



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB0146

Introduced 1/18/2011, by Rep. Jack D. Franks

SYNOPSIS AS INTRODUCED:

40 ILCS 5/2-108.1	from Ch. 108 1/2, par. 2-108.1
40 ILCS 5/2-126	from Ch. 108 1/2, par. 2-126
40 ILCS 5/7-116	from Ch. 108 1/2, par. 7-116
40 ILCS 5/7-173	from Ch. 108 1/2, par. 7-173
40 ILCS 5/14-103.12	from Ch. 108 1/2, par. 14-103.12
40 ILCS 5/14-133	from Ch. 108 1/2, par. 14-133
40 ILCS 5/15-112	from Ch. 108 1/2, par. 15-112
40 ILCS 5/15-157	from Ch. 108 1/2, par. 15-157
40 ILCS 5/16-133	from Ch. 108 1/2, par. 16-133
40 ILCS 5/16-152	from Ch. 108 1/2, par. 16-152
40 ILCS 5/18-125	from Ch. 108 1/2, par. 18-125
40 ILCS 5/18-133	from Ch. 108 1/2, par. 18-133

Amends the General Assembly, Illinois Municipal Retirement Fund, State Employees, State Universities, Downstate Teachers, and Judges Articles of the Illinois Pension Code. Caps the highest salary for annuity purposes, final rate of earnings, final average compensation, and final average salary for current members, participants, and participating employees of the affected systems at \$106,800, but authorizes that amount to be annually increased by the lesser of 3% or one-half of the annual percentage increase in the consumer price index-u for the 12 months ending with the September preceding each November 1. Requires employee contributions to also be based on these capped amounts. Effective July 1, 2011.

LRB097 05683 JDS 45746 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 2-108.1, 2-126, 7-116, 7-173, 14-103.12, 14-133,
6 15-112, 15-157, 16-133, 16-152, 18-125, and 18-133 as follows:

7 (40 ILCS 5/2-108.1) (from Ch. 108 1/2, par. 2-108.1)

8 Sec. 2-108.1. Highest salary for annuity purposes.

9 (a) "Highest salary for annuity purposes" means whichever
10 of the following is applicable to the participant:

11 For a participant who first becomes a participant of this
12 System before August 10, 2009 (the effective date of Public Act
13 96-207):

14 (1) For a participant who is a member of the General
15 Assembly on his or her last day of service: the highest
16 salary that is prescribed by law, on the participant's last
17 day of service, for a member of the General Assembly who is
18 not an officer; plus, if the participant was elected or
19 appointed to serve as an officer of the General Assembly
20 for 2 or more years and has made contributions as required
21 under subsection (d) of Section 2-126, the highest
22 additional amount of compensation prescribed by law, at the
23 time of the participant's service as an officer, for

1 members of the General Assembly who serve in that office.

2 (2) For a participant who holds one of the State
3 executive offices specified in Section 2-105 on his or her
4 last day of service: the highest salary prescribed by law
5 for service in that office on the participant's last day of
6 service.

7 (3) For a participant who is Clerk or Assistant Clerk
8 of the House of Representatives or Secretary or Assistant
9 Secretary of the Senate on his or her last day of service:
10 the salary received for service in that capacity on the
11 last day of service, but not to exceed the highest salary
12 (including additional compensation for service as an
13 officer) that is prescribed by law on the participant's
14 last day of service for the highest paid officer of the
15 General Assembly.

16 (4) For a participant who is a continuing participant
17 under Section 2-117.1 on his or her last day of service:
18 the salary received for service in that capacity on the
19 last day of service, but not to exceed the highest salary
20 (including additional compensation for service as an
21 officer) that is prescribed by law on the participant's
22 last day of service for the highest paid officer of the
23 General Assembly.

24 For a participant who first becomes a participant of this
25 System on or after August 10, 2009 (the effective date of
26 Public Act 96-207) and before January 1, 2011 (the effective

1 date of Public Act 96-889), the average monthly salary obtained
2 by dividing the total salary of the participant during the
3 period of: (1) the 48 consecutive months of service within the
4 last 120 months of service in which the total compensation was
5 the highest, or (2) the total period of service, if less than
6 48 months, by the number of months of service in that period.

7 For a participant who first becomes a participant of this
8 System on or after January 1, 2011 (the effective date of
9 Public Act 96-889), the average monthly salary obtained by
10 dividing the total salary of the participant during the 96
11 consecutive months of service within the last 120 months of
12 service in which the total compensation was the highest by the
13 number of months of service in that period; however, beginning
14 January 1, 2011, the highest salary for annuity purposes may
15 not exceed \$106,800, except that that amount shall annually
16 thereafter be increased by the lesser of (i) 3% of that amount,
17 including all previous adjustments, or (ii) the annual
18 unadjusted percentage increase (but not less than zero) in the
19 consumer price index-u for the 12 months ending with the
20 September preceding each November 1.

21 Notwithstanding any provision of this Article, for any
22 person who is a participant on the effective date of this
23 amendatory Act of the 97th General Assembly, the annual highest
24 salary for annuity purposes may not exceed \$106,800, as
25 automatically increased by the lesser of 3% or one-half of the
26 annual percentage increase in the consumer price index-u for

1 the 12 months ending with the September preceding each November
2 1.

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

11 (b) The earnings limitations of subsection (a) apply to
12 earnings under any other participating system under the
13 Retirement Systems Reciprocal Act that are considered in
14 calculating a proportional annuity under this Article, except
15 in the case of a person who first became a member of this
16 System before August 22, 1994.

17 (c) In calculating the subsection (a) earnings limitation
18 to be applied to earnings under any other participating system
19 under the Retirement Systems Reciprocal Act for the purpose of
20 calculating a proportional annuity under this Article, the
21 participant's last day of service shall be deemed to mean the
22 last day of service in any participating system from which the
23 person has applied for a proportional annuity under the
24 Retirement Systems Reciprocal Act.

25 (Source: P.A. 96-207, eff. 8-10-09; 96-889, eff. 1-1-11;
26 96-1490, eff. 1-1-11.)

1 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

2 Sec. 2-126. Contributions by participants.

3 (a) Each participant shall contribute toward the cost of
4 his or her retirement annuity a percentage of each payment of
5 salary received by him or her for service as a member as
6 follows: for service between October 31, 1947 and January 1,
7 1959, 5%; for service between January 1, 1959 and June 30,
8 1969, 6%; for service between July 1, 1969 and January 10,
9 1973, 6 1/2%; for service after January 10, 1973, 7%; for
10 service after December 31, 1981, 8 1/2%.

11 (b) Beginning August 2, 1949, each male participant, and
12 from July 1, 1971, each female participant shall contribute
13 towards the cost of the survivor's annuity 2% of salary.

14 A participant who has no eligible survivor's annuity
15 beneficiary may elect to cease making contributions for
16 survivor's annuity under this subsection. A survivor's annuity
17 shall not be payable upon the death of a person who has made
18 this election, unless prior to that death the election has been
19 revoked and the amount of the contributions that would have
20 been paid under this subsection in the absence of the election
21 is paid to the System, together with interest at the rate of 4%
22 per year from the date the contributions would have been made
23 to the date of payment.

24 (c) Beginning July 1, 1967, each participant shall
25 contribute 1% of salary towards the cost of automatic increase

1 in annuity provided in Section 2-119.1. These contributions
2 shall be made concurrently with contributions for retirement
3 annuity purposes.

4 (d) In addition, each participant serving as an officer of
5 the General Assembly shall contribute, for the same purposes
6 and at the same rates as are required of a regular participant,
7 on each additional payment received as an officer. If the
8 participant serves as an officer for at least 2 but less than 4
9 years, he or she shall contribute an amount equal to the amount
10 that would have been contributed had the participant served as
11 an officer for 4 years. Persons who serve as officers in the
12 87th General Assembly but cannot receive the additional payment
13 to officers because of the ban on increases in salary during
14 their terms may nonetheless make contributions based on those
15 additional payments for the purpose of having the additional
16 payments included in their highest salary for annuity purposes;
17 however, persons electing to make these additional
18 contributions must also pay an amount representing the
19 corresponding employer contributions, as calculated by the
20 System.

21 (e) Notwithstanding any other provision of this Article,
22 the required contribution of a participant who first becomes a
23 participant on or after January 1, 2011 or who is a participant
24 on the effective date of this amendatory Act of the 97th
25 General Assembly shall not exceed the contribution that would
26 be due under this Article if that participant's highest salary

1 for annuity purposes were \$106,800, plus any increases in that
2 amount under Section 2-108.1.

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

4 (40 ILCS 5/7-116) (from Ch. 108 1/2, par. 7-116)

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

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

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

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

22 (d) In computing the final rate of earnings: (1) the
23 earnings rate for all periods of prior service shall be
24 considered equal to the average earnings rate for the last 3
25 calendar years of prior service for which creditable service is

1 received under Section 7-139 or, if there is less than 3 years
2 of creditable prior service, the average for the total prior
3 service period for which creditable service is received under
4 Section 7-139; (2) for out of state service and authorized
5 leave, the earnings rate shall be the rate upon which service
6 credits are granted; (3) periods of military leave shall not be
7 considered; (4) the earnings rate for all periods of disability
8 shall be considered equal to the rate of earnings upon which
9 the employee's disability benefits are computed for such
10 periods; (5) the earnings to be considered for each of the
11 final three months of the final earnings period shall not
12 exceed 125% of the highest earnings of any other month in the
13 final earnings period; and (6) the annual amount of final rate
14 of earnings shall be the monthly amount multiplied by the
15 number of months of service normally required by the position
16 in a year.

17 (e) Notwithstanding any provision of this Article, for any
18 person who is a participating employee on the effective date of
19 this amendatory Act of the 97th General Assembly, except for a
20 sheriff's law enforcement employee under this Article, the
21 annual final rate of earnings may not exceed \$106,800, as
22 automatically increased by the lesser of 3% or one-half of the
23 annual percentage increase in the consumer price index-u for
24 the 12 months ending with the September preceding each November
25 1. For the purposes of this subsection (e), "consumer price
26 index-u" means the index published by the Bureau of Labor

1 Statistics of the United States Department of Labor that
2 measures the average change in prices of goods and services
3 purchased by all urban consumers, United States city average,
4 all items, 1982-84 = 100.

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

6 (40 ILCS 5/7-173) (from Ch. 108 1/2, par. 7-173)

7 Sec. 7-173. Contributions by employees.

8 (a) Each participating employee shall make contributions
9 to the fund as follows:

10 1. For retirement annuity purposes, normal
11 contributions of 3 3/4% of earnings.

12 2. Additional contributions of such percentages of
13 each payment of earnings, as shall be elected by the
14 employee for retirement annuity purposes, but not in excess
15 of 10%. The selected rate shall be applicable to all
16 earnings paid following receipt by the Board of written
17 notice of election to make such contributions. Additional
18 contributions at the selected rate shall be made
19 concurrently with normal contributions.

20 3. Survivor contributions, by each participating
21 employee, of 3/4% of each payment of earnings.

22 (b) Each employee shall make contributions for Federal
23 Social Security taxes, for periods during which he is a covered
24 employee, as required by the Social Security Enabling Act and
25 State and federal law. For participating employees, such

1 contributions shall be in addition to those required under
2 paragraph (a) of this Section.

3 (c) Contributions shall be deducted from each
4 corresponding payment of earnings paid to each employee and
5 shall be remitted to the board by the participating
6 municipality or participating instrumentality making such
7 payment. The remittance, together with a report of the earnings
8 and contributions shall be made as directed by the board. For
9 township treasurers and employees of township treasurers
10 qualifying as employees hereunder, the contributions herein
11 required as deductions from salary shall be withheld by the
12 school township trustees from funds available for the payment
13 of the compensation of such treasurers and employees as
14 provided in the School Code and remitted to the board.

15 (d) An employee who has made additional contributions under
16 paragraph (a)2 of this Section may upon retirement or at any
17 time prior thereto, elect to withdraw the total of such
18 additional contributions including interest credited thereon
19 to the end of the preceding calendar year.

20 (e) Failure to make the deductions for employee
21 contributions provided in paragraph (c) of this Section shall
22 not relieve the employee from liability for such contributions.
23 The amount of such liability may be deducted, with interest
24 charged under Section 7-209, from any annuities or benefits
25 payable hereunder to the employee or any other person receiving
26 an annuity or benefit by reason of such employee's

1 participation.

2 (f) A participating employee who has at least 40 years of
3 creditable service in the Fund may elect to cease making the
4 contributions required under this Section. The status of the
5 employee under this Article shall be unaffected by this
6 election, except that the employee shall not receive any
7 additional creditable service for the periods of employment
8 following the election. An election under this subsection
9 relieves the employer from making additional employer
10 contributions in relation to that employee.

11 (g) Notwithstanding any other provision of this Article,
12 the required contribution of a participant who first becomes a
13 participant on or after January 1, 2011 or who is a participant
14 on the effective date of this amendatory Act of the 97th
15 General Assembly shall not exceed the contribution that would
16 be due under this Article if that participant's highest salary
17 for annuity purposes were \$106,800, plus any increases in that
18 amount under Section 7-116.

19 (Source: P.A. 96-1084, eff. 7-16-10; 96-1258, eff. 7-23-10;
20 revised 9-2-10.)

21 (40 ILCS 5/14-103.12) (from Ch. 108 1/2, par. 14-103.12)
22 Sec. 14-103.12. Final average compensation.

23 (a) For retirement and survivor annuities, "final average
24 compensation" means the monthly compensation obtained by
25 dividing the total compensation of an employee during the

1 period of: (1) the 48 consecutive months of service within the
2 last 120 months of service in which the total compensation was
3 the highest, or (2) the total period of service, if less than
4 48 months, by the number of months of service in such period;
5 provided that for purposes of a retirement annuity the average
6 compensation for the last 12 months of the 48-month period
7 shall not exceed the final average compensation by more than
8 25%.

9 (b) For death and disability benefits, in the case of a
10 full-time employee, "final average compensation" means the
11 greater of (1) the rate of compensation of the employee at the
12 date of death or disability multiplied by 1 in the case of a
13 salaried employee, by 174 in the case of an hourly employee,
14 and by 22 in the case of a per diem employee, or (2) for
15 benefits commencing on or after January 1, 1991, final average
16 compensation as determined under subsection (a).

17 For purposes of this paragraph, full or part-time status
18 shall be certified by the employing agency. Final rate of
19 compensation for a part-time employee shall be the total
20 compensation earned during the last full calendar month prior
21 to the date of death or disability.

22 (c) Notwithstanding the provisions of subsection (a), for
23 the purpose of calculating retirement and survivor annuities of
24 persons with at least 20 years of eligible creditable service
25 as defined in Section 14-110, "final average compensation"
26 means the monthly rate of compensation received by the person

1 on the last day of eligible creditable service (but not to
2 exceed 115% of the average monthly compensation received by the
3 person for the last 24 months of service, unless the person was
4 in service as a State policeman before the effective date of
5 this amendatory Act of 1997), or the average monthly
6 compensation received by the person for the last 48 months of
7 service prior to retirement, whichever is greater.

8 (d) Notwithstanding the provisions of subsection (a), for a
9 person who was receiving, on the date of retirement or death, a
10 disability benefit calculated under subdivision (b) (2) of this
11 Section, the final average compensation used to calculate the
12 disability benefit may be used for purposes of calculating the
13 retirement and survivor annuities.

14 (e) In computing the final average compensation, periods of
15 military leave shall not be considered.

16 (f) The changes to this Section made by this amendatory Act
17 of 1997 (redefining final average compensation for members
18 under the alternative formula) apply to members who retire on
19 or after January 1, 1998, without regard to whether employment
20 terminated before the effective date of this amendatory Act of
21 1997.

22 (g) For a member on leave of absence without pay who
23 purchases service credit for such period of leave pursuant to
24 subsection (1) of Section 14-104, earnings are assumed to be
25 equal to the rate of compensation in effect immediately prior
26 to the leave. If no contributions are required to establish

1 service credit for the period of leave, the member may elect to
2 establish earnings credit for the leave period within 48 months
3 after returning to work by making the employee and employer
4 contributions required by subsection (l) of Section 14-104,
5 based on the rate of compensation in effect immediately prior
6 to the leave, plus interest at the actuarially assumed rate. In
7 determining the contributions required for establishing
8 service credit under this subsection (g), the interest shall be
9 calculated from the beginning of the leave of absence to the
10 date of payment.

11 (h) Notwithstanding any provision of this Article, for any
12 person who is a member on the effective date of this amendatory
13 Act of the 97th General Assembly, annual final average
14 compensation may not exceed \$106,800, as automatically
15 increased by the lesser of 3% or one-half of the annual
16 percentage increase in the consumer price index-u for the 12
17 months ending with the September preceding each November 1. For
18 the purposes of this subsection (h), "consumer price index-u"
19 means the index published by the Bureau of Labor Statistics of
20 the United States Department of Labor that measures the average
21 change in prices of goods and services purchased by all urban
22 consumers, United States city average, all items, 1982-84 =
23 100.

24 (Source: P.A. 96-525, eff. 8-14-09.)

25 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

1 Sec. 14-133. Contributions on behalf of members.

2 (a) Each participating employee shall make contributions
3 to the System, based on the employee's compensation, as
4 follows:

5 (1) Covered employees, except as indicated below, 3.5%
6 for retirement annuity, and 0.5% for a widow or survivors
7 annuity;

8 (2) Noncovered employees, except as indicated below,
9 7% for retirement annuity and 1% for a widow or survivors
10 annuity;

11 (3) Noncovered employees serving in a position in which
12 "eligible creditable service" as defined in Section 14-110
13 may be earned, 1% for a widow or survivors annuity plus the
14 following amount for retirement annuity: 8.5% through
15 December 31, 2001; 9.5% in 2002; 10.5% in 2003; and 11.5%
16 in 2004 and thereafter;

17 (4) Covered employees serving in a position in which
18 "eligible creditable service" as defined in Section 14-110
19 may be earned, 0.5% for a widow or survivors annuity plus
20 the following amount for retirement annuity: 5% through
21 December 31, 2001; 6% in 2002; 7% in 2003; and 8% in 2004
22 and thereafter;

23 (5) Each security employee of the Department of
24 Corrections or of the Department of Human Services who is a
25 covered employee, 0.5% for a widow or survivors annuity
26 plus the following amount for retirement annuity: 5%

1 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%
2 in 2004 and thereafter;

3 (6) Each security employee of the Department of
4 Corrections or of the Department of Human Services who is
5 not a covered employee, 1% for a widow or survivors annuity
6 plus the following amount for retirement annuity: 8.5%
7 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and
8 11.5% in 2004 and thereafter.

9 (b) Contributions shall be in the form of a deduction from
10 compensation and shall be made notwithstanding that the
11 compensation paid in cash to the employee shall be reduced
12 thereby below the minimum prescribed by law or regulation. Each
13 member is deemed to consent and agree to the deductions from
14 compensation provided for in this Article, and shall receipt in
15 full for salary or compensation.

16 (c) Notwithstanding any other provision of this Article,
17 the required contribution of a participant who first becomes a
18 participant on or after January 1, 2011 or who is a participant
19 on the effective date of this amendatory Act of the 97th
20 General Assembly shall not exceed the contribution that would
21 be due under this Article if that participant's highest salary
22 for annuity purposes were \$106,800, plus any increases in that
23 amount under Section 14-103.12.

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

25 (40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)

1 Sec. 15-112. Final rate of earnings.

2 "Final rate of earnings":

3 (a) This subsection (a) applies only to a person who first
4 becomes a participant of any system before January 1, 2011.

5 For an employee who is paid on an hourly basis or who
6 receives an annual salary in installments during 12 months of
7 each academic year, the average annual earnings during the 48
8 consecutive calendar month period ending with the last day of
9 final termination of employment or the 4 consecutive academic
10 years of service in which the employee's earnings were the
11 highest, whichever is greater. For any other employee, the
12 average annual earnings during the 4 consecutive academic years
13 of service in which his or her earnings were the highest. For
14 an employee with less than 48 months or 4 consecutive academic
15 years of service, the average earnings during his or her entire
16 period of service. The earnings of an employee with more than
17 36 months of service prior to the date of becoming a
18 participant are, for such period, considered equal to the
19 average earnings during the last 36 months of such service.

20 (b) This subsection (b) applies to a person to whom
21 subsection (a) does not apply.

22 For an employee who is paid on an hourly basis or who
23 receives an annual salary in installments during 12 months of
24 each academic year, the average annual earnings obtained by
25 dividing by 8 the total earnings of the employee during the 96
26 consecutive months in which the total earnings were the highest

1 within the last 120 months prior to termination.

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

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

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

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

26 (f) If a participant to whom subsection (a) of this Section

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

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

18 (h) The following are not considered as earnings in
19 determining final rate of earnings: (1) severance or separation
20 pay, (2) retirement pay, (3) payment for unused sick leave, and
21 (4) payments from an employer for the period used in
22 determining final rate of earnings for any purpose other than
23 (i) services rendered, (ii) leave of absence or vacation
24 granted during that period, and (iii) vacation of up to 56 work
25 days allowed upon termination of employment; except that, if
26 the benefit has been collectively bargained between the

1 employer and the recognized collective bargaining agent
2 pursuant to the Illinois Educational Labor Relations Act,
3 payment received during a period of up to 2 academic years for
4 unused sick leave may be considered as earnings in accordance
5 with the applicable collective bargaining agreement, subject
6 to the 20% increase limitation of this Section. Any unused sick
7 leave considered as earnings under this Section shall not be
8 taken into account in calculating service credit under Section
9 15-113.4.

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

12 (j) Notwithstanding any provision of this Article, for any
13 person who is a participating employee on the effective date of
14 this amendatory Act of the 97th General Assembly, the annual
15 final rate of earnings may not exceed \$106,800, as
16 automatically increased by the lesser of 3% or one-half of the
17 annual percentage increase in the consumer price index-u for
18 the 12 months ending with the September preceding each November
19 1. For the purposes of this Section, "consumer price index-u"
20 means the index published by the Bureau of Labor Statistics of
21 the United States Department of Labor that measures the average
22 change in prices of goods and services purchased by all urban
23 consumers, United States city average, all items, 1982-84 =
24 100.

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

1 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

2 Sec. 15-157. Employee Contributions.

3 (a) Each participating employee shall make contributions
4 towards the retirement benefits payable under the retirement
5 program applicable to the employee from each payment of
6 earnings applicable to employment under this system on and
7 after the date of becoming a participant as follows: Prior to
8 September 1, 1949, 3 1/2% of earnings; from September 1, 1949
9 to August 31, 1955, 5%; from September 1, 1955 to August 31,
10 1969, 6%; from September 1, 1969, 6 1/2%. These contributions
11 are to be considered as normal contributions for purposes of
12 this Article.

13 Each participant who is a police officer or firefighter
14 shall make normal contributions of 8% of each payment of
15 earnings applicable to employment as a police officer or
16 firefighter under this system on or after September 1, 1981,
17 unless he or she files with the board within 60 days after the
18 effective date of this amendatory Act of 1991 or 60 days after
19 the board receives notice that he or she is employed as a
20 police officer or firefighter, whichever is later, a written
21 notice waiving the retirement formula provided by Rule 4 of
22 Section 15-136. This waiver shall be irrevocable. If a
23 participant had met the conditions set forth in Section
24 15-132.1 prior to the effective date of this amendatory Act of
25 1991 but failed to make the additional normal contributions
26 required by this paragraph, he or she may elect to pay the

1 additional contributions plus compound interest at the
2 effective rate. If such payment is received by the board, the
3 service shall be considered as police officer service in
4 calculating the retirement annuity under Rule 4 of Section
5 15-136. While performing service described in clause (i) or
6 (ii) of Rule 4 of Section 15-136, a participating employee
7 shall be deemed to be employed as a firefighter for the purpose
8 of determining the rate of employee contributions under this
9 Section.

10 (b) Starting September 1, 1969, each participating
11 employee shall make additional contributions of 1/2 of 1% of
12 earnings to finance a portion of the cost of the annual
13 increases in retirement annuity provided under Section 15-136,
14 except that with respect to participants in the self-managed
15 plan this additional contribution shall be used to finance the
16 benefits obtained under that retirement program.

17 (c) In addition to the amounts described in subsections (a)
18 and (b) of this Section, each participating employee shall make
19 contributions of 1% of earnings applicable under this system on
20 and after August 1, 1959. The contributions made under this
21 subsection (c) shall be considered as survivor's insurance
22 contributions for purposes of this Article if the employee is
23 covered under the traditional benefit package, and such
24 contributions shall be considered as additional contributions
25 for purposes of this Article if the employee is participating
26 in the self-managed plan or has elected to participate in the

1 portable benefit package and has completed the applicable
2 one-year waiting period. Contributions in excess of \$80 during
3 any fiscal year beginning before August 31, 1969 and in excess
4 of \$120 during any fiscal year thereafter until September 1,
5 1971 shall be considered as additional contributions for
6 purposes of this Article.

7 (d) If the board by board rule so permits and subject to
8 such conditions and limitations as may be specified in its
9 rules, a participant may make other additional contributions of
10 such percentage of earnings or amounts as the participant shall
11 elect in a written notice thereof received by the board.

12 (e) That fraction of a participant's total accumulated
13 normal contributions, the numerator of which is equal to the
14 number of years of service in excess of that which is required
15 to qualify for the maximum retirement annuity, and the
16 denominator of which is equal to the total service of the
17 participant, shall be considered as accumulated additional
18 contributions. The determination of the applicable maximum
19 annuity and the adjustment in contributions required by this
20 provision shall be made as of the date of the participant's
21 retirement.

22 (f) Notwithstanding the foregoing, a participating
23 employee shall not be required to make contributions under this
24 Section after the date upon which continuance of such
25 contributions would otherwise cause his or her retirement
26 annuity to exceed the maximum retirement annuity as specified

1 in clause (1) of subsection (c) of Section 15-136.

2 (g) A participating employee may make contributions for the
3 purchase of service credit under this Article.

4 (h) Notwithstanding any other provision of this Article,
5 the required contribution of a participant who first becomes a
6 participant on or after January 1, 2011 or who is a participant
7 on the effective date of this amendatory Act of the 97th
8 General Assembly shall not exceed the contribution that would
9 be due under this Article if that participant's highest salary
10 for annuity purposes were \$106,800, plus any increases in that
11 amount under Section 15-112.

12 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,
13 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;
14 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

15 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

16 Sec. 16-133. Retirement annuity; amount.

17 (a) The amount of the retirement annuity shall be (i) in
18 the case of a person who first became a teacher under this
19 Article before July 1, 2005, the larger of the amounts
20 determined under paragraphs (A) and (B) below, or (ii) in the
21 case of a person who first becomes a teacher under this Article
22 on or after July 1, 2005, the amount determined under the
23 applicable provisions of paragraph (B):

24 (A) An amount consisting of the sum of the following:

25 (1) An amount that can be provided on an

1 actuarially equivalent basis by the member's
2 accumulated contributions at the time of retirement;
3 and

4 (2) The sum of (i) the amount that can be provided
5 on an actuarially equivalent basis by the member's
6 accumulated contributions representing service prior
7 to July 1, 1947, and (ii) the amount that can be
8 provided on an actuarially equivalent basis by the
9 amount obtained by multiplying 1.4 times the member's
10 accumulated contributions covering service subsequent
11 to June 30, 1947; and

12 (3) If there is prior service, 2 times the amount
13 that would have been determined under subparagraph (2)
14 of paragraph (A) above on account of contributions
15 which would have been made during the period of prior
16 service creditable to the member had the System been in
17 operation and had the member made contributions at the
18 contribution rate in effect prior to July 1, 1947.

19 This paragraph (A) does not apply to a person who first
20 becomes a teacher under this Article on or after July 1,
21 2005.

22 (B) An amount consisting of the greater of the
23 following:

24 (1) For creditable service earned before July 1,
25 1998 that has not been augmented under Section
26 16-129.1: 1.67% of final average salary for each of the

1 first 10 years of creditable service, 1.90% of final
2 average salary for each year in excess of 10 but not
3 exceeding 20, 2.10% of final average salary for each
4 year in excess of 20 but not exceeding 30, and 2.30% of
5 final average salary for each year in excess of 30; and

6 For creditable service earned on or after July 1,
7 1998 by a member who has at least 24 years of
8 creditable service on July 1, 1998 and who does not
9 elect to augment service under Section 16-129.1: 2.2%
10 of final average salary for each year of creditable
11 service earned on or after July 1, 1998 but before the
12 member reaches a total of 30 years of creditable
13 service and 2.3% of final average salary for each year
14 of creditable service earned on or after July 1, 1998
15 and after the member reaches a total of 30 years of
16 creditable service; and

17 For all other creditable service: 2.2% of final
18 average salary for each year of creditable service; or

19 (2) 1.5% of final average salary for each year of
20 creditable service plus the sum \$7.50 for each of the
21 first 20 years of creditable service.

22 The amount of the retirement annuity determined under this
23 paragraph (B) shall be reduced by 1/2 of 1% for each month
24 that the member is less than age 60 at the time the
25 retirement annuity begins. However, this reduction shall
26 not apply (i) if the member has at least 35 years of

1 creditable service, or (ii) if the member retires on
2 account of disability under Section 16-149.2 of this
3 Article with at least 20 years of creditable service, or
4 (iii) if the member (1) has earned during the period
5 immediately preceding the last day of service at least one
6 year of contributing creditable service as an employee of a
7 department as defined in Section 14-103.04, (2) has earned
8 at least 5 years of contributing creditable service as an
9 employee of a department as defined in Section 14-103.04,
10 (3) retires on or after January 1, 2001, and (4) retires
11 having attained an age which, when added to the number of
12 years of his or her total creditable service, equals at
13 least 85. Portions of years shall be counted as decimal
14 equivalents.

15 (b) For purposes of this Section, final average salary
16 shall be the average salary for the highest 4 consecutive years
17 within the last 10 years of creditable service as determined
18 under rules of the board. The minimum final average salary
19 shall be considered to be \$2,400 per year.

20 In the determination of final average salary for members
21 other than elected officials and their appointees when such
22 appointees are allowed by statute, that part of a member's
23 salary for any year beginning after June 30, 1979 which exceeds
24 the member's annual full-time salary rate with the same
25 employer for the preceding year by more than 20% shall be
26 excluded. The exclusion shall not apply in any year in which

1 the member's creditable earnings are less than 50% of the
2 preceding year's mean salary for downstate teachers as
3 determined by the survey of school district salaries provided
4 in Section 2-3.103 of the School Code.

5 Notwithstanding any provision of this Article, for any
6 person who is a member on the effective date of this amendatory
7 Act of the 97th General Assembly, the annual final average
8 compensation may not exceed \$106,800, as automatically
9 increased by the lesser of 3% or one-half of the annual
10 percentage increase in the consumer price index-u for the 12
11 months ending with the September preceding each November 1. For
12 the purposes of this subsection (b), "consumer price index-u"
13 means the index published by the Bureau of Labor Statistics of
14 the United States Department of Labor that measures the average
15 change in prices of goods and services purchased by all urban
16 consumers, United States city average, all items, 1982-84 =
17 100.

18 (c) In determining the amount of the retirement annuity
19 under paragraph (B) of this Section, a fractional year shall be
20 granted proportional credit.

21 (d) The retirement annuity determined under paragraph (B)
22 of this Section shall be available only to members who render
23 teaching service after July 1, 1947 for which member
24 contributions are required, and to annuitants who re-enter
25 under the provisions of Section 16-150.

26 (e) The maximum retirement annuity provided under

1 paragraph (B) of this Section shall be 75% of final average
2 salary.

3 (f) A member retiring after the effective date of this
4 amendatory Act of 1998 shall receive a pension equal to 75% of
5 final average salary if the member is qualified to receive a
6 retirement annuity equal to at least 74.6% of final average
7 salary under this Article or as proportional annuities under
8 Article 20 of this Code.

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

10 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

11 Sec. 16-152. Contributions by members.

12 (a) Each member shall make contributions for membership
13 service to this System as follows:

14 (1) Effective July 1, 1998, contributions of 7.50% of
15 salary towards the cost of the retirement annuity. Such
16 contributions shall be deemed "normal contributions".

17 (2) Effective July 1, 1969, contributions of 1/2 of 1%
18 of salary toward the cost of the automatic annual increase
19 in retirement annuity provided under Section 16-133.1.

20 (3) Effective July 24, 1959, contributions of 1% of
21 salary towards the cost of survivor benefits. Such
22 contributions shall not be credited to the individual
23 account of the member and shall not be subject to refund
24 except as provided under Section 16-143.2.

25 (4) Effective July 1, 2005, contributions of 0.40% of

1 salary toward the cost of the early retirement without
2 discount option provided under Section 16-133.2. This
3 contribution shall cease upon termination of the early
4 retirement without discount option as provided in Section
5 16-176.

6 (b) The minimum required contribution for any year of
7 full-time teaching service shall be \$192.

8 (c) Contributions shall not be required of any annuitant
9 receiving a retirement annuity who is given employment as
10 permitted under Section 16-118 or 16-150.1.

11 (d) A person who (i) was a member before July 1, 1998, (ii)
12 retires with more than 34 years of creditable service, and
13 (iii) does not elect to qualify for the augmented rate under
14 Section 16-129.1 shall be entitled, at the time of retirement,
15 to receive a partial refund of contributions made under this
16 Section for service occurring after the later of June 30, 1998
17 or attainment of 34 years of creditable service, in an amount
18 equal to 1.00% of the salary upon which those contributions
19 were based.

20 (e) A member's contributions toward the cost of early
21 retirement without discount made under item (a)(4) of this
22 Section shall not be refunded if the member has elected early
23 retirement without discount under Section 16-133.2 and has
24 begun to receive a retirement annuity under this Article
25 calculated in accordance with that election. Otherwise, a
26 member's contributions toward the cost of early retirement

1 without discount made under item (a)(4) of this Section shall
2 be refunded according to whichever one of the following
3 circumstances occurs first:

4 (1) The contributions shall be refunded to the member,
5 without interest, within 120 days after the member's
6 retirement annuity commences, if the member does not elect
7 early retirement without discount under Section 16-133.2.

8 (2) The contributions shall be included, without
9 interest, in any refund claimed by the member under Section
10 16-151.

11 (3) The contributions shall be refunded to the member's
12 designated beneficiary (or if there is no beneficiary, to
13 the member's estate), without interest, if the member dies
14 without having begun to receive a retirement annuity under
15 this Article.

16 (4) The contributions shall be refunded to the member,
17 without interest, within 120 days after the early
18 retirement without discount option provided under Section
19 16-133.2 is terminated under Section 16-176.

20 (f) Notwithstanding any other provision of this Article,
21 the required contribution of a participant who first becomes a
22 participant on or after January 1, 2011 or who is a participant
23 on the effective date of this amendatory Act of the 97th
24 General Assembly shall not exceed the contribution that would
25 be due under this Article if that participant's highest salary
26 for annuity purposes were \$106,800, plus any increases in that

1 amount under Section 16-133.

2 (Source: P.A. 93-320, eff. 7-23-03; 94-4, eff. 6-1-05.)

3 (40 ILCS 5/18-125) (from Ch. 108 1/2, par. 18-125)

4 Sec. 18-125. Retirement annuity amount.

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

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

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

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

21 (2) for a participant who terminates service after June
22 30, 1975 and before July 1, 1982, the salary on the last
23 day of employment as a judge.

24 (3) for any participant who terminates service after
25 June 30, 1982 and before January 1, 1990, the average

1 salary for the final year of service as a judge.

2 (4) for a participant who terminates service on or
3 after January 1, 1990 but before the effective date of this
4 amendatory Act of 1995, the salary on the last day of
5 employment as a judge.

6 (5) for a participant who terminates service on or
7 after the effective date of this amendatory Act of 1995,
8 the salary on the last day of employment as a judge, or the
9 highest salary received by the participant for employment
10 as a judge in a position held by the participant for at
11 least 4 consecutive years, whichever is greater.

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

17 For a participant who first serves as a judge on or after
18 August 10, 2009 (the effective date of Public Act 96-207) and
19 before January 1, 2011 (the effective date of Public Act
20 96-889), final average salary shall be the average monthly
21 salary obtained by dividing the total salary of the participant
22 during the period of: (1) the 48 consecutive months of service
23 within the last 120 months of service in which the total
24 compensation was the highest, or (2) the total period of
25 service, if less than 48 months, by the number of months of
26 service in that period.

1 The maximum retirement annuity for any participant shall be
2 85% of final average salary.

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

10 For a participant who first serves as a judge on or after
11 January 1, 2011 (the effective date of Public Act 96-889),
12 final average salary shall be the average monthly salary
13 obtained by dividing the total salary of the judge during the
14 96 consecutive months of service within the last 120 months of
15 service in which the total salary was the highest by the number
16 of months of service in that period; however, beginning January
17 1, 2011, the annual salary may not exceed \$106,800, except that
18 that amount shall annually thereafter be increased by the
19 lesser of (i) 3% of that amount, including all previous
20 adjustments, or (ii) the annual unadjusted percentage increase
21 (but not less than zero) in the consumer price index-u for the
22 12 months ending with the September preceding each November 1.

23 Notwithstanding any provision of this Article, for any
24 person who is a participant on the effective date of this
25 amendatory Act of the 97th General Assembly, the annual final
26 average salary may not exceed \$106,800, as automatically

1 increased by the lesser of 3% or one-half of the annual
2 percentage increase in the consumer price index-u for the 12
3 months ending with the September preceding each November 1.

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

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

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

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

8 (Source: P.A. 96-207, eff. 8-10-09; 96-889, eff. 1-1-11;
9 96-1000, eff. 7-2-10; 96-1490, eff. 1-1-11.)

10 (40 ILCS 5/18-133) (from Ch. 108 1/2, par. 18-133)

11 Sec. 18-133. Financing; employee contributions.

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

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

20 (2) A participant who continues to serve as a judge
21 after becoming eligible to receive the maximum rate of
22 annuity may elect, through a written direction filed with
23 the Board, to discontinue contributing to the System. Any
24 such option elected by a judge shall be irrevocable unless
25 prior to January 1, 2000, and while continuing to serve as

1 judge, the judge (A) files with the Board a letter
2 cancelling the direction to discontinue contributing to
3 the System and requesting that such contributing resume,
4 and (B) pays into the System an amount equal to the total
5 of the discontinued contributions plus interest thereon at
6 5% per annum. Service credits earned in any other
7 "participating system" as defined in Article 20 of this
8 Code shall be considered for purposes of determining a
9 judge's eligibility to discontinue contributions under
10 this subdivision (a) (2).

11 (3) A participant who (i) has attained age 60, (ii)
12 continues to serve as a judge after becoming eligible to
13 receive the maximum rate of annuity, and (iii) has not
14 elected to discontinue contributing to the System under
15 subdivision (a) (2) of this Section (or has revoked any such
16 election) may elect, through a written direction filed with
17 the Board, to make contributions to the System based only
18 on the amount of the increases in salary received by the
19 judge on or after the date of the election, rather than the
20 total salary received. If a judge who is making
21 contributions to the System on the effective date of this
22 amendatory Act of the 91st General Assembly makes an
23 election to limit contributions under this subdivision
24 (a) (3) within 90 days after that effective date, the
25 election shall be deemed to become effective on that
26 effective date and the judge shall be entitled to receive a

1 refund of any excess contributions paid to the System
2 during that 90-day period; any other election under this
3 subdivision (a) (3) becomes effective on the first of the
4 month following the date of the election. An election to
5 limit contributions under this subdivision (a) (3) is
6 irrevocable. Service credits earned in any other
7 participating system as defined in Article 20 of this Code
8 shall be considered for purposes of determining a judge's
9 eligibility to make an election under this subdivision
10 (a) (3).

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

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

23 (d) Notwithstanding any other provision of this Article,
24 the required contributions for a participant who first becomes
25 a participant on or after January 1, 2011 or who is a
26 participant on the effective date of this amendatory Act of the

1 97th General Assembly shall not exceed the contributions that
2 would be due under this Article if that participant's highest
3 salary for annuity purposes were \$106,800, plus any increase in
4 that amount under Section 18-125.

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

6 Section 99. Effective date. This Act takes effect July 1,
7 2011.