Amends the Illinois Pension Code. With respect to the 5 State-funded Retirement Systems: requires each System to prepare and implement a Tier 3 plan by July 1, 2020 that aggregates State and employee contributions in individual participant accounts that are used for payouts after retirement. Provides that a Tier 1 or Tier 2 participant may irrevocably elect to participate in the Tier 3 plan instead of the defined benefit plan and may also elect to terminate all participation in the defined benefit plan and to have a specified amount credited to his or her account under the Tier 3 plan. Makes related changes in the State Employees Group Insurance Act of 1971. In the Downstate Teachers, State Employees, and State Universities Articles, authorizes a person to elect not to participate or to terminate participation in those Systems. In the General Assembly and Judges Articles, authorizes a participant to terminate his or her participation in the System. In the Illinois Municipal Retirement Fund (IMRF), State Employees, State Universities, and Downstate Teachers Articles, for participants who first become participants on or after the effective date, prohibits (i) payments for unused sick or vacation time from being used to calculate pensionable salary and (ii) unused sick or vacation time from being used to establish service credit. In the Downstate Teachers Article, prohibits an employer from making employee contributions on behalf of an employee, except for the sole purpose of allowing an employee to make pre-tax contributions. Amends the Illinois Educational Labor Relations Act to prohibit collective bargaining over that prohibition. Effective immediately.
AN ACT concerning public employee benefits.

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

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

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

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

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

(b) "Annuitant" means (1) an employee who retires, or has retired, on or after January 1, 1966 on an immediate annuity under the provisions of Article Articles 2 (including an employee who, in lieu of receiving an annuity under that Article, has retired under the Tier 3 plan established under Section 2-165.5 of that Article), 14 (including an employee who
has elected to receive an alternative retirement cancellation payment under Section 14-108.5 of the Illinois Pension Code in lieu of an annuity; an employee who, in lieu of receiving an annuity under that Article, has retired under the Tier 3 plan established under Section 14-155.5 of that Article; or an employee who meets the criteria for retirement, but in lieu of receiving an annuity under that Article has elected to receive an accelerated pension benefit payment under Section 14-147.5 of that Article), or 15 (including an employee who has retired under the optional retirement program established under Section 15-158.2 or the Tier 3 plan established under Section 15-155.5 of the Illinois Pension Code or who meets the criteria for retirement but in lieu of receiving an annuity under that Article has elected to receive an accelerated pension benefit payment under Section 15-185.5 of the Article), paragraphs (2), (3), or (5) of Section 16-106 (including an employee who meets the criteria for retirement, but in lieu of receiving an annuity under that Article has elected to receive an accelerated pension benefit payment under Section 16-190.5 of the Illinois Pension Code or an employee who, in lieu of receiving an annuity under that Article, has retired under the Tier 3 plan established under Section 16-205.5 of the Illinois Pension Code), or Article 18 (including an employee who, in lieu of receiving an annuity under that Article, has retired under the Tier 3 plan established under Section 18-121.5 of that Article) of the Illinois Pension Code; (2) any person who
was receiving group insurance coverage under this Act as of March 31, 1978 by reason of his status as an annuitant, even though the annuity in relation to which such coverage was provided is a proportional annuity based on less than the minimum period of service required for a retirement annuity in the system involved; (3) any person not otherwise covered by this Act who has retired as a participating member under Article 2 of the Illinois Pension Code but is ineligible for the retirement annuity under Section 2-119 of the Illinois Pension Code; (4) the spouse of any person who is receiving a retirement annuity under Article 18 of the Illinois Pension Code and who is covered under a group health insurance program sponsored by a governmental employer other than the State of Illinois and who has irrevocably elected to waive his or her coverage under this Act and to have his or her spouse considered as the "annuitant" under this Act and not as a "dependent"; or (5) an employee who retires, or has retired, from a qualified position, as determined according to rules promulgated by the Director, under a qualified local government, a qualified rehabilitation facility, a qualified domestic violence shelter or service, or a qualified child advocacy center. (For definition of "retired employee", see (p) post).

(b-5) (Blank).

(b-6) (Blank).

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

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

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

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

(g) "Department" means any department, institution, board, commission, officer, court or any agency of the State government receiving appropriations and having power to certify payrolls to the Comptroller authorizing payments of salary and wages against such appropriations as are made by the General Assembly from any State fund, or against trust funds held by the State Treasurer and includes boards of trustees of the retirement systems created by Articles 2, 14, 15, 16 and 18 of the Illinois Pension Code. "Department" also includes the Illinois Comprehensive Health Insurance Board, the Board of Examiners established under the Illinois Public Accounting Act, and the Illinois Finance Authority.
(h) "Dependent", when the term is used in the context of the health and life plan, means a member's spouse and any child (1) from birth to age 26 including an adopted child, a child who lives with the member from the time of the placement for adoption until entry of an order of adoption, a stepchild or adjudicated child, or a child who lives with the member if such member is a court appointed guardian of the child or (2) age 19 or over who has a mental or physical disability from a cause originating prior to the age of 19 (age 26 if enrolled as an adult child dependent). For the health plan only, the term "dependent" also includes (1) any person enrolled prior to the effective date of this Section who is dependent upon the member to the extent that the member may claim such person as a dependent for income tax deduction purposes and (2) any person who has received after June 30, 2000 an organ transplant and who is financially dependent upon the member and eligible to be claimed as a dependent for income tax purposes. A member requesting to cover any dependent must provide documentation as requested by the Department of Central Management Services and file with the Department any and all forms required by the Department.

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

(j) "Eligibility period" means the period of time a member has to elect enrollment in programs or to select benefits without regard to age, sex or health.
(k) "Employee" means and includes each officer or employee in the service of a department who (1) receives his compensation for service rendered to the department on a warrant issued pursuant to a payroll certified by a department or on a warrant or check issued and drawn by a department upon a trust, federal or other fund or on a warrant issued pursuant to a payroll certified by an elected or duly appointed officer of the State or who receives payment of the performance of personal services on a warrant issued pursuant to a payroll certified by a Department and drawn by the Comptroller upon the State Treasurer against appropriations made by the General Assembly from any fund or against trust funds held by the State Treasurer, and (2) is employed full-time or part-time in a position normally requiring actual performance of duty during not less than 1/2 of a normal work period, as established by the Director in cooperation with each department, except that persons elected by popular vote will be considered employees during the entire term for which they are elected regardless of hours devoted to the service of the State, and (3) except that "employee" does not include any person who is not eligible by reason of such person's employment to participate in one of the State retirement systems under Articles 2, 14, 15 (either the regular Article 15 system or the optional retirement program established under Section 15-158.2) or 18, or under paragraph (2), (3), or (5) of Section 16-106, of the Illinois Pension Code, but such term does include persons who are employed
during the 6 month qualifying period under Article 14 of the Illinois Pension Code. Such term also includes any person who (1) after January 1, 1966, is receiving ordinary or accidental disability benefits under Articles 2, 14, 15 (including ordinary or accidental disability benefits under the optional retirement program established under Section 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of the Illinois Pension Code, for disability incurred after January 1, 1966, (2) receives total permanent or total temporary disability under the Workers' Compensation Act or Occupational Disease Act as a result of injuries sustained or illness contracted in the course of employment with the State of Illinois, or (3) is not otherwise covered under this Act and has retired as a participating member under Article 2 of the Illinois Pension Code but is ineligible for the retirement annuity under Section 2-119 of the Illinois Pension Code. However, a person who satisfies the criteria of the foregoing definition of "employee" except that such person is made ineligible to participate in the State Universities Retirement System by clause (4) of subsection (a) of Section 15-107 of the Illinois Pension Code is also an "employee" for the purposes of this Act. "Employee" also includes any person receiving or eligible for benefits under a sick pay plan established in accordance with Section 36 of the State Finance Act. "Employee" also includes (i) each officer or employee in the service of a qualified local government, including persons appointed as
trustees of sanitary districts regardless of hours devoted to
the service of the sanitary district, (ii) each employee in the
service of a qualified rehabilitation facility, (iii) each
full-time employee in the service of a qualified domestic
violence shelter or service, and (iv) each full-time employee
in the service of a qualified child advocacy center, as
determined according to rules promulgated by the Director.

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

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

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

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

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

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

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

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

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

(q-5) (Blank).

(q-6) (Blank).

(q-7) (Blank).

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

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

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

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

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

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

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

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

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

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

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

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

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

(y) (Blank).

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

(1) is not a "member" as defined in this Section; and
(2) is receiving a monthly survivor's annuity or retirement annuity under Article 15 of the Illinois Pension Code; and

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

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

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

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

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

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

(cc) "Placement for adoption" means the assumption and
retention by a member of a legal obligation for total or
partial support of a child in anticipation of adoption of the
child. The child's placement with the member terminates upon
the termination of such legal obligation.

(Source: P.A. 99-143, eff. 7-27-15; 100-355, eff. 1-1-18;
100-587, eff. 6-4-18.)

(5 ILCS 375/10) (from Ch. 127, par. 530)
Sec. 10. Contributions by the State and members.

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

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

(a-1) (Blank).
(a-2) (Blank).
(a-3) (Blank).
(a-4) (Blank).
(a-5) (Blank).
(a-6) (Blank).
(a-7) (Blank).

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

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

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

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

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

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

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

(a-10) To the extent that participation, benefits, or premiums under this Act are based on a person's service credit under an Article of the Illinois Pension Code, service credit terminated in exchange for an accelerated pension benefit payment under Section 14-147.5, 15-185.5, or 16-190.5 of that Code shall be included in determining a person's service credit for the purposes of this Act.
(a-15) For purposes of determining State contributions under this Section, service established under a Tier 3 plan under Article 2, 14, 15, 16, or 18 of the Illinois Pension Code shall be included in determining an employee's creditable service. Any credit terminated as part of a transfer of contributions to a Tier 3 plan under Article 2, 14, 15, 16, or 18 of the Illinois Pension Code shall also be included in determining an employee's creditable service.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Monthly payments by the child advocacy center or its
employees for group health insurance shall be deposited into the Local Government Health Insurance Reserve Fund.
(Source: P.A. 100-587, eff. 6-4-18.)

Section 10. The Illinois Pension Code is amended by changing Sections 1-160, 1-161, 2-117, 2-162, 7-114, 7-116, 7-139, 14-103.05, 14-103.10, 14-103.41, 14-104.3, 14-106, 14-152.1, 15-108.1, 15-108.2, 15-112, 15-113.4, 15-134, 15-198, 16-106.41, 16-123, 16-127, 16-152.1, 16-203, 18-120, 18-124, 18-125, 18-125.1, 18-127, 18-128.01, 18-133, 18-169, 20-121, 20-123, 20-124, and 20-125 and by adding Sections 2-105.3, 2-165.5, 14-155.5, 15-108.3, 15-200.5, 16-205.5, 18-110.1, and 18-121.5 as follows:

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

This Section does not apply to a person who first becomes a noncovered employee under Article 14 on or after the implementation date of the plan created under Section 1-161 for that Article, unless that person elects under subsection (b) of Section 1-161 to instead receive the benefits provided under this Section and the applicable provisions of that Article.

This Section does not apply to a person who first becomes a member or participant under Article 16 on or after the implementation date of the plan created under Section 1-161 for that Article, unless that person elects under subsection (b) of Section 1-161 to instead receive the benefits provided under this Section and the applicable provisions of that Article.

This Section does not apply to a person who elects under subsection (c-5) of Section 1-161 to receive the benefits under Section 1-161.
This Section does not apply to a person who first becomes a member or participant of an affected pension fund on or after 6 months after the resolution or ordinance date, as defined in Section 1-162, unless that person elects under subsection (c) of Section 1-162 to receive the benefits provided under this Section and the applicable provisions of the Article under which he or she is a member or participant.

This Section does not apply to a person who participates in a Tier 3 plan established under Article 14, 15, or 16 of this Code.

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

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

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

(3) In Article 13, "average final salary".
(4) In Article 14, "final average compensation".
(5) In Article 17, "average salary".
(6) In Section 22-207, "wages or salary received by him at the date of retirement or discharge".

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

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

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

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

(c-5) A person who first becomes a member or a participant subject to this Section on or after July 6, 2017 (the effective date of Public Act 100-23), notwithstanding any other provision of this Code to the contrary, is entitled to a retirement annuity under Article 8 or Article 11 upon written application if he or she has attained age 65 and has at least 10 years of service credit and is otherwise eligible under the requirements of Article 8 or Article 11 of this Code, whichever is applicable.

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

(d-5) The retirement annuity payable under Article 8 or Article 11 to an eligible person subject to subsection (c-5) of this Section who is retiring at age 60 with at least 10 years of service credit shall be reduced by one-half of 1% for each full month that the member's age is under age 65.

(d-10) Each person who first became a member or participant under Article 8 or Article 11 of this Code on or after January 1, 2011 and prior to the effective date of this amendatory Act of the 100th General Assembly shall make an irrevocable election either:

   (i) to be eligible for the reduced retirement age provided in subsections (c-5) and (d-5) of this Section, the eligibility for which is conditioned upon the member or participant agreeing to the increases in employee contributions for age and service annuities provided in subsection (a-5) of Section 8-174 of this Code (for service under Article 8) or subsection (a-5) of Section 11-170 of this Code (for service under Article 11); or

   (ii) to not agree to item (i) of this subsection (d-10), in which case the member or participant shall continue to be subject to the retirement age provisions in
subsections (c) and (d) of this Section and the employee
contributions for age and service annuity as provided in
subsection (a) of Section 8-174 of this Code (for service
under Article 8) or subsection (a) of Section 11-170 of
this Code (for service under Article 11).

The election provided for in this subsection shall be made
between October 1, 2017 and November 15, 2017. A person subject
to this subsection who makes the required election shall remain
bound by that election. A person subject to this subsection who
fails for any reason to make the required election within the
time specified in this subsection shall be deemed to have made
the election under item (ii).

(e) Any retirement annuity or supplemental annuity shall be
subject to annual increases on the January 1 occurring either
on or after the attainment of age 67 (beginning January 1,
2015, age 65 with respect to service under Article 12 of this
Code that is subject to this Section and beginning on the
effective date of this amendatory Act of the 100th General
Assembly, age 65 with respect to service under Article 8 or
Article 11 for eligible persons who: (i) are subject to
subsection (c-5) of this Section; or (ii) made the election
under item (i) of subsection (d-10) of this Section) or the
first anniversary of the annuity start date, whichever is
later. Each annual increase shall be calculated at 3% or
one-half the annual unadjusted percentage increase (but not
less than zero) in the consumer price index-u for the 12 months
ending with the September preceding each November 1, whichever is less, of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

For the purposes of Section 1-103.1 of this Code, the changes made to this Section by this amendatory Act of the 100th General Assembly are applicable without regard to whether the employee was in active service on or after the effective date of this amendatory Act of the 100th General Assembly.

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

(g) The benefits in Section 14-110 apply only if the person
is a State policeman, a fire fighter in the fire protection
service of a department, a security employee of the Department
of Corrections or the Department of Juvenile Justice, or a
security employee of the Department of Innovation and
Technology, as those terms are defined in subsection (b) and
subsection (c) of Section 14-110. A person who meets the
requirements of this Section is entitled to an annuity
calculated under the provisions of Section 14-110, in lieu of
the regular or minimum retirement annuity, only if the person
has withdrawn from service with not less than 20 years of
eligible creditable service and has attained age 60, regardless
of whether the attainment of age 60 occurs while the person is
still in service.
(h) If a person who first becomes a member or a participant of a retirement system or pension fund subject to this Section on or after January 1, 2011 is receiving a retirement annuity or retirement pension under that system or fund and becomes a member or participant under any other system or fund created by this Code and is employed on a full-time basis, except for those members or participants exempted from the provisions of this Section under subsection (a) of this Section, then the person's retirement annuity or retirement pension under that system or fund shall be suspended during that employment. Upon termination of that employment, the person's retirement annuity or retirement pension payments shall resume and be recalculated if recalculation is provided for under the applicable Article of this Code.

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

(i) (Blank).

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

(Source: P.A. 100-23, eff. 7-6-17; 100-201, eff. 8-18-17; 100-563, eff. 12-8-17; 100-611, eff. 7-20-18; 100-1166, eff. 1-4-19.)

(40 ILCS 5/1-161)
Sec. 1-161. Optional benefits for certain Tier 2 members under Articles 14, 15, and 16.

(a) Notwithstanding any other provision of this Code to the contrary, the provisions of this Section apply to a person who first becomes a member or a participant under Article 14, 15, or 16 on or after the implementation date under this Section for the applicable Article and who does not make the election under subsection (b) or (c), whichever applies. The provisions of this Section also apply to a person who makes the election under subsection (c-5). However, the provisions of this Section
do not apply to any participant in a self-managed plan or a Tier 3 plan established under Article 14, 15, or 16, nor to a covered employee under Article 14.

As used in this Section and Section 1-160, the "implementation date" under this Section means the earliest date upon which the board of a retirement system authorizes members of that system to begin participating in accordance with this Section, as determined by the board of that retirement system. Each of the retirement systems subject to this Section shall endeavor to make such participation available as soon as possible after the effective date of this Section and shall establish an implementation date by board resolution.

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

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

(c-5) A non-covered participant under Article 14 to whom
Section 1-160 applies, a Tier 2 member under Article 15, or a
participant under Article 16 to whom Section 1-160 applies may
irrevocably elect to receive the benefits under this Section in
lieu of the benefits under Section 1-160 or the benefits
otherwise available to a Tier 2 member under Article 15,
whichever is applicable. Each retirement System shall
establish procedures for making this election.

(d) "Final average salary" means the average monthly (or
annual) salary obtained by dividing the total salary or
earnings calculated under the Article applicable to the member
or participant during the last 120 months (or 10 years) of
service in which the total salary or earnings calculated under
the applicable Article was the highest by the number of months
(or years) of service in that period. For the purposes of a
person to whom this Section applies, in this Code, "final
average salary" shall be substituted for "final average
compensation" in Article 14.

(e) Beginning on the implementation date, for all purposes
under this Code (including without limitation the calculation
of benefits and employee contributions), the annual earnings,
salary, compensation, or wages (based on the plan year) of a
member or participant to whom this Section applies shall not at
any time exceed the federal Social Security Wage Base then in
effect.

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

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

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

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

(i) The initial survivor's or widow's annuity of an otherwise eligible survivor or widow of a retired member or participant to whom this Section applies shall be in the amount of 66 2/3% of the retired member's or participant's retirement annuity at the date of death. In the case of the death of a member or participant who has not retired and to whom this Section applies, eligibility for a survivor's or widow's annuity shall be determined by the applicable Article of this Code. The benefit shall be 66 2/3% of the earned annuity without a reduction due to age. A child's annuity of an otherwise eligible child shall be in the amount prescribed under each Article if applicable.

(j) In lieu of any other employee contributions, except for the contribution to the defined contribution plan under subsection (k) of this Section, each employee shall contribute 6.2% of his her or salary to the retirement system. However, the employee contribution under this subsection shall not exceed the amount of the total normal cost of the benefits for all members making contributions under this Section (except for the defined contribution plan under subsection (k) of this Section), expressed as a percentage of payroll and certified on or before January 15 of each year by the board of trustees of the retirement system. If the board of trustees of the
retirement system certifies that the 6.2% employee contribution rate exceeds the normal cost of the benefits under this Section (except for the defined contribution plan under subsection (k) of this Section), then on or before December 1 of that year, the board of trustees shall certify the amount of the normal cost of the benefits under this Section (except for the defined contribution plan under subsection (k) of this Section), expressed as a percentage of payroll, to the State Actuary and the Commission on Government Forecasting and Accountability, and the employee contribution under this subsection shall be reduced to that amount beginning July 1 of that year. Thereafter, if the normal cost of the benefits under this Section (except for the defined contribution plan under subsection (k) of this Section), expressed as a percentage of payroll and certified on or before January 1 of each year by the board of trustees of the retirement system, exceeds 6.2% of salary, then on or before January 15 of that year, the board of trustees shall certify the normal cost to the State Actuary and the Commission on Government Forecasting and Accountability, and the employee contributions shall revert back to 6.2% of salary beginning January 1 of the following year.

(k) In accordance with each retirement system's implementation date, each retirement system under Article 14, 15, or 16 shall prepare and implement a defined contribution plan for members or participants who are subject to this Section. The defined contribution plan developed under this
subsection shall be a plan that aggregates employer and 
employee contributions in individual participant accounts 
which, after meeting any other requirements, are used for 
payouts after retirement in accordance with this subsection and 
any other applicable laws.

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

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

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

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

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

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

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

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

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

(Source: P.A. 100-23, eff. 7-6-17.)

(40 ILCS 5/2-105.3 new)

Sec. 2-105.3. Tier 1 participant; Tier 2 participant; Tier
3 participant. "Tier 1 participant": A participant who first
became a participant before January 1, 2011.

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

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

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

"Tier 3 participant": A Tier 1 or Tier 2 participant who elects to participate in the Tier 3 plan under Section 2-165.5 of this Code, but only with respect to service performed on or after the effective date of that election.

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

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

(a) Except as provided in subsection (c), every person who was a member on November 1, 1947, or in military service on such date, is subject to the provisions of this system beginning upon such date, unless prior to such date he or she filed with the board a written notice of election not to participate.

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

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

(c) Notwithstanding any other provision of this Article, an active participant may terminate his or her participation in this System (including active participation in the Tier 3 plan, if applicable) by notifying the System in writing. An active participant terminating participation in this System under this subsection shall be entitled to a refund of his or her contributions (other than contributions to the Tier 3 plan
under Section 2-165.5) minus the benefits received prior to the termination of participation.
(Source: P.A. 86-273; 87-1265.)

(40 ILCS 5/2-162)

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

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

(a) As used in this Section, "new benefit increase" means an increase in the amount of any benefit provided under this Article, or an expansion of the conditions of eligibility for any benefit under this Article, that results from an amendment to this Code that takes effect after the effective date of this amendatory Act of the 94th General Assembly. "New benefit increase", however, does not include any benefit increase resulting from the changes made to this Article by this amendatory Act of the 101st General Assembly.

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

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

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

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

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

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

(40 ILCS 5/2-165.5 new)

Sec. 2-165.5. Tier 3 plan.

(a) By July 1, 2020, the System shall prepare and implement a Tier 3 plan. The Tier 3 plan developed under this Section shall be a plan that aggregates State and employee contributions in individual participant accounts that, after meeting any other requirements, are used for payouts after retirement in accordance with this Section and any other applicable laws.

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) In no event shall the System, its staff, its authorized representatives, or the Board be liable for any information given to an employee under this Section. The System may
coordinate with the Illinois Department of Central Management
Services and other retirement systems administering a Tier 3
plan in accordance with this amendatory Act of the 101st
General Assembly to provide information concerning the impact
of the Tier 3 plan set forth in this Section.

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

(e) The System shall report on its progress under this
Section, including the available details of the Tier 3 plan and
the System's plans for informing eligible Tier 1 and Tier 2
participants about the plan, to the Governor and the General
Assembly on or before January 15, 2020.

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

(g) The intent of this amendatory Act of the 101st General
Assembly is to ensure that the State's normal cost of
participation in the Tier 3 plan is similar, and if possible
equal, to the State's normal cost of participation in the
defined benefit plan, unless a lower State's normal cost is
necessary to ensure cost neutrality.

(40 ILCS 5/7-114) (from Ch. 108 1/2, par. 7-114)
Sec. 7-114. Earnings. "Earnings":

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

1. The total amount of money paid to an employee for personal services or official duties as an employee (except those employed as independent contractors) paid out of the general fund, or out of any special funds controlled by the municipality, or by any instrumentality thereof, or participating instrumentality, including compensation, fees, allowances (but not including amounts associated with a vehicle allowance payable to an employee who first becomes a participating employee on or after the effective date of this amendatory Act of the 100th General Assembly), or other emolument paid for official duties (but not including automobile maintenance, travel expense, or reimbursements for expenditures incurred in the performance of duties or, in the case of a person who first becomes a participant on or after the effective date of this amendatory Act of the 101st General Assembly, payments for unused sick or vacation time) and, for fee offices, the fees or earnings of the offices to the extent such fees are paid out of funds controlled by the municipality, or instrumentality or participating instrumentality; and

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

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

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

(d) If an elected official who is a participating employee becomes disabled but does not resign and is not removed from office, then earnings shall include all salary payments made for the remainder of that term of office and the official shall be awarded creditable service for the term of office.

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

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

(Source: P.A. 100-411, eff. 8-25-17.)

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

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

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

(a) For retirement and survivor annuities, the monthly
earnings obtained by dividing the total earnings received by
the employee during the period of either (1) the 48 consecutive
months of service within the last 120 months of service in
which his total earnings were the highest or (2) the employee's
total period of service, by the number of months of service in
such period.

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

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

(d) In computing the final rate of earnings: (1) the earnings rate for all periods of prior service shall be considered equal to the average earnings rate for the last 3 calendar years of prior service for which creditable service is received under Section 7-139 or, if there is less than 3 years of creditable prior service, the average for the total prior service period for which creditable service is received under Section 7-139; (2) for out of state service and authorized leave, the earnings rate shall be the rate upon which service credits are granted; (3) periods of military leave shall not be considered; (4) the earnings rate for all periods of disability shall be considered equal to the rate of earnings upon which the employee's disability benefits are computed for such periods; (5) the earnings to be considered for each of the final three months of the final earnings period for persons who first became participants before January 1, 2012 and the
earnings to be considered for each of the final 24 months for participants who first become participants on or after January 1, 2012 shall not exceed 125% of the highest earnings of any other month in the final earnings period; and (6) the annual amount of final rate of earnings shall be the monthly amount multiplied by the number of months of service normally required by the position in a year; and (7) in the case of a person who first becomes a participant on or after the effective date of this amendatory Act of the 101st General Assembly, payments for unused sick or vacation time shall not be considered.

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

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

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

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

1. For prior service: Each participating employee who is an employee of a participating municipality or participating instrumentality on the effective date shall be granted creditable service, but no credits under paragraph 2 of this subsection (a), for periods of prior service for which credit has not been received under any other pension fund or retirement system established under this Code, as follows:
If the effective date of participation for the participating municipality or participating instrumentality is on or before January 1, 1998, creditable service shall be granted for the entire period of prior service with that employer without any employee contribution.

If the effective date of participation for the participating municipality or participating instrumentality is after January 1, 1998, creditable service shall be granted for the last 20% of the period of prior service with that employer, but no more than 5 years, without any employee contribution. A participating employee may establish creditable service for the remainder of the period of prior service with that employer by making an application in writing, accompanied by payment of an employee contribution in an amount determined by the Fund, based on the employee contribution rates in effect at the time of application for the creditable service and the employee's salary rate on the effective date of participation for that employer, plus interest at the effective rate from the date of the prior service to the date of payment. Application for this creditable service may be made at any time while the employee is still in service.

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

Any person who has withdrawn from the service of a participating municipality or participating instrumentality prior to the effective date, who reenters the service of the same municipality or participating instrumentality after the effective date and becomes a participating employee is entitled to creditable service for prior service as otherwise provided in this subdivision (a)(1) only if he or she renders 2 years of service as a participating employee after the effective date. Application for such service must be made while in a participating status. The salary rate to be used in the calculation of the required employee contribution, if any, shall be the employee's salary rate at the time of first reentering service with the employer after the employer's effective date of participation.

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

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

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

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

d. Survivor credits equal to each payment of survivor contributions received from the participating employee as of the date the corresponding payment of earnings is payable, and survivor contributions made for the purpose of establishing out-of-state service credits.

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

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

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

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

   c. Credits and creditable service shall be granted
      for leave of absence only if such leave is approved by
      the governing body of the municipality, including
      approval of the estimated cost thereof to the
      municipality as determined by the fund, and employee
      contributions, plus interest at the effective rate
      applicable for each year from the end of the period of
      leave to date of payment, have been paid to the fund in
      accordance with Section 7-173. The contributions shall
      be computed upon the assumption earnings continued
      during the period of leave at the rate in effect when
      the leave began.
d. Benefits under the provisions of Sections 7-141, 7-146, 7-150 and 7-163 shall become payable to employees on authorized leave of absence, or their designated beneficiary, only if such leave of absence is creditable hereunder, and if the employee has at least one year of creditable service other than the service granted for leave of absence. Any employee contributions due may be deducted from any benefits payable.

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

5. For military service: The governing body of a municipality or participating instrumentality may elect to allow creditable service to participating employees who leave their employment to serve in the armed forces of the United States for all periods of such service, provided that the person returns to active employment within 90 days after completion of full time active duty, but no creditable service shall be allowed such person for any period that can be used in the computation of a pension or any other pay or benefit, other than pay for active duty, for service in any branch of the armed forces of the United States. If necessary to the computation of any benefit, the board shall establish municipality credits for participating employees under this paragraph on the
assumption that the employee received earnings at the rate received at the time he left the employment to enter the armed forces. A participating employee in the armed forces shall not be considered an employee during such period of service and no additional death and no disability benefits are payable for death or disability during such period.

Any participating employee who left his employment with a municipality or participating instrumentality to serve in the armed forces of the United States and who again became a participating employee within 90 days after completion of full time active duty by entering the service of a different municipality or participating instrumentality, which has elected to allow creditable service for periods of military service under the preceding paragraph, shall also be allowed creditable service for his period of military service on the same terms that would apply if he had been employed, before entering military service, by the municipality or instrumentality which employed him after he left the military service and the employer costs arising in relation to such grant of creditable service shall be charged to and paid by that municipality or instrumentality.

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

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

In order to receive creditable service for military service under this paragraph 5.1, a participating employee must (1) apply to the Fund in writing and provide evidence of the military service that is satisfactory to the Board; (2) obtain the written approval of the current employer; and (3) make contributions to the Fund equal to (i) the employee contributions that would have been required had the service been rendered as a member, plus (ii) an amount determined by the board to be equal to the employer's normal cost of the benefits accrued for that military service, plus (iii) interest on items (i) and (ii) from the date of first membership in the Fund to the date of payment. The required interest shall be calculated at the regular interest rate.

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

6. For out-of-state service: Creditable service shall be granted for service rendered to an out-of-state local governmental body under the following conditions: The employee had participated and has irrevocably forfeited all rights to benefits in the out-of-state public employees pension system; the governing body of his participating municipality or instrumentality authorizes the employee to establish such service; the employee has 2 years current service with this municipality or participating instrumentality; the employee makes a payment of contributions, which shall be computed at 8% (normal) plus 2% (survivor) times length of service purchased times the average rate of earnings for the first 2 years of service with the municipality or participating instrumentality whose governing body authorizes the service established plus interest at the effective rate on the date such credits are established, payable from the date the employee completes the required 2 years of current service to date of payment. In no case shall more than 120 months of creditable service be granted under this provision.

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

Any employee who is a participating employee on or
after September 24, 1981 and who was excluded from
participation by the age restrictions removed by Public Act
82-596 may receive creditable service for the period, on or
after January 1, 1979, excluded by the age restriction and,
in addition, if the governing body of the participating
municipality or participating instrumentality elects to
allow creditable service for all employees excluded by the
age restriction prior to January 1, 1979, for service
during the period prior to that date excluded by the age
restriction. Any employee who was excluded from
participation by the age restriction removed by Public Act
82-596 and who is not a participating employee on or after
September 24, 1981 may receive creditable service for
service after January 1, 1979. Creditable service under
this paragraph shall be granted upon payment of the
employee contributions which would have been required had
he participated, with interest at the effective rate for
each year from the end of the period of service established
to date of payment.

8. For accumulated unused sick leave: A participating
employee who first becomes a participating employee before
the effective date of this amendatory Act of the 101st
General Assembly and who is applying for a retirement
annuity shall be entitled to creditable service for that
portion of the employee's accumulated unused sick leave for
which payment is not received, as follows:

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

   b. Except as provided in item b-1, only sick leave
days accumulated with a participating municipality or
participating instrumentality with which the employee
was in service within 60 days of the effective date of
his retirement annuity shall be credited; If the
employee was in service with more than one employer
during this period only the sick leave days with the
employer with which the employee has the greatest
number of unpaid sick leave days shall be considered.

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

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

d. The creditable service shall be at the rate of 1/20 of a month for each full sick day, provided that no more than 12 months may be credited under this subdivision 8.

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

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

9. For service transferred from another system: Credits and creditable service shall be granted for service under Article 4, 5, 8, 14, or 16 of this Act, to any active member of this Fund, and to any inactive member who has been a county sheriff, upon transfer of such credits pursuant to Section 4-108.3, 5-235, 8-226.7, 14-105.6, or 16-131.4, and payment by the member of the amount by which (1) the employer and employee contributions that would have been required if he had participated in this Fund as a sheriff's law enforcement employee during the period for which credit is being transferred, plus interest thereon at the effective rate for each year, compounded annually, from the date of termination of the service for which credit is being transferred to the date of payment, exceeds (2) the amount actually transferred to the Fund. Such transferred service shall be deemed to be service as a sheriff's law enforcement employee for the purposes of Section 7-142.1.

10. (Blank).

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

The board shall establish by rule the manner of making the calculation required under this paragraph 11, taking into account the appropriate actuarial assumptions; the member's service, age, and salary history, and any other factors that the board determines to be relevant.

12. For omitted service: Any employee who was employed by a participating employer in a position that required participation, but who was not enrolled in the Fund, may establish such credits under the following conditions:
a. Application for such credits is received by the Board while the employee is an active participant of the Fund or a reciprocal retirement system.

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

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

(b) Creditable service - amount:

1. One month of creditable service shall be allowed for each month for which a participating employee made contributions as required under Section 7-173, or for which creditable service is otherwise granted hereunder. Not more than 1 month of service shall be credited and counted for 1 calendar month, and not more than 1 year of service shall be credited and counted for any calendar year. A calendar month means a nominal month beginning on the first day thereof, and a calendar year means a year beginning January 1 and ending December 31.

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

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

(c) No application for correction of credits or creditable service shall be considered unless the board receives an application for correction while (1) the applicant is a participating employee and in active employment with a participating municipality or instrumentality, or (2) while the applicant is actively participating in a pension fund or retirement system which is a participating system under the Retirement Systems Reciprocal Act. A participating employee or other applicant shall not be entitled to credits or creditable service unless the required employee contributions are made in a lump sum or in installments made in accordance with board rule. Payments made to establish service credit under paragraph 1, 4, 5, 5.1, 6, 7, or 12 of subsection (a) of this Section must be received by the Board while the applicant is an active participant in the Fund or a reciprocal retirement system, except that an applicant may make one payment after termination of active participation in the Fund or a reciprocal retirement system.

(d) Upon the granting of a retirement, surviving spouse or child annuity, a death benefit or a separation benefit, on
account of any employee, all individual accumulated credits shall thereupon terminate. Upon the withdrawal of additional contributions, the credits applicable thereto shall thereupon terminate. Terminated credits shall not be applied to increase the benefits any remaining employee would otherwise receive under this Article.

(Source: P.A. 100-148, eff. 8-18-17.)

Sec. 14-103.05. Employee.

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

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

A person entering service on or after January 1, 1984 shall, upon completion of 6 months of continuous service which is not interrupted by a break of more than 2 months, become a
member as a condition of employment. Contributions shall begin the first of the month after completion of the qualifying period.

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

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

(a-5) Except as provided in subsection (d), a person entering service on or after December 1, 2010 and before the effective date of this amendatory Act of the 101st General Assembly shall become a member as a condition of employment and shall begin making contributions as of the first day of
employment. A person serving in the qualifying period on December 1, 2010 will become a member on December 1, 2010 and shall begin making contributions as of December 1, 2010.

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

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

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

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

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

(3.2) any person serving as a part-time employee in any of the following positions: Legislative Inspector General, Special Legislative Inspector General, employee of the Office of the Legislative Inspector General, Executive Director of the Legislative Ethics Commission, or staff of the Legislative Ethics Commission, regardless of whether he or she is in active service on or after July 8, 2004 (the effective date of Public Act 93-685), unless that person elects to participate in this System with respect to
that service; in this item (3.2), a "part-time employee" is a person who is not required to work at least 35 hours per week;

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

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

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

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

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

(8) enrollees and temporary staff of programs administered by the Department of Natural Resources under the Youth Conservation Corps Act of 1970;
(9) any person who is a member of any professional licensing or disciplinary board created under an Act administered by the Department of Professional Regulation or a successor agency or created or re-created after the effective date of this amendatory Act of 1997, and who receives per diem compensation rather than a salary, notwithstanding that such per diem compensation is paid by warrant issued pursuant to a payroll voucher; such persons have never been included in the membership of this System, and this amendatory Act of 1987 (P.A. 84-1472) is not intended to effect any change in the status of such persons;

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

(11) any person who is a member of the Oil and Gas Board created by Section 1.2 of the Illinois Oil and Gas Act, and receives per diem compensation rather than a salary, notwithstanding that such per diem compensation is paid by warrant issued pursuant to a payroll voucher;

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

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

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

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

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

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

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

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

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

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

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

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

(c) An individual who represents or is employed as an officer or employee of a statewide labor organization that represents members of this System may participate in the System and shall be deemed an employee, provided that (1) the individual has previously earned creditable service under this Article, (2) the individual files with the System an irrevocable election to become a participant within 6 months after the effective date of this amendatory Act of the 94th General Assembly, and (3) the individual does not receive credit for that employment under any other provisions of this Code. An employee under this subsection (c) is responsible for paying to the System both (i) employee contributions based on the actual compensation received for service with the labor organization and (ii) employer contributions based on the percentage of payroll certified by the board; all or any part
of these contributions may be paid on the employee's behalf or picked up for tax purposes (if authorized under federal law) by the labor organization.

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

(d) Notwithstanding any other provision of this Article, beginning on the effective date of this amendatory Act of the 101st General Assembly, a person is not required, as a condition of employment or otherwise, to participate in this System. An active employee may terminate his or her participation in this System (including active participation in the Tier 3 plan, if applicable) by notifying the System in writing. An active employee terminating participation in this System under this subsection shall be entitled to a refund of his or her contributions (other than contributions to the Tier 3 plan under Section 14-155.5) minus the benefits received prior to the termination of participation.

(Source: P.A. 96-1490, eff. 1-1-11; 97-609, eff. 1-1-12.)
Sec. 14-103.10. Compensation.

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

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

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

(1) for vacation,

(2) for accumulated unused sick leave,

(3) upon discharge or dismissal,
(4) for approved holidays.

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

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

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

(1) for vacation;
(2) for accumulated unused sick leave;
(3) upon discharge or dismissal; and
(4) for approved holidays.

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

(g) Notwithstanding any other provision of this Section, for an employee who first becomes a participant on or after the effective date of this amendatory Act of the 101st General Assembly, "compensation" does not include any payments or reimbursements for travel vouchers submitted more than 30 days after the last day of travel for which the voucher is submitted.

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

(40 ILCS 5/14-103.41)

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

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

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

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

"Tier 3 member": A Tier 1 or Tier 2 member who elects to participate in the Tier 3 plan under Section 14-155.5 of this Code, but only with respect to service performed on or after the effective date of that election.

(Source: P.A. 100-587, eff. 6-4-18.)

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

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

Sec. 14-104.3. Notwithstanding provisions contained in Section 14-103.10, any person who first becomes a member before the effective date of this amendatory Act of the 101st General Assembly and who at the time of retirement and after December 6, 1983 receives compensation in a lump sum for accumulated vacation, sickness, or personal business may receive service credit for such periods by making contributions within 90 days of withdrawal, based on the rate of compensation in effect immediately prior to retirement and the contribution rate then in effect. Any person who first becomes a member on or after the effective date of this amendatory Act of the 101st General
Assembly and who receives compensation in a lump sum for accumulated vacation, sickness, or personal business may not receive service credit for such periods. Exercising the option provided in this Section shall not change a member's date of withdrawal or final average compensation for purposes of computing the amount or effective date of a retirement annuity. Any annuitant who establishes service credit as herein provided shall have his retirement annuity adjusted retroactively to the date of retirement.

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

(40 ILCS 5/14-106) (from Ch. 108 1/2, par. 14-106)
(Text of Section WITHOUT the changes made by P.A. 98-599, which has been held unconstitutional)
Sec. 14-106. Membership service credit.
(a) After January 1, 1944, all service of a member since he last became a member with respect to which contributions are made shall count as membership service; provided, that for service on and after July 1, 1950, 12 months of service shall constitute a year of membership service, the completion of 15 days or more of service during any month shall constitute 1 month of membership service, 8 to 15 days shall constitute 1/2 month of membership service and less than 8 days shall constitute 1/4 month of membership service. The payroll record of each department shall constitute conclusive evidence of the record of service rendered by a member.
(b) For a member who is employed and paid on an academic-year basis rather than on a 12-month annual basis, employment for a full academic year shall constitute a full year of membership service, except that the member shall not receive more than one year of membership service credit (plus any additional service credit granted for unused sick leave) for service during any 12-month period. This subsection (b) applies to all such service for which the member has not begun to receive a retirement annuity before January 1, 2001.

(c) A person who first becomes a member before the effective date of this amendatory Act of the 101st General Assembly shall be entitled to additional service credit, under rules prescribed by the Board, for accumulated unused sick leave credited to his account in the last Department on the date of withdrawal from service or for any period for which he would have been eligible to receive benefits under a sick pay plan authorized by law, if he had suffered a sickness or accident on the date of withdrawal from service. It shall be the responsibility of the last Department to certify to the Board the length of time salary or benefits would have been paid to the member based upon the accumulated unused sick leave or the applicable sick pay plan if he had become entitled thereto because of sickness on the date that his status as an employee terminated. This period of service credit granted under this paragraph shall not be considered in determining the date the retirement annuity is to begin, or final average
compensation.

(d) A person who first becomes a member on or after the effective date of this amendatory Act of the 101st General Assembly shall not be entitled to additional service credit for accumulated unused sick leave.

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

(40 ILCS 5/14-152.1)

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

(a) As used in this Section, "new benefit increase" means an increase in the amount of any benefit provided under this Article, or an expansion of the conditions of eligibility for any benefit under this Article, that results from an amendment to this Code that takes effect after June 1, 2005 (the effective date of Public Act 94-4). "New benefit increase", however, does not include any benefit increase resulting from the changes made to Article 1 or this Article by Public Act 96-37, Public Act 100-23, Public Act 100-587, Public Act 100-611, or this amendatory Act of the 101st General Assembly or this amendatory Act of the 100th General Assembly.

(b) Notwithstanding any other provision of this Code or any subsequent amendment to this Code, every new benefit increase is subject to this Section and shall be deemed to be granted only in conformance with and contingent upon compliance with the provisions of this Section.
(c) The Public Act enacting a new benefit increase must identify and provide for payment to the System of additional funding at least sufficient to fund the resulting annual increase in cost to the System as it accrues.

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

(d) Every new benefit increase shall expire 5 years after its effective date or on such earlier date as may be specified in the language enacting the new benefit increase or provided under subsection (c). This does not prevent the General Assembly from extending or re-creating a new benefit increase by law.
(e) Except as otherwise provided in the language creating the new benefit increase, a new benefit increase that expires under this Section continues to apply to persons who applied and qualified for the affected benefit while the new benefit increase was in effect and to the affected beneficiaries and alternate payees of such persons, but does not apply to any other person, including without limitation a person who continues in service after the expiration date and did not apply and qualify for the affected benefit while the new benefit increase was in effect.

(Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18; 100-611, eff. 7-20-18; revised 7-25-18.)

(40 ILCS 5/14-155.5 new)

Sec. 14-155.5. Tier 3 plan.

(a) By July 1, 2020, the System shall prepare and implement a Tier 3 plan. The Tier 3 plan developed under this Section shall be a plan that aggregates State and employee contributions in individual participant accounts that, after meeting any other requirements, are used for payouts after retirement in accordance with this Section and any other applicable laws.

As used in this Section, "defined benefit plan" means the retirement plan available under this Article to Tier 1 or Tier 2 members who have not made the election authorized under this Section.
(1) A participant in the Tier 3 plan shall pay employee contributions at a rate determined by the participant, but not less than 3% of compensation and not more than a percentage of compensation determined by the board in accordance with the requirements of State and federal law.

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

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

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

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

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

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

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

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

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

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

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

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

(c) In no event shall the System, its staff, its authorized representatives, or the Board be liable for any information given to an employee under this Section. The System may coordinate with the Illinois Department of Central Management Services and other retirement systems administering a Tier 3 plan in accordance with this amendatory Act of the 101st General Assembly to provide information concerning the impact of the Tier 3 plan set forth in this Section.

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

(e) The System shall report on its progress under this Section, including the available details of the Tier 3 plan and the System's plans for informing eligible Tier 1 and Tier 2 members about the plan, to the Governor and the General Assembly on or before January 15, 2020.

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

(g) The intent of this amendatory Act of the 101st General
Assembly is to ensure that the State's normal cost of participation in the Tier 3 plan is similar, and if possible equal, to the State's normal cost of participation in the defined benefit plan, unless a lower State's normal cost is necessary to ensure cost neutrality.

(40 ILCS 5/15-108.1)

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

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

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

(40 ILCS 5/15-108.2)
Sec. 15-108.2. Tier 2 member. "Tier 2 member": A person who first becomes a participant under this Article on or after January 1, 2011 and before the implementation date, as defined under subsection (a) of Section 1-161, determined by the Board, other than a person in the self-managed plan established under Section 15-158.2 or a person who makes the election under subsection (c) of Section 1-161, unless the person is otherwise a Tier 1 member. The changes made to this Section by this amendatory Act of the 98th General Assembly are a correction of existing law and are intended to be retroactive to the effective date of Public Act 96-889, notwithstanding the provisions of Section 1-103.1 of this Code.

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

(Source: P.A. 100-23, eff. 7-6-17; 100-563, eff. 12-8-17.)

(40 ILCS 5/15-108.3 new)

Sec. 15-108.3. Tier 3 member. "Tier 3 member": A Tier 1 or Tier 2 member who elects to participate in the Tier 3 plan under Section 15-200.5 of this Code, but only with respect to service performed on or after the effective date of that election.
Sec. 15-112. Final rate of earnings. "Final rate of earnings":

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

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

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

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

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

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

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

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

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

(g) In the determination of the final rate of earnings for
an employee, that part of an employee's earnings for any
academic year beginning after June 30, 1997, which exceeds the
employee's earnings with that employer for the preceding year
by more than 20 percent shall be excluded; in the event that an
employee has more than one employer this limitation shall be
calculated separately for the earnings with each employer. In
making such calculation, only the basic compensation of
employees shall be considered, without regard to vacation or
overtime or to contracts for summer employment.

(h) The following are not considered as earnings in
determining final rate of earnings: (1) severance or separation
pay, (2) retirement pay, (3) payment for unused sick leave, and
(4) payments from an employer for the period used in
determining final rate of earnings for any purpose other than
(i) services rendered, (ii) leave of absence or vacation
granted during that period, and (iii) vacation of up to 56 work
days allowed upon termination of employment; except that, if
the benefit has been collectively bargained between the
employer and the recognized collective bargaining agent pursuant to the Illinois Educational Labor Relations Act, payment received during a period of up to 2 academic years for unused sick leave may be considered as earnings in accordance with the applicable collective bargaining agreement, subject to the 20% increase limitation of this Section, and if the person first becomes a participant on or after the effective date of this amendatory Act of the 101st General Assembly, payments for unused sick or vacation time shall not be considered as earnings. Any unused sick leave considered as earnings under this Section shall not be taken into account in calculating service credit under Section 15-113.4.

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

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

(40 ILCS 5/15-113.4) (from Ch. 108 1/2, par. 15-113.4)
(Text of Section WITHOUT the changes made by P.A. 98-599, which has been held unconstitutional)

Sec. 15-113.4. Service for unused sick leave. "Service for unused sick leave": A person who first becomes a participant before the effective date of this amendatory Act of the 101st General Assembly and who is an employee under this System or one of the other systems subject to Article 20 of this Code within 60 days immediately preceding the date on which his or her retirement annuity begins, is entitled to credit for
service for that portion of unused sick leave earned in the
course of employment with an employer and credited on the date
of termination of employment by an employer for which payment
is not received, in accordance with the following schedule: 30
through 90 full calendar days and 20 through 59 full work days
of unused sick leave, 1/4 of a year of service; 91 through 180
full calendar days and 60 through 119 full work days, 1/2 of a
year of service; 181 through 270 full calendar days and 120
through 179 full work days, 3/4 of a year of service; 271
through 360 full calendar days and 180 through 240 full work
days, one year of service. Only uncompensated, unused sick
leave earned in accordance with an employer's sick leave
accrual policy generally applicable to employees or a class of
employees shall be taken into account in calculating service
credit under this Section. Any uncompensated, unused sick leave
granted by an employer to facilitate the hiring, retirement,
termination, or other special circumstances of an employee
shall not be taken into account in calculating service credit
under this Section. If a participant transfers from one
employer to another, the unused sick leave credited by the
previous employer shall be considered in determining service to
be credited under this Section, even if the participant
terminated service prior to the effective date of P.A. 86-272
(August 23, 1989); if necessary, the retirement annuity shall
be recalculated to reflect such sick leave credit. Each
employer shall certify to the board the number of days of
unused sick leave accrued to the participant's credit on the
date that the participant's status as an employee terminated.
This period of unused sick leave shall not be considered in
determining the date the retirement annuity begins. A person
who first becomes a participant on or after the effective date
of this amendatory Act of the 101st General Assembly shall not
receive service credit for unused sick leave.
(Source: P.A. 90-65, eff. 7-7-97; 90-511, eff. 8-22-97.)

(40 ILCS 5/15-134) (from Ch. 108 1/2, par. 15-134)
Sec. 15-134. Participant.
(a) Except as provided in subsection (a-5), each Each
person shall, as a condition of employment, become a
participant and be subject to this Article on the date that he
or she becomes an employee, makes an election to participate
in, or otherwise becomes a participant in one of the retirement
programs offered under this Article, whichever date is later.
An employee who becomes a participant shall continue to be
a participant until he or she becomes an annuitant, dies or
accepts a refund of contributions.
(a-5) Notwithstanding any other provision of this Article,
beginning on the effective date of this amendatory Act of the
101st General Assembly, a person is not required, as a
condition of employment or otherwise, to participate in this
System. An active employee may terminate his or her
participation in this System (including active participation
in the Tier 3 plan, if applicable) by notifying the System in writing. An active employee terminating participation in this System under this subsection shall be entitled to a refund of his or her contributions (other than contributions to the self-managed plan under Section 15-158.2 or the Tier 3 plan under Section 15-200.5) minus the benefits received prior to the termination of participation.

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

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

(40 ILCS 5/15-198)

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

(a) As used in this Section, "new benefit increase" means an increase in the amount of any benefit provided under this Article, or an expansion of the conditions of eligibility for any benefit under this Article, that results from an amendment to this Code that takes effect after the effective date of this amendatory Act of the 94th General Assembly. "New benefit increase", however, does not include any benefit increase resulting from the changes made to Article 1 or this Article by Public Act 100-23, Public Act 100-587, Public Act 100-769, or this amendatory Act of the 101st General Assembly or this amendatory Act of the 100th General Assembly.
(b) Notwithstanding any other provision of this Code or any subsequent amendment to this Code, every new benefit increase is subject to this Section and shall be deemed to be granted only in conformance with and contingent upon compliance with the provisions of this Section.

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

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

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

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

(Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;
100-769, eff. 8-10-18; revised 9-26-18.)

(40 ILCS 5/15-200.5 new)

Sec. 15-200.5. Tier 3 plan.

(a) By July 1, 2020, the System shall prepare and implement
a Tier 3 plan. The Tier 3 plan developed under this Section
shall be a plan that aggregates State and employee
contributions in individual participant accounts that, after
meeting any other requirements, are used for payouts after
retirement in accordance with this Section and any other
applicable laws.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) In no event shall the System, its staff, its authorized representatives, or the Board be liable for any information given to an employee under this Section. The System may coordinate with the Illinois Department of Central Management Services and other retirement systems administering a Tier 3 plan in accordance with this amendatory Act of the 101st
General Assembly to provide information concerning the impact of the Tier 3 plan set forth in this Section.

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

(e) The System shall report on its progress under this Section, including the available details of the Tier 3 plan and the System's plans for informing eligible Tier 1 and Tier 2 members about the plan, to the Governor and the General Assembly on or before January 15, 2020.

(f) The intent of this amendatory Act of the 101st General Assembly is to ensure that the State's normal cost of participation in the Tier 3 plan is similar, and if possible equal, to the State's normal cost of participation in the defined benefit plan, unless a lower State's normal cost is necessary to ensure cost neutrality.

(40 ILCS 5/16-106.41)

Sec. 16-106.41. Tier 1 member; Tier 2 member; Tier 3 member. "Tier 1 member": A member under this Article who first became a member or participant before January 1, 2011 under any reciprocal retirement system or pension fund established under this Code other than a retirement system or pension fund established under Article 2, 3, 4, 5, 6, or 18 of this Code.

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

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

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

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

(Source: P.A. 100-587, eff. 6-4-18.)

(40 ILCS 5/16-123) (from Ch. 108 1/2, par. 16-123)
Sec. 16-123. Membership of System.
(a) Except as provided in subsection (c), the The
membership of this System shall be composed of all teachers
employed after June 30, 1939 who become members as a condition
of employment on the date they become teachers. Membership
shall continue until the date a member becomes an annuitant,
dies, accepts a single-sum retirement benefit, accepts a
refund, or forfeits the rights to a refund.

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

(c) Notwithstanding any other provision of this Article, beginning on the effective date of this amendatory Act of the 101st General Assembly, a person is not required, as a condition of employment or otherwise, to participate in this System. An active teacher may terminate his or her membership in this System (including active participation in the Tier 3 plan, if applicable) by notifying the System in writing. An active teacher terminating his or her membership in this System under this subsection shall be entitled to a refund of his or her contributions (other than contributions to the Tier 3 plan under Section 16-205.5) minus the benefits received prior to the termination of membership.

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

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

Sec. 16-127. Computation of creditable service.

(a) Each member shall receive regular credit for all service as a teacher from the date membership begins, for which satisfactory evidence is supplied and all contributions have been paid.
(b) The following periods of service shall earn optional credit and each member shall receive credit for all such service for which satisfactory evidence is supplied and all contributions have been paid as of the date specified:

(1) Prior service as a teacher.

(2) Service in a capacity essentially similar or equivalent to that of a teacher, in the public common schools in school districts in this State not included within the provisions of this System, or of any other State, territory, dependency or possession of the United States, or in schools operated by or under the auspices of the United States, or under the auspices of any agency or department of any other State, and service during any period of professional speech correction or special education experience for a public agency within this State or any other State, territory, dependency or possession of the United States, and service prior to February 1, 1951 as a recreation worker for the Illinois Department of Public Safety, for a period not exceeding the lesser of 2/5 of the total creditable service of the member or 10 years. The maximum service of 10 years which is allowable under this paragraph shall be reduced by the service credit which is validated by other retirement systems under paragraph (i) of Section 15-113 and paragraph 1 of Section 17-133. Credit granted under this paragraph may not be used in determination of a retirement annuity or disability
benefits unless the member has at least 5 years of creditable service earned subsequent to this employment with one or more of the following systems: Teachers' Retirement System of the State of Illinois, State Universities Retirement System, and the Public School Teachers' Pension and Retirement Fund of Chicago. Whenever such service credit exceeds the maximum allowed for all purposes of this Article, the first service rendered in point of time shall be considered. The changes to this subdivision (b)(2) made by Public Act 86-272 shall apply not only to persons who on or after its effective date (August 23, 1989) are in service as a teacher under the System, but also to persons whose status as such a teacher terminated prior to such effective date, whether or not such person is an annuitant on that date.

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

The changes to this Section and Section 16-128 relating
to military service made by P.A. 87-794 shall apply not
only to persons who on or after its effective date are in
service as a teacher under the System, but also to persons
whose status as a teacher terminated prior to that date,
whether or not the person is an annuitant on that date. In
the case of an annuitant who applies for credit allowable
under this Section for a period of military service that
did not immediately follow employment, and who has made the
required contributions for such credit, the annuity shall
be recalculated to include the additional service credit,
with the increase taking effect on the date the System
received written notification of the annuitant's intent to
purchase the credit, if payment of all the required
contributions is made within 60 days of such notice, or
else on the first annuity payment date following the date
of payment of the required contributions. In calculating
the automatic annual increase for an annuity that has been
recalculated under this Section, the increase attributable
to the additional service allowable under P.A. 87-794 shall
be included in the calculation of automatic annual
increases accruing after the effective date of the recalculation.

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

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

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

(5)(i) Any periods for which a teacher, as defined in Section 16-106, is granted a leave of absence, provided he or she returns to teaching service creditable under this System or the State Universities Retirement System following the leave; (ii) periods during which a teacher is involuntarily laid off from teaching, provided he or she returns to teaching following the lay-off; (iii) periods prior to July 1, 1983 during which a teacher ceased covered employment due to pregnancy, provided that the teacher returned to teaching service creditable under this System or the State Universities Retirement System following the pregnancy and submits evidence satisfactory to the Board documenting that the employment ceased due to pregnancy; and (iv) periods prior to July 1, 1983 during which a teacher ceased covered employment for the purpose of adopting an infant under 3 years of age or caring for a newly adopted infant under 3 years of age, provided that the teacher returned to teaching service creditable under this System or the State Universities Retirement System following the adoption and submits evidence satisfactory to the Board documenting that the employment ceased for the purpose of adopting an infant under 3 years of age or
caring for a newly adopted infant under 3 years of age. However, total credit under this paragraph (5) may not exceed 3 years.

Any qualified member or annuitant may apply for credit under item (iii) or (iv) of this paragraph (5) without regard to whether service was terminated before the effective date of this amendatory Act of 1997. In the case of an annuitant who establishes credit under item (iii) or (iv), the annuity shall be recalculated to include the additional service credit. The increase in annuity shall take effect on the date the System receives written notification of the annuitant's intent to purchase the credit, if the required evidence is submitted and the required contribution paid within 60 days of that notification, otherwise on the first annuity payment date following the System's receipt of the required evidence and contribution. The increase in an annuity recalculated under this provision shall be included in the calculation of automatic annual increases in the annuity accruing after the effective date of the recalculation.

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

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

(6) For a person who first becomes a member before the effective date of this amendatory Act of the 101st General Assembly, any days of unused and uncompensated accumulated sick leave earned by a teacher. The service credit granted under this paragraph shall be the ratio of the number of unused and uncompensated accumulated sick leave days to 170 days, subject to a maximum of 2 years of service credit. Prior to the member's retirement, each former employer shall certify to the System the number of unused and uncompensated accumulated sick leave days credited to the member at the time of termination of service. The period of unused sick leave shall not be considered in determining the effective date of retirement. A member is not required to make contributions
in order to obtain service credit for unused sick leave.

Credit for sick leave shall, at retirement, be granted by the System for any retiring regional or assistant regional superintendent of schools who first becomes a member before the effective date of this amendatory Act of the 101st General Assembly at the rate of 6 days per year of creditable service or portion thereof established while serving as such superintendent or assistant superintendent.

(7) Periods prior to February 1, 1987 served as an employee of the Illinois Mathematics and Science Academy for which credit has not been terminated under Section 15-113.9 of this Code.

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

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

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

(b-1) A member may establish optional credit for up to 2
years of service as a teacher or administrator employed by a private school recognized by the Illinois State Board of Education, provided that the teacher (i) was certified under the law governing the certification of teachers at the time the service was rendered, (ii) applies in writing on or after August 1, 2009 and on or before August 1, 2012, (iii) supplies satisfactory evidence of the employment, (iv) completes at least 10 years of contributing service as a teacher as defined in Section 16-106, and (v) pays the contribution required in subsection (d-5) of Section 16-128. The member may apply for credit under this subsection and pay the required contribution before completing the 10 years of contributing service required under item (iv), but the credit may not be used until the item (iv) contributing service requirement has been met.

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

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

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

Credit may not be granted under this Section for service as an employee of an entity that provides substitute teaching services under Section 2-3.173 of the School Code and is not a school district.

(Source: P.A. 100-813, eff. 8-13-18.)

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

Sec. 16-152.1. Pickup of contributions.

(a) Each employer may pick up the member contributions required under Section 16-152 for all salary earned after December 31, 1981. If an employer decides not to pick up the member contributions, the amount that would have been picked up shall continue to be deducted from salary. If contributions are picked up, they shall be treated as employer contributions in determining tax treatment under the United States Internal Revenue Code. The employer shall pay these member contributions from the same source of funds which is used in paying salary to the member. The employer may pick up these contributions by a reduction in the cash salary of the member or by an offset against a future salary increase or by a combination of a reduction in salary and offset against a future salary increase. If member contributions are picked up, they shall be treated for all purposes of this Article 16 in the same manner as member contributions made prior to the date the pick up began.
(b) The State Board of Education shall pick up the contributions of regional superintendents required under Section 16-152 for all salary earned for the 1982 calendar year and thereafter.

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

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

(e) Beginning on the effective date of this amendatory Act of the 101st General Assembly, no employer shall pay employee contributions on behalf of an employee, except for the sole purpose of allowing the employee to make pre-tax contributions as provided in this Section. The provisions of this subsection (e) do not apply to an employment contract or collective bargaining agreement that is in effect on the effective date of this amendatory Act of the 101st General Assembly. However, any such contract or agreement that is subsequently modified, amended, or renewed shall be subject to the provisions of this subsection (e).

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

(40 ILCS 5/16-203)

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

(a) As used in this Section, "new benefit increase" means an increase in the amount of any benefit provided under this Article, or an expansion of the conditions of eligibility for any benefit under this Article, that results from an amendment
to this Code that takes effect after June 1, 2005 (the
effective date of Public Act 94-4). "New benefit increase",
however, does not include any benefit increase resulting from
the changes made to Article 1 or this Article by Public Act
95-910, Public Act 100-23, Public Act 100-587, Public Act
100-743, Public Act 100-769, or this amendatory Act of the
101st General Assembly or by this amendatory Act of the 100th
General Assembly.

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

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

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

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

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

(Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18; 100-743, eff. 8-10-18; 100-769, eff. 8-10-18; revised 10-15-18.)
Sec. 16-205.5. Tier 3 plan.

(a) By July 1, 2020, the System shall prepare and implement a Tier 3 plan. The Tier 3 plan developed under this Section shall be a plan that aggregates State and employee contributions in individual participant accounts that, after meeting any other requirements, are used for payouts after retirement in accordance with this Section and any other applicable laws.

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) In no event shall the System, its staff, its authorized
representatives, or the Board be liable for any information
given to an employee under this Section. The System may
coordinate with the Illinois Department of Central Management
Services and other retirement systems administering a Tier 3
plan in accordance with this amendatory Act of the 101st
General Assembly to provide information concerning the impact
of the Tier 3 plan set forth in this Section.

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

(e) The System shall report on its progress under this
Section, including the available details of the Tier 3 plan and
the System's plans for informing eligible Tier 1 and Tier 2
members about the plan, to the Governor and the General
Assembly on or before January 15, 2020.

(f) The intent of this amendatory Act of the 101st General
Assembly is to ensure that the State's normal cost of
participation in the Tier 3 plan is similar, and if possible
equal, to the State's normal cost of participation in the
defined benefit plan, unless a lower State's normal cost is
necessary to ensure cost neutrality.
Sec. 18-110.1. Tier 1 participant; Tier 2 participant; Tier 3 participant. "Tier 1 participant": A participant who first became a participant of this System before January 1, 2011.

In the case of a Tier 1 participant who elects to participate in the Tier 3 plan under Section 18-121.5 of this Code, that Tier 1 participant shall be deemed a Tier 1 participant only with respect to service performed or established before the effective date of that election.

"Tier 2 participant": A participant who first becomes a participant of this System on or after January 1, 2011.

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

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

Sec. 18-120. Employee participation.

(a) Except as provided in subsection (b), an eligible judge who is not a participant shall become a participant beginning on the date he or she becomes an eligible judge,
unless the judge files with the board a written notice of
election not to participate within 30 days of the date of being
 notified of the option.

A person electing not to participate shall thereafter be
ineligible to become a participant unless the election is
revoked as provided in Section 18-121.

(b) Notwithstanding any other provision of this Article, an
active participant may terminate his or her participation in
this System (including active participation in the Tier 3 plan,
if applicable) by notifying the System in writing. An active
participant terminating participation in this System under
this subsection shall be entitled to a refund of his or her
contributions (other than contributions to the Tier 3 plan
under Section 18-121.5) minus the benefits received prior to
the termination of participation.

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

(40 ILCS 5/18-121.5 new)
Sec. 18-121.5. Tier 3 plan.

(a) By July 1, 2020, the System shall prepare and implement
a Tier 3 plan. The Tier 3 plan developed under this Section
shall be a plan that aggregates State and employee
contributions in individual participant accounts that, after
meeting any other requirements, are used for payouts after
retirement in accordance with this Section and any other
applicable laws.
As used in this Section, "defined benefit plan" means the retirement plan available under this Article to Tier 1 or Tier 2 participants who have not made the election authorized under this Section.

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

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

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

4. The Tier 3 plan may provide for participants in the plan to be eligible for defined disability benefits. If it does, the System shall reduce the employee contributions credited to the participant's Tier 3 plan account by an amount determined by the System to cover the cost of offering such benefits.
The Tier 3 plan shall provide a variety of options for investments. These options shall include investments handled by the Illinois State Board of Investment as well as private sector investment options.

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

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

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

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

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

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

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

(c) In no event shall the System, its staff, its authorized representatives, or the Board be liable for any information given to an employee under this Section. The System may coordinate with the Illinois Department of Central Management Services and other retirement systems administering a Tier 3 plan in accordance with this amendatory Act of the 101st General Assembly to provide information concerning the impact of the Tier 3 plan set forth in this Section.

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

(e) The System shall report on its progress under this Section, including the available details of the Tier 3 plan and
the System's plans for informing eligible Tier 1 and Tier 2
participants about the plan, to the Governor and the General
Assembly on or before January 15, 2020.

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

(g) The intent of this amendatory Act of the 101st General
Assembly is to ensure that the State's normal cost of
participation in the Tier 3 plan is similar, and if possible
equal, to the State's normal cost of participation in the
defined benefit plan, unless a lower State's normal cost is
necessary to ensure cost neutrality.

(40 ILCS 5/18-124) (from Ch. 108 1/2, par. 18-124)
Sec. 18-124. Retirement annuities - conditions for
eligibility.

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

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

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

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

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

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

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

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

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

(Source: P.A. 96-889, eff. 1-1-11.)
Sec. 18-125. Retirement annuity amount.

(a) The annual retirement annuity for a participant who terminated service as a judge prior to July 1, 1971 shall be based on the law in effect at the time of termination of service.

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

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

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

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

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

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

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

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

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

The maximum retirement annuity for any participant shall be
85% of final average salary.
Notwithstanding any other provision of this Article, for a Tier 2 participant who first serves as a judge on or after January 1, 2011 (the effective date of Public Act 96-889), the annual retirement annuity is 3% of the participant's final average salary for each year of service. The maximum retirement annuity payable shall be 60% of the participant's final average salary.

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

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

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

(d) Notwithstanding any other provision of this Article,
for a Tier 2 participant who first serves as a judge on or
after January 1, 2011 (the effective date of Public Act 96-889)
and who is retiring after attaining age 62, the retirement
annuity shall be reduced by 1/2 of 1% for each month that the
participant's age is under age 67 at the time the annuity
commences.

(Source: P.A. 100-201, eff. 8-18-17.)

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

Notwithstanding any other provision of this Article, a retirement annuity for a Tier 2 participant who first serves as a judge on or after January 1, 2011 (the effective date of Public Act 96-889) shall be increased in January of the year next following the year in which the first anniversary of retirement occurs, but in no event prior to age 67, and in January of each year thereafter, by an amount equal to 3% or the annual percentage increase in the consumer price index-u as determined by the Public Pension Division of the Department of Insurance under subsection (b-5) of Section 18-125, whichever is less, of the retirement annuity then being paid.

This Section is not applicable to a participant who retires before he or she has made contributions at the rate prescribed in Section 18-133 for automatic increases for not less than the equivalent of one full year, unless such a participant arranges to pay the system the amount required to bring the total contributions for the automatic increase to the equivalent of
one year's contribution based upon his or her last year's salary.

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

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

Beginning January 1, 1990, all automatic annual increases payable under this Section shall be calculated as a percentage of the total annuity payable at the time of the increase, including previous increases granted under this Article.
Sec. 18-127. Retirement annuity - suspension on reemployment.

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

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

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

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

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

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

(f) A participant receiving a retirement annuity under this Article who has made an election under Section 1-123 and who is serving either as legal counsel in the Office of the Governor or as Chief Deputy Attorney General shall not be deemed to be regularly employed for compensation by an employer other than a county, nor to have resumed service as a judge, on the basis of that service, and the retirement annuity payments and other benefits of that person under this Code shall not be suspended, diminished, or otherwise impaired solely as a consequence of that service. This subsection (f) applies without regard to whether the person is in service as a judge under this Article on or after the effective date of this amendatory Act of the 93rd General Assembly.

(g) Notwithstanding any other provision of this Article, if a Tier 2 participant person who first becomes a participant under this System on or after January 1, 2011 (the effective date of this amendatory Act of the 96th General Assembly) is receiving a retirement annuity under this Article and becomes a member or participant under this Article or any other Article
of this Code and is employed on a full-time basis, then the person's retirement annuity under this System shall be suspended during that employment. Upon termination of that employment, the person's retirement annuity shall resume and, if appropriate, be recalculated under the applicable provisions of this Article.

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

(40 ILCS 5/18-128.01) (from Ch. 108 1/2, par. 18-128.01)
Sec. 18-128.01. Amount of survivor's annuity.

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

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

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

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

(f) Beginning January 1, 1990, every survivor's annuity shall be increased (1) on each January 1 occurring on or after the commencement of the annuity if the deceased member died while receiving a retirement annuity, or (2) in other cases, on each January 1 occurring on or after the first anniversary of the commencement of the annuity, by an amount equal to 3% of the current amount of the annuity, including any previous increases under this Article. Such increases shall apply without regard to whether the deceased member was in service on or after the effective date of this amendatory Act of 1991, but shall not accrue for any period prior to January 1, 1990.
(g) Notwithstanding any other provision of this Article, the initial survivor's annuity for a survivor of a Tier 2 participant who first serves as a judge after January 1, 2011 (the effective date of Public Act 96-889) shall be in the amount of 66 2/3% of the annuity received or earned by the decedent, and shall be increased (1) on each January 1 occurring on or after the commencement of the annuity if the deceased participant died while receiving a retirement annuity, or (2) in other cases, on each January 1 occurring on or after the first anniversary of the commencement of the annuity, but in no event prior to age 67, by an amount equal to 3% or the annual unadjusted percentage increase in the consumer price index-u as determined by the Public Pension Division of the Department of Insurance under subsection (b-5) of Section 18-125, whichever is less, of the survivor's annuity then being paid.

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

(40 ILCS 5/18-133) (from Ch. 108 1/2, par. 18-133)

Sec. 18-133. Financing; employee contributions.

(a) Effective July 1, 1967, each participant is required to contribute 7 1/2% of each payment of salary toward the retirement annuity. Such contributions shall continue during the entire time the participant is in service, with the following exceptions:

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

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

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

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

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

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

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

(40 ILCS 5/18-169)
Sec. 18-169. Application and expiration of new benefit
increases.

(a) As used in this Section, "new benefit increase" means
an increase in the amount of any benefit provided under this
Article, or an expansion of the conditions of eligibility for
any benefit under this Article, that results from an amendment
to this Code that takes effect after the effective date of this
amendatory Act of the 94th General Assembly. "New benefit
increase", however, does not include any benefit increase
resulting from the changes made by this amendatory Act of the
101st General Assembly.

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

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

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

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

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

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

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

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

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

(a) Upon retirement of the employee, a proportional retirement annuity shall be computed by each participating system in which pension credit has been established on the basis of pension credits under each system. The computation shall be in accordance with the formula or method prescribed by
each participating system which is in effect at the date of the
employee's latest withdrawal from service covered by any of the
systems in which he has pension credits which he elects to have
considered under this Article. However, the amount of any
retirement annuity payable under the self-managed plan
established under Section 15-158.2 of this Code depends solely
on the value of the participant's vested account balances and
is not subject to any proportional adjustment under this
Section.

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

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

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

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

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

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

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

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

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

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

(40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

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

Sec. 20-124. Maximum benefits.

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

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

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

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

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

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

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

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

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

(iii) Benefits payable under a Tier 3 plan established
under Article 2, 14, 15, 16, or 18 of this Code are not
subject to proportionate reduction under this Section.

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

(40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)
(Text of Section WITHOUT the changes made by P.A. 98-599,
which has been held unconstitutional)
Sec. 20-125. Return to employment - suspension of benefits.
If a retired employee returns to employment which is covered by a system from which he is receiving a proportional annuity under this Article, his proportional annuity from all participating systems shall be suspended during the period of re-employment, except that this suspension does not apply to any distributions payable under the self-managed plan established under Section 15-158.2 of this Code or under a Tier 3 plan established under Article 2, 14, 15, 16, or 18 of this Code.

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

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

Section 15. The Illinois Educational Labor Relations Act is amended by changing Sections 4 and 17 and by adding Section 10.6 as follows:

(115 ILCS 5/4) (from Ch. 48, par. 1704)
(Text of Section WITHOUT the changes made by P.A. 98-599, which has been held unconstitutional)
Sec. 4. Employer rights. Employers shall not be required to bargain over matters of inherent managerial policy, which shall include such areas of discretion or policy as the functions of the employer, standards of services, its overall budget, the organizational structure and selection of new employees and direction of employees. Employers, however, shall be required to bargain collectively with regard to policy matters directly affecting wages, hours and terms and conditions of employment as well as the impact thereon upon request by employee representatives, except as provided in Section 10.6. To preserve the rights of employers and exclusive representatives which have established collective bargaining relationships or negotiated collective bargaining agreements prior to the effective date of this Act, employers shall be required to bargain collectively with regard to any matter concerning wages, hours or conditions of employment about which they have bargained for and agreed to in a collective bargaining agreement prior to the effective date of this Act, except as provided in Section 10.6.

(Source: P.A. 83-1014.)

(115 ILCS 5/10.6 new)

Sec. 10.6. Bargaining regarding pension contributions on behalf of employees; prohibited.

(a) Notwithstanding any other provision of this Act, beginning on the effective date of this amendatory Act of the
101st General Assembly, employers shall not bargain over matters prohibited by subsection (e) of Section 16-152.1 of the Illinois Pension Code, which concerns employers paying pension contributions on behalf of employees.

(b) In case of any conflict between this Section and any other provisions of this Act or any other law, the provisions of this Section shall control.

(115 ILCS 5/17) (from Ch. 48, par. 1717)

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

Sec. 17. Effect on other laws. Except as provided in Section 10.6, in case of any conflict between the provisions of this Act and any other law, executive order or administrative regulation, the provisions of this Act shall prevail and control. Nothing in this Act shall be construed to replace or diminish the rights of employees established by Section 36d of "An Act to create the State Universities Civil Service System", approved May 11, 1905, as amended or modified. (Source: P.A. 83-1014.)

Section 99. Effective date. This Act takes effect upon becoming law.
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9  40 ILCS 5/2-162
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11 40 ILCS 5/7-114  from Ch. 108 1/2, par. 7-114
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