
25 in the language enacting the new benefit increase or provided
26 under subsection (c). This does not prevent the General

1 Assembly from extending or re-creating a new benefit increase
2 by law.

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

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

14 (40 ILCS 5/15-200.1 new)

15 Sec. 15-200.1. Defined contribution plan.

16 (a) By July 1, 2018, the System shall prepare and implement
17 a voluntary defined contribution plan for up to 5% of eligible
18 Tier 1 employees. The System shall determine the 5% cap by the
19 number of Tier 1 employees on the effective date of this
20 Section. The defined contribution plan developed under this
21 Section shall be a plan that aggregates employer and employee
22 contributions in individual participant accounts which, after
23 meeting any other requirements, are used for payouts after
24 retirement in accordance with this Section and any other
25 applicable laws.

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

5 (1) Under the defined contribution plan, a Tier 1
6 employee of this System could elect to cease accruing
7 benefits in the defined benefit plan under this Article and
8 begin accruing benefits for future service in the defined
9 contribution plan. Service credit under the defined
10 contribution plan may be used for determining retirement
11 eligibility under the defined benefit plan. A Tier 1
12 employee who elects to cease accruing benefits in his or
13 her defined benefit plan shall be prohibited from
14 purchasing service credit on or after the date of his or
15 her election. A Tier 1 employee making the irrevocable
16 election provided under this Section shall not receive
17 interest accruals to his or her Rule 2 benefit on or after
18 the date of his or her election.

19 (2) Participants in the defined contribution plan
20 shall pay employee contributions at the same rate as other
21 participants under this Article as determined by the
22 System.

23 (3) State contributions shall be paid into the accounts
24 of all participants in the defined contribution plan at a
25 uniform rate, expressed as a percentage of earnings and
26 determined for each year. This rate shall be no higher than

1 the employer's normal cost for Tier 1 employees in the
2 defined benefit plan for that year, as determined by the
3 System and expressed as a percentage of earnings, and shall
4 be no lower than 3% of earnings. The State shall adjust
5 this rate annually.

6 (4) The defined contribution plan shall require 5 years
7 of participation in the defined contribution plan before
8 vesting in State contributions. If the participant fails to
9 vest in them, the State contributions, and the earnings
10 thereon, shall be forfeited.

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

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

22 (7) The defined contribution plan shall provide a
23 variety of options for payouts to retirees and their
24 survivors.

25 (8) To the extent authorized under federal law and as
26 authorized by the System, the plan shall allow former

1 participants in the plan to transfer or roll over employee
2 and vested State contributions, and the earnings thereon,
3 into other qualified retirement plans.

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

9 (b) Only persons who are Tier 1 employees of the System on
10 the effective date of this Section are eligible to participate
11 in the defined contribution plan. Participation in the defined
12 contribution plan shall be limited to the first 5% of eligible
13 persons who elect to participate. The election to participate
14 in the defined contribution plan is voluntary and irrevocable.

15 (c) An eligible Tier 1 employee may irrevocably elect to
16 participate in the defined contribution plan by filing with the
17 System a written application to participate that is received by
18 the System prior to its determination that 5% of eligible
19 persons have elected to participate in the defined contribution
20 plan.

21 When the System first determines that 5% of eligible
22 persons have elected to participate in the defined contribution
23 plan, the System shall provide notice to previously eligible
24 employees that the plan is no longer available and shall cease
25 accepting applications to participate.

26 (d) The System shall make a good faith effort to contact

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

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

23 (e) In no event shall the System, its staff, its authorized
24 representatives, or the Board be liable for any information
25 given to an employee under this Section. The System may
26 coordinate with the Illinois Department of Central Management

1 Services and other retirement systems administering a defined
2 contribution plan in accordance with this amendatory Act of the
3 100th General Assembly to provide information concerning the
4 impact of the option set forth in this Section.

5 (f) Notwithstanding any other provision of this Section, no
6 person shall begin participating in the defined contribution
7 plan until it has attained qualified plan status and received
8 all necessary approvals from the U.S. Internal Revenue Service.

9 (g) The System shall report on its progress under this
10 Section, including the available details of the defined
11 contribution plan and the System's plans for informing eligible
12 Tier 1 employees about the plan, to the Governor and the
13 General Assembly on or before January 15, 2018.

14 (h) If a Tier 1 employee has not made an election under
15 Section 15-134.5 of this Code, then the plan prescribed under
16 this Section shall not apply to that Tier 1 employee and that
17 Tier 1 employee shall remain eligible to make the election
18 prescribed under Section 15-134.5.

19 (i) The intent of this amendatory Act of the 100th General
20 Assembly is to ensure that the State's normal cost of
21 participation in the defined contribution plan is similar, and
22 if possible equal, to the State's normal cost of participation
23 in the defined benefit plan, unless a lower State's normal cost
24 is necessary to ensure cost neutrality.

1 Sec. 15-201.1. Defined contribution plan; termination. If
2 the defined contribution plan is terminated or becomes
3 inoperative pursuant to law, then each participant in the plan
4 shall automatically be deemed to have been a contributing Tier
5 1 employee participating in the System's defined benefit plan
6 during the time in which he or she participated in the defined
7 contribution plan, and for that purpose the System shall be
8 entitled to recover the amounts in the participant's defined
9 contribution accounts.

10 (40 ILCS 5/16-107.1 new)

11 Sec. 16-107.1. Tier 1 employee. "Tier 1 employee": A
12 teacher under this Article who first became a member or
13 participant before January 1, 2011 under any reciprocal
14 retirement system or pension fund established under this Code
15 other than a retirement system or pension fund established
16 under Article 2, 3, 4, 5, 6, or 18 of this Code.

17 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

20 Sec. 16-158. Contributions by State and other employing
21 units.

22 (a) The State shall make contributions to the System by
23 means of appropriations from the Common School Fund and other
24 State funds of amounts which, together with other employer

1 contributions, employee contributions, investment income, and
2 other income, will be sufficient to meet the cost of
3 maintaining and administering the System on a 90% funded basis
4 in accordance with actuarial recommendations.

5 The Board shall determine the amount of State contributions
6 required for each fiscal year on the basis of the actuarial
7 tables and other assumptions adopted by the Board and the
8 recommendations of the actuary, using the formula in subsection
9 (b-3).

10 (a-1) Annually, on or before November 15 until November 15,
11 2011, the Board shall certify to the Governor the amount of the
12 required State contribution for the coming fiscal year. The
13 certification under this subsection (a-1) shall include a copy
14 of the actuarial recommendations upon which it is based and
15 shall specifically identify the System's projected State
16 normal cost for that fiscal year.

17 On or before May 1, 2004, the Board shall recalculate and
18 recertify to the Governor the amount of the required State
19 contribution to the System for State fiscal year 2005, taking
20 into account the amounts appropriated to and received by the
21 System under subsection (d) of Section 7.2 of the General
22 Obligation Bond Act.

23 On or before July 1, 2005, the Board shall recalculate and
24 recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2006, taking
26 into account the changes in required State contributions made

1 by this amendatory Act of the 94th General Assembly.

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

8 (a-5) On or before November 1 of each year, beginning
9 November 1, 2012, the Board shall submit to the State Actuary,
10 the Governor, and the General Assembly a proposed certification
11 of the amount of the required State contribution to the System
12 for the next fiscal year, along with all of the actuarial
13 assumptions, calculations, and data upon which that proposed
14 certification is based. On or before January 1 of each year,
15 beginning January 1, 2013, the State Actuary shall issue a
16 preliminary report concerning the proposed certification and
17 identifying, if necessary, recommended changes in actuarial
18 assumptions that the Board must consider before finalizing its
19 certification of the required State contributions. On or before
20 January 15, 2013 and each January 15 thereafter, the Board
21 shall certify to the Governor and the General Assembly the
22 amount of the required State contribution for the next fiscal
23 year. The Board's certification must note any deviations from
24 the State Actuary's recommended changes, the reason or reasons
25 for not following the State Actuary's recommended changes, and
26 the fiscal impact of not following the State Actuary's

1 recommended changes on the required State contribution.

2 (a-10) For purposes of subsection (c-5) of Section 20 of
3 the Budget Stabilization Act, on or before November 1 of each
4 year beginning November 1, 2019, the Board shall determine the
5 amount of the State contribution to the System that would have
6 been required for the next fiscal year if Section 1-161,
7 subsection (b-4) of Section 16-158, and the changes made to
8 Section 1-160 by this amendatory Act of the 100th General
9 Assembly had not taken effect, using the best and most recent
10 available data but based on the law in effect on May 31, 2019.
11 The Board shall submit to the State Actuary, the Governor, and
12 the General Assembly a proposed certification, along with the
13 relevant law, actuarial assumptions, calculations, and data
14 upon which that certification is based. On or before January 1,
15 2020 and every January 1 thereafter, the State Actuary shall
16 issue a preliminary report concerning the proposed
17 certification and identifying, if necessary, recommended
18 changes in actuarial assumptions that the Board must consider
19 before finalizing its certification. On or before January 15,
20 2020 and every January 1 thereafter, the Board shall certify to
21 the Governor and the General Assembly the amount of the State
22 contribution to the System that would have been required for
23 the next fiscal year if if Section 1-161, subsection (b-4) of
24 Section 16-158, and the changes made to Section 1-160 by this
25 amendatory Act of the 100th General Assembly had not taken
26 effect, using the best and most recent available data but based

1 on the law in effect on May 31, 2019. The Board's certification
2 must note any deviations from the State Actuary's recommended
3 changes, the reason or reasons for not following the State
4 Actuary's recommended changes, and the impact of not following
5 the State Actuary's recommended changes.

6 (a-15) As soon as practical after the effective date of
7 this amendatory Act of the 100th General Assembly, the Board
8 shall recalculate and recertify to the State Actuary, the
9 Governor, and the General Assembly the amount of the State
10 contribution to the System for State fiscal year 2018, taking
11 into account the changes in required State contributions made
12 by this amendatory Act of the 100th General Assembly. The State
13 Actuary shall review the assumptions and valuations underlying
14 the Board's revised certification and issue a preliminary
15 report concerning the proposed recertification and
16 identifying, if necessary, recommended changes in actuarial
17 assumptions that the Board must consider before finalizing its
18 certification of the required State contributions. The Board's
19 final certification must note any deviations from the State
20 Actuary's recommended changes, the reason or reasons for not
21 following the State Actuary's recommended changes, and the
22 fiscal impact of not following the State Actuary's recommended
23 changes on the required State contribution.

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

1 (b-1) Beginning in State fiscal year 1996, on the 15th day
2 of each month, or as soon thereafter as may be practicable, the
3 Board shall submit vouchers for payment of State contributions
4 to the System, in a total monthly amount of one-twelfth of the
5 required annual State contribution certified under subsection
6 (a-1). From the effective date of this amendatory Act of the
7 93rd General Assembly through June 30, 2004, the Board shall
8 not submit vouchers for the remainder of fiscal year 2004 in
9 excess of the fiscal year 2004 certified contribution amount
10 determined under this Section after taking into consideration
11 the transfer to the System under subsection (a) of Section
12 6z-61 of the State Finance Act. These vouchers shall be paid by
13 the State Comptroller and Treasurer by warrants drawn on the
14 funds appropriated to the System for that fiscal year.

15 If in any month the amount remaining unexpended from all
16 other appropriations to the System for the applicable fiscal
17 year (including the appropriations to the System under Section
18 8.12 of the State Finance Act and Section 1 of the State
19 Pension Funds Continuing Appropriation Act) is less than the
20 amount lawfully vouchered under this subsection, the
21 difference shall be paid from the Common School Fund under the
22 continuing appropriation authority provided in Section 1.1 of
23 the State Pension Funds Continuing Appropriation Act.

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

1 (b-3) For State fiscal years 2018 through 2045, the minimum
2 contribution to the System to be made by the State for each
3 fiscal year shall be an amount determined by the System to be
4 sufficient to bring the total assets of the System up to 90% of
5 the total actuarial liabilities of the System by the end of
6 State fiscal year 2045. In making these determinations, the
7 required State contribution shall be calculated each year as a
8 level percentage of total payroll, including payroll that is
9 not deemed pensionable, but excluding payroll attributable to
10 participants in the defined contribution plan under Section
11 16-205.1, over the years remaining to and including fiscal year
12 2045 and shall be determined under the projected unit credit
13 actuarial cost method.

14 Beginning in State fiscal year 2018, any increase or
15 decrease in State contribution over the prior fiscal year due
16 exclusively to changes in actuarial or investment assumptions
17 adopted by the Board shall be included in the State
18 contribution to the System, as a percentage of the applicable
19 employee payroll, and shall be increased in equal annual
20 increments so that by the State fiscal year occurring 5 years
21 after the adoption of the actuarial or investment assumptions,
22 the State is contributing at the rate otherwise required under
23 this Section.

24 For State fiscal years 2012 through 2017 ~~2045~~, the minimum
25 contribution to the System to be made by the State for each
26 fiscal year shall be an amount determined by the System to be

1 sufficient to bring the total assets of the System up to 90% of
2 the total actuarial liabilities of the System by the end of
3 State fiscal year 2045. In making these determinations, the
4 required State contribution shall be calculated each year as a
5 level percentage of payroll over the years remaining to and
6 including fiscal year 2045 and shall be determined under the
7 projected unit credit actuarial cost method.

8 For State fiscal years 1996 through 2005, the State
9 contribution to the System, as a percentage of the applicable
10 employee payroll, shall be increased in equal annual increments
11 so that by State fiscal year 2011, the State is contributing at
12 the rate required under this Section; except that in the
13 following specified State fiscal years, the State contribution
14 to the System shall not be less than the following indicated
15 percentages of the applicable employee payroll, even if the
16 indicated percentage will produce a State contribution in
17 excess of the amount otherwise required under this subsection
18 and subsection (a), and notwithstanding any contrary
19 certification made under subsection (a-1) before the effective
20 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
21 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
22 2003; and 13.56% in FY 2004.

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2006 is
25 \$534,627,700.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2007 is
2 \$738,014,500.

3 For each of State fiscal years 2008 through 2009, the State
4 contribution to the System, as a percentage of the applicable
5 employee payroll, shall be increased in equal annual increments
6 from the required State contribution for State fiscal year
7 2007, so that by State fiscal year 2011, the State is
8 contributing at the rate otherwise required under this Section.

9 Notwithstanding any other provision of this Article, the
10 total required State contribution for State fiscal year 2010 is
11 \$2,089,268,000 and shall be made from the proceeds of bonds
12 sold in fiscal year 2010 pursuant to Section 7.2 of the General
13 Obligation Bond Act, less (i) the pro rata share of bond sale
14 expenses determined by the System's share of total bond
15 proceeds, (ii) any amounts received from the Common School Fund
16 in fiscal year 2010, and (iii) any reduction in bond proceeds
17 due to the issuance of discounted bonds, if applicable.

18 Notwithstanding any other provision of this Article, the
19 total required State contribution for State fiscal year 2011 is
20 the amount recertified by the System on or before April 1, 2011
21 pursuant to subsection (a-1) of this Section and shall be made
22 from the proceeds of bonds sold in fiscal year 2011 pursuant to
23 Section 7.2 of the General Obligation Bond Act, less (i) the
24 pro rata share of bond sale expenses determined by the System's
25 share of total bond proceeds, (ii) any amounts received from
26 the Common School Fund in fiscal year 2011, and (iii) any

1 reduction in bond proceeds due to the issuance of discounted
2 bonds, if applicable. This amount shall include, in addition to
3 the amount certified by the System, an amount necessary to meet
4 employer contributions required by the State as an employer
5 under paragraph (e) of this Section, which may also be used by
6 the System for contributions required by paragraph (a) of
7 Section 16-127.

8 Beginning in State fiscal year 2046, the minimum State
9 contribution for each fiscal year shall be the amount needed to
10 maintain the total assets of the System at 90% of the total
11 actuarial liabilities of the System.

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

24 Notwithstanding any other provision of this Section, the
25 required State contribution for State fiscal year 2005 and for
26 fiscal year 2008 and each fiscal year thereafter, as calculated

1 under this Section and certified under subsection (a-1), shall
2 not exceed an amount equal to (i) the amount of the required
3 State contribution that would have been calculated under this
4 Section for that fiscal year if the System had not received any
5 payments under subsection (d) of Section 7.2 of the General
6 Obligation Bond Act, minus (ii) the portion of the State's
7 total debt service payments for that fiscal year on the bonds
8 issued in fiscal year 2003 for the purposes of that Section
9 7.2, as determined and certified by the Comptroller, that is
10 the same as the System's portion of the total moneys
11 distributed under subsection (d) of Section 7.2 of the General
12 Obligation Bond Act. In determining this maximum for State
13 fiscal years 2008 through 2010, however, the amount referred to
14 in item (i) shall be increased, as a percentage of the
15 applicable employee payroll, in equal increments calculated
16 from the sum of the required State contribution for State
17 fiscal year 2007 plus the applicable portion of the State's
18 total debt service payments for fiscal year 2007 on the bonds
19 issued in fiscal year 2003 for the purposes of Section 7.2 of
20 the General Obligation Bond Act, so that, by State fiscal year
21 2011, the State is contributing at the rate otherwise required
22 under this Section.

23 (b-4) For employees first hired on or after 6 months after
24 the effective date of this amendatory Act of the 100th General
25 Assembly who have elected the benefits under Section 1-161 of
26 this Code, the employer shall annually contribute an amount,

1 expressed as a percentage of payroll, equal to the defined
2 benefit normal cost of the defined benefit plan, less the
3 employee contribution, plus 2%. On an annual basis, the System
4 shall certify to each employer the amount of unfunded liability
5 accrued in the employer's account to be paid by the employer so
6 that the System is 90% funded by the end of State fiscal year
7 2045. The contributions shall be divided equally over a
8 12-month period and made monthly. The employer shall also
9 contribute an amount equal to the employer defined
10 contribution, as set on an individual employee basis, under
11 paragraph (2) of subsection (k) of Section 1-161 during each
12 pay period. The System shall have the authority to adopt rules
13 regarding implementation of employer contributions.

14 (c) Payment of the required State contributions and of all
15 pensions, retirement annuities, death benefits, refunds, and
16 other benefits granted under or assumed by this System, and all
17 expenses in connection with the administration and operation
18 thereof, are obligations of the State.

19 If members are paid from special trust or federal funds
20 which are administered by the employing unit, whether school
21 district or other unit, the employing unit shall pay to the
22 System from such funds the full accruing retirement costs based
23 upon that service, which, beginning July 1, 2014, shall be at a
24 rate, expressed as a percentage of salary, equal to the total
25 minimum contribution to the System to be made by the State for
26 that fiscal year, including both normal cost and unfunded

1 liability components, expressed as a percentage of payroll, as
2 determined by the System under subsection (b-3) of this
3 Section. Employer contributions, based on salary paid to
4 members from federal funds, may be forwarded by the
5 distributing agency of the State of Illinois to the System
6 prior to allocation, in an amount determined in accordance with
7 guidelines established by such agency and the System. Any
8 contribution for fiscal year 2015 collected as a result of the
9 change made by this amendatory Act of the 98th General Assembly
10 shall be considered a State contribution under subsection (b-3)
11 of this Section.

12 (d) Effective July 1, 1986, any employer of a teacher as
13 defined in paragraph (8) of Section 16-106 shall pay the
14 employer's normal cost of benefits based upon the teacher's
15 service, in addition to employee contributions, as determined
16 by the System. Such employer contributions shall be forwarded
17 monthly in accordance with guidelines established by the
18 System.

19 However, with respect to benefits granted under Section
20 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
21 of Section 16-106, the employer's contribution shall be 12%
22 (rather than 20%) of the member's highest annual salary rate
23 for each year of creditable service granted, and the employer
24 shall also pay the required employee contribution on behalf of
25 the teacher. For the purposes of Sections 16-133.4 and
26 16-133.5, a teacher as defined in paragraph (8) of Section

1 16-106 who is serving in that capacity while on leave of
2 absence from another employer under this Article shall not be
3 considered an employee of the employer from which the teacher
4 is on leave.

5 (e) Beginning July 1, 1998, every employer of a teacher
6 shall pay to the System an employer contribution computed as
7 follows:

8 (1) Beginning July 1, 1998 through June 30, 1999, the
9 employer contribution shall be equal to 0.3% of each
10 teacher's salary.

11 (2) Beginning July 1, 1999 and thereafter, the employer
12 contribution shall be equal to 0.58% of each teacher's
13 salary.

14 The school district or other employing unit may pay these
15 employer contributions out of any source of funding available
16 for that purpose and shall forward the contributions to the
17 System on the schedule established for the payment of member
18 contributions.

19 These employer contributions are intended to offset a
20 portion of the cost to the System of the increases in
21 retirement benefits resulting from this amendatory Act of 1998.

22 Each employer of teachers is entitled to a credit against
23 the contributions required under this subsection (e) with
24 respect to salaries paid to teachers for the period January 1,
25 2002 through June 30, 2003, equal to the amount paid by that
26 employer under subsection (a-5) of Section 6.6 of the State

1 Employees Group Insurance Act of 1971 with respect to salaries
2 paid to teachers for that period.

3 The additional 1% employee contribution required under
4 Section 16-152 by this amendatory Act of 1998 is the
5 responsibility of the teacher and not the teacher's employer,
6 unless the employer agrees, through collective bargaining or
7 otherwise, to make the contribution on behalf of the teacher.

8 If an employer is required by a contract in effect on May
9 1, 1998 between the employer and an employee organization to
10 pay, on behalf of all its full-time employees covered by this
11 Article, all mandatory employee contributions required under
12 this Article, then the employer shall be excused from paying
13 the employer contribution required under this subsection (e)
14 for the balance of the term of that contract. The employer and
15 the employee organization shall jointly certify to the System
16 the existence of the contractual requirement, in such form as
17 the System may prescribe. This exclusion shall cease upon the
18 termination, extension, or renewal of the contract at any time
19 after May 1, 1998.

20 (f) For school years beginning on or after June 1, 2005 and
21 before July 1, 2018, if ~~if~~ the amount of a teacher's salary for
22 any school year used to determine final average salary exceeds
23 the member's annual full-time salary rate with the same
24 employer for the previous school year by more than 6%, the
25 teacher's employer shall pay to the System, in addition to all
26 other payments required under this Section and in accordance

1 with guidelines established by the System, the present value of
2 the increase in benefits resulting from the portion of the
3 increase in salary that is in excess of 6%. This present value
4 shall be computed by the System on the basis of the actuarial
5 assumptions and tables used in the most recent actuarial
6 valuation of the System that is available at the time of the
7 computation. If a teacher's salary for the 2005-2006 school
8 year is used to determine final average salary under this
9 subsection (f), then the changes made to this subsection (f) by
10 Public Act 94-1057 shall apply in calculating whether the
11 increase in his or her salary is in excess of 6%. For the
12 purposes of this Section, change in employment under Section
13 10-21.12 of the School Code on or after June 1, 2005 shall
14 constitute a change in employer. The System may require the
15 employer to provide any pertinent information or
16 documentation. The changes made to this subsection (f) by this
17 amendatory Act of the 94th General Assembly apply without
18 regard to whether the teacher was in service on or after its
19 effective date.

20 Whenever it determines that a payment is or may be required
21 under this subsection, the System shall calculate the amount of
22 the payment and bill the employer for that amount. The bill
23 shall specify the calculations used to determine the amount
24 due. If the employer disputes the amount of the bill, it may,
25 within 30 days after receipt of the bill, apply to the System
26 in writing for a recalculation. The application must specify in

1 detail the grounds of the dispute and, if the employer asserts
2 that the calculation is subject to subsection (g) or (h) of
3 this Section, must include an affidavit setting forth and
4 attesting to all facts within the employer's knowledge that are
5 pertinent to the applicability of that subsection. Upon
6 receiving a timely application for recalculation, the System
7 shall review the application and, if appropriate, recalculate
8 the amount due.

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

18 (f-1) For school years beginning on or after July 1, 2018,
19 if the amount of a teacher's salary for any school year used to
20 determine final average salary exceeds the member's annual
21 full-time salary rate with the same employer for the previous
22 school year by more than the unadjusted percentage increase in
23 the consumer price index-u for the calendar year immediately
24 preceding the beginning of the school year, published by the
25 Public Pension Division of the Department of Insurance by
26 November 1 of each year, then the teacher's employer shall pay

1 to the System, in addition to all other payments required under
2 this Section and in accordance with guidelines established by
3 the System, the present value of the increase in benefits
4 resulting from the portion of the increase in salary that is in
5 excess of the unadjusted percentage increase in the consumer
6 price index-u for the applicable calendar year. This present
7 value shall be computed by the System on the basis of the
8 actuarial assumptions and tables used in the most recent
9 actuarial valuation of the System that is available at the time
10 of the computation. The System may require the employer to
11 provide any pertinent information or documentation.

12 Whenever it determines that a payment is or may be required
13 under this subsection (f-1), the System shall calculate the
14 amount of the payment and bill the employer for that amount.
15 The bill shall specify the calculations used to determine the
16 amount due. If the employer disputes the amount of the bill, it
17 may, within 30 days after receipt of the bill, apply to the
18 System in writing for a recalculation. The application must
19 specify in detail the grounds of the dispute and, if the
20 employer asserts that the calculation is subject to subsection
21 (h-1) of this Section, must include an affidavit setting forth
22 and attesting to all facts within the employer's knowledge that
23 are pertinent to the applicability of subsection (h-1). Upon
24 receiving a timely application for recalculation, the System
25 shall review the application and, if appropriate, recalculate
26 the amount due.

1 The employer contributions required under this subsection
2 (f-1) may be paid in the form of a lump sum within 90 days after
3 receipt of the bill. If the employer contributions are not paid
4 within 90 days after receipt of the bill, then interest shall
5 be charged at a rate equal to the System's annual actuarially
6 assumed rate of return on investment compounded annually from
7 the 91st day after receipt of the bill. Payments must be
8 concluded within 3 years after the employer's receipt of the
9 bill.

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

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

24 When assessing payment for any amount due under subsection
25 (f), the System shall exclude salary increases paid to teachers
26 under contracts or collective bargaining agreements entered

1 into, amended, or renewed before June 1, 2005.

2 When assessing payment for any amount due under subsection
3 (f), the System shall exclude salary increases paid to a
4 teacher at a time when the teacher is 10 or more years from
5 retirement eligibility under Section 16-132 or 16-133.2.

6 When assessing payment for any amount due under subsection
7 (f), the System shall exclude salary increases resulting from
8 overload work, including summer school, when the school
9 district has certified to the System, and the System has
10 approved the certification, that (i) the overload work is for
11 the sole purpose of classroom instruction in excess of the
12 standard number of classes for a full-time teacher in a school
13 district during a school year and (ii) the salary increases are
14 equal to or less than the rate of pay for classroom instruction
15 computed on the teacher's current salary and work schedule.

16 When assessing payment for any amount due under subsection
17 (f), the System shall exclude a salary increase resulting from
18 a promotion (i) for which the employee is required to hold a
19 certificate or supervisory endorsement issued by the State
20 Teacher Certification Board that is a different certification
21 or supervisory endorsement than is required for the teacher's
22 previous position and (ii) to a position that has existed and
23 been filled by a member for no less than one complete academic
24 year and the salary increase from the promotion is an increase
25 that results in an amount no greater than the lesser of the
26 average salary paid for other similar positions in the district

1 requiring the same certification or the amount stipulated in
2 the collective bargaining agreement for a similar position
3 requiring the same certification.

4 When assessing payment for any amount due under subsection
5 (f), the System shall exclude any payment to the teacher from
6 the State of Illinois or the State Board of Education over
7 which the employer does not have discretion, notwithstanding
8 that the payment is included in the computation of final
9 average salary.

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

20 (h-1) When assessing payment for any amount due under
21 subsection (f-1), the System shall exclude earnings increases
22 paid to participants under contracts or collective bargaining
23 agreements entered into, amended, or renewed before the
24 effective date of this amendatory Act of the 100th General
25 Assembly.

26 (i) The System shall prepare a report and file copies of

1 the report with the Governor and the General Assembly by
2 January 1, 2007 that contains all of the following information:

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

6 (2) The dollar amount by which each employer's
7 contribution to the System was changed due to
8 recalculations required by Public Act 94-1057.

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

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

15 (i-5) For school years beginning on or after July 1, 2018,
16 if the amount of a participant's salary for any school year,
17 determined on a full-time equivalent basis, exceeds \$140,000,
18 the participant's employer shall pay to the System, in addition
19 to all other payments required under this Section and in
20 accordance with guidelines established by the System, the
21 amount of earnings that exceed \$140,000 multiplied by the level
22 percentage of payroll used in that fiscal year as determined by
23 the System to be sufficient to bring the total assets of the
24 System up to 90% of the total actuarial liabilities of the
25 System by the end of State fiscal year 2045. This amount shall
26 be computed by the System on the basis of the actuarial

1 assumptions and tables used in the most recent actuarial
2 valuation of the System that is available at the time of the
3 computation. The System may require the employer to provide any
4 pertinent information or documentation.

5 Whenever it determines that a payment is or may be required
6 under this subsection, the System shall calculate the amount of
7 the payment and bill the employer for that amount. The bill
8 shall specify the calculations used to determine the amount
9 due. If the employer disputes the amount of the bill, it may,
10 within 30 days after receipt of the bill, apply to the System
11 in writing for a recalculation. The application must specify in
12 detail the grounds of the dispute. Upon receiving a timely
13 application for recalculation, the System shall review the
14 application and, if appropriate, recalculate the amount due.

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

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

1 which shall be calculated as follows:

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

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

13 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
14 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
15 6-18-12; 97-813, eff. 7-13-12; 98-674, eff. 6-30-14.)

16 (40 ILCS 5/16-190.5 new)

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

18 (a) As used in this Section:

19 "Eligible person" means a person who:

20 (1) has terminated service;

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

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

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

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

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

25 Until the System determines that 10% of eligible persons in
26 that year have made the election under this subsection, an

1 eligible person may irrevocably elect to receive an accelerated
2 pension benefit payment in the amount that the System offers
3 under this subsection in lieu of receiving any pension benefit.
4 A person who elects to receive an accelerated pension benefit
5 payment under this Section may not elect to proceed under the
6 Retirement Systems Reciprocal Act with respect to service under
7 this Article.

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

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

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

25 (2) The accelerated pension benefit payment may not be
26 repaid to the System, and the terminated credits and

1 creditable service may not under any circumstances be
2 reinstated.

3 (e) As a condition of receiving an accelerated pension
4 benefit payment, an eligible person must have another
5 retirement plan or account qualified under the Internal Revenue
6 Code of 1986, as amended, for the accelerated pension benefit
7 payment to be rolled into. The accelerated pension benefit
8 payment under this Section may be subject to withholding or
9 payment of applicable taxes, but to the extent permitted by
10 federal law, a person who receives an accelerated pension
11 benefit payment under this Section must direct the System to
12 pay all of that payment as a rollover into another retirement
13 plan or account qualified under the Internal Revenue Code of
14 1986, as amended.

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

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

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

26 (i) Notwithstanding any other provision of this Section, in

1 no case shall the total amount of accelerated pension benefit
2 payments paid under this Section, Section 14-147.5, and Section
3 15-185.5, and Section 16-190.5 cause the Illinois Finance
4 Authority to issue more than the \$250,000,000 of State Pension
5 Obligation Acceleration Bonds authorized in subsection (c-5)
6 of Section 801-40 of the Illinois Finance Authority Act.

7 (40 ILCS 5/16-203)

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

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

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

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

1 the provisions of this Section.

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

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

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

1 by law.

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

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

13 (40 ILCS 5/16-205.1 new)

14 Sec. 16-205.1. Defined contribution plan.

15 (a) By July 1, 2018, the System shall prepare and implement
16 a voluntary defined contribution plan for up to 5% of eligible
17 active Tier 1 employees. The System shall determine the 5% cap
18 by the number of active Tier 1 employees on the effective date
19 of this Section. The defined contribution plan developed under
20 this Section shall be a plan that aggregates employer and
21 employee contributions in individual participant accounts
22 which, after meeting any other requirements, are used for
23 payouts after retirement in accordance with this Section and
24 any other applicable laws.

25 As used in this Section, "defined benefit plan" means the

1 retirement plan available under this Article to Tier 1
2 employees who have not made the election authorized under this
3 Section.

4 (1) Under the defined contribution plan, an active Tier
5 1 employee of this System could elect to cease accruing
6 benefits in the defined benefit plan under this Article and
7 begin accruing benefits for future service in the defined
8 contribution plan. Service credit under the defined
9 contribution plan may be used for determining retirement
10 eligibility under the defined benefit plan. An active Tier
11 1 employee who elects to cease accruing benefits in his or
12 her defined benefit plan shall be prohibited from
13 purchasing service credit on or after the date of his or
14 her election. A Tier 1 employee making the irrevocable
15 election provided under this Section shall not receive
16 interest accruals to his or her benefit under paragraph (A)
17 of subsection (a) of Section 16-133 on or after the date of
18 his or her election.

19 (2) Participants in the defined contribution plan
20 shall pay employee contributions at the same rate as Tier 1
21 employees in this System who do not participate in the
22 defined contribution plan.

23 (3) State contributions shall be paid into the accounts
24 of all participants in the defined contribution plan at a
25 uniform rate, expressed as a percentage of salary and
26 determined for each year. This rate shall be no higher than

1 the employer's normal cost for Tier 1 employees in the
2 defined benefit plan for that year, as determined by the
3 System and expressed as a percentage of salary, and shall
4 be no lower than 0% of salary. The State shall adjust this
5 rate annually.

6 (4) The defined contribution plan shall require 5 years
7 of participation in the defined contribution plan before
8 vesting in State contributions. If the participant fails to
9 vest in them, the State contributions, and the earnings
10 thereon, shall be forfeited.

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

18 (6) The defined contribution plan shall provide a
19 variety of options for investments. These options shall
20 include investments in a fund created by the System and
21 managed in accordance with legal and fiduciary standards,
22 as well as investment options otherwise available.

23 (7) The defined contribution plan shall provide a
24 variety of options for payouts to retirees and their
25 survivors.

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

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

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

10 (b) Only persons who are active Tier 1 employees of the
11 System on the effective date of this Section are eligible to
12 participate in the defined contribution plan. Participation in
13 the defined contribution plan shall be limited to the first 5%
14 of eligible persons who elect to participate. The election to
15 participate in the defined contribution plan is voluntary and
16 irrevocable.

17 (c) An eligible Tier 1 employee may irrevocably elect to
18 participate in the defined contribution plan by filing with the
19 System a written application to participate that is received by
20 the System prior to its determination that 5% of eligible
21 persons have elected to participate in the defined contribution
22 plan.

23 When the System first determines that 5% of eligible
24 persons have elected to participate in the defined contribution
25 plan, the System shall provide notice to previously eligible
26 employees that the plan is no longer available and shall cease

1 accepting applications to participate.

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

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

25 (e) In no event shall the System, its staff, its authorized
26 representatives, or the Board be liable for any information

1 given to an employee under this Section. The System may
2 coordinate with the Illinois Department of Central Management
3 Services and other retirement systems administering a defined
4 contribution plan in accordance with this amendatory Act of the
5 100th General Assembly to provide information concerning the
6 impact of the option set forth in this Section.

7 (f) Notwithstanding any other provision of this Section, no
8 person shall begin participating in the defined contribution
9 plan until it has attained qualified plan status and received
10 all necessary approvals from the U.S. Internal Revenue Service.

11 (g) The System shall report on its progress under this
12 Section, including the available details of the defined
13 contribution plan and the System's plans for informing eligible
14 Tier 1 employees about the plan, to the Governor and the
15 General Assembly on or before January 15, 2018.

16 (h) The intent of this amendatory Act of the 100th General
17 Assembly is to ensure that the State's normal cost of
18 participation in the defined contribution plan is similar, and
19 if possible equal, to the State's normal cost of participation
20 in the defined benefit plan, unless a lower State's normal cost
21 is necessary to ensure cost neutrality.

22 (40 ILCS 5/16-206.1 new)

23 Sec. 16-206.1. Defined contribution plan; termination. If
24 the defined contribution plan is terminated or becomes
25 inoperative pursuant to law, then each participant in the plan

1 shall automatically be deemed to have been a contributing Tier
2 1 employee in the System's defined benefit plan during the time
3 in which he or she participated in the defined contribution
4 plan, and for that purpose the System shall be entitled to
5 recover the amounts in the participant's defined contribution
6 accounts.

7 (40 ILCS 5/17-106.05 new)

8 Sec. 17-106.05. Tier 1 employee. "Tier 1 employee": A
9 teacher under this Article who first became a member or
10 participant before January 1, 2011 under any reciprocal
11 retirement system or pension fund established under this Code
12 other than a retirement system or pension fund established
13 under Article 2, 3, 4, 5, 6, or 18 of this Code.

14 (40 ILCS 5/17-127) (from Ch. 108 1/2, par. 17-127)

15 Sec. 17-127. Financing; revenues for the Fund.

16 (a) The revenues for the Fund shall consist of: (1) amounts
17 paid into the Fund by contributors thereto and from employer
18 contributions and State appropriations in accordance with this
19 Article; (2) amounts contributed to the Fund by an Employer;
20 (3) amounts contributed to the Fund pursuant to any law now in
21 force or hereafter to be enacted; (4) contributions from any
22 other source; and (5) the earnings on investments.

23 (b) The General Assembly finds that for many years the
24 State has contributed to the Fund an annual amount that is

1 between 20% and 30% of the amount of the annual State
2 contribution to the Article 16 retirement system, and the
3 General Assembly declares that it is its goal and intention to
4 continue this level of contribution to the Fund in the future.

5 (c) Beginning in State fiscal year 1999, the State shall
6 include in its annual contribution to the Fund an additional
7 amount equal to 0.544% of the Fund's total teacher payroll;
8 except that this additional contribution need not be made in a
9 fiscal year if the Board has certified in the previous fiscal
10 year that the Fund is at least 90% funded, based on actuarial
11 determinations. These additional State contributions are
12 intended to offset a portion of the cost to the Fund of the
13 increases in retirement benefits resulting from this
14 amendatory Act of 1998.

15 (d) In addition to any other contribution required under
16 this Article, including the contribution required under
17 subsection (c), for State fiscal year 2017, the State shall
18 contribute the amount of \$215,200,000 to the Fund. This amount
19 shall be deemed a portion of the employer's required
20 contribution.

21 (Source: P.A. 90-548, eff. 12-4-97; 90-566, eff. 1-2-98;
22 90-582, eff. 5-27-98; 90-655, eff. 7-30-98.)

23 (40 ILCS 5/17-129) (from Ch. 108 1/2, par. 17-129)

24 Sec. 17-129. Employer contributions; deficiency in Fund.

25 (a) If in any fiscal year of the Board of Education ending

1 prior to 1997 the total amounts paid to the Fund from the Board
2 of Education (other than under this subsection, and other than
3 amounts used for making or "picking up" contributions on behalf
4 of teachers) and from the State do not equal the total
5 contributions made by or on behalf of the teachers for such
6 year, or if the total income of the Fund in any such fiscal
7 year of the Board of Education from all sources is less than
8 the total such expenditures by the Fund for such year, the
9 Board of Education shall, in the next succeeding year, in
10 addition to any other payment to the Fund set apart and
11 appropriate from moneys from its tax levy for educational
12 purposes, a sum sufficient to remove such deficiency or
13 deficiencies, and promptly pay such sum into the Fund in order
14 to restore any of the reserves of the Fund that may have been
15 so temporarily applied. Any amounts received by the Fund after
16 December 4, 1997 from State appropriations, including under
17 Section 17-127, shall be a credit against and shall fully
18 satisfy any obligation that may have arisen, or be claimed to
19 have arisen, under this subsection (a) as a result of any
20 deficiency or deficiencies in the fiscal year of the Board of
21 Education ending in calendar year 1997.

22 (b) (i) Notwithstanding any other provision of this
23 Section, and notwithstanding any prior certification by the
24 Board under subsection (c) for fiscal year 2011, the Board of
25 Education's total required contribution to the Fund for fiscal
26 year 2011 under this Section is \$187,000,000.

1 (ii) Notwithstanding any other provision of this Section,
2 the Board of Education's total required contribution to the
3 Fund for fiscal year 2012 under this Section is \$192,000,000.

4 (iii) Notwithstanding any other provision of this Section,
5 the Board of Education's total required contribution to the
6 Fund for fiscal year 2013 under this Section is \$196,000,000.

7 (iv) For fiscal years 2014 through 2059, the minimum
8 contribution to the Fund to be made by the Board of Education
9 in each fiscal year shall be an amount determined by the Fund
10 to be sufficient to bring the total assets of the Fund up to
11 90% of the total actuarial liabilities of the Fund by the end
12 of fiscal year 2059. In making these determinations, the
13 required Board of Education contribution shall be calculated
14 each year as a level percentage of the applicable employee
15 payrolls over the years remaining to and including fiscal year
16 2059 and shall be determined under the projected unit credit
17 actuarial cost method.

18 (v) Beginning in fiscal year 2060, the minimum Board of
19 Education contribution for each fiscal year shall be the amount
20 needed to maintain the total assets of the Fund at 90% of the
21 total actuarial liabilities of the Fund.

22 (vi) Notwithstanding any other provision of this
23 subsection (b), for any fiscal year, the contribution to the
24 Fund from the Board of Education shall not be required to be in
25 excess of the amount calculated as needed to maintain the
26 assets (or cause the assets to be) at the 90% level by the end

1 of the fiscal year.

2 (vii) Any contribution by the State to or for the benefit
3 of the Fund, including, without limitation, as referred to
4 under Section 17-127, shall be a credit against any
5 contribution required to be made by the Board of Education
6 under this subsection (b).

7 (c) The Board shall determine the amount of Board of
8 Education contributions required for each fiscal year on the
9 basis of the actuarial tables and other assumptions adopted by
10 the Board and the recommendations of the actuary, in order to
11 meet the minimum contribution requirements of subsections (a)
12 and (b). Annually, on or before February 28, the Board shall
13 certify to the Board of Education the amount of the required
14 Board of Education contribution for the coming fiscal year. The
15 certification shall include a copy of the actuarial
16 recommendations upon which it is based.

17 Beginning in fiscal year 2018, any increase or decrease in
18 the Board of Education's contribution over the prior fiscal
19 year due exclusively to changes in actuarial or investment
20 assumptions adopted by the Board shall be included in the Board
21 of Education's contribution to the Fund, as a percentage of the
22 applicable employee payroll, and shall be increased in equal
23 annual increments so that by the fiscal year occurring 5 years
24 after the adoption of the actuarial or investment assumptions,
25 the Board of Education is contributing at the rate otherwise
26 required under this Section.

1 (d) As soon as practical after the effective date of this
2 amendatory Act of the 100th General Assembly, the Board shall
3 recalculate and recertify to the Board of Education the amount
4 of the required Board of Education contribution to the Fund for
5 fiscal years 2017 and 2018, as necessary to take into account
6 the changes in required Board of Education contributions made
7 by this amendatory Act of the 100th General Assembly.

8 (Source: P.A. 96-889, eff. 4-14-10.)

9 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

10 Sec. 18-131. Financing; employer contributions.

11 (a) The State of Illinois shall make contributions to this
12 System by appropriations of the amounts which, together with
13 the contributions of participants, net earnings on
14 investments, and other income, will meet the costs of
15 maintaining and administering this System on a 90% funded basis
16 in accordance with actuarial recommendations.

17 (b) The Board shall determine the amount of State
18 contributions required for each fiscal year on the basis of the
19 actuarial tables and other assumptions adopted by the Board and
20 the prescribed rate of interest, using the formula in
21 subsection (c).

22 (c) For State fiscal years 2018 through 2045, the minimum
23 contribution to the System to be made by the State for each
24 fiscal year shall be an amount determined by the System to be
25 sufficient to bring the total assets of the System up to 90% of

1 the total actuarial liabilities of the System by the end of
2 State fiscal year 2045. In making these determinations, the
3 required State contribution shall be calculated each year as a
4 level percentage of total payroll, including payroll that is
5 not deemed pensionable, over the years remaining to and
6 including fiscal year 2045 and shall be determined under the
7 projected unit credit actuarial cost method.

8 Beginning in State fiscal year 2018, any increase or
9 decrease in State contribution over the prior fiscal year due
10 exclusively to changes in actuarial or investment assumptions
11 adopted by the Board shall be included in the State
12 contribution to the System, as a percentage of the applicable
13 employee payroll, and shall be increased in equal annual
14 increments so that by the State fiscal year occurring 5 years
15 after the adoption of the actuarial or investment assumptions,
16 the State is contributing at the rate otherwise required under
17 this Section.

18 For State fiscal years 2012 through 2017 ~~2045~~, the minimum
19 contribution to the System to be made by the State for each
20 fiscal year shall be an amount determined by the System to be
21 sufficient to bring the total assets of the System up to 90% of
22 the total actuarial liabilities of the System by the end of
23 State fiscal year 2045. In making these determinations, the
24 required State contribution shall be calculated each year as a
25 level percentage of payroll over the years remaining to and
26 including fiscal year 2045 and shall be determined under the

1 projected unit credit actuarial cost method.

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

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2006 is
9 \$29,189,400.

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2007 is
12 \$35,236,800.

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

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2010 is
21 \$78,832,000 and shall be made from the proceeds of bonds sold
22 in fiscal year 2010 pursuant to Section 7.2 of the General
23 Obligation Bond Act, less (i) the pro rata share of bond sale
24 expenses determined by the System's share of total bond
25 proceeds, (ii) any amounts received from the General Revenue
26 Fund in fiscal year 2010, and (iii) any reduction in bond

1 proceeds due to the issuance of discounted bonds, if
2 applicable.

3 Notwithstanding any other provision of this Article, the
4 total required State contribution for State fiscal year 2011 is
5 the amount recertified by the System on or before April 1, 2011
6 pursuant to Section 18-140 and shall be made from the proceeds
7 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
8 the General Obligation Bond Act, less (i) the pro rata share of
9 bond sale expenses determined by the System's share of total
10 bond proceeds, (ii) any amounts received from the General
11 Revenue Fund in fiscal year 2011, and (iii) any reduction in
12 bond proceeds due to the issuance of discounted bonds, if
13 applicable.

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

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

1 the "required State contribution" or any substantially similar
2 term does not include or apply to any amounts payable to the
3 System under Section 25 of the Budget Stabilization Act.

4 Notwithstanding any other provision of this Section, the
5 required State contribution for State fiscal year 2005 and for
6 fiscal year 2008 and each fiscal year thereafter, as calculated
7 under this Section and certified under Section 18-140, shall
8 not exceed an amount equal to (i) the amount of the required
9 State contribution that would have been calculated under this
10 Section for that fiscal year if the System had not received any
11 payments under subsection (d) of Section 7.2 of the General
12 Obligation Bond Act, minus (ii) the portion of the State's
13 total debt service payments for that fiscal year on the bonds
14 issued in fiscal year 2003 for the purposes of that Section
15 7.2, as determined and certified by the Comptroller, that is
16 the same as the System's portion of the total moneys
17 distributed under subsection (d) of Section 7.2 of the General
18 Obligation Bond Act. In determining this maximum for State
19 fiscal years 2008 through 2010, however, the amount referred to
20 in item (i) shall be increased, as a percentage of the
21 applicable employee payroll, in equal increments calculated
22 from the sum of the required State contribution for State
23 fiscal year 2007 plus the applicable portion of the State's
24 total debt service payments for fiscal year 2007 on the bonds
25 issued in fiscal year 2003 for the purposes of Section 7.2 of
26 the General Obligation Bond Act, so that, by State fiscal year

1 2011, the State is contributing at the rate otherwise required
2 under this Section.

3 (d) For purposes of determining the required State
4 contribution to the System, the value of the System's assets
5 shall be equal to the actuarial value of the System's assets,
6 which shall be calculated as follows:

7 As of June 30, 2008, the actuarial value of the System's
8 assets shall be equal to the market value of the assets as of
9 that date. In determining the actuarial value of the System's
10 assets for fiscal years after June 30, 2008, any actuarial
11 gains or losses from investment return incurred in a fiscal
12 year shall be recognized in equal annual amounts over the
13 5-year period following that fiscal year.

14 (e) For purposes of determining the required State
15 contribution to the system for a particular year, the actuarial
16 value of assets shall be assumed to earn a rate of return equal
17 to the system's actuarially assumed rate of return.

18 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
19 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
20 7-13-12.)

21 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

22 Sec. 18-140. To certify required State contributions and
23 submit vouchers.

24 (a) The Board shall certify to the Governor, on or before
25 November 15 of each year until November 15, 2011, the amount of

1 the required State contribution to the System for the following
2 fiscal year and shall specifically identify the System's
3 projected State normal cost for that fiscal year. The
4 certification shall include a copy of the actuarial
5 recommendations upon which it is based and shall specifically
6 identify the System's projected State normal cost for that
7 fiscal year.

8 On or before November 1 of each year, beginning November 1,
9 2012, the Board shall submit to the State Actuary, the
10 Governor, and the General Assembly a proposed certification of
11 the amount of the required State contribution to the System for
12 the next fiscal year, along with all of the actuarial
13 assumptions, calculations, and data upon which that proposed
14 certification is based. On or before January 1 of each year
15 beginning January 1, 2013, the State Actuary shall issue a
16 preliminary report concerning the proposed certification and
17 identifying, if necessary, recommended changes in actuarial
18 assumptions that the Board must consider before finalizing its
19 certification of the required State contributions. On or before
20 January 15, 2013 and every January 15 thereafter, the Board
21 shall certify to the Governor and the General Assembly the
22 amount of the required State contribution for the next fiscal
23 year. The Board's certification must note any deviations from
24 the State Actuary's recommended changes, the reason or reasons
25 for not following the State Actuary's recommended changes, and
26 the fiscal impact of not following the State Actuary's

1 recommended changes on the required State contribution.

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

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

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

19 As soon as practical after the effective date of this
20 amendatory Act of the 100th General Assembly, the Board shall
21 recalculate and recertify to the State Actuary, the Governor,
22 and the General Assembly the amount of the State contribution
23 to the System for State fiscal year 2018, taking into account
24 the changes in required State contributions made by this
25 amendatory Act of the 100th General Assembly. The State Actuary
26 shall review the assumptions and valuations underlying the

1 Board's revised certification and issue a preliminary report
2 concerning the proposed recertification and identifying, if
3 necessary, recommended changes in actuarial assumptions that
4 the Board must consider before finalizing its certification of
5 the required State contributions. The Board's final
6 certification must note any deviations from the State Actuary's
7 recommended changes, the reason or reasons for not following
8 the State Actuary's recommended changes, and the fiscal impact
9 of not following the State Actuary's recommended changes on the
10 required State contribution.

11 (b) Beginning in State fiscal year 1996, on or as soon as
12 possible after the 15th day of each month the Board shall
13 submit vouchers for payment of State contributions to the
14 System, in a total monthly amount of one-twelfth of the
15 required annual State contribution certified under subsection
16 (a). From the effective date of this amendatory Act of the 93rd
17 General Assembly through June 30, 2004, the Board shall not
18 submit vouchers for the remainder of fiscal year 2004 in excess
19 of the fiscal year 2004 certified contribution amount
20 determined under this Section after taking into consideration
21 the transfer to the System under subsection (c) of Section
22 6z-61 of the State Finance Act. These vouchers shall be paid by
23 the State Comptroller and Treasurer by warrants drawn on the
24 funds appropriated to the System for that fiscal year.

25 If in any month the amount remaining unexpended from all
26 other appropriations to the System for the applicable fiscal

1 year (including the appropriations to the System under Section
2 8.12 of the State Finance Act and Section 1 of the State
3 Pension Funds Continuing Appropriation Act) is less than the
4 amount lawfully vouchered under this Section, the difference
5 shall be paid from the General Revenue Fund under the
6 continuing appropriation authority provided in Section 1.1 of
7 the State Pension Funds Continuing Appropriation Act.

8 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
9 97-694, eff. 6-18-12.)

10 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

13 Sec. 20-121. Calculation of proportional retirement
14 annuities.

15 (a) Upon retirement of the employee, a proportional
16 retirement annuity shall be computed by each participating
17 system in which pension credit has been established on the
18 basis of pension credits under each system. The computation
19 shall be in accordance with the formula or method prescribed by
20 each participating system which is in effect at the date of the
21 employee's latest withdrawal from service covered by any of the
22 systems in which he has pension credits which he elects to have
23 considered under this Article. However, the amount of any
24 retirement annuity payable under the self-managed plan
25 established under Section 15-158.2 of this Code or under the

1 defined contribution plan established under Article 2, 14, 15,
2 or 16 of this Code depends solely on the value of the
3 participant's vested account balances and is not subject to any
4 proportional adjustment under this Section.

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

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

23 (c) Interest on pension credit shall continue to accumulate
24 in accordance with the provisions of the law governing the
25 retirement system in which the same has been established during
26 the time an employee is in the service of another employer, on

1 the assumption such employee, for interest purposes for pension
2 credit, is continuing in the service covered by such retirement
3 system.

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

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

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

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

20 For persons who participate in the self-managed plan
21 established under Section 15-158.2 or the portable benefit
22 package established under Section 15-136.4, pension credit
23 established under Article 15 may be considered in determining
24 eligibility for or the amount of the survivor's annuity that is
25 payable by any other participating system, but pension credit

1 established in any other system shall not result in any right
2 to a survivor's annuity under the Article 15 system.

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

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

17 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

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

20 Sec. 20-124. Maximum benefits.

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

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

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

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

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

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

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

6 (i) For purposes of calculating the combined
7 retirement annuity and the proportionate reduction, if
8 any, in a defined benefit retirement annuity, any benefit
9 payable under the defined contribution plan shall not be
10 considered.

11 (ii) For purposes of calculating the combined
12 survivor's annuity and the proportionate reduction, if
13 any, in a defined benefit survivor's annuity, any benefit
14 payable under the defined contribution plan shall not be
15 considered.

16 (iii) Benefits payable under a defined contribution
17 plan established under Article 2, 14, 15, or 16 of this
18 Code are not subject to proportionate reduction under this
19 Section.

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

21 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

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

24 Sec. 20-125. Return to employment - suspension of benefits.

25 If a retired employee returns to employment which is covered by

1 a system from which he is receiving a proportional annuity
2 under this Article, his proportional annuity from all
3 participating systems shall be suspended during the period of
4 re-employment, except that this suspension does not apply to
5 any distributions payable under the self-managed plan
6 established under Section 15-158.2 or under a defined
7 contribution plan established under Article 2, 14, 15, or 16 of
8 this Code.

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

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

18 (40 ILCS 5/2-165 rep.)

19 (40 ILCS 5/2-166 rep.)

20 (40 ILCS 5/14-155 rep.)

21 (40 ILCS 5/14-156 rep.)

22 (40 ILCS 5/15-200 rep.)

23 (40 ILCS 5/15-201 rep.)

24 (40 ILCS 5/16-205 rep.)

25 (40 ILCS 5/16-206 rep.)

1 Section 20. The Illinois Pension Code is amended by
2 repealing Sections 2-165, 2-166, 14-155, 14-156, 15-200,
3 15-201, 16-205, and 16-206.

4 Section 25. The State Pension Funds Continuing
5 Appropriation Act is amended by changing Section 1.1 as
6 follows:

7 (40 ILCS 15/1.1)

8 Sec. 1.1. Appropriations to certain retirement systems.

9 (a) There is hereby appropriated from the General Revenue
10 Fund to the General Assembly Retirement System, on a continuing
11 monthly basis, the amount, if any, by which the total available
12 amount of all other appropriations to that retirement system
13 for the payment of State contributions is less than the total
14 amount of the vouchers for required State contributions
15 lawfully submitted by the retirement system for that month
16 under Section 2-134 of the Illinois Pension Code.

17 (b) There is hereby appropriated from the General Revenue
18 Fund to the State Universities Retirement System, on a
19 continuing monthly basis, the amount, if any, by which the
20 total available amount of all other appropriations to that
21 retirement system for the payment of State contributions,
22 including any deficiency in the required contributions of the
23 optional retirement program established under Section 15-158.2
24 of the Illinois Pension Code, is less than the total amount of

1 the vouchers for required State contributions lawfully
2 submitted by the retirement system for that month under Section
3 15-165 of the Illinois Pension Code.

4 (c) There is hereby appropriated from the Common School
5 Fund to the Teachers' Retirement System of the State of
6 Illinois, on a continuing monthly basis, the amount, if any, by
7 which the total available amount of all other appropriations to
8 that retirement system for the payment of State contributions
9 is less than the total amount of the vouchers for required
10 State contributions lawfully submitted by the retirement
11 system for that month under Section 16-158 of the Illinois
12 Pension Code.

13 (d) There is hereby appropriated from the General Revenue
14 Fund to the Judges Retirement System of Illinois, on a
15 continuing monthly basis, the amount, if any, by which the
16 total available amount of all other appropriations to that
17 retirement system for the payment of State contributions is
18 less than the total amount of the vouchers for required State
19 contributions lawfully submitted by the retirement system for
20 that month under Section 18-140 of the Illinois Pension Code.

21 (e) The continuing appropriations provided by subsections
22 (a), (b), (c), and (d) of this Section shall first be available
23 in State fiscal year 1996. The continuing appropriations
24 provided by subsection (h) of this Section shall first be
25 available as provided in that subsection (h).

26 (f) For State fiscal year 2010 only, the continuing

1 appropriations provided by this Section are equal to the amount
2 certified by each System on or before December 31, 2008, less
3 (i) the gross proceeds of the bonds sold in fiscal year 2010
4 under the authorization contained in subsection (a) of Section
5 7.2 of the General Obligation Bond Act and (ii) any amounts
6 received from the State Pensions Fund.

7 (g) For State fiscal year 2011 only, the continuing
8 appropriations provided by this Section are equal to the amount
9 certified by each System on or before April 1, 2011, less (i)
10 the gross proceeds of the bonds sold in fiscal year 2011 under
11 the authorization contained in subsection (a) of Section 7.2 of
12 the General Obligation Bond Act and (ii) any amounts received
13 from the State Pensions Fund.

14 (h) For State fiscal year 2017, there is hereby
15 appropriated from the Common School Fund to the Public School
16 Teachers' Pension and Retirement Fund of Chicago the amount, if
17 any, by which the total available amount of all other State
18 appropriations to that Retirement Fund for the payment of State
19 contributions under subsection (d) of Section 17-127 of the
20 Illinois Pension Code is less than the total amount of required
21 State contributions under subsection (d) of Section 17-127.

22 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
23 96-1511, eff. 1-27-11.)".

24 Section 900. The State Mandates Act is amended by adding
25 Section 8.41 as follows:

1 (30 ILCS 805/8.41 new)

2 Sec. 8.41. Exempt mandate. Notwithstanding Sections 6 and 8
3 of this Act, no reimbursement by the State is required for the
4 implementation of any mandate created by this amendatory Act of
5 the 100th General Assembly.

6 Section 970. Severability. The provisions of this Act are
7 severable under Section 1.31 of the Statute on Statutes.

8 Section 999. Effective date. This Act takes effect upon
9 becoming law.

1 INDEX
2 Statutes amended in order of appearance

3	5 ILCS 375/3	from Ch. 127, par. 523
4	5 ILCS 375/10	from Ch. 127, par. 530
5	30 ILCS 122/20	
6	40 ILCS 5/1-160	
7	40 ILCS 5/1-161 new	
8	40 ILCS 5/1-162 new	
9	40 ILCS 5/2-101	from Ch. 108 1/2, par. 2-101
10	40 ILCS 5/2-105	from Ch. 108 1/2, par. 2-105
11	40 ILCS 5/2-105.3 new	
12	40 ILCS 5/2-107	from Ch. 108 1/2, par. 2-107
13	40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
14	40 ILCS 5/2-134	from Ch. 108 1/2, par. 2-134
15	40 ILCS 5/2-162	
16	40 ILCS 5/2-165.1 new	
17	40 ILCS 5/2-166.1 new	
18	40 ILCS 5/14-103.41 new	
19	40 ILCS 5/14-131	
20	40 ILCS 5/14-135.08	from Ch. 108 1/2, par. 14-135.08
21	40 ILCS 5/14-147.5 new	
22	40 ILCS 5/14-152.1	
23	40 ILCS 5/14-155.1 new	
24	40 ILCS 5/14-155.2 new	
25	40 ILCS 5/14-156.1 new	

1	40 ILCS 5/15-108.1	
2	40 ILCS 5/15-108.2	
3	40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
4	40 ILCS 5/15-165	from Ch. 108 1/2, par. 15-165
5	40 ILCS 5/15-185.5 new	
6	40 ILCS 5/15-198	
7	40 ILCS 5/15-200.1 new	
8	40 ILCS 5/15-201.1 new	
9	40 ILCS 5/16-107.1 new	
10	40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158
11	40 ILCS 5/16-190.5 new	
12	40 ILCS 5/16-203	
13	40 ILCS 5/16-205.1 new	
14	40 ILCS 5/16-206.1 new	
15	40 ILCS 5/17-106.05 new	
16	40 ILCS 5/17-127	from Ch. 108 1/2, par. 17-127
17	40 ILCS 5/17-129	from Ch. 108 1/2, par. 17-129
18	40 ILCS 5/18-131	from Ch. 108 1/2, par. 18-131
19	40 ILCS 5/18-140	from Ch. 108 1/2, par. 18-140
20	40 ILCS 5/20-121	from Ch. 108 1/2, par. 20-121
21	40 ILCS 5/20-123	from Ch. 108 1/2, par. 20-123
22	40 ILCS 5/20-124	from Ch. 108 1/2, par. 20-124
23	40 ILCS 5/20-125	from Ch. 108 1/2, par. 20-125
24	40 ILCS 5/2-165 rep.	
25	40 ILCS 5/2-166 rep.	
26	40 ILCS 5/14-155 rep.	

- 1 40 ILCS 5/14-156 rep.
- 2 40 ILCS 5/15-200 rep.
- 3 40 ILCS 5/15-201 rep.
- 4 40 ILCS 5/16-205 rep.
- 5 40 ILCS 5/16-206 rep.
- 6 40 ILCS 15/1.1
- 7 30 ILCS 805/8.41 new