



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

HB6258

by Rep. Elaine Nekritz

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the General Provisions, General Assembly, State Employee, State Universities, and Downstate Teacher Articles of the Illinois Pension Code. In the General Provisions Article, creates a cash balance plan for new hires of the State Universities and Teachers' Retirement Systems and for certain Tier II participants. Increases the retirement age for certain Tier I members and participants. Changes the conditions of eligibility for, and the amount of, automatic annual increases for Tier I retirees. Increases required employee contributions for Tier I members and participants. Limits pensionable salary for Tier I participants. Changes the required State contribution to each of the affected retirement systems so that those systems are 100% funded by 2043. Guarantees certain funding levels. In the State Universities and Downstate Teacher Articles, shifts costs to local employers. Makes other changes. Amends the State Finance Act. To the list of standardized items of appropriation, adds "State retirement contribution for annual normal cost" and "State retirement contribution for unfunded accrued liability". Defines those terms. Amends the Governor's Office of Management and Budget Act. Adds those terms to a list of classifications to be used in statements and estimates of expenditures submitted to the Office in connection with the preparation of a State budget. Amends the State Mandates Act to require implementation without reimbursement. Includes an inseverability provision. Makes other changes. Effective immediately.

LRB097 23545 JDS 72554 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Governor's Office of Management and Budget  
5 Act is amended by changing Sections 7 and 8 as follows:

6 (20 ILCS 3005/7) (from Ch. 127, par. 417)

7 Sec. 7. All statements and estimates of expenditures  
8 submitted to the Office in connection with the preparation of a  
9 State budget, and any other estimates of expenditures,  
10 supporting requests for appropriations, shall be formulated  
11 according to the various functions and activities for which the  
12 respective department, office or institution of the State  
13 government (including the elective officers in the executive  
14 department and including the University of Illinois and the  
15 judicial department) is responsible. All such statements and  
16 estimates of expenditures relating to a particular function or  
17 activity shall be further formulated or subject to analysis in  
18 accordance with the following classification of objects:

19 (1) Personal services

20 (2) State contribution for employee group insurance

21 (3) Contractual services

22 (4) Travel

23 (5) Commodities

- 1 (6) Equipment
- 2 (7) Permanent improvements
- 3 (8) Land
- 4 (9) Electronic Data Processing
- 5 (10) Telecommunication services
- 6 (11) Operation of Automotive Equipment
- 7 (12) Contingencies
- 8 (13) Reserve
- 9 (14) Interest
- 10 (15) Awards and Grants
- 11 (16) Debt Retirement
- 12 (17) Non-cost Charges-
- 13 (18) State retirement contribution for annual normal cost
- 14 (19) State retirement contribution for unfunded accrued
- 15 liability.

16 (Source: P.A. 93-25, eff. 6-20-03.)

17 (20 ILCS 3005/8) (from Ch. 127, par. 418)

18 Sec. 8. When used in connection with a State budget or  
19 expenditure or estimate, items (1) through (16) in the  
20 classification of objects stated in Section 7 shall have the  
21 meanings ascribed to those items in Sections 14 through 24.7,  
22 respectively, of the State Finance Act. ~~"An Act in relation to~~  
23 ~~State finance", approved June 10, 1919, as amended.~~

24 When used in connection with a State budget or expenditure  
25 or estimate, items (18) and (19) in the classification of

1 objects stated in Section 7 shall have the meanings ascribed to  
2 those items in Sections 24.12 and 24.13, respectively, of the  
3 State Finance Act.

4 (Source: P.A. 82-325.)

5 Section 10. The State Finance Act is amended by changing  
6 Section 13 and by adding Sections 24.12 and 24.13 as follows:

7 (30 ILCS 105/13) (from Ch. 127, par. 149)

8 Sec. 13. The objects and purposes for which appropriations  
9 are made are classified and standardized by items as follows:

- 10 (1) Personal services;
- 11 (2) State contribution for employee group insurance;
- 12 (3) Contractual services;
- 13 (4) Travel;
- 14 (5) Commodities;
- 15 (6) Equipment;
- 16 (7) Permanent improvements;
- 17 (8) Land;
- 18 (9) Electronic Data Processing;
- 19 (10) Operation of automotive equipment;
- 20 (11) Telecommunications services;
- 21 (12) Contingencies;
- 22 (13) Reserve;
- 23 (14) Interest;
- 24 (15) Awards and Grants;

- 1           (16) Debt Retirement;
- 2           (17) Non-Cost Charges;
- 3           (18) State retirement contribution for annual normal cost;
- 4           (19) State retirement contribution for unfunded accrued
- 5 liability;
- 6           (20) ~~(18)~~ Purchase Contract for Real Estate.

7           When an appropriation is made to an officer, department,

8 institution, board, commission or other agency, or to a private

9 association or corporation, in one or more of the items above

10 specified, such appropriation shall be construed in accordance

11 with the definitions and limitations specified in this Act,

12 unless the appropriation act otherwise provides.

13           An appropriation for a purpose other than one specified and

14 defined in this Act may be made only as an additional, separate

15 and distinct item, specifically stating the object and purpose

16 thereof.

17           (Source: P.A. 84-263; 84-264.)

18           (30 ILCS 105/24.12 new)

19           Sec. 24.12. "State retirement contribution for annual

20 normal cost" defined. The term "State retirement contribution

21 for annual normal cost" means the portion of the total required

22 State contribution to a retirement system for a fiscal year

23 that represents the State's portion of the System's projected

24 normal cost for that fiscal year, as determined and certified

25 by the board of trustees of the retirement system in

1 conformance with the applicable provisions of the Illinois  
2 Pension Code.

3 (30 ILCS 105/24.13 new)

4 Sec. 24.13. "State retirement contribution for unfunded  
5 accrued liability" defined. The term "State retirement  
6 contribution for unfunded accrued liability" means the portion  
7 of the total required State contribution to a retirement system  
8 for a fiscal year that is not included in the State retirement  
9 contribution for annual normal cost.

10 Section 15. The Budget Stabilization Act is amended by  
11 changing Section 20 as follows:

12 (30 ILCS 122/20)

13 Sec. 20. Pension Stabilization Fund.

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

18 (b) For each fiscal year when the General Assembly's  
19 appropriations and transfers or diversions as required by law  
20 from general funds do not exceed 99% of the estimated general  
21 funds revenues pursuant to subsection (a) of Section 10, the  
22 Comptroller shall transfer from the General Revenue Fund as  
23 provided by this Section a total amount equal to 0.5% of the

1 estimated general funds revenues to the Pension Stabilization  
2 Fund.

3 (c) For each fiscal year through State fiscal year 2013,  
4 when the General Assembly's appropriations and transfers or  
5 diversions as required by law from general funds do not exceed  
6 98% of the estimated general funds revenues pursuant to  
7 subsection (b) of Section 10, the Comptroller shall transfer  
8 from the General Revenue Fund as provided by this Section a  
9 total amount equal to 1.0% of the estimated general funds  
10 revenues to the Pension Stabilization Fund.

11 (c-10) In State fiscal year 2016 and each fiscal year  
12 thereafter, the State Comptroller shall order transferred and  
13 the State Treasurer shall transfer \$693,500,000 from the  
14 General Revenue Fund to the Pension Stabilization Fund.

15 (c-15) In addition, in State fiscal year 2020 and each  
16 fiscal year thereafter, the State Comptroller shall order  
17 transferred and the State Treasurer shall transfer  
18 \$900,000,000 from the General Revenue Fund to the Pension  
19 Stabilization Fund.

20 (c-20) In addition, in State fiscal year 2034 and each  
21 fiscal year thereafter, the State Comptroller shall order  
22 transferred and the State Treasurer shall transfer  
23 \$1,100,000,000 from the General Revenue Fund to the Pension  
24 Stabilization Fund.

25 (c-25) The transfers made pursuant to subsections (c-10)  
26 through (c-20) of this Section shall continue through State

1 fiscal year 2045 or until each of the designated retirement  
2 systems, as defined in Section 25, has achieved a funding ratio  
3 of at least 100%, whichever occurs first.

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

11 Until State fiscal year 2014, before ~~Before~~ the final  
12 transfer for a fiscal year is made, the Comptroller shall  
13 reconcile the estimated general funds revenues used in  
14 calculating the other transfers under this Section for that  
15 fiscal year with the actual general funds revenues for that  
16 fiscal year. The final transfer for the fiscal year shall be  
17 adjusted so that the total amount transferred under this  
18 Section for that fiscal year is equal to the percentage  
19 specified in subsection (b) or (c) of this Section, whichever  
20 is applicable, of the actual general funds revenues for that  
21 fiscal year. The actual general funds revenues for the fiscal  
22 year shall be calculated in a manner consistent with subsection  
23 (c) of Section 10 of this Act.

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

25 Section 20. The Illinois Pension Code is amended by



1 changing Sections 1-103.3, 1-160, 2-108, 2-119, 2-119.1,  
2 2-121.1, 2-124, 2-125, 2-126, 2-134, 2-162, 14-103.10, 14-107,  
3 14-108, 14-110, 14-114, 14-131, 14-132, 14-133, 14-135.08,  
4 14-152.1, 15-111, 15-113.6, 15-113.7, 15-134.5, 15-135,  
5 15-136, 15-155, 15-156, 15-157, 15-158.2, 15-165, 15-198,  
6 16-121, 16-132, 16-133, 16-133.1, 16-152, 16-158, 16-158.1,  
7 16-203, 20-121, 20-123, 20-124, and 20-125 and by adding  
8 Sections 1-161, 2-105.1, 2-105.2, 14-103.40, 14-103.41,  
9 15-107.1, 15-107.2, 15-155.1, 16-106.4, 16-106.5, and 16-158.2  
10 as follows:

11 (40 ILCS 5/1-103.3)

12 Sec. 1-103.3. Application of 1994 amendment; funding  
13 standard.

14 (a) The provisions of Public Act 88-593 ~~this amendatory Act~~  
15 ~~of 1994~~ that change the method of calculating, certifying, and  
16 paying the required State contributions to the retirement  
17 systems established under Articles 2, 14, 15, 16, and 18 shall  
18 first apply to the State contributions required for State  
19 fiscal year 1996.

20 (b) (Blank) ~~The General Assembly declares that a funding~~  
21 ~~ratio (the ratio of a retirement system's total assets to its~~  
22 ~~total actuarial liabilities) of 90% is an appropriate goal for~~  
23 ~~State-funded retirement systems in Illinois, and it finds that~~  
24 ~~a funding ratio of 90% is now the generally recognized norm~~  
25 ~~throughout the nation for public employee retirement systems~~

1 ~~that are considered to be financially secure and funded in an~~  
2 ~~appropriate and responsible manner.~~

3 (c) Every 5 years, beginning in 1999, the Commission on  
4 Government Forecasting and Accountability, in consultation  
5 with the affected retirement systems and the Governor's Office  
6 of Management and Budget (formerly Bureau of the Budget), shall  
7 consider and determine whether the funding goals ~~90% funding~~  
8 ~~ratio~~ adopted in Articles 2, 14, 15, 16, and 18 of this Code  
9 continue ~~subsection (b) continues~~ to represent ~~an~~ appropriate  
10 funding goals ~~goal~~ for those ~~State-funded~~ retirement systems ~~in~~  
11 ~~Illinois~~, and it shall report its findings and recommendations  
12 on this subject to the Governor and the General Assembly.

13 (Source: P.A. 93-1067, eff. 1-15-05.)

14 (40 ILCS 5/1-160)

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

16 (a) The provisions of this Section apply to a person who,  
17 on or after January 1, 2011, first becomes a member or a  
18 participant under any reciprocal retirement system or pension  
19 fund established under this Code, other than a retirement  
20 system or pension fund established under Article 2, 3, 4, 5, 6,  
21 or 18 of this Code, notwithstanding any other provision of this  
22 Code to the contrary, but do not apply (i) to any self-managed  
23 plan established under this Code, (ii) to any person with  
24 respect to service as a sheriff's law enforcement employee  
25 under Article 7, (iii) to any person with respect to service

1 for which the person participates in the cash balance plan  
2 established under Section 1-161, or (iv) to any participant of  
3 the retirement plan established under Section 22-101.

4 A person subject to this Section with respect to service  
5 under the State Universities Retirement System may irrevocably  
6 elect to transfer to the cash balance plan under Section 1-161  
7 with respect to service under the State Universities Retirement  
8 System by filing with the State Universities Retirement System  
9 by December 31, 2013, in the manner required by that System,  
10 his or her irrevocable written election to transfer to the cash  
11 balance plan. A person subject to this Section who returns to  
12 active service under Article 15 after November 1, 2013 shall  
13 have 60 days after returning to active service to make this  
14 election. Participation in the cash balance plan shall begin no  
15 earlier than July 1, 2013. For a person who transfers to the  
16 cash balance plan, the benefits that would otherwise be payable  
17 under this Section with respect to service in the State  
18 Universities Retirement System shall instead be payable as  
19 provided in the cash balance plan.

20 A person subject to this Section with respect to service  
21 under the Teachers' Retirement System of the State of Illinois  
22 may irrevocably elect to transfer to the cash balance plan  
23 under Section 1-161 with respect to service under the Teachers'  
24 Retirement System of the State of Illinois by filing with the  
25 Teachers' Retirement System of the State of Illinois by  
26 December 31, 2013, in the manner required by that System, his

1 or her irrevocable written election to transfer to the cash  
2 balance plan. A person subject to this Section who returns to  
3 active service under Article 16 after November 1, 2013 shall  
4 have 60 days after returning to active service to make this  
5 election. Participation in the cash balance plan shall begin no  
6 earlier than July 1, 2013. For a person who transfers to the  
7 cash balance plan, the benefits that would otherwise be payable  
8 under this Section with respect to service in the Teachers'  
9 Retirement System of the State of Illinois shall instead be  
10 payable as provided in the cash balance plan.

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

23 (1) In Articles 7 (except for service as sheriff's law  
24 enforcement employees) and 15, "final rate of earnings".

25 (2) In Articles 8, 9, 10, 11, and 12, "highest average  
26 annual salary for any 4 consecutive years within the last

1           10 years of service immediately preceding the date of  
2           withdrawal".

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

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

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

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

8           (b-5) Beginning on January 1, 2011, for all purposes under  
9           this Code (including without limitation the calculation of  
10          benefits and employee contributions), the annual earnings,  
11          salary, or wages (based on the plan year) of a member or  
12          participant to whom this Section applies shall not exceed  
13          \$106,800; however, that amount shall annually thereafter be  
14          increased by the lesser of (i) 3% of that amount, including all  
15          previous adjustments, or (ii) one-half the annual unadjusted  
16          percentage increase (but not less than zero) in the consumer  
17          price index-u for the 12 months ending with the September  
18          preceding each November 1, including all previous adjustments.

19          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. The new amount resulting from each annual adjustment shall  
25          be determined by the Public Pension Division of the Department  
26          of Insurance and made available to the boards of the retirement

1 systems and pension funds by November 1 of each year.

2 (c) A member or participant is entitled to a retirement  
3 annuity upon written application if he or she has attained age  
4 67 and has at least 10 years of service credit and is otherwise  
5 eligible under the requirements of the applicable Article.

6 A member or participant who has attained age 62 and has at  
7 least 10 years of service credit and is otherwise eligible  
8 under the requirements of the applicable Article may elect to  
9 receive the lower retirement annuity provided in subsection (d)  
10 of this Section.

11 (d) The retirement annuity of a member or participant who  
12 is retiring after attaining age 62 with at least 10 years of  
13 service credit shall be reduced by one-half of 1% for each full  
14 month that the member's age is under age 67.

15 (e) Any retirement annuity or supplemental annuity shall be  
16 subject to annual increases on the January 1 occurring either  
17 on or after the attainment of age 67 or the first anniversary  
18 of the annuity start date, whichever is later. Each annual  
19 increase shall be calculated at 3% or one-half the annual  
20 unadjusted percentage increase (but not less than zero) in the  
21 consumer price index-u for the 12 months ending with the  
22 September preceding each November 1, whichever is less, of the  
23 originally granted retirement annuity. If the annual  
24 unadjusted percentage change in the consumer price index-u for  
25 the 12 months ending with the September preceding each November  
26 1 is zero or there is a decrease, then the annuity shall not be

1 increased.

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

1 1 is zero or there is a decrease, then the annuity shall not be  
2 increased.

3 (g) The benefits in Section 14-110 apply only if the person  
4 is a State policeman, a fire fighter in the fire protection  
5 service of a department, or a security employee of the  
6 Department of Corrections or the Department of Juvenile  
7 Justice, as those terms are defined in subsection (c) ~~(b)~~ of  
8 Section 14-110. A person who meets the requirements of this  
9 Section is entitled to an annuity calculated under the  
10 provisions of Section 14-110, in lieu of the regular or minimum  
11 retirement annuity, only if the person has withdrawn from  
12 service with not less than 20 years of eligible creditable  
13 service and has attained age 60, regardless of whether the  
14 attainment of age 60 occurs while the person is still in  
15 service.

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



1 annuity or retirement pension payments shall resume and be  
2 recalculated if recalculation is provided for under the  
3 applicable Article of this Code.

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

23 (i) Notwithstanding any other provision of this Section, a  
24 person who first becomes a participant of the retirement system  
25 established under Article 15 on or after January 1, 2011 but  
26 before the effective date of this amendatory Act of the 97th

1 General Assembly shall have the option to enroll in the  
2 self-managed plan created under Section 15-158.2 of this Code.

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

6 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11;  
7 97-609, eff. 1-1-12.)

8 (40 ILCS 5/1-161 new)

9 Sec. 1-161. Cash Balance Plan.

10 (a) Participation and Applicability. This Section applies  
11 to all new cash balance plan participants and all legacy Tier  
12 II participants.

13 (b) Title. The package of benefits provided under this  
14 Section may be referred to as the "cash balance plan". Persons  
15 subject to the provisions of this Section may be referred to as  
16 "participants in the cash balance plan" or, in this Section,  
17 simply as "participants".

18 (b-5) Definitions. As used in this Section:

19 "Account" means the notional cash balance account  
20 established under this Section by the applicable retirement  
21 system for a participant in the cash balance plan.

22 "Eligible child" means:

23 (1) with respect to a participant in the retirement  
24 system established under Article 15 of this Code, a person  
25 who would be eligible for a survivors insurance benefit as

1 a dependent unmarried child under Article 15 of this Code  
2 if the deceased participant had been a participant in the  
3 traditional benefit package; or

4 (2) with respect to a participant in the retirement  
5 system established under Article 16, an eligible child as  
6 defined in subdivision (a)(4) of Section 16-140 of this  
7 Code who would be eligible for survivors' benefits if the  
8 deceased participant had not been subject to this Section.

9 "Eligible parent" means:

10 (1) with respect to a participant in the retirement  
11 system established under Article 15 of this Code, a person  
12 who would be eligible for a survivors insurance benefit as  
13 a dependent parent under Article 15 of this Code if the  
14 deceased participant had been a participant in the  
15 traditional benefit package; or

16 (2) with respect to a participant in the retirement  
17 system established under Article 16, a dependent parent as  
18 defined in subdivision (a)(5) of Section 16-140 of this  
19 Code who would be eligible for survivors' benefits if the  
20 deceased participant had not been subject to this Section.

21 "Eligible surviving spouse" means:

22 (1) with respect to a participant in the retirement  
23 system established under Article 15 of this Code, a person  
24 who would be eligible for a survivors annuity as a  
25 surviving spouse under Article 15 of this Code if the  
26 deceased participant had been a participant in the

1 traditional benefit package; or

2 (2) with respect to a participant in the retirement  
3 system established under Article 16, a dependent  
4 beneficiary as defined in subdivision (a)(3)(A) or  
5 (a)(3)(A-1) of Section 16-140 of this Code who would be  
6 eligible for survivors' benefits payable in the form of an  
7 annuity if the deceased participant had not been subject to  
8 this Section.

9 "Eligible survivor" means:

10 (1) with respect to a participant in the retirement  
11 system established under Article 15 of this Code, a person  
12 who would be eligible for survivors insurance benefits as a  
13 survivors insurance beneficiary (as defined in Section  
14 15-131 of this Code) if the deceased participant had been a  
15 participant in the traditional benefit package; or

16 (2) with respect to a participant in the retirement  
17 system established under Article 16, a person who would be  
18 eligible for survivors' benefits under Article 16 of this  
19 Code if the deceased participant had not been subject to  
20 this Section.

21 "Salary" means "earnings" as defined in Article 15 or  
22 "salary" as defined in Article 16, whichever is applicable.

23 "Legacy Tier II participant" means a person who was subject  
24 to Section 1-160 with respect to service under Article 15 or 16  
25 of this Code and who irrevocably elects to participate in the  
26 cash balance plan created under this Section. That election

1 must be made in writing, in the manner provided by the  
2 applicable retirement system.

3 "New cash balance plan participant" means a person who, on  
4 or after July 1, 2013, first begins to participate in the  
5 retirement system established under Article 15 or 16 of this  
6 Code.

7 (c) Cash Balance Account. A notional cash balance account  
8 shall be established by the applicable retirement system for  
9 each participant in the cash balance plan. The account is  
10 notional and does not contain any actual money segregated from  
11 the commingled assets of the retirement system. The cash  
12 balance in the account is to be used in calculating benefits as  
13 provided in this Section, but is not to be used in the  
14 calculation of any refund, transfer, or other benefit under the  
15 applicable Article of this Code.

16 If a person participates in the cash balance plan with  
17 respect to service under more than one retirement system, each  
18 retirement system shall establish a separate cash balance  
19 account for the participant, and the participant shall be  
20 entitled to separate benefits from each retirement system based  
21 upon the participant's service and cash balance account under  
22 that retirement system. References in this Section to a  
23 participant's account mean the account established by, and  
24 related to his or her service under, the applicable retirement  
25 system.

26 The amounts to be credited to the cash balance account

1 shall include (i) amounts contributed by or on behalf of the  
2 participant as employee contributions, (ii) notional employer  
3 contributions and notional amounts based on optional employer  
4 contributions, and (iii) interest credit that is attributable  
5 to the account, all as provided in this Section.

6 The amounts to be debited from the cash balance account  
7 shall include (i) amounts representing contributions for  
8 disability benefits, (ii) amounts representing contributions  
9 for survivor benefits not based on the cash balance account,  
10 and (iii) upon a return to service after retirement, amounts  
11 representing each payment of retirement annuity following the  
12 latest retirement and preceding the return to service, all as  
13 provided in this Section.

14 The applicable retirement system shall give to each  
15 participant in the cash balance plan who has not yet retired  
16 annual notice of the balance in the participant's cash balance  
17 account.

18 (c-5) Initial Account Balance for Legacy Tier II  
19 Participants. The applicable retirement system shall establish  
20 an initial account balance for each legacy Tier II participant  
21 when he or she begins participation in the cash balance plan.  
22 The initial account balance shall be an amount equal to the  
23 refund that the participant would be eligible to receive under  
24 the applicable Article of this Code if the participant  
25 terminated employment on that date and elected a refund of  
26 contributions. If a legacy Tier II participant has purchased

1 service credit prior to irrevocably electing to participate in  
2 the cash balance plan created under this Section, then the  
3 initial account balance shall include an amount equal to the  
4 contributions made by the participant to purchase that service  
5 credit.

6 By accepting the initial account balance, the participant  
7 relinquishes the right to any benefits (including survivor  
8 benefits) that would otherwise be payable under Section 1-160  
9 with respect to service in the applicable retirement system,  
10 but does not forfeit any service credit earned with respect to  
11 such service.

12 (d) Employee Contributions. New cash balance plan  
13 participants and legacy Tier II participants shall make  
14 employee contributions to the applicable retirement system at  
15 the rates required under the applicable Article of this Code.  
16 The amount of each contribution shall be credited to the  
17 participant's cash balance account after the retirement  
18 system's receipt and reconciliation of the contribution.

19 (e) Notional Employer Contributions. Upon crediting each  
20 employee contribution under subsection (d), an amount  
21 representing the corresponding employer contribution shall be  
22 credited to the participant's cash balance account. Notional  
23 employer contributions shall be 6.2% of salary.

24 The notional employer contribution to be credited to the  
25 participant's account is not the same as the actual employer  
26 contributions required under subsection (o) and the provisions

1 of the applicable Article of this Code.

2 (e-1) Notional Amount Based on Optional Employer  
3 Contributions. If an employer agrees to make optional employer  
4 contributions under subsection (p), then, for the period  
5 specified in the agreement, an amount representing the  
6 percentage of salary specified in the agreement shall be  
7 credited to the cash balance account of each affected  
8 participant after receipt and reconciliation of the  
9 corresponding employee contribution under subsection (d).

10 The notional amount to be credited to the participant's  
11 account is not the same amount as the actual optional employer  
12 contribution required under subsection (p) and the provisions  
13 of the applicable Article of this Code.

14 (f) Interest Credit. An interest credit shall be determined  
15 by the retirement system in accordance with this Section and  
16 credited to the participant's cash balance account for each  
17 fiscal year in which there is a positive balance in that  
18 account; except that no additional interest credit shall be  
19 credited while an annuity based on the account is being paid.  
20 The interest credit amount shall be a percentage of the average  
21 balance in the cash balance account during that fiscal year,  
22 and shall be calculated on June 30.

23 The percentage shall be the assumed treasury rate for the  
24 previous fiscal year, unless neither the retirement system's  
25 actual rate of investment earnings for the previous fiscal year  
26 nor the retirement system's actual rate of investment earnings



1 for the five-year period ending at the end of the previous  
2 fiscal year is less than the assumed treasury rate.

3 If both the retirement system's actual rate of investment  
4 earnings for the previous fiscal year and the actual rate of  
5 investment earnings for the five-year period ending at the end  
6 of the previous fiscal year are at least the assumed treasury  
7 rate, then the percentage shall be:

8 (i) the assumed treasury rate, plus

9 (ii) two-thirds of the amount of the actual rate of  
10 investment earnings for the previous fiscal year that  
11 exceeds the assumed treasury rate.

12 However, in no event shall the percentage applied under this  
13 subsection exceed 10%.

14 For the purposes of this subsection only, "previous fiscal  
15 year" means the fiscal year ending one year before the interest  
16 rate is calculated.

17 For the purposes of this subsection only, "assumed treasury  
18 rate" means the average annual yield of the 30-year U.S.  
19 Treasury Bond over the previous fiscal year, but not less than  
20 4%.

21 When a person applies for a retirement annuity under  
22 subsection (g) or a surviving spouse's annuity under subsection  
23 (k), the retirement system shall calculate the initial annuity  
24 without applying an interest credit for the portion of the  
25 fiscal year before the initial annuity payment date. On the  
26 first June 30 occurring on or after the initial annuity payment

1 date, the retirement system shall (1) calculate a prorated  
2 interest credit for the portion of the fiscal year before the  
3 initial annuity payment date, (2) credit the prorated amount to  
4 the participant's account, and (3) recalculate the amount of  
5 the annuity from the initial annuity payment date. The  
6 retirement system shall pay to the annuitant in a lump-sum,  
7 without interest, the difference, for the portion of the fiscal  
8 year on and after the initial annuity payment, between the  
9 original annuity amount and the annuity amount as recalculated  
10 under this subsection.

11 (f-10) Distribution after Termination of Employment. After  
12 termination of the participant's active employment with at  
13 least 5 years of service credit under the applicable retirement  
14 system but prior to applying for an annuity under this Section,  
15 a participant in the cash balance plan or an eligible surviving  
16 spouse under subsection (k) may make an irrevocable election to  
17 receive a distribution from the applicable retirement system in  
18 an amount not to exceed 40% of the balance in the participant's  
19 account in the form of a direct rollover to another qualified  
20 plan, to the extent allowed by federal law. Only one  
21 distribution under this subsection may be made with respect to  
22 a participant's cash balance account.

23 Upon payment of the distribution, the amount distributed  
24 shall be debited from the participant's cash balance account.  
25 The remaining balance in the account shall be used for the  
26 determination of the other benefits provided to the participant

1 or eligible surviving spouse under this Section. Once a  
2 distribution under this subsection (f-10) has been paid,  
3 neither the participant nor an eligible survivor may repay the  
4 amount distributed or reinstate any benefit arising under this  
5 Section from the distributed amount.

6 (f-15) Refund. In lieu of receiving a distribution under  
7 subsection (f-10) or a retirement annuity under subsection (g),  
8 at any time after terminating active employment under the  
9 applicable retirement system, a participant in the cash balance  
10 plan may elect to receive a refund under this subsection. The  
11 refund shall consist of an amount equal to the amount of all  
12 employee contributions credited to the participant's account,  
13 but shall not include any interest credit or employer  
14 contributions. If the participant so requests, the refund may  
15 be paid in the form of a direct rollover to another qualified  
16 plan, to the extent allowed by federal law and in accordance  
17 with the rules of the applicable retirement system.

18 Upon payment of the refund, the participant's notional cash  
19 balance account is closed, and the participant's credits in the  
20 applicable retirement system are terminated. A person who  
21 receives a refund under this subsection forfeits all rights  
22 under the applicable retirement system, including any right to  
23 repay refunded amounts and to reinstate any benefit under that  
24 retirement system.

25 An eligible surviving spouse under subsection (k) may elect  
26 to receive a refund under this subsection in lieu of a

1 survivor's annuity unless a distribution has been made under  
2 subsection (f-10) with respect to the participant's cash  
3 balance account.

4 (g) Retirement Annuity. A participant in the cash balance  
5 plan may begin collecting a retirement annuity at age 59 1/2,  
6 but not before reaching the age of 59 1/2 and not before the  
7 date of termination of active employment under the applicable  
8 retirement system.

9 The amount of the retirement annuity shall be calculated by  
10 the retirement system, based on the balance in the cash balance  
11 account, the assumption of future investment returns as  
12 specified in this subsection, the participant's election to  
13 have a lifetime surviving spouse's annuity as specified in this  
14 subsection, the annual increase in retirement annuity as  
15 specified in subsection (h), the annual increase in survivor's  
16 annuity as specified in subsection (l), and any actuarial  
17 assumptions and tables adopted by the board of the retirement  
18 system for this purpose. The calculation shall be designed to  
19 determine, on an actuarially equivalent basis, the amount of  
20 retirement annuity that will result in total annuity payments  
21 being equal to the total balance in the participant's account  
22 on the date when the last payment of retirement annuity (or  
23 surviving spouse's annuity, if the participant elects to  
24 provide for a surviving spouse's annuity pursuant to this  
25 subsection) is anticipated to be paid under the relevant  
26 actuarial assumptions.

1       For the purpose of calculating retirement annuities,  
2       future investment returns shall be assumed to be a percentage  
3       equal to the average yield of the 30-year U.S. Treasury Bond  
4       over the 5 fiscal years prior to the calculation of the initial  
5       retirement annuity, plus 200 basis points; but not less than 4%  
6       nor more than 8%.

7       A retirement annuity or surviving spouse's annuity  
8       provided under this subsection shall be a life annuity and  
9       shall not expire for the reason that the total amount paid has  
10       reached or exceeded the account balance.

11       The annuity payment shall begin on the date specified by  
12       the participant submitting a written application, which date  
13       shall not be prior to termination of employment or more than  
14       one year before the application is received by the board;  
15       however, if the participant is not an employee of an employer  
16       participating in the applicable retirement system or in a  
17       participating system as defined in Article 20 of this Code on  
18       April 1 of the calendar year next following the calendar year  
19       in which the participant attains age 70 1/2, the annuity  
20       payment period shall begin on that date regardless of whether  
21       an application has been filed.

22       The participant may elect, in the participant's written  
23       application for retirement, to receive a reduced retirement  
24       annuity payable for his or her life and to have a surviving  
25       spouse's annuity in a monthly amount equal to 50%, 75%, or 100%  
26       of that reduced monthly amount, to be paid to his or her

1 eligible surviving spouse, commencing upon the participant's  
2 death.

3 When the final payment of the retirement annuity (or  
4 surviving spouse's annuity, if the participant elects to  
5 provide for a surviving spouse's annuity pursuant to this  
6 subsection) has been paid, the account shall be closed. When  
7 the participant has died and there are no longer any eligible  
8 survivors, any unused employee contributions shall be  
9 forfeited to the applicable retirement system.

10 (h) Annual Increase in Retirement Annuity. The retirement  
11 annuity shall be subject to an automatic annual increase in an  
12 amount equal to 3% of the originally granted annuity on each  
13 January 1 occurring on or after the first anniversary of the  
14 annuity start date. Automatic annual increases in a surviving  
15 spouse's annuity provided under subsection (g) shall be in  
16 accordance with subsection (k-5) of this Section.

17 (i) Disability Benefits. The disability benefits provided  
18 under the applicable retirement system apply to new cash  
19 balance plan participants and legacy Tier II participants in  
20 the cash balance plan, subject to and in accordance with the  
21 eligibility and other provisions of the applicable Article.

22 Retirement due to disability under Section 15-153.2 or  
23 16-149.2 shall be deemed a disability benefit for the purposes  
24 of this Section and shall apply to new cash balance plan  
25 participants and legacy Tier II participants.

26 The board of the retirement system shall designate

1 annually, as a percentage of salary, an amount representing the  
2 anticipated average cost of providing disability benefits for  
3 participants. The amount so designated shall not exceed 1% of  
4 the participant's salary and shall be deducted annually from  
5 the account of each participant receiving salary.

6 (j) Return to Service. Upon a return to service under the  
7 same retirement system after beginning to receive a retirement  
8 annuity under the cash balance plan, the retirement annuity  
9 shall be suspended and active participation in the cash balance  
10 plan shall resume. Upon termination of the employment, the  
11 retirement annuity shall resume in an amount to be recalculated  
12 in accordance with subsection (g), taking into effect the  
13 changes in the cash balance account. If a retired annuitant  
14 returns to service, his or her notional cash balance account  
15 shall thereupon be decreased by amounts representing each  
16 payment of retirement annuity following the latest retirement  
17 and preceding the return to service.

18 (k) Surviving Spouse's Annuity - Death before Retirement.  
19 In the case of the death of a new cash balance plan participant  
20 or legacy Tier II participant who had less than 5 years of  
21 service under the applicable Article and had not begun  
22 receiving a retirement annuity or taken a refund under  
23 subsection (f-15), the eligible surviving spouse shall be  
24 entitled only to a refund of employee contributions under  
25 subsection (f-15).

26 In the case of the death of a new cash balance plan

1 participant or legacy Tier II participant who had at least 5  
2 years of service under the applicable Article and had not begun  
3 receiving a retirement annuity or taken a refund under  
4 subsection (f-15), the eligible surviving spouse shall, upon  
5 written application, be entitled to receive a surviving  
6 spouse's annuity beginning at age 59 1/2 (regardless of the  
7 existence of dependent eligible children). The surviving  
8 spouse's annuity shall be equal to 66 2/3% of the amount of  
9 retirement annuity that the deceased participant would have  
10 been entitled to if he or she had retired on the date of death  
11 having attained age 59 1/2 and without having elected to take a  
12 reduced annuity to provide a surviving spouse's annuity.

13 At any time before beginning to receive a surviving  
14 spouse's annuity under this subsection, the eligible surviving  
15 spouse may claim a distribution under subsection (f-10) or a  
16 refund under subsection (f-15). The deceased participant's  
17 account shall continue to receive interest credit until the  
18 eligible surviving spouse begins to receive a surviving  
19 spouse's annuity or receives a refund of employee contributions  
20 under subsection (f-15).

21 A surviving spouse's annuity provided under this  
22 subsection shall be a life annuity and shall not expire for the  
23 reason that the amount paid has reached or exceeded the account  
24 balance. When the final payment of the surviving spouse's  
25 annuity has been paid, the account shall be closed. When the  
26 participant has died and there are no longer any eligible



1 survivors, any unused employee contributions shall be  
2 forfeited to the applicable retirement system.

3 (k-5) Annual Increase in Surviving Spouse's Annuity. A  
4 surviving spouse's annuity granted under subsection (g) or (k)  
5 shall be subject to an automatic annual increase in an amount  
6 equal to 3% of the originally granted annuity on each January 1  
7 occurring on or after the first anniversary of the annuity  
8 start date.

9 (l) Benefits for Eligible Children and Eligible Parents.  
10 Upon the death of a participant in the cash balance plan, an  
11 eligible child or eligible parent may be entitled to receive  
12 death benefits and survivors insurance benefits under Article  
13 15 or survivors' benefits under Article 16 of this Code. These  
14 benefits shall be deemed to be "survivor benefits not based on  
15 the cash balance account" for the purposes of this Section.

16 Eligibility for these benefits shall be determined under  
17 this Section and the applicable Article of this Code, including  
18 without limitation any provision restricting eligibility on  
19 the basis of (i) an election to receive a lump-sum death  
20 benefit or (ii) a permitted designation of a different or  
21 alternate beneficiary.

22 The amount of these benefits shall be determined under this  
23 Section and the applicable Article of this Code, including  
24 without limitation any limitation on the minimum or maximum  
25 amount of such benefits, individually or in combination. In  
26 applying any limitation on the minimum or maximum amount of

1 such benefits that depends on the existence or amount of a  
2 benefit payable to the surviving spouse, the retirement system  
3 shall use the amount of surviving spouse annuity payable by the  
4 retirement system under this Section rather than the amount  
5 otherwise provided under the applicable Article. Under no  
6 circumstance shall the sum of the benefits payable to all  
7 eligible survivors of a particular deceased participant by the  
8 applicable retirement system in accordance with this Section  
9 exceed the sum of the benefits that would be payable to all  
10 eligible survivors if the deceased participant had not been  
11 subject to this Section.

12 The board of the retirement system shall designate annually, as  
13 a percentage of salary, an amount representing the anticipated  
14 average cost of providing survivor benefits not based on the  
15 cash balance account for dependent children and dependent  
16 parents of deceased participants in the cash balance plan. The  
17 amount so designated shall not exceed XXX% of the cash balance  
18 plan participant's salary and shall be deducted annually from  
19 the account of each participant receiving salary.

20 (m) Applicability of Provisions. The following provisions,  
21 if and as they exist in this Code, do not apply to participants  
22 in the cash balance plan with respect to participation in the  
23 cash balance plan, except as they are specifically provided for  
24 in this Section:

25 (1) minimum service or vesting requirements (other  
26 than as provided in this Section);

1           (2) provisions limiting a retirement annuity to a  
2           specified percentage of salary;

3           (3) provisions authorizing a minimum retirement or  
4           survivor's annuity or a supplemental annuity (except as  
5           provided in subsection (l) of this Section with respect to  
6           eligible children and eligible parents);

7           (4) provisions authorizing any form of annuity not  
8           authorized under this Section;

9           (5) provisions authorizing a reversionary annuity  
10           (other than a surviving spouse's annuity under subsection  
11           (g));

12           (6) provisions authorizing a refund of employee  
13           contributions upon termination of service (except as  
14           provided in this Section) or any lump-sum payout in lieu of  
15           a retirement annuity or survivor's benefit (other than  
16           lump-sum death benefits and other than the distribution  
17           under subsection (f-10) and the refund under subsection  
18           (f-15) of this Section);

19           (7) provisions authorizing optional service credits or  
20           the payment of optional additional contributions (other  
21           than the optional employer contributions specifically  
22           authorized in subsection (e-1)); or

23           (8) a level income option.

24           The Retirement Systems Reciprocal Act applies to  
25           participants in the cash balance plan who qualify under Article  
26           20 of this Code, but it does not affect the calculation of

1 benefits payable under this Section.

2 The other provisions of this Code continue to apply to  
3 participants in the cash balance plan, to the extent that they  
4 do not conflict with this Section. In the case of a conflict  
5 between the provisions of this Section and any other provision  
6 of this Code, the provisions of this Section control.

7 (n) Rules. The Board of Trustees of the applicable  
8 retirement system may adopt rules and procedures for the  
9 implementation of this Section, including but not limited to  
10 determinations of how to integrate the administration of this  
11 Section with the requirements of the applicable Article and any  
12 other applicable provisions of this Code.

13 (o) Actual Employer Contributions. Payment of employer  
14 contributions with respect to participants in the cash balance  
15 plan shall be the responsibility of the actual employer. These  
16 contributions shall be determined under and paid in accordance  
17 with the provisions of Sections 15-155 and 16-158.

18 (p) Actual Optional Employer Contributions. An employer  
19 may agree with the applicable retirement system to make  
20 optional employer contributions to the system on behalf of  
21 employees who are participants in the cash balance plan, to the  
22 extent permitted by federal law and in accordance with the  
23 rules and procedures of the system.

24 Any such agreement must apply to all employees of the  
25 employer who are participants in the cash balance plan. The  
26 agreement shall be filed in writing with the applicable

1 retirement system, and shall specify (i) the additional  
2 percentage of salary to be credited to the accounts of the  
3 employees, (ii) the period during which the optional employer  
4 contributions will apply, and (iii) that the employer agrees to  
5 pay to the applicable retirement system the employer's normal  
6 cost of the benefits resulting from those credited amounts, as  
7 well as any unfunded accrued liability resulting from the cost  
8 of those benefits, all as determined by the system in  
9 accordance with the applicable Article.

10 (q) Prospective Modification. The provisions set forth in  
11 this Section are subject to prospective changes made by law  
12 provided that any such changes shall not apply to any benefits  
13 accrued under this Section prior to the effective date of any  
14 amendatory Act of the General Assembly.

15 (r) Qualified Plan Status. No provision of this Section  
16 shall be interpreted in a way that would cause the applicable  
17 retirement system to cease to be a qualified plan under the  
18 Internal Revenue Code of 1986.

19 (40 ILCS 5/2-105.1 new)

20 Sec. 2-105.1. Tier I participant. "Tier I participant": A  
21 participant who first became a participant before January 1,  
22 2011.

23 (40 ILCS 5/2-105.2 new)

24 Sec. 2-105.2. Tier I retiree. "Tier I retiree" means a

1 former Tier I participant who is receiving a retirement  
2 annuity.

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

4 Sec. 2-108. Salary. "Salary": (1) For members of the  
5 General Assembly, the total compensation paid to the member by  
6 the State for one year of service, including the additional  
7 amounts, if any, paid to the member as an officer pursuant to  
8 Section 1 of "An Act in relation to the compensation and  
9 emoluments of the members of the General Assembly", approved  
10 December 6, 1907, as now or hereafter amended.

11 (2) For the State executive officers specified in Section  
12 2-105, the total compensation paid to the member for one year  
13 of service.

14 (3) For members of the System who are participants under  
15 Section 2-117.1, or who are serving as Clerk or Assistant Clerk  
16 of the House of Representatives or Secretary or Assistant  
17 Secretary of the Senate, the total compensation paid to the  
18 member for one year of service, but not to exceed the salary of  
19 the highest salaried officer of the General Assembly.

20 However, in the event that federal law results in any  
21 participant receiving imputed income based on the value of  
22 group term life insurance provided by the State, such imputed  
23 income shall not be included in salary for the purposes of this  
24 Article.

25 Notwithstanding any other provision of this Code, the

1 salary of a Tier I participant for the purposes of this Code  
2 shall not exceed, for periods of service in a term of office  
3 beginning on or after the effective date of this amendatory Act  
4 of the 97th General Assembly, the annual contribution and  
5 benefit base established for the applicable year by the  
6 Commissioner of Social Security under the federal Social  
7 Security Act.

8 (Source: P.A. 86-27; 86-273; 86-1028; 86-1488.)

9 (40 ILCS 5/2-119) (from Ch. 108 1/2, par. 2-119)

10 Sec. 2-119. Retirement annuity - conditions for  
11 eligibility.

12 (a) A participant whose service as a member is terminated,  
13 regardless of age or cause, is entitled to a retirement annuity  
14 beginning on the date specified by the participant in a written  
15 application subject to the following conditions:

16 1. The date the annuity begins does not precede the  
17 date of final termination of service, or is not more than  
18 30 days before the receipt of the application by the board  
19 in the case of annuities based on disability or one year  
20 before the receipt of the application in the case of  
21 annuities based on attained age;

22 2. The participant meets one of the following  
23 eligibility requirements:

24 For a participant who first becomes a participant of  
25 this System before January 1, 2011 (the effective date of

1 Public Act 96-889):

2 (A) He or she has attained age 55 and has at least  
3 8 years of service credit;

4 (B) He or she has attained age 62 and terminated  
5 service after July 1, 1971 with at least 4 years of  
6 service credit; or

7 (C) He or she has completed 8 years of service and  
8 has become permanently disabled and as a consequence,  
9 is unable to perform the duties of his or her office.

10 For a participant who first becomes a participant of  
11 this System on or after January 1, 2011 (the effective date  
12 of Public Act 96-889), he or she has attained age 67 and  
13 has at least 8 years of service credit.

14 (a-5) Notwithstanding subsection (a) of this Section, for a  
15 Tier I participant who begins receiving a retirement annuity  
16 under this Section after July 1, 2013:

17 (1) If the Tier I participant is at least 45 years old  
18 on the effective date of this amendatory Act of the 97th  
19 General Assembly, then the references to age 55 and 62 in  
20 subsection (a) of this Section remain unchanged.

21 (2) If the Tier I participant is at least 40 but less  
22 than 45 years old on the effective date of this amendatory  
23 Act of the 97th General Assembly, then the references to  
24 age 55 and 62 in subsection (a) of this Section are  
25 increased by one year.

26 (3) If the Tier I participant is at least 35 but less



1 than 40 years old on the effective date of this amendatory  
2 Act of the 97th General Assembly, then the references to  
3 age 55 and 62 in subsection (a) of this Section are  
4 increased by 3 years.

5 (4) If the Tier I participant is less than 35 years old  
6 on the effective date of this amendatory Act of the 97th  
7 General Assembly, then the references to age 55 and 62 in  
8 subsection (a) of this Section are increased by 5 years.

9 Notwithstanding Section 1-103.1, this subsection (a-5)  
10 applies without regard to whether or not the Tier I member is  
11 in active service under this Article on or after the effective  
12 date of this amendatory Act of the 97th General Assembly.

13 (a-5) A participant who first becomes a participant of this  
14 System on or after January 1, 2011 (the effective date of  
15 Public Act 96-889) who has attained age 62 and has at least 8  
16 years of service credit may elect to receive the lower  
17 retirement annuity provided in paragraph (c) of Section  
18 2-119.01 of this Code.

19 (b) A participant shall be considered permanently disabled  
20 only if: (1) disability occurs while in service and is of such  
21 a nature as to prevent him or her from reasonably performing  
22 the duties of his or her office at the time; and (2) the board  
23 has received a written certificate by at least 2 licensed  
24 physicians appointed by the board stating that the member is  
25 disabled and that the disability is likely to be permanent.

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

1 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

2 Sec. 2-119.1. Automatic increase in retirement annuity.

3 (a) Except as provided in subsections (a-1) and (a-2), a ~~A~~  
4 participant who retires after June 30, 1967, and who has not  
5 received an initial increase under this Section before the  
6 effective date of this amendatory Act of 1991, shall, in  
7 January or July next following the first anniversary of  
8 retirement, whichever occurs first, and in the same month of  
9 each year thereafter, but in no event prior to age 60, have the  
10 amount of the originally granted retirement annuity increased  
11 as follows: for each year through 1971, 1 1/2%; for each year  
12 from 1972 through 1979, 2%; and for 1980 and each year  
13 thereafter, 3%. Annuitants who have received an initial  
14 increase under this subsection prior to the effective date of  
15 this amendatory Act of 1991 shall continue to receive their  
16 annual increases in the same month as the initial increase.

17 (a-1) Notwithstanding any other provision of this Article,  
18 for a Tier I retiree, the amount of each automatic annual  
19 increase in retirement annuity occurring on or after the  
20 effective date of this amendatory Act of the 97th General  
21 Assembly shall be the lesser of \$750 or 3% of the total annuity  
22 payable at the time of the increase, including previous  
23 increases granted.

24 (a-2) Notwithstanding any other provision of this Article,  
25 for a Tier I retiree, the monthly retirement annuity shall

1 first be subject to annual increases on the January 1 occurring  
2 on or next after the attainment of age 67 or the January 1  
3 occurring on or next after the fifth anniversary of the annuity  
4 start date, whichever occurs earlier. If on the effective date  
5 of this amendatory Act of the 97th General Assembly a Tier I  
6 retiree has already received an annual increase under this  
7 Section but does not yet meet the new eligibility requirements  
8 of this subsection, the annual increases already received shall  
9 continue in force, but no additional annual increase shall be  
10 granted until the Tier I retiree meets the new eligibility  
11 requirements.

12 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)  
13 and (a-2) apply without regard to whether or not the Tier I  
14 retiree is in active service under this Article on or after the  
15 effective date of this amendatory Act of the 97th General  
16 Assembly.

17 (b) Beginning January 1, 1990, for eligible participants  
18 who remain in service after attaining 20 years of creditable  
19 service, the 3% increases provided under subsection (a) shall  
20 begin to accrue on the January 1 next following the date upon  
21 which the participant (1) attains age 55, or (2) attains 20  
22 years of creditable service, whichever occurs later, and shall  
23 continue to accrue while the participant remains in service;  
24 such increases shall become payable on January 1 or July 1,  
25 whichever occurs first, next following the first anniversary of  
26 retirement. For any person who has service credit in the System

1 for the entire period from January 15, 1969 through December  
2 31, 1992, regardless of the date of termination of service, the  
3 reference to age 55 in clause (1) of this subsection (b) shall  
4 be deemed to mean age 50.

5 This subsection (b) does not apply to any person who first  
6 becomes a member of the System after August 8, 2003 (the  
7 effective date of Public Act 93-494) ~~this amendatory Act of the~~  
8 ~~93rd General Assembly.~~

9 (b-5) Notwithstanding any other provision of this Article,  
10 a participant who first becomes a participant on or after  
11 January 1, 2011 (the effective date of Public Act 96-889)  
12 shall, in January or July next following the first anniversary  
13 of retirement, whichever occurs first, and in the same month of  
14 each year thereafter, but in no event prior to age 67, have the  
15 amount of the originally granted retirement annuity ~~then being~~  
16 ~~paid~~ increased by 3% or one-half the annual unadjusted  
17 percentage increase in the Consumer Price Index for All Urban  
18 Consumers as determined by the Public Pension Division of the  
19 Department of Insurance under subsection (a) of Section  
20 2-108.1, whichever is less. The changes made to this subsection  
21 by this amendatory Act of the 97th General Assembly do not  
22 apply to any automatic annual increase granted under this  
23 subsection before the effective date of this amendatory Act.

24 (c) The foregoing provisions relating to automatic  
25 increases are not applicable to a participant who retires  
26 before having made contributions (at the rate prescribed in

1 Section 2-126) for automatic increases for less than the  
2 equivalent of one full year. However, in order to be eligible  
3 for the automatic increases, such a participant may make  
4 arrangements to pay to the system the amount required to bring  
5 the total contributions for the automatic increase to the  
6 equivalent of one year's contributions based upon his or her  
7 last salary.

8 (d) A participant who terminated service prior to July 1,  
9 1967, with at least 14 years of service is entitled to an  
10 increase in retirement annuity beginning January, 1976, and to  
11 additional increases in January of each year thereafter.

12 The initial increase shall be 1 1/2% of the originally  
13 granted retirement annuity multiplied by the number of full  
14 years that the annuitant was in receipt of such annuity prior  
15 to January 1, 1972, plus 2% of the originally granted  
16 retirement annuity for each year after that date. The  
17 subsequent annual increases shall be at the rate of 2% of the  
18 originally granted retirement annuity for each year through  
19 1979 and at the rate of 3% for 1980 and thereafter.

20 (e) Beginning January 1, 1990, all automatic annual  
21 increases payable under this Section shall be calculated as a  
22 percentage of the total annuity payable at the time of the  
23 increase, including previous increases granted under this  
24 Article.

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

1 (40 ILCS 5/2-121.1) (from Ch. 108 1/2, par. 2-121.1)

2 Sec. 2-121.1. Survivor's annuity - amount.

3 (a) A surviving spouse shall be entitled to 66 2/3% of the  
4 amount of retirement annuity to which the participant or  
5 annuitant was entitled on the date of death, without regard to  
6 whether the participant had attained age 55 prior to his or her  
7 death, subject to a minimum payment of 10% of salary. If a  
8 surviving spouse, regardless of age, has in his or her care at  
9 the date of death any eligible child or children of the  
10 participant, the survivor's annuity shall be the greater of the  
11 following: (1) 66 2/3% of the amount of retirement annuity to  
12 which the participant or annuitant was entitled on the date of  
13 death, or (2) 30% of the participant's salary increased by 10%  
14 of salary on account of each such child, subject to a total  
15 payment for the surviving spouse and children of 50% of salary.  
16 If eligible children survive but there is no surviving spouse,  
17 or if the surviving spouse dies or becomes disqualified by  
18 remarriage while eligible children survive, each eligible  
19 child shall be entitled to an annuity of 20% of salary, subject  
20 to a maximum total payment for all such children of 50% of  
21 salary.

22 However, the survivor's annuity payable under this Section  
23 shall not be less than 100% of the amount of retirement annuity  
24 to which the participant or annuitant was entitled on the date  
25 of death, if he or she is survived by a dependent disabled  
26 child.

1           The salary to be used for determining these benefits shall  
2 be the salary used for determining the amount of retirement  
3 annuity as provided in Section 2-119.01.

4           (b) Upon the death of a participant after the termination  
5 of service or upon death of an annuitant, the maximum total  
6 payment to a surviving spouse and eligible children, or to  
7 eligible children alone if there is no surviving spouse, shall  
8 be 75% of the retirement annuity to which the participant or  
9 annuitant was entitled, unless there is a dependent disabled  
10 child among the survivors.

11           (c) When a child ceases to be an eligible child, the  
12 annuity to that child, or to the surviving spouse on account of  
13 that child, shall thereupon cease, and the annuity payable to  
14 the surviving spouse or other eligible children shall be  
15 recalculated if necessary.

16           Upon the ineligibility of the last eligible child, the  
17 annuity shall immediately revert to the amount payable upon  
18 death of a participant or annuitant who leaves no eligible  
19 children. If the surviving spouse is then under age 50, the  
20 annuity as revised shall be deferred until the attainment of  
21 age 50.

22           (d) Beginning January 1, 1990, every survivor's annuity  
23 shall be increased (1) on each January 1 occurring on or after  
24 the commencement of the annuity if the deceased member died  
25 while receiving a retirement annuity, or (2) in other cases, on  
26 each January 1 occurring on or after the first anniversary of

1 the commencement of the annuity, by an amount equal to 3% of  
2 the current amount of the annuity, including any previous  
3 increases under this Article. Such increases shall apply  
4 without regard to whether the deceased member was in service on  
5 or after the effective date of this amendatory Act of 1991, but  
6 shall not accrue for any period prior to January 1, 1990.

7 (d-5) Notwithstanding any other provision of this Article,  
8 the initial survivor's annuity of a survivor of a participant  
9 who first becomes a participant on or after January 1, 2011  
10 (the effective date of Public Act 96-889) shall be in the  
11 amount of 66 2/3% of the amount of the retirement annuity to  
12 which the participant or annuitant was entitled on the date of  
13 death and shall be increased (1) on each January 1 occurring on  
14 or after the commencement of the annuity if the deceased member  
15 died while receiving a retirement annuity or (2) in other  
16 cases, on each January 1 occurring on or after the first  
17 anniversary of the commencement of the annuity, by an amount  
18 equal to 3% or one-half the annual unadjusted percentage  
19 increase in the Consumer Price Index for All Urban Consumers as  
20 determined by the Public Pension Division of the Department of  
21 Insurance under subsection (a) of Section 2-108.1, whichever is  
22 less, of the originally granted survivor's annuity ~~then being~~  
23 ~~paid~~. The changes made to this subsection by this amendatory  
24 Act of the 97th General Assembly do not apply to any automatic  
25 annual increase granted under this subsection before the  
26 effective date of this amendatory Act.



1 (e) Notwithstanding any other provision of this Article,  
2 beginning January 1, 1990, the minimum survivor's annuity  
3 payable to any person who is entitled to receive a survivor's  
4 annuity under this Article shall be \$300 per month, without  
5 regard to whether or not the deceased participant was in  
6 service on the effective date of this amendatory Act of 1989.

7 (f) In the case of a proportional survivor's annuity  
8 arising under the Retirement Systems Reciprocal Act where the  
9 amount payable by the System on January 1, 1993 is less than  
10 \$300 per month, the amount payable by the System shall be  
11 increased beginning on that date by a monthly amount equal to  
12 \$2 for each full year that has expired since the annuity began.

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

14 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

15 Sec. 2-124. Contributions by State.

16 (a) The State shall make contributions to the System by  
17 appropriations of amounts which, together with the  
18 contributions of participants, interest earned on investments,  
19 and other income will meet the cost of maintaining and  
20 administering the System on a 100% ~~90%~~ funded basis in  
21 accordance with actuarial recommendations by the end of State  
22 fiscal year 2043.

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

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

3 (c) For State fiscal years 2014 through 2043, the minimum  
4 contribution to the System to be made by the State for each  
5 fiscal year shall be an amount determined by the System to be  
6 equal to the sum of (1) the State's portion of the projected  
7 normal cost for that fiscal year, plus (2) an amount sufficient  
8 to bring the total assets of the System up to 100% of the total  
9 actuarial liabilities of the System by the end of State fiscal  
10 year 2043. In making these determinations, the required State  
11 contribution shall be calculated each year as a level  
12 percentage of payroll over the years remaining to and including  
13 fiscal year 2043 and shall be determined under the projected  
14 unit credit actuarial cost method.

15 For State fiscal years 2012 and 2013 ~~through 2045~~, the  
16 minimum contribution to the System to be made by the State for  
17 each fiscal year shall be an amount determined by the System to  
18 be sufficient to bring the total assets of the System up to 90%  
19 of the total actuarial liabilities of the System by the end of  
20 State fiscal year 2045. In making these determinations, the  
21 required State contribution shall be calculated each year as a  
22 level percentage of payroll over the years remaining to and  
23 including fiscal year 2045 and shall be determined under the  
24 projected unit credit actuarial cost method.

25 For State fiscal years 1996 through 2005, the State  
26 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual increments  
2 so that by State fiscal year 2011, the State is contributing at  
3 the rate required under this Section.

4 Notwithstanding any other provision of this Article, the  
5 total required State contribution for State fiscal year 2006 is  
6 \$4,157,000.

7 Notwithstanding any other provision of this Article, the  
8 total required State contribution for State fiscal year 2007 is  
9 \$5,220,300.

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

16 Notwithstanding any other provision of this Article, the  
17 total required State contribution for State fiscal year 2010 is  
18 \$10,454,000 and shall be made from the proceeds of bonds sold  
19 in fiscal year 2010 pursuant to Section 7.2 of the General  
20 Obligation Bond Act, less (i) the pro rata share of bond sale  
21 expenses determined by the System's share of total bond  
22 proceeds, (ii) any amounts received from the General Revenue  
23 Fund in fiscal year 2010, and (iii) any reduction in bond  
24 proceeds due to the issuance of discounted bonds, if  
25 applicable.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2011 is  
2 the amount recertified by the System on or before April 1, 2011  
3 pursuant to Section 2-134 and shall be made from the proceeds  
4 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of  
5 the General Obligation Bond Act, less (i) the pro rata share of  
6 bond sale expenses determined by the System's share of total  
7 bond proceeds, (ii) any amounts received from the General  
8 Revenue Fund in fiscal year 2011, and (iii) any reduction in  
9 bond proceeds due to the issuance of discounted bonds, if  
10 applicable.

11 Beginning in State fiscal year 2044, the minimum State  
12 contribution for each fiscal year shall be the amount needed to  
13 maintain the total assets of the System at 100% of the total  
14 actuarial liabilities of the System.

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

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

1 funding ratio of at least 100% ~~90%~~. A reference in this Article  
2 to the "required State contribution" or any substantially  
3 similar term does not include or apply to any amounts payable  
4 to the System under Section 25 of the Budget Stabilization Act.

5 Notwithstanding any other provision of this Section, the  
6 required State contribution for State fiscal year 2005 and for  
7 fiscal year 2008 and each fiscal year thereafter through State  
8 fiscal year 2013, as calculated under this Section and  
9 certified under Section 2-134, shall not exceed an amount equal  
10 to (i) the amount of the required State contribution that would  
11 have been calculated under this Section for that fiscal year if  
12 the System had not received any payments under subsection (d)  
13 of Section 7.2 of the General Obligation Bond Act, minus (ii)  
14 the portion of the State's total debt service payments for that  
15 fiscal year on the bonds issued in fiscal year 2003 for the  
16 purposes of that Section 7.2, as determined and certified by  
17 the Comptroller, that is the same as the System's portion of  
18 the total moneys distributed under subsection (d) of Section  
19 7.2 of the General Obligation Bond Act. In determining this  
20 maximum for State fiscal years 2008 through 2010, however, the  
21 amount referred to in item (i) shall be increased, as a  
22 percentage of the applicable employee payroll, in equal  
23 increments calculated from the sum of the required State  
24 contribution for State fiscal year 2007 plus the applicable  
25 portion of the State's total debt service payments for fiscal  
26 year 2007 on the bonds issued in fiscal year 2003 for the

1 purposes of Section 7.2 of the General Obligation Bond Act, so  
2 that, by State fiscal year 2011, the State is contributing at  
3 the rate otherwise required under this Section.

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

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

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

19 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
20 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.  
21 7-13-12.)

22 (40 ILCS 5/2-125) (from Ch. 108 1/2, par. 2-125)

23 Sec. 2-125. Obligations of State; funding guarantee.

24 (a) The payment of (1) the required State contributions,  
25 (2) all benefits granted under this system and (3) all expenses

1 of administration and operation are obligations of the State to  
2 the extent specified in this Article.

3 (b) All income, interest and dividends derived from  
4 deposits and investments shall be credited to the account of  
5 the system in the State Treasury and used to pay benefits under  
6 this Article.

7 (c) Beginning July 1, 2013, the State shall be  
8 contractually obligated to contribute to the System under  
9 Section 2-124 in each State fiscal year an amount not less than  
10 the sum of (i) the State's normal cost for that year and (ii)  
11 the portion of the unfunded accrued liability assigned to that  
12 year by law in accordance with a schedule that distributes  
13 payments equitably over a reasonable period of time and in  
14 accordance with accepted actuarial practices. The obligations  
15 created under this subsection (c) are contractual obligations  
16 protected and enforceable under Article I, Section 16 and  
17 Article XIII, Section 5 of the Illinois Constitution.

18 Notwithstanding any other provision of law, if the State  
19 fails to pay in a State fiscal year the amount guaranteed under  
20 this subsection, the System may bring a mandamus action in the  
21 Circuit Court of Sangamon County to compel the State to make  
22 that payment, irrespective of other remedies that may be  
23 available to the System. In ordering the State to make the  
24 required payment, the court may order a reasonable payment  
25 schedule to enable the State to make the required payment  
26 without significantly imperiling the public health, safety, or

1 welfare.

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

3 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

4 Sec. 2-126. Contributions by participants.

5 (a) Each participant shall contribute toward the cost of  
6 his or her retirement annuity a percentage of each payment of  
7 salary received by him or her for service as a member as  
8 follows: for service between October 31, 1947 and January 1,  
9 1959, 5%; for service between January 1, 1959 and June 30,  
10 1969, 6%; for service between July 1, 1969 and January 10,  
11 1973, 6 1/2%; for service after January 10, 1973, 7%; for  
12 service after December 31, 1981, 8 1/2%.

13 (a-5) In addition to the contributions otherwise required  
14 under this Article, each Tier I participant shall also make the  
15 following contributions toward the cost of his or her  
16 retirement annuity from each payment of salary received by him  
17 or her for service as a member:

18 (1) beginning July 1, 2013 and through June 30, 2014,  
19 1% of salary; and

20 (2) beginning on July 1, 2014, 2% of salary.

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

24 A participant who has no eligible survivor's annuity  
25 beneficiary may elect to cease making contributions for



1 survivor's annuity under this subsection. A survivor's annuity  
2 shall not be payable upon the death of a person who has made  
3 this election, unless prior to that death the election has been  
4 revoked and the amount of the contributions that would have  
5 been paid under this subsection in the absence of the election  
6 is paid to the System, together with interest at the rate of 4%  
7 per year from the date the contributions would have been made  
8 to the date of payment.

9 (c) Beginning July 1, 1967, each participant shall  
10 contribute 1% of salary towards the cost of automatic increase  
11 in annuity provided in Section 2-119.1. These contributions  
12 shall be made concurrently with contributions for retirement  
13 annuity purposes.

14 (d) In addition, each participant serving as an officer of  
15 the General Assembly shall contribute, for the same purposes  
16 and at the same rates as are required of a regular participant,  
17 on each additional payment received as an officer. If the  
18 participant serves as an officer for at least 2 but less than 4  
19 years, he or she shall contribute an amount equal to the amount  
20 that would have been contributed had the participant served as  
21 an officer for 4 years. Persons who serve as officers in the  
22 87th General Assembly but cannot receive the additional payment  
23 to officers because of the ban on increases in salary during  
24 their terms may nonetheless make contributions based on those  
25 additional payments for the purpose of having the additional  
26 payments included in their highest salary for annuity purposes;

1 however, persons electing to make these additional  
2 contributions must also pay an amount representing the  
3 corresponding employer contributions, as calculated by the  
4 System.

5 (e) Notwithstanding any other provision of this Article,  
6 the required contribution of a participant who first becomes a  
7 participant on or after January 1, 2011 shall not exceed the  
8 contribution that would be due under this Article if that  
9 participant's highest salary for annuity purposes were  
10 \$106,800, plus any increases in that amount under Section  
11 2-108.1.

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

13 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

14 Sec. 2-134. To certify required State contributions and  
15 submit vouchers.

16 (a) The Board shall certify to the Governor on or before  
17 December 15 of each year through ~~until~~ December 15, 2011 the  
18 amount of the required State contribution to the System for the  
19 next fiscal year ~~and shall specifically identify the System's~~  
20 ~~projected State normal cost for that fiscal year.~~ The  
21 certification shall include a copy of the actuarial  
22 recommendations upon which it is based ~~and shall specifically~~  
23 ~~identify the System's projected State normal cost for that~~  
24 ~~fiscal year.~~

25 (a-5) On or before November 1 of each year, beginning

1 November 1, 2012, the Board shall submit to the State Actuary,  
2 the Governor, and the General Assembly a proposed certification  
3 of the amount of the required State contribution to the System  
4 for the next fiscal year, along with all of the actuarial  
5 assumptions, calculations, and data upon which that proposed  
6 certification is based. On or before January 1 of each year,  
7 beginning January 1, 2013, the State Actuary shall issue a  
8 preliminary report concerning the proposed certification and  
9 identifying, if necessary, recommended changes in actuarial  
10 assumptions that the Board must consider before finalizing its  
11 certification of the required State contributions.

12 On or before January 15, 2013 and every January 15  
13 thereafter, the Board shall certify to the Governor and the  
14 General Assembly the amount of the required State contribution  
15 for the next fiscal year. The Board's certification shall  
16 include a copy of the actuarial recommendations upon which it  
17 is based and shall specifically identify the System's projected  
18 State normal cost for that fiscal year. The Board's  
19 certification must note any deviations from the State Actuary's  
20 recommended changes, the reason or reasons for not following  
21 the State Actuary's recommended changes, and the fiscal impact  
22 of not following the State Actuary's recommended changes on the  
23 required State contribution.

24 (a-7) On or before May 1, 2004, the Board shall recalculate  
25 and recertify to the Governor the amount of the required State  
26 contribution to the System for State fiscal year 2005, taking

1 into account the amounts appropriated to and received by the  
2 System under subsection (d) of Section 7.2 of the General  
3 Obligation Bond Act.

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

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

15 On or before July 1, 2013, the Board shall, if necessary,  
16 recalculate and recertify to the Governor the amount of the  
17 required State contribution to the System for State fiscal year  
18 2014, taking into account the changes in required State  
19 contributions made by this amendatory Act of the 97th General  
20 Assembly.

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

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

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

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

1 (40 ILCS 5/2-162)

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

4 (a) As used in this Section, "new benefit increase" means  
5 an increase in the amount of any benefit provided under this  
6 Article, or an expansion of the conditions of eligibility for  
7 any benefit under this Article, that results from an amendment  
8 to this Code that takes effect after the effective date of this  
9 amendatory Act of the 94th General Assembly. "New benefit  
10 increase", however, does not include any benefit increase  
11 resulting from the changes made to this Article by this  
12 amendatory Act of the 97th General Assembly.

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

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

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

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

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

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

1 apply and qualify for the affected benefit while the new  
2 benefit increase was in effect.

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

4 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

5 Sec. 14-103.10. Compensation.

6 (a) For periods of service prior to January 1, 1978, the  
7 full rate of salary or wages payable to an employee for  
8 personal services performed if he worked the full normal  
9 working period for his position, subject to the following  
10 maximum amounts: (1) prior to July 1, 1951, \$400 per month or  
11 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957  
12 inclusive, \$625 per month or \$7,500 per year; (3) beginning  
13 July 1, 1957, no limitation.

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

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

24 (1) for vacation,

25 (2) for accumulated unused sick leave,



1 (3) upon discharge or dismissal,

2 (4) for approved holidays.

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

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

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

23 (1) for vacation;

24 (2) for accumulated unused sick leave;

25 (3) upon discharge or dismissal; and

26 (4) for approved holidays.

1       (f) Notwithstanding any other provision of this Code, the  
2       compensation of a Tier I member for the purposes of this Code  
3       shall not exceed, for periods of service on or after the  
4       effective date of this amendatory Act of the 97th General  
5       Assembly, the annual contribution and benefit base established  
6       for the applicable year by the Commissioner of Social Security  
7       under the federal Social Security Act; except that this  
8       limitation does not apply to a member's compensation that is  
9       determined under an employment contract or collective  
10       bargaining agreement that is in effect on the effective date of  
11       this amendatory Act of the 97th General Assembly and has not  
12       been amended or renewed after that date.

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

14               (40 ILCS 5/14-103.40 new)

15       Sec. 14-103.40. Tier I member. "Tier I member": A member of  
16       this System who first became a member or participant before  
17       January 1, 2011 under any reciprocal retirement system or  
18       pension fund established under this Code other than a  
19       retirement system or pension fund established under Article 2,  
20       3, 4, 5, 6, or 18 of this Code.

21               (40 ILCS 5/14-103.41 new)

22       Sec. 14-103.41. Tier I retiree. "Tier I retiree": A former  
23       Tier I member who is receiving a retirement annuity.

1 (40 ILCS 5/14-107) (from Ch. 108 1/2, par. 14-107)  
2 Sec. 14-107. Retirement annuity - service and age -  
3 conditions.

4 (a) A member is entitled to a retirement annuity after  
5 having at least 8 years of creditable service.

6 (b) A member who has at least 35 years of creditable  
7 service may claim his or her retirement annuity at any age. A  
8 member having at least 8 years of creditable service but less  
9 than 35 may claim his or her retirement annuity upon or after  
10 attainment of age 60 or, beginning January 1, 2001, any lesser  
11 age which, when added to the number of years of his or her  
12 creditable service, equals at least 85. A member upon or after  
13 attainment of age 55 having at least 25 years of creditable  
14 service (30 years if retirement is before January 1, 2001) may  
15 elect to receive the lower retirement annuity provided in  
16 paragraph (c) of Section 14-108 of this Code. For purposes of  
17 the rule of 85, portions of years shall be counted in whole  
18 months.

19 (c) Notwithstanding subsection (b) of this Section, for a  
20 Tier I member who begins receiving a retirement annuity under  
21 this Article after July 1, 2013:

22 (1) If the Tier I member is at least 45 years old on  
23 the effective date of this amendatory Act of the 97th  
24 General Assembly, then the references to age 55 and 60 in  
25 subsection (b) of this Section remain unchanged and the  
26 references to 85 in subsection (b) of this Section remain

1 unchanged.

2 (2) If the Tier I member is at least 40 but less than  
3 45 years old on the effective date of this amendatory Act  
4 of the 97th General Assembly, then the references to age 55  
5 and 60 in subsection (b) of this Section are increased by  
6 one year and the references to 85 in subsection (b) are  
7 increased to 87.

8 (3) If the Tier I member is at least 35 but less than  
9 40 years old on the effective date of this amendatory Act  
10 of the 97th General Assembly, then the references to age 55  
11 and 60 in subsection (b) of this Section are increased by 3  
12 years and the references to 85 in subsection (b) are  
13 increased to 91.

14 (4) If the Tier I member is less than 35 years old on  
15 the effective date of this amendatory Act of the 97th  
16 General Assembly, then the references to age 55 and 60 in  
17 subsection (b) of this Section are increased by 5 years and  
18 the references to 85 in subsection (b) are increased to 95.

19 Notwithstanding Section 1-103.1, this subsection (c)  
20 applies without regard to whether or not the Tier I member is  
21 in active service under this Article on or after the effective  
22 date of this amendatory Act of the 97th General Assembly.

23 (d) The allowance shall begin with the first full calendar  
24 month specified in the member's application therefor, the first  
25 day of which shall not be before the date of withdrawal as  
26 approved by the board. Regardless of the date of withdrawal,

1 the allowance need not begin within one year of application  
2 therefor.

3 (Source: P.A. 91-927, eff. 12-14-00.)

4 (40 ILCS 5/14-108) (from Ch. 108 1/2, par. 14-108)

5 Sec. 14-108. Amount of retirement annuity. A member who has  
6 contributed to the System for at least 12 months shall be  
7 entitled to a prior service annuity for each year of certified  
8 prior service credited to him, except that a member shall  
9 receive 1/3 of the prior service annuity for each year of  
10 service for which contributions have been made and all of such  
11 annuity shall be payable after the member has made  
12 contributions for a period of 3 years. Proportionate amounts  
13 shall be payable for service of less than a full year after  
14 completion of at least 12 months.

15 The total period of service to be considered in  
16 establishing the measure of prior service annuity shall include  
17 service credited in the Teachers' Retirement System of the  
18 State of Illinois and the State Universities Retirement System  
19 for which contributions have been made by the member to such  
20 systems; provided that at least 1 year of the total period of 3  
21 years prescribed for the allowance of a full measure of prior  
22 service annuity shall consist of membership service in this  
23 system for which credit has been granted.

24 (a) In the case of a member who retires on or after January  
25 1, 1998 and is a noncovered employee, the retirement annuity

1 for membership service and prior service shall be 2.2% of final  
2 average compensation for each year of service. Any service  
3 credit established as a covered employee shall be computed as  
4 stated in paragraph (b).

5 (b) In the case of a member who retires on or after January  
6 1, 1998 and is a covered employee, the retirement annuity for  
7 membership service and prior service shall be computed as  
8 stated in paragraph (a) for all service credit established as a  
9 noncovered employee; for service credit established as a  
10 covered employee it shall be 1.67% of final average  
11 compensation for each year of service.

12 (c) For a member retiring after attaining age 55 but before  
13 age 60 with at least 30 but less than 35 years of creditable  
14 service if retirement is before January 1, 2001, or with at  
15 least 25 but less than 30 years of creditable service if  
16 retirement is on or after January 1, 2001, the retirement  
17 annuity shall be reduced by 1/2 of 1% for each month that the  
18 member's age is under age 60 at the time of retirement. For  
19 members to whom subsection (c) of Section 14-107 applies, the  
20 references to age 55 and 60 in this subsection (c) are  
21 increased as provided in subsection (c) of Section 14-107.

22 (d) A retirement annuity shall not exceed 75% of final  
23 average compensation, subject to such extension as may result  
24 from the application of Section 14-114 or Section 14-115.

25 (e) The retirement annuity payable to any covered employee  
26 who is a member of the System and in service on January 1,

1 1969, or in service thereafter in 1969 as a result of  
2 legislation enacted by the Illinois General Assembly  
3 transferring the member to State employment from county  
4 employment in a county Department of Public Aid in counties of  
5 3,000,000 or more population, under a plan of coordination with  
6 the Old Age, Survivors and Disability provisions thereof, if  
7 not fully insured for Old Age Insurance payments under the  
8 Federal Old Age, Survivors and Disability Insurance provisions  
9 at the date of acceptance of a retirement annuity, shall not be  
10 less than the amount for which the member would have been  
11 eligible if coordination were not applicable.

12 (f) The retirement annuity payable to any covered employee  
13 who is a member of the System and in service on January 1,  
14 1969, or in service thereafter in 1969 as a result of the  
15 legislation designated in the immediately preceding paragraph,  
16 if fully insured for Old Age Insurance payments under the  
17 Federal Social Security Act at the date of acceptance of a  
18 retirement annuity, shall not be less than an amount which when  
19 added to the Primary Insurance Benefit payable to the member  
20 upon attainment of age 65 under such Federal Act, will equal  
21 the annuity which would otherwise be payable if the coordinated  
22 plan of coverage were not applicable.

23 (g) In the case of a member who is a noncovered employee,  
24 the retirement annuity for membership service as a security  
25 employee of the Department of Corrections or security employee  
26 of the Department of Human Services shall be: if retirement

1 occurs on or after January 1, 2001, 3% of final average  
2 compensation for each year of creditable service; or if  
3 retirement occurs before January 1, 2001, 1.9% of final average  
4 compensation for each of the first 10 years of service, 2.1%  
5 for each of the next 10 years of service, 2.25% for each year  
6 of service in excess of 20 but not exceeding 30, and 2.5% for  
7 each year in excess of 30; except that the annuity may be  
8 calculated under subsection (a) rather than this subsection (g)  
9 if the resulting annuity is greater.

10 (h) In the case of a member who is a covered employee, the  
11 retirement annuity for membership service as a security  
12 employee of the Department of Corrections or security employee  
13 of the Department of Human Services shall be: if retirement  
14 occurs on or after January 1, 2001, 2.5% of final average  
15 compensation for each year of creditable service; if retirement  
16 occurs before January 1, 2001, 1.67% of final average  
17 compensation for each of the first 10 years of service, 1.90%  
18 for each of the next 10 years of service, 2.10% for each year  
19 of service in excess of 20 but not exceeding 30, and 2.30% for  
20 each year in excess of 30.

21 (i) For the purposes of this Section and Section 14-133 of  
22 this Act, the term "security employee of the Department of  
23 Corrections" and the term "security employee of the Department  
24 of Human Services" shall have the meanings ascribed to them in  
25 subsection (c) of Section 14-110.

26 (j) The retirement annuity computed pursuant to paragraphs



1 (g) or (h) shall be applicable only to those security employees  
2 of the Department of Corrections and security employees of the  
3 Department of Human Services who have at least 20 years of  
4 membership service and who are not eligible for the alternative  
5 retirement annuity provided under Section 14-110. However,  
6 persons transferring to this System under Section 14-108.2 or  
7 14-108.2c who have service credit under Article 16 of this Code  
8 may count such service toward establishing their eligibility  
9 under the 20-year service requirement of this subsection; but  
10 such service may be used only for establishing such  
11 eligibility, and not for the purpose of increasing or  
12 calculating any benefit.

13 (k) (Blank).

14 (l) The changes to this Section made by this amendatory Act  
15 of 1997 (changing certain retirement annuity formulas from a  
16 stepped rate to a flat rate) apply to members who retire on or  
17 after January 1, 1998, without regard to whether employment  
18 terminated before the effective date of this amendatory Act of  
19 1997. An annuity shall not be calculated in steps by using the  
20 new flat rate for some steps and the superseded stepped rate  
21 for other steps of the same type of service.

22 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01.)

23 (40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)

24 Sec. 14-110. Alternative retirement annuity.

25 (a) Any member who has withdrawn from service with not less

1 than 20 years of eligible creditable service and has attained  
2 age 55, and any member who has withdrawn from service with not  
3 less than 25 years of eligible creditable service and has  
4 attained age 50, regardless of whether the attainment of either  
5 of the specified ages occurs while the member is still in  
6 service, shall be entitled to receive at the option of the  
7 member, in lieu of the regular or minimum retirement annuity, a  
8 retirement annuity computed as follows:

9 (i) for periods of service as a noncovered employee: if  
10 retirement occurs on or after January 1, 2001, 3% of final  
11 average compensation for each year of creditable service;  
12 if retirement occurs before January 1, 2001, 2 1/4% of  
13 final average compensation for each of the first 10 years  
14 of creditable service, 2 1/2% for each year above 10 years  
15 to and including 20 years of creditable service, and 2 3/4%  
16 for each year of creditable service above 20 years; and

17 (ii) for periods of eligible creditable service as a  
18 covered employee: if retirement occurs on or after January  
19 1, 2001, 2.5% of final average compensation for each year  
20 of creditable service; if retirement occurs before January  
21 1, 2001, 1.67% of final average compensation for each of  
22 the first 10 years of such service, 1.90% for each of the  
23 next 10 years of such service, 2.10% for each year of such  
24 service in excess of 20 but not exceeding 30, and 2.30% for  
25 each year in excess of 30.

26 Such annuity shall be subject to a maximum of 75% of final

1 average compensation if retirement occurs before January 1,  
2 2001 or to a maximum of 80% of final average compensation if  
3 retirement occurs on or after January 1, 2001.

4 These rates shall not be applicable to any service  
5 performed by a member as a covered employee which is not  
6 eligible creditable service. Service as a covered employee  
7 which is not eligible creditable service shall be subject to  
8 the rates and provisions of Section 14-108.

9 (a-5) Notwithstanding subsection (a) of this Section, for a  
10 Tier I member who begins receiving a retirement annuity under  
11 this Section after July 1, 2013:

12 (1) If the Tier I member is at least 45 years old on  
13 the effective date of this amendatory Act of the 97th  
14 General Assembly, then the references to age 50 and 55 in  
15 subsection (a) of this Section remain unchanged.

16 (2) If the Tier I member is at least 40 but less than  
17 45 years old on the effective date of this amendatory Act  
18 of the 97th General Assembly, then the references to age 50  
19 and 55 in subsection (a) of this Section are increased by  
20 one year.

21 (3) If the Tier I member is at least 35 but less than  
22 40 years old on the effective date of this amendatory Act  
23 of the 97th General Assembly, then the references to age 50  
24 and 55 in subsection (a) of this Section are increased by 3  
25 years.

26 (4) If the Tier I member is less than 35 years old on

1       the effective date of this amendatory Act of the 97th  
2       General Assembly, then the references to age 50 and 55 in  
3       subsection (a) of this Section are increased by 5 years.  
4       Notwithstanding Section 1-103.1, this subsection (a-5)  
5       applies without regard to whether or not the Tier I member is  
6       in active service under this Article on or after the effective  
7       date of this amendatory Act of the 97th General Assembly.

8           (b) For the purpose of this Section, "eligible creditable  
9       service" means creditable service resulting from service in one  
10       or more of the following positions:

- 11           (1) State policeman;
- 12           (2) fire fighter in the fire protection service of a  
13       department;
- 14           (3) air pilot;
- 15           (4) special agent;
- 16           (5) investigator for the Secretary of State;
- 17           (6) conservation police officer;
- 18           (7) investigator for the Department of Revenue or the  
19       Illinois Gaming Board;
- 20           (8) security employee of the Department of Human  
21       Services;
- 22           (9) Central Management Services security police  
23       officer;
- 24           (10) security employee of the Department of  
25       Corrections or the Department of Juvenile Justice;
- 26           (11) dangerous drugs investigator;

- 1 (12) investigator for the Department of State Police;
- 2 (13) investigator for the Office of the Attorney
- 3 General;
- 4 (14) controlled substance inspector;
- 5 (15) investigator for the Office of the State's
- 6 Attorneys Appellate Prosecutor;
- 7 (16) Commerce Commission police officer;
- 8 (17) arson investigator;
- 9 (18) State highway maintenance worker.

10 A person employed in one of the positions specified in this  
11 subsection is entitled to eligible creditable service for  
12 service credit earned under this Article while undergoing the  
13 basic police training course approved by the Illinois Law  
14 Enforcement Training Standards Board, if completion of that  
15 training is required of persons serving in that position. For  
16 the purposes of this Code, service during the required basic  
17 police training course shall be deemed performance of the  
18 duties of the specified position, even though the person is not  
19 a sworn peace officer at the time of the training.

20 (c) For the purposes of this Section:

21 (1) The term "state policeman" includes any title or  
22 position in the Department of State Police that is held by  
23 an individual employed under the State Police Act.

24 (2) The term "fire fighter in the fire protection  
25 service of a department" includes all officers in such fire  
26 protection service including fire chiefs and assistant

1 fire chiefs.

2 (3) The term "air pilot" includes any employee whose  
3 official job description on file in the Department of  
4 Central Management Services, or in the department by which  
5 he is employed if that department is not covered by the  
6 Personnel Code, states that his principal duty is the  
7 operation of aircraft, and who possesses a pilot's license;  
8 however, the change in this definition made by this  
9 amendatory Act of 1983 shall not operate to exclude any  
10 noncovered employee who was an "air pilot" for the purposes  
11 of this Section on January 1, 1984.

12 (4) The term "special agent" means any person who by  
13 reason of employment by the Division of Narcotic Control,  
14 the Bureau of Investigation or, after July 1, 1977, the  
15 Division of Criminal Investigation, the Division of  
16 Internal Investigation, the Division of Operations, or any  
17 other Division or organizational entity in the Department  
18 of State Police is vested by law with duties to maintain  
19 public order, investigate violations of the criminal law of  
20 this State, enforce the laws of this State, make arrests  
21 and recover property. The term "special agent" includes any  
22 title or position in the Department of State Police that is  
23 held by an individual employed under the State Police Act.

24 (5) The term "investigator for the Secretary of State"  
25 means any person employed by the Office of the Secretary of  
26 State and vested with such investigative duties as render

1           him ineligible for coverage under the Social Security Act  
2           by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and  
3           218(1)(1) of that Act.

4           A person who became employed as an investigator for the  
5           Secretary of State between January 1, 1967 and December 31,  
6           1975, and who has served as such until attainment of age  
7           60, either continuously or with a single break in service  
8           of not more than 3 years duration, which break terminated  
9           before January 1, 1976, shall be entitled to have his  
10          retirement annuity calculated in accordance with  
11          subsection (a), notwithstanding that he has less than 20  
12          years of credit for such service.

13          (6) The term "Conservation Police Officer" means any  
14          person employed by the Division of Law Enforcement of the  
15          Department of Natural Resources and vested with such law  
16          enforcement duties as render him ineligible for coverage  
17          under the Social Security Act by reason of Sections  
18          218(d)(5)(A), 218(d)(8)(D), and 218(1)(1) of that Act. The  
19          term "Conservation Police Officer" includes the positions  
20          of Chief Conservation Police Administrator and Assistant  
21          Conservation Police Administrator.

22          (7) The term "investigator for the Department of  
23          Revenue" means any person employed by the Department of  
24          Revenue and vested with such investigative duties as render  
25          him ineligible for coverage under the Social Security Act  
26          by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and

1 218(1)(1) of that Act.

2 The term "investigator for the Illinois Gaming Board"  
3 means any person employed as such by the Illinois Gaming  
4 Board and vested with such peace officer duties as render  
5 the person ineligible for coverage under the Social  
6 Security Act by reason of Sections 218(d)(5)(A),  
7 218(d)(8)(D), and 218(1)(1) of that Act.

8 (8) The term "security employee of the Department of  
9 Human Services" means any person employed by the Department  
10 of Human Services who (i) is employed at the Chester Mental  
11 Health Center and has daily contact with the residents  
12 thereof, (ii) is employed within a security unit at a  
13 facility operated by the Department and has daily contact  
14 with the residents of the security unit, (iii) is employed  
15 at a facility operated by the Department that includes a  
16 security unit and is regularly scheduled to work at least  
17 50% of his or her working hours within that security unit,  
18 or (iv) is a mental health police officer. "Mental health  
19 police officer" means any person employed by the Department  
20 of Human Services in a position pertaining to the  
21 Department's mental health and developmental disabilities  
22 functions who is vested with such law enforcement duties as  
23 render the person ineligible for coverage under the Social  
24 Security Act by reason of Sections 218(d)(5)(A),  
25 218(d)(8)(D) and 218(1)(1) of that Act. "Security unit"  
26 means that portion of a facility that is devoted to the



1 care, containment, and treatment of persons committed to  
2 the Department of Human Services as sexually violent  
3 persons, persons unfit to stand trial, or persons not  
4 guilty by reason of insanity. With respect to past  
5 employment, references to the Department of Human Services  
6 include its predecessor, the Department of Mental Health  
7 and Developmental Disabilities.

8 The changes made to this subdivision (c)(8) by Public  
9 Act 92-14 apply to persons who retire on or after January  
10 1, 2001, notwithstanding Section 1-103.1.

11 (9) "Central Management Services security police  
12 officer" means any person employed by the Department of  
13 Central Management Services who is vested with such law  
14 enforcement duties as render him ineligible for coverage  
15 under the Social Security Act by reason of Sections  
16 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act.

17 (10) For a member who first became an employee under  
18 this Article before July 1, 2005, the term "security  
19 employee of the Department of Corrections or the Department  
20 of Juvenile Justice" means any employee of the Department  
21 of Corrections or the Department of Juvenile Justice or the  
22 former Department of Personnel, and any member or employee  
23 of the Prisoner Review Board, who has daily contact with  
24 inmates or youth by working within a correctional facility  
25 or Juvenile facility operated by the Department of Juvenile  
26 Justice or who is a parole officer or an employee who has

1 direct contact with committed persons in the performance of  
2 his or her job duties. For a member who first becomes an  
3 employee under this Article on or after July 1, 2005, the  
4 term means an employee of the Department of Corrections or  
5 the Department of Juvenile Justice who is any of the  
6 following: (i) officially headquartered at a correctional  
7 facility or Juvenile facility operated by the Department of  
8 Juvenile Justice, (ii) a parole officer, (iii) a member of  
9 the apprehension unit, (iv) a member of the intelligence  
10 unit, (v) a member of the sort team, or (vi) an  
11 investigator.

12 (11) The term "dangerous drugs investigator" means any  
13 person who is employed as such by the Department of Human  
14 Services.

15 (12) The term "investigator for the Department of State  
16 Police" means a person employed by the Department of State  
17 Police who is vested under Section 4 of the Narcotic  
18 Control Division Abolition Act with such law enforcement  
19 powers as render him ineligible for coverage under the  
20 Social Security Act by reason of Sections 218(d)(5)(A),  
21 218(d)(8)(D) and 218(1)(1) of that Act.

22 (13) "Investigator for the Office of the Attorney  
23 General" means any person who is employed as such by the  
24 Office of the Attorney General and is vested with such  
25 investigative duties as render him ineligible for coverage  
26 under the Social Security Act by reason of Sections

1           218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act. For  
2           the period before January 1, 1989, the term includes all  
3           persons who were employed as investigators by the Office of  
4           the Attorney General, without regard to social security  
5           status.

6           (14) "Controlled substance inspector" means any person  
7           who is employed as such by the Department of Professional  
8           Regulation and is vested with such law enforcement duties  
9           as render him ineligible for coverage under the Social  
10          Security Act by reason of Sections 218(d)(5)(A),  
11          218(d)(8)(D) and 218(1)(1) of that Act. The term  
12          "controlled substance inspector" includes the Program  
13          Executive of Enforcement and the Assistant Program  
14          Executive of Enforcement.

15          (15) The term "investigator for the Office of the  
16          State's Attorneys Appellate Prosecutor" means a person  
17          employed in that capacity on a full time basis under the  
18          authority of Section 7.06 of the State's Attorneys  
19          Appellate Prosecutor's Act.

20          (16) "Commerce Commission police officer" means any  
21          person employed by the Illinois Commerce Commission who is  
22          vested with such law enforcement duties as render him  
23          ineligible for coverage under the Social Security Act by  
24          reason of Sections 218(d)(5)(A), 218(d)(8)(D), and  
25          218(1)(1) of that Act.

26          (17) "Arson investigator" means any person who is

1 employed as such by the Office of the State Fire Marshal  
2 and is vested with such law enforcement duties as render  
3 the person ineligible for coverage under the Social  
4 Security Act by reason of Sections 218(d)(5)(A),  
5 218(d)(8)(D), and 218(1)(1) of that Act. A person who was  
6 employed as an arson investigator on January 1, 1995 and is  
7 no longer in service but not yet receiving a retirement  
8 annuity may convert his or her creditable service for  
9 employment as an arson investigator into eligible  
10 creditable service by paying to the System the difference  
11 between the employee contributions actually paid for that  
12 service and the amounts that would have been contributed if  
13 the applicant were contributing at the rate applicable to  
14 persons with the same social security status earning  
15 eligible creditable service on the date of application.

16 (18) The term "State highway maintenance worker" means  
17 a person who is either of the following:

18 (i) A person employed on a full-time basis by the  
19 Illinois Department of Transportation in the position  
20 of highway maintainer, highway maintenance lead  
21 worker, highway maintenance lead/lead worker, heavy  
22 construction equipment operator, power shovel  
23 operator, or bridge mechanic; and whose principal  
24 responsibility is to perform, on the roadway, the  
25 actual maintenance necessary to keep the highways that  
26 form a part of the State highway system in serviceable

1 condition for vehicular traffic.

2 (ii) A person employed on a full-time basis by the  
3 Illinois State Toll Highway Authority in the position  
4 of equipment operator/laborer H-4, equipment  
5 operator/laborer H-6, welder H-4, welder H-6,  
6 mechanical/electrical H-4, mechanical/electrical H-6,  
7 water/sewer H-4, water/sewer H-6, sign maker/hanger  
8 H-4, sign maker/hanger H-6, roadway lighting H-4,  
9 roadway lighting H-6, structural H-4, structural H-6,  
10 painter H-4, or painter H-6; and whose principal  
11 responsibility is to perform, on the roadway, the  
12 actual maintenance necessary to keep the Authority's  
13 tollways in serviceable condition for vehicular  
14 traffic.

15 (d) A security employee of the Department of Corrections or  
16 the Department of Juvenile Justice, and a security employee of  
17 the Department of Human Services who is not a mental health  
18 police officer, shall not be eligible for the alternative  
19 retirement annuity provided by this Section unless he or she  
20 meets the following minimum age and service requirements at the  
21 time of retirement:

22 (i) 25 years of eligible creditable service and age 55;

23 or

24 (ii) beginning January 1, 1987, 25 years of eligible  
25 creditable service and age 54, or 24 years of eligible  
26 creditable service and age 55; or

1 (iii) beginning January 1, 1988, 25 years of eligible  
2 creditable service and age 53, or 23 years of eligible  
3 creditable service and age 55; or

4 (iv) beginning January 1, 1989, 25 years of eligible  
5 creditable service and age 52, or 22 years of eligible  
6 creditable service and age 55; or

7 (v) beginning January 1, 1990, 25 years of eligible  
8 creditable service and age 51, or 21 years of eligible  
9 creditable service and age 55; or

10 (vi) beginning January 1, 1991, 25 years of eligible  
11 creditable service and age 50, or 20 years of eligible  
12 creditable service and age 55.

13 For members to whom subsection (a-5) of this Section  
14 applies, the references to age 50 and 55 in item (vi) of this  
15 subsection are increased as provided in subsection (a-5).

16 Persons who have service credit under Article 16 of this  
17 Code for service as a security employee of the Department of  
18 Corrections or the Department of Juvenile Justice, or the  
19 Department of Human Services in a position requiring  
20 certification as a teacher may count such service toward  
21 establishing their eligibility under the service requirements  
22 of this Section; but such service may be used only for  
23 establishing such eligibility, and not for the purpose of  
24 increasing or calculating any benefit.

25 (e) If a member enters military service while working in a  
26 position in which eligible creditable service may be earned,

1 and returns to State service in the same or another such  
2 position, and fulfills in all other respects the conditions  
3 prescribed in this Article for credit for military service,  
4 such military service shall be credited as eligible creditable  
5 service for the purposes of the retirement annuity prescribed  
6 in this Section.

7 (f) For purposes of calculating retirement annuities under  
8 this Section, periods of service rendered after December 31,  
9 1968 and before October 1, 1975 as a covered employee in the  
10 position of special agent, conservation police officer, mental  
11 health police officer, or investigator for the Secretary of  
12 State, shall be deemed to have been service as a noncovered  
13 employee, provided that the employee pays to the System prior  
14 to retirement an amount equal to (1) the difference between the  
15 employee contributions that would have been required for such  
16 service as a noncovered employee, and the amount of employee  
17 contributions actually paid, plus (2) if payment is made after  
18 July 31, 1987, regular interest on the amount specified in item  
19 (1) from the date of service to the date of payment.

20 For purposes of calculating retirement annuities under  
21 this Section, periods of service rendered after December 31,  
22 1968 and before January 1, 1982 as a covered employee in the  
23 position of investigator for the Department of Revenue shall be  
24 deemed to have been service as a noncovered employee, provided  
25 that the employee pays to the System prior to retirement an  
26 amount equal to (1) the difference between the employee

1 contributions that would have been required for such service as  
2 a noncovered employee, and the amount of employee contributions  
3 actually paid, plus (2) if payment is made after January 1,  
4 1990, regular interest on the amount specified in item (1) from  
5 the date of service to the date of payment.

6 (g) A State policeman may elect, not later than January 1,  
7 1990, to establish eligible creditable service for up to 10  
8 years of his service as a policeman under Article 3, by filing  
9 a written election with the Board, accompanied by payment of an  
10 amount to be determined by the Board, equal to (i) the  
11 difference between the amount of employee and employer  
12 contributions transferred to the System under Section 3-110.5,  
13 and the amounts that would have been contributed had such  
14 contributions been made at the rates applicable to State  
15 policemen, plus (ii) interest thereon at the effective rate for  
16 each year, compounded annually, from the date of service to the  
17 date of payment.

18 Subject to the limitation in subsection (i), a State  
19 policeman may elect, not later than July 1, 1993, to establish  
20 eligible creditable service for up to 10 years of his service  
21 as a member of the County Police Department under Article 9, by  
22 filing a written election with the Board, accompanied by  
23 payment of an amount to be determined by the Board, equal to  
24 (i) the difference between the amount of employee and employer  
25 contributions transferred to the System under Section 9-121.10  
26 and the amounts that would have been contributed had those



1 contributions been made at the rates applicable to State  
2 policemen, plus (ii) interest thereon at the effective rate for  
3 each year, compounded annually, from the date of service to the  
4 date of payment.

5 (h) Subject to the limitation in subsection (i), a State  
6 policeman or investigator for the Secretary of State may elect  
7 to establish eligible creditable service for up to 12 years of  
8 his service as a policeman under Article 5, by filing a written  
9 election with the Board on or before January 31, 1992, and  
10 paying to the System by January 31, 1994 an amount to be  
11 determined by the Board, equal to (i) the difference between  
12 the amount of employee and employer contributions transferred  
13 to the System under Section 5-236, and the amounts that would  
14 have been contributed had such contributions been made at the  
15 rates applicable to State policemen, plus (ii) interest thereon  
16 at the effective rate for each year, compounded annually, from  
17 the date of service to the date of payment.

18 Subject to the limitation in subsection (i), a State  
19 policeman, conservation police officer, or investigator for  
20 the Secretary of State may elect to establish eligible  
21 creditable service for up to 10 years of service as a sheriff's  
22 law enforcement employee under Article 7, by filing a written  
23 election with the Board on or before January 31, 1993, and  
24 paying to the System by January 31, 1994 an amount to be  
25 determined by the Board, equal to (i) the difference between  
26 the amount of employee and employer contributions transferred

1 to the System under Section 7-139.7, and the amounts that would  
2 have been contributed had such contributions been made at the  
3 rates applicable to State policemen, plus (ii) interest thereon  
4 at the effective rate for each year, compounded annually, from  
5 the date of service to the date of payment.

6 Subject to the limitation in subsection (i), a State  
7 policeman, conservation police officer, or investigator for  
8 the Secretary of State may elect to establish eligible  
9 creditable service for up to 5 years of service as a police  
10 officer under Article 3, a policeman under Article 5, a  
11 sheriff's law enforcement employee under Article 7, a member of  
12 the county police department under Article 9, or a police  
13 officer under Article 15 by filing a written election with the  
14 Board and paying to the System an amount to be determined by  
15 the Board, equal to (i) the difference between the amount of  
16 employee and employer contributions transferred to the System  
17 under Section 3-110.6, 5-236, 7-139.8, 9-121.10, or 15-134.4  
18 and the amounts that would have been contributed had such  
19 contributions been made at the rates applicable to State  
20 policemen, plus (ii) interest thereon at the effective rate for  
21 each year, compounded annually, from the date of service to the  
22 date of payment.

23 Subject to the limitation in subsection (i), an  
24 investigator for the Office of the Attorney General, or an  
25 investigator for the Department of Revenue, may elect to  
26 establish eligible creditable service for up to 5 years of

1 service as a police officer under Article 3, a policeman under  
2 Article 5, a sheriff's law enforcement employee under Article  
3 7, or a member of the county police department under Article 9  
4 by filing a written election with the Board within 6 months  
5 after August 25, 2009 (the effective date of Public Act 96-745)  
6 and paying to the System an amount to be determined by the  
7 Board, equal to (i) the difference between the amount of  
8 employee and employer contributions transferred to the System  
9 under Section 3-110.6, 5-236, 7-139.8, or 9-121.10 and the  
10 amounts that would have been contributed had such contributions  
11 been made at the rates applicable to State policemen, plus (ii)  
12 interest thereon at the actuarially assumed rate for each year,  
13 compounded annually, from the date of service to the date of  
14 payment.

15 Subject to the limitation in subsection (i), a State  
16 policeman, conservation police officer, investigator for the  
17 Office of the Attorney General, an investigator for the  
18 Department of Revenue, or investigator for the Secretary of  
19 State may elect to establish eligible creditable service for up  
20 to 5 years of service as a person employed by a participating  
21 municipality to perform police duties, or law enforcement  
22 officer employed on a full-time basis by a forest preserve  
23 district under Article 7, a county corrections officer, or a  
24 court services officer under Article 9, by filing a written  
25 election with the Board within 6 months after August 25, 2009  
26 (the effective date of Public Act 96-745) and paying to the

1 System an amount to be determined by the Board, equal to (i)  
2 the difference between the amount of employee and employer  
3 contributions transferred to the System under Sections 7-139.8  
4 and 9-121.10 and the amounts that would have been contributed  
5 had such contributions been made at the rates applicable to  
6 State policemen, plus (ii) interest thereon at the actuarially  
7 assumed rate for each year, compounded annually, from the date  
8 of service to the date of payment.

9 (i) The total amount of eligible creditable service  
10 established by any person under subsections (g), (h), (j), (k),  
11 and (l) of this Section shall not exceed 12 years.

12 (j) Subject to the limitation in subsection (i), an  
13 investigator for the Office of the State's Attorneys Appellate  
14 Prosecutor or a controlled substance inspector may elect to  
15 establish eligible creditable service for up to 10 years of his  
16 service as a policeman under Article 3 or a sheriff's law  
17 enforcement employee under Article 7, by filing a written  
18 election with the Board, accompanied by payment of an amount to  
19 be determined by the Board, equal to (1) the difference between  
20 the amount of employee and employer contributions transferred  
21 to the System under Section 3-110.6 or 7-139.8, and the amounts  
22 that would have been contributed had such contributions been  
23 made at the rates applicable to State policemen, plus (2)  
24 interest thereon at the effective rate for each year,  
25 compounded annually, from the date of service to the date of  
26 payment.

1           (k) Subject to the limitation in subsection (i) of this  
2 Section, an alternative formula employee may elect to establish  
3 eligible creditable service for periods spent as a full-time  
4 law enforcement officer or full-time corrections officer  
5 employed by the federal government or by a state or local  
6 government located outside of Illinois, for which credit is not  
7 held in any other public employee pension fund or retirement  
8 system. To obtain this credit, the applicant must file a  
9 written application with the Board by March 31, 1998,  
10 accompanied by evidence of eligibility acceptable to the Board  
11 and payment of an amount to be determined by the Board, equal  
12 to (1) employee contributions for the credit being established,  
13 based upon the applicant's salary on the first day as an  
14 alternative formula employee after the employment for which  
15 credit is being established and the rates then applicable to  
16 alternative formula employees, plus (2) an amount determined by  
17 the Board to be the employer's normal cost of the benefits  
18 accrued for the credit being established, plus (3) regular  
19 interest on the amounts in items (1) and (2) from the first day  
20 as an alternative formula employee after the employment for  
21 which credit is being established to the date of payment.

22           (1) Subject to the limitation in subsection (i), a security  
23 employee of the Department of Corrections may elect, not later  
24 than July 1, 1998, to establish eligible creditable service for  
25 up to 10 years of his or her service as a policeman under  
26 Article 3, by filing a written election with the Board,

1 accompanied by payment of an amount to be determined by the  
2 Board, equal to (i) the difference between the amount of  
3 employee and employer contributions transferred to the System  
4 under Section 3-110.5, and the amounts that would have been  
5 contributed had such contributions been made at the rates  
6 applicable to security employees of the Department of  
7 Corrections, plus (ii) interest thereon at the effective rate  
8 for each year, compounded annually, from the date of service to  
9 the date of payment.

10 (m) The amendatory changes to this Section made by this  
11 amendatory Act of the 94th General Assembly apply only to: (1)  
12 security employees of the Department of Juvenile Justice  
13 employed by the Department of Corrections before the effective  
14 date of this amendatory Act of the 94th General Assembly and  
15 transferred to the Department of Juvenile Justice by this  
16 amendatory Act of the 94th General Assembly; and (2) persons  
17 employed by the Department of Juvenile Justice on or after the  
18 effective date of this amendatory Act of the 94th General  
19 Assembly who are required by subsection (b) of Section 3-2.5-15  
20 of the Unified Code of Corrections to have a bachelor's or  
21 advanced degree from an accredited college or university with a  
22 specialization in criminal justice, education, psychology,  
23 social work, or a closely related social science or, in the  
24 case of persons who provide vocational training, who are  
25 required to have adequate knowledge in the skill for which they  
26 are providing the vocational training.

1           (n) A person employed in a position under subsection (b) of  
2 this Section who has purchased service credit under subsection  
3 (j) of Section 14-104 or subsection (b) of Section 14-105 in  
4 any other capacity under this Article may convert up to 5 years  
5 of that service credit into service credit covered under this  
6 Section by paying to the Fund an amount equal to (1) the  
7 additional employee contribution required under Section  
8 14-133, plus (2) the additional employer contribution required  
9 under Section 14-131, plus (3) interest on items (1) and (2) at  
10 the actuarially assumed rate from the date of the service to  
11 the date of payment.

12           (Source: P.A. 95-530, eff. 8-28-07; 95-1036, eff. 2-17-09;  
13 96-37, eff. 7-13-09; 96-745, eff. 8-25-09; 96-1000, eff.  
14 7-2-10.)

15           (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

16           Sec. 14-114. Automatic increase in retirement annuity.

17           (a) Except as provided in subsections (a-1) and (a-2), any  
18 ~~Any~~ person receiving a retirement annuity under this Article  
19 who retires having attained age 60, or who retires before age  
20 60 having at least 35 years of creditable service, or who  
21 retires on or after January 1, 2001 at an age which, when added  
22 to the number of years of his or her creditable service, equals  
23 at least 85, shall, on January 1 next following the first full  
24 year of retirement, have the amount of the then fixed and  
25 payable monthly retirement annuity increased 3%. Any person

1 receiving a retirement annuity under this Article who retires  
2 before attainment of age 60 and with less than (i) 35 years of  
3 creditable service if retirement is before January 1, 2001, or  
4 (ii) the number of years of creditable service which, when  
5 added to the member's age, would equal 85, if retirement is on  
6 or after January 1, 2001, shall have the amount of the fixed  
7 and payable retirement annuity increased by 3% on the January 1  
8 occurring on or next following (1) attainment of age 60, or (2)  
9 the first anniversary of retirement, whichever occurs later.  
10 However, for persons who receive the alternative retirement  
11 annuity under Section 14-110, references in this subsection (a)  
12 to attainment of age 60 shall be deemed to refer to attainment  
13 of age 55. For a person receiving early retirement incentives  
14 under Section 14-108.3 whose retirement annuity began after  
15 January 1, 1992 pursuant to an extension granted under  
16 subsection (e) of that Section, the first anniversary of  
17 retirement shall be deemed to be January 1, 1993. For a person  
18 who retires on or after June 28, 2001 and on or before October  
19 1, 2001, and whose retirement annuity is calculated, in whole  
20 or in part, under Section 14-110 or subsection (g) or (h) of  
21 Section 14-108, the first anniversary of retirement shall be  
22 deemed to be January 1, 2002.

23 On each January 1 following the date of the initial  
24 increase under this subsection, the employee's monthly  
25 retirement annuity shall be increased by an additional 3%.

26 Beginning January 1, 1990 and except as provided in



1 subsections (a-1) and (a-2), all automatic annual increases  
2 payable under this Section shall be calculated as a percentage  
3 of the total annuity payable at the time of the increase,  
4 including previous increases granted under this Article.

5 (a-1) Notwithstanding any other provision of this Article,  
6 for a Tier I retiree, the amount of each automatic annual  
7 increase in retirement annuity occurring on or after the  
8 effective date of this amendatory Act of the 97th General  
9 Assembly shall be the lesser of \$600 (\$750 if the annuity is  
10 based primarily upon service as a noncovered employee) or 3% of  
11 the total annuity payable at the time of the increase,  
12 including previous increases granted.

13 (a-2) Notwithstanding any other provision of this Article,  
14 for a Tier I retiree, the monthly retirement annuity shall  
15 first be subject to annual increases on the January 1 occurring  
16 on or next after the attainment of age 67 or the January 1  
17 occurring on or next after the fifth anniversary of the annuity  
18 start date, whichever occurs earlier. If on the effective date  
19 of this amendatory Act of the 97th General Assembly a Tier I  
20 retiree has already received an annual increase under this  
21 Section but does not yet meet the new eligibility requirements  
22 of this subsection, the annual increases already received shall  
23 continue in force, but no additional annual increase shall be  
24 granted until the Tier I retiree meets the new eligibility  
25 requirements.

26 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)

1 and (a-2) apply without regard to whether or not the Tier I  
2 retiree is in active service under this Article on or after the  
3 effective date of this amendatory Act of the 97th General  
4 Assembly.

5 (b) The provisions of subsection (a) of this Section shall  
6 be applicable to an employee only if the employee makes the  
7 additional contributions required after December 31, 1969 for  
8 the purpose of the automatic increases for not less than the  
9 equivalent of one full year. If an employee becomes an  
10 annuitant before his additional contributions equal one full  
11 year's contributions based on his salary at the date of  
12 retirement, the employee may pay the necessary balance of the  
13 contributions to the system, without interest, and be eligible  
14 for the increasing annuity authorized by this Section.

15 (c) The provisions of subsection (a) of this Section shall  
16 not be applicable to any annuitant who is on retirement on  
17 December 31, 1969, and thereafter returns to State service,  
18 unless the member has established at least one year of  
19 additional creditable service following reentry into service.

20 (d) In addition to other increases which may be provided by  
21 this Section, on January 1, 1981 any annuitant who was  
22 receiving a retirement annuity on or before January 1, 1971  
23 shall have his retirement annuity then being paid increased \$1  
24 per month for each year of creditable service. On January 1,  
25 1982, any annuitant who began receiving a retirement annuity on  
26 or before January 1, 1977, shall have his retirement annuity

1 then being paid increased \$1 per month for each year of  
2 creditable service.

3 On January 1, 1987, any annuitant who began receiving a  
4 retirement annuity on or before January 1, 1977, shall have the  
5 monthly retirement annuity increased by an amount equal to 8¢  
6 per year of creditable service times the number of years that  
7 have elapsed since the annuity began.

8 (e) Every person who receives the alternative retirement  
9 annuity under Section 14-110 and who is eligible to receive the  
10 3% increase under subsection (a) on January 1, 1986, shall also  
11 receive on that date a one-time increase in retirement annuity  
12 equal to the difference between (1) his actual retirement  
13 annuity on that date, including any increases received under  
14 subsection (a), and (2) the amount of retirement annuity he  
15 would have received on that date if the amendments to  
16 subsection (a) made by Public Act 84-162 had been in effect  
17 since the date of his retirement.

18 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;  
19 92-651, eff. 7-11-02.)

20 (40 ILCS 5/14-131)

21 Sec. 14-131. Contributions by State.

22 (a) The State shall make contributions to the System by  
23 appropriations of amounts which, together with other employer  
24 contributions from trust, federal, and other funds, employee  
25 contributions, investment income, and other income, will be

1 sufficient to meet the cost of maintaining and administering  
2 the System on a 100% ~~90%~~ funded basis in accordance with  
3 actuarial recommendations by the end of State fiscal year 2043.

4 For the purposes of this Section and Section 14-135.08,  
5 references to State contributions refer only to employer  
6 contributions and do not include employee contributions that  
7 are picked up or otherwise paid by the State or a department on  
8 behalf of the employee.

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

13 The Board shall also determine a State contribution rate  
14 for each fiscal year, expressed as a percentage of payroll,  
15 based on the total required State contribution for that fiscal  
16 year (less the amount received by the System from  
17 appropriations under Section 8.12 of the State Finance Act and  
18 Section 1 of the State Pension Funds Continuing Appropriation  
19 Act, if any, for the fiscal year ending on the June 30  
20 immediately preceding the applicable November 15 certification  
21 deadline), the estimated payroll (including all forms of  
22 compensation) for personal services rendered by eligible  
23 employees, and the recommendations of the actuary.

24 For the purposes of this Section and Section 14.1 of the  
25 State Finance Act, the term "eligible employees" includes  
26 employees who participate in the System, persons who may elect

1 to participate in the System but have not so elected, persons  
2 who are serving a qualifying period that is required for  
3 participation, and annuitants employed by a department as  
4 described in subdivision (a) (1) or (a) (2) of Section 14-111.

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

19 (c-1) Notwithstanding subsection (c) of this Section, for  
20 fiscal years 2010, 2012, and 2013 only, contributions by the  
21 several departments are not required to be made for General  
22 Revenue Funds payrolls processed by the Comptroller. Payrolls  
23 paid by the several departments from all other State funds must  
24 continue to be processed pursuant to subsection (c) of this  
25 Section.

26 (c-2) For State fiscal years 2010, 2012, and 2013 only, on

1 or as soon as possible after the 15th day of each month, the  
2 Board shall submit vouchers for payment of State contributions  
3 to the System, in a total monthly amount of one-twelfth of the  
4 fiscal year General Revenue Fund contribution as certified by  
5 the System pursuant to Section 14-135.08 of the Illinois  
6 Pension Code.

7 (d) If an employee is paid from trust funds or federal  
8 funds, the department or other employer shall pay employer  
9 contributions from those funds to the System at the certified  
10 rate, unless the terms of the trust or the federal-State  
11 agreement preclude the use of the funds for that purpose, in  
12 which case the required employer contributions shall be paid by  
13 the State. From the effective date of this amendatory Act of  
14 the 93rd General Assembly through the payment of the final  
15 payroll from fiscal year 2004 appropriations, the department or  
16 other employer shall not pay contributions for the remainder of  
17 fiscal year 2004 but shall instead make payments as required  
18 under subsection (a-1) of Section 14.1 of the State Finance  
19 Act. The department or other employer shall resume payment of  
20 contributions at the commencement of fiscal year 2005.

21 (e) For State fiscal years 2014 through 2043, the minimum  
22 contribution to the System to be made by the State for each  
23 fiscal year shall be an amount determined by the System to be  
24 equal to the sum of (1) the State's portion of the projected  
25 normal cost for that fiscal year, plus (2) an amount sufficient  
26 to bring the total assets of the System up to 100% of the total

1 actuarial liabilities of the System by the end of State fiscal  
2 year 2043. In making these determinations, the required State  
3 contribution shall be calculated each year as a level  
4 percentage of payroll over the years remaining to and including  
5 fiscal year 2043 and shall be determined under the projected  
6 unit credit actuarial cost method.

7 For State fiscal years 2012 and 2013 ~~through 2045~~, the minimum  
8 contribution to the System to be made by the State for each  
9 fiscal year shall be an amount determined by the System to be  
10 sufficient to bring the total assets of the System up to 90% of  
11 the total actuarial liabilities of the System by the end of  
12 State fiscal year 2045. In making these determinations, the  
13 required State contribution shall be calculated each year as a  
14 level percentage of payroll over the years remaining to and  
15 including fiscal year 2045 and shall be determined under the  
16 projected unit credit actuarial cost method.

17 For State fiscal years 1996 through 2005, the State  
18 contribution to the System, as a percentage of the applicable  
19 employee payroll, shall be increased in equal annual increments  
20 so that by State fiscal year 2011, the State is contributing at  
21 the rate required under this Section; except that (i) for State  
22 fiscal year 1998, for all purposes of this Code and any other  
23 law of this State, the certified percentage of the applicable  
24 employee payroll shall be 5.052% for employees earning eligible  
25 creditable service under Section 14-110 and 6.500% for all  
26 other employees, notwithstanding any contrary certification

1 made under Section 14-135.08 before the effective date of this  
2 amendatory Act of 1997, and (ii) in the following specified  
3 State fiscal years, the State contribution to the System shall  
4 not be less than the following indicated percentages of the  
5 applicable employee payroll, even if the indicated percentage  
6 will produce a State contribution in excess of the amount  
7 otherwise required under this subsection and subsection (a):  
8 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY  
9 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

16 For each of State fiscal years 2008 through 2009, the State  
17 contribution to the System, as a percentage of the applicable  
18 employee payroll, shall be increased in equal annual increments  
19 from the required State contribution for State fiscal year  
20 2007, so that by State fiscal year 2011, the State is  
21 contributing at the rate otherwise required under this Section.

22 Notwithstanding any other provision of this Article, the  
23 total required State General Revenue Fund contribution for  
24 State fiscal year 2010 is \$723,703,100 and shall be made from  
25 the proceeds of bonds sold in fiscal year 2010 pursuant to  
26 Section 7.2 of the General Obligation Bond Act, less (i) the



1 pro rata share of bond sale expenses determined by the System's  
2 share of total bond proceeds, (ii) any amounts received from  
3 the General Revenue Fund in fiscal year 2010, and (iii) any  
4 reduction in bond proceeds due to the issuance of discounted  
5 bonds, if applicable.

6 Notwithstanding any other provision of this Article, the  
7 total required State General Revenue Fund contribution for  
8 State fiscal year 2011 is the amount recertified by the System  
9 on or before April 1, 2011 pursuant to Section 14-135.08 and  
10 shall be made from the proceeds of bonds sold in fiscal year  
11 2011 pursuant to Section 7.2 of the General Obligation Bond  
12 Act, less (i) the pro rata share of bond sale expenses  
13 determined by the System's share of total bond proceeds, (ii)  
14 any amounts received from the General Revenue Fund in fiscal  
15 year 2011, and (iii) any reduction in bond proceeds due to the  
16 issuance of discounted bonds, if applicable.

17 Beginning in State fiscal year 2044, the minimum State  
18 contribution for each fiscal year shall be the amount needed to  
19 maintain the total assets of the System at 100% of the total  
20 actuarial liabilities of the System.

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

25 Amounts received by the System pursuant to Section 25 of  
26 the Budget Stabilization Act or Section 8.12 of the State

1 Finance Act in any fiscal year do not reduce and do not  
2 constitute payment of any portion of the minimum State  
3 contribution required under this Article in that fiscal year.  
4 Such amounts shall not reduce, and shall not be included in the  
5 calculation of, the required State contributions under this  
6 Article in any future year until the System has reached a  
7 funding ratio of at least 100% ~~90%~~. A reference in this Article  
8 to the "required State contribution" or any substantially  
9 similar term does not include or apply to any amounts payable  
10 to the System under Section 25 of the Budget Stabilization Act.

11 Notwithstanding any other provision of this Section, the  
12 required State contribution for State fiscal year 2005 and for  
13 fiscal year 2008 and each fiscal year thereafter through State  
14 fiscal year 2013, as calculated under this Section and  
15 certified under Section 14-135.08, shall not exceed an amount  
16 equal to (i) the amount of the required State contribution that  
17 would have been calculated under this Section for that fiscal  
18 year if the System had not received any payments under  
19 subsection (d) of Section 7.2 of the General Obligation Bond  
20 Act, minus (ii) the portion of the State's total debt service  
21 payments for that fiscal year on the bonds issued in fiscal  
22 year 2003 for the purposes of that Section 7.2, as determined  
23 and certified by the Comptroller, that is the same as the  
24 System's portion of the total moneys distributed under  
25 subsection (d) of Section 7.2 of the General Obligation Bond  
26 Act. In determining this maximum for State fiscal years 2008

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

10 (f) After the submission of all payments for eligible  
11 employees from personal services line items in fiscal year 2004  
12 have been made, the Comptroller shall provide to the System a  
13 certification of the sum of all fiscal year 2004 expenditures  
14 for personal services that would have been covered by payments  
15 to the System under this Section if the provisions of this  
16 amendatory Act of the 93rd General Assembly had not been  
17 enacted. Upon receipt of the certification, the System shall  
18 determine the amount due to the System based on the full rate  
19 certified by the Board under Section 14-135.08 for fiscal year  
20 2004 in order to meet the State's obligation under this  
21 Section. The System shall compare this amount due to the amount  
22 received by the System in fiscal year 2004 through payments  
23 under this Section and under Section 6z-61 of the State Finance  
24 Act. If the amount due is more than the amount received, the  
25 difference shall be termed the "Fiscal Year 2004 Shortfall" for  
26 purposes of this Section, and the Fiscal Year 2004 Shortfall

1 shall be satisfied under Section 1.2 of the State Pension Funds  
2 Continuing Appropriation Act. If the amount due is less than  
3 the amount received, the difference shall be termed the "Fiscal  
4 Year 2004 Overpayment" for purposes of this Section, and the  
5 Fiscal Year 2004 Overpayment shall be repaid by the System to  
6 the Pension Contribution Fund as soon as practicable after the  
7 certification.

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

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

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

23 (i) After the submission of all payments for eligible  
24 employees from personal services line items paid from the  
25 General Revenue Fund in fiscal year 2010 have been made, the  
26 Comptroller shall provide to the System a certification of the

1 sum of all fiscal year 2010 expenditures for personal services  
2 that would have been covered by payments to the System under  
3 this Section if the provisions of this amendatory Act of the  
4 96th General Assembly had not been enacted. Upon receipt of the  
5 certification, the System shall determine the amount due to the  
6 System based on the full rate certified by the Board under  
7 Section 14-135.08 for fiscal year 2010 in order to meet the  
8 State's obligation under this Section. The System shall compare  
9 this amount due to the amount received by the System in fiscal  
10 year 2010 through payments under this Section. If the amount  
11 due is more than the amount received, the difference shall be  
12 termed the "Fiscal Year 2010 Shortfall" for purposes of this  
13 Section, and the Fiscal Year 2010 Shortfall shall be satisfied  
14 under Section 1.2 of the State Pension Funds Continuing  
15 Appropriation Act. If the amount due is less than the amount  
16 received, the difference shall be termed the "Fiscal Year 2010  
17 Overpayment" for purposes of this Section, and the Fiscal Year  
18 2010 Overpayment shall be repaid by the System to the General  
19 Revenue Fund as soon as practicable after the certification.

20 (j) After the submission of all payments for eligible  
21 employees from personal services line items paid from the  
22 General Revenue Fund in fiscal year 2011 have been made, the  
23 Comptroller shall provide to the System a certification of the  
24 sum of all fiscal year 2011 expenditures for personal services  
25 that would have been covered by payments to the System under  
26 this Section if the provisions of this amendatory Act of the

1 96th General Assembly had not been enacted. Upon receipt of the  
2 certification, the System shall determine the amount due to the  
3 System based on the full rate certified by the Board under  
4 Section 14-135.08 for fiscal year 2011 in order to meet the  
5 State's obligation under this Section. The System shall compare  
6 this amount due to the amount received by the System in fiscal  
7 year 2011 through payments under this Section. If the amount  
8 due is more than the amount received, the difference shall be  
9 termed the "Fiscal Year 2011 Shortfall" for purposes of this  
10 Section, and the Fiscal Year 2011 Shortfall shall be satisfied  
11 under Section 1.2 of the State Pension Funds Continuing  
12 Appropriation Act. If the amount due is less than the amount  
13 received, the difference shall be termed the "Fiscal Year 2011  
14 Overpayment" for purposes of this Section, and the Fiscal Year  
15 2011 Overpayment shall be repaid by the System to the General  
16 Revenue Fund as soon as practicable after the certification.

17 (k) For fiscal years 2012 and 2013 only, after the  
18 submission of all payments for eligible employees from personal  
19 services line items paid from the General Revenue Fund in the  
20 fiscal year have been made, the Comptroller shall provide to  
21 the System a certification of the sum of all expenditures in  
22 the fiscal year for personal services. Upon receipt of the  
23 certification, the System shall determine the amount due to the  
24 System based on the full rate certified by the Board under  
25 Section 14-135.08 for the fiscal year in order to meet the  
26 State's obligation under this Section. The System shall compare

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

12 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;  
13 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.  
14 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11; 97-732,  
15 eff. 6-30-12.)

16 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

17 Sec. 14-132. Obligations of State; funding guarantee.

18 (a) The payment of the required department contributions,  
19 all allowances, annuities, benefits granted under this  
20 Article, and all expenses of administration of the system are  
21 obligations of the State of Illinois to the extent specified in  
22 this Article.

23 (b) All income of the system shall be credited to a  
24 separate account for this system in the State treasury and  
25 shall be used to pay allowances, annuities, benefits and

1 administration expense.

2 (c) Beginning July 1, 2013, the State shall be  
3 contractually obligated to contribute to the System under  
4 Section 14-131 in each State fiscal year an amount not less  
5 than the sum of (i) the State's normal cost for that year and  
6 (ii) the portion of the unfunded accrued liability assigned to  
7 that year by law in accordance with a schedule that distributes  
8 payments equitably over a reasonable period of time and in  
9 accordance with accepted actuarial practices. The obligations  
10 created under this subsection (c) are contractual obligations  
11 protected and enforceable under Article I, Section 16 and  
12 Article XIII, Section 5 of the Illinois Constitution.

13 Notwithstanding any other provision of law, if the State  
14 fails to pay in a State fiscal year the amount guaranteed under  
15 this subsection, the System may bring a mandamus action in the  
16 Circuit Court of Sangamon County to compel the State to make  
17 that payment, irrespective of other remedies that may be  
18 available to the System. In ordering the State to make the  
19 required payment, the court may order a reasonable payment  
20 schedule to enable the State to make the required payment  
21 without significantly imperiling the public health, safety, or  
22 welfare.

23 (Source: P.A. 80-841.)

24 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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



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

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

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

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

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

22          (5) Each security employee of the Department of  
23 Corrections or of the Department of Human Services who is a  
24 covered employee, 0.5% for a widow or survivors annuity  
25 plus the following amount for retirement annuity: 5%  
26 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%

1 in 2004 and thereafter;

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

8 (a-5) In addition to the contributions otherwise required  
9 under this Article, each Tier I member shall also make the  
10 following contributions for retirement annuity from each  
11 payment of compensation:

12 (1) beginning July 1, 2013 and through June 30, 2014,  
13 1% of compensation; and

14 (2) beginning on July 1, 2014, 2% of compensation.

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

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

23 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)  
24 Sec. 14-135.08. To certify required State contributions.

25 (a) To certify to the Governor and to each department, on

1 or before November 15 of each year through ~~until~~ November 15,  
2 2011, the required rate for State contributions to the System  
3 for the next State fiscal year, as determined under subsection  
4 (b) of Section 14-131. The certification to the Governor under  
5 this subsection (a) shall include a copy of the actuarial  
6 recommendations upon which the rate is based ~~and shall~~  
7 ~~specifically identify the System's projected State normal cost~~  
8 ~~for that fiscal year.~~

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

21 On or before January 15, 2013 and each January 15  
22 thereafter, the Board shall certify to the Governor and the  
23 General Assembly the amount of the required State contribution  
24 for the next fiscal year. The certification shall include a  
25 copy of the actuarial recommendations upon which it is based  
26 and shall specifically identify the System's projected State

1 normal cost for that fiscal year. The Board's certification  
2 must note any deviations from the State Actuary's recommended  
3 changes, the reason or reasons for not following the State  
4 Actuary's recommended changes, and the fiscal impact of not  
5 following the State Actuary's recommended changes on the  
6 required State contribution.

7 (b) The certifications under subsections (a) and (a-5)  
8 shall include an additional amount necessary to pay all  
9 principal of and interest on those general obligation bonds due  
10 the next fiscal year authorized by Section 7.2(a) of the  
11 General Obligation Bond Act and issued to provide the proceeds  
12 deposited by the State with the System in July 2003,  
13 representing deposits other than amounts reserved under  
14 Section 7.2(c) of the General Obligation Bond Act. For State  
15 fiscal year 2005, the Board shall make a supplemental  
16 certification of the additional amount necessary to pay all  
17 principal of and interest on those general obligation bonds due  
18 in State fiscal years 2004 and 2005 authorized by Section  
19 7.2(a) of the General Obligation Bond Act and issued to provide  
20 the proceeds deposited by the State with the System in July  
21 2003, representing deposits other than amounts reserved under  
22 Section 7.2(c) of the General Obligation Bond Act, as soon as  
23 practical after the effective date of this amendatory Act of  
24 the 93rd General Assembly.

25 On or before May 1, 2004, the Board shall recalculate and  
26 recertify to the Governor and to each department the amount of

1 the required State contribution to the System and the required  
2 rates for State contributions to the System for State fiscal  
3 year 2005, taking into account the amounts appropriated to and  
4 received by the System under subsection (d) of Section 7.2 of  
5 the General Obligation Bond Act.

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

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

19 On or before July 1, 2013, the Board shall, if necessary,  
20 recalculate and recertify to the Governor the amount of the  
21 required State contribution to the System for State fiscal year  
22 2014, taking into account the changes in required State  
23 contributions made by this amendatory Act of the 97th General  
24 Assembly.

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

1 (40 ILCS 5/14-152.1)

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

4 (a) As used in this Section, "new benefit increase" means  
5 an increase in the amount of any benefit provided under this  
6 Article, or an expansion of the conditions of eligibility for  
7 any benefit under this Article, that results from an amendment  
8 to this Code that takes effect after June 1, 2005 (the  
9 effective date of Public Act 94-4). "New benefit increase",  
10 however, does not include any benefit increase resulting from  
11 the changes made to this Article by Public Act 96-37 or by this  
12 amendatory Act of the 97th ~~96th~~ General Assembly.

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

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

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

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

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

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

1 apply and qualify for the affected benefit while the new  
2 benefit increase was in effect.

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

4 (40 ILCS 5/15-107.1 new)

5 Sec. 15-107.1. Tier I participant. "Tier I participant": A  
6 participant under this Article, other than a participant in the  
7 self-managed plan under Section 15-158.2, who first became a  
8 member or participant before January 1, 2011 under any  
9 reciprocal retirement system or pension fund established under  
10 this Code other than a retirement system or pension fund  
11 established under Article 2, 3, 4, 5, 6, or 18 of this Code.

12 (40 ILCS 5/15-107.2 new)

13 Sec. 15-107.2. Tier I retiree. "Tier I retiree": A former  
14 Tier I participant who is receiving a retirement annuity.

15 A person does not become a Tier I retiree by virtue of  
16 receiving a reversionary, survivors, beneficiary, or  
17 disability annuity.

18 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

19 Sec. 15-111. Earnings. "Earnings": An amount paid for  
20 personal services equal to the sum of the basic compensation  
21 plus extra compensation for summer teaching, overtime or other  
22 extra service. For periods for which an employee receives  
23 service credit under subsection (c) of Section 15-113.1 or



1 Section 15-113.2, earnings are equal to the basic compensation  
2 on which contributions are paid by the employee during such  
3 periods. Compensation for employment which is irregular,  
4 intermittent and temporary shall not be considered earnings,  
5 unless the participant is also receiving earnings from the  
6 employer as an employee under Section 15-107.

7 With respect to transition pay paid by the University of  
8 Illinois to a person who was a participating employee employed  
9 in the fire department of the University of Illinois's  
10 Champaign-Urbana campus immediately prior to the elimination  
11 of that fire department:

12 (1) "Earnings" includes transition pay paid to the  
13 employee on or after the effective date of this amendatory  
14 Act of the 91st General Assembly.

15 (2) "Earnings" includes transition pay paid to the  
16 employee before the effective date of this amendatory Act  
17 of the 91st General Assembly only if (i) employee  
18 contributions under Section 15-157 have been withheld from  
19 that transition pay or (ii) the employee pays to the System  
20 before January 1, 2001 an amount representing employee  
21 contributions under Section 15-157 on that transition pay.  
22 Employee contributions under item (ii) may be paid in a  
23 lump sum, by withholding from additional transition pay  
24 accruing before January 1, 2001, or in any other manner  
25 approved by the System. Upon payment of the employee  
26 contributions on transition pay, the corresponding

1 employer contributions become an obligation of the State.

2 Notwithstanding any other provision of this Code, the  
3 earnings of a Tier I participant for the purposes of this Code  
4 shall not exceed, for periods of service on or after the  
5 effective date of this amendatory Act of the 97th General  
6 Assembly, the annual contribution and benefit base established  
7 for the applicable year by the Commissioner of Social Security  
8 under the federal Social Security Act; except that this  
9 limitation does not apply to a participant's earnings that are  
10 determined under an employment contract or collective  
11 bargaining agreement that is in effect on the effective date of  
12 this amendatory Act of the 97th General Assembly and has not  
13 been amended or renewed after that date.

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

15 (40 ILCS 5/15-113.6) (from Ch. 108 1/2, par. 15-113.6)

16 Sec. 15-113.6. Service for employment in public schools.  
17 "Service for employment in public schools": Includes those  
18 periods not exceeding the lesser of 10 years or 2/3 of the  
19 service granted under other Sections of this Article dealing  
20 with service credit, during which a person who entered the  
21 system after September 1, 1974 was employed full time by a  
22 public common school, public college and public university, or  
23 by an agency or instrumentality of any of the foregoing, of any  
24 state, territory, dependency or possession of the United States  
25 of America, including the Philippine Islands, or a school

1 operated by or under the auspices of any agency or department  
2 of any other state, if the person (1) cannot qualify for a  
3 retirement pension or other benefit based upon employer  
4 contributions from another retirement system, exclusive of  
5 federal social security, based in whole or in part upon this  
6 employment, and (2) pays the lesser of (A) an amount equal to  
7 8% of his or her annual basic compensation on the date of  
8 becoming a participating employee subsequent to this service  
9 multiplied by the number of years of such service, together  
10 with compound interest from the date participation begins to  
11 the date payment is received by the board at the rate of 6% per  
12 annum through August 31, 1982, and at the effective rates after  
13 that date, and (B) 50% of the actuarial value of the increase  
14 in the retirement annuity provided by this service, and (3)  
15 contributes for at least 5 years subsequent to this employment  
16 to one or more of the following systems: the State Universities  
17 Retirement System, the Teachers' Retirement System of the State  
18 of Illinois, and the Public School Teachers' Pension and  
19 Retirement Fund of Chicago.

20 The service granted under this Section shall not be  
21 considered in determining whether the person has the minimum  
22 number of ~~8~~ years of service required to qualify for a  
23 retirement annuity ~~at age 55 or the 5 years of service required~~  
24 ~~to qualify for a retirement annuity at age 62, as provided in~~  
25 ~~Section 15-135, or the 10 years required by subsection (c) of~~  
26 ~~Section 1-160 for a person who first becomes a participant on~~

1 ~~or after January 1, 2011.~~ The maximum allowable service of 10  
2 years for this governmental employment shall be reduced by the  
3 service credit which is validated under paragraph (2) of  
4 subsection (b) of Section 16-127 and paragraph 1 of Section  
5 17-133.

6 (Source: P.A. 95-83, eff. 8-13-07; 96-1490, eff. 1-1-11.)

7 (40 ILCS 5/15-113.7) (from Ch. 108 1/2, par. 15-113.7)

8 Sec. 15-113.7. Service for other public employment.  
9 "Service for other public employment": Includes those periods  
10 not exceeding the lesser of 10 years or 2/3 of the service  
11 granted under other Sections of this Article dealing with  
12 service credit, during which a person was employed full time by  
13 the United States government, or by the government of a state,  
14 or by a political subdivision of a state, or by an agency or  
15 instrumentality of any of the foregoing, if the person (1)  
16 cannot qualify for a retirement pension or other benefit based  
17 upon employer contributions from another retirement system,  
18 exclusive of federal social security, based in whole or in part  
19 upon this employment, and (2) pays the lesser of (A) an amount  
20 equal to 8% of his or her annual basic compensation on the date  
21 of becoming a participating employee subsequent to this service  
22 multiplied by the number of years of such service, together  
23 with compound interest from the date participation begins to  
24 the date payment is received by the board at the rate of 6% per  
25 annum through August 31, 1982, and at the effective rates after

1 that date, and (B) 50% of the actuarial value of the increase  
2 in the retirement annuity provided by this service, and (3)  
3 contributes for at least 5 years subsequent to this employment  
4 to one or more of the following systems: the State Universities  
5 Retirement System, the Teachers' Retirement System of the State  
6 of Illinois, and the Public School Teachers' Pension and  
7 Retirement Fund of Chicago. If a function of a governmental  
8 unit as defined by Section 20-107 is transferred by law, in  
9 whole or in part to an employer, and an employee transfers  
10 employment from this governmental unit to such employer within  
11 6 months of the transfer of the function, the payment for  
12 service authorized under this Section shall not exceed the  
13 amount which would have been payable for this service to the  
14 retirement system covering the governmental unit from which the  
15 function was transferred.

16 The service granted under this Section shall not be  
17 considered in determining whether the person has the minimum  
18 number of 8 years of service required to qualify for a  
19 retirement annuity ~~at age 55 or the 5 years of service required~~  
20 ~~to qualify for a retirement annuity at age 62, as provided in~~  
21 ~~Section 15-135~~. The maximum allowable service of 10 years for  
22 this governmental employment shall be reduced by the service  
23 credit which is validated under paragraph (2) of subsection (b)  
24 of Section 16-127 and paragraph one of Section 17-133.

25 Except as hereinafter provided, this Section shall not  
26 apply to persons who become participants in the system after

1 September 1, 1974.

2 (Source: P.A. 95-83, eff. 8-13-07.)

3 (40 ILCS 5/15-134.5)

4 Sec. 15-134.5. Retirement program elections.

5 (a) All participating employees are participants under the  
6 traditional benefit package prior to January 1, 1998.

7 Effective as of the date that an employer elects, as  
8 described in Section 15-158.2, to offer to its employees the  
9 portable benefit package and the self-managed plan as  
10 alternatives to the traditional benefit package, each of that  
11 employer's eligible employees (as defined in subsection (b))  
12 shall be given the choice to elect which retirement program he  
13 or she wishes to participate in with respect to all periods of  
14 covered employment occurring on and after the effective date of  
15 the employee's election. The retirement program election made  
16 by an eligible employee must be made in writing, in the manner  
17 prescribed by the System, and within the time period described  
18 in subsection (d) or (d-1).

19 The employee election authorized by this Section is a  
20 one-time, irrevocable election. If an employee terminates  
21 employment after making the election provided under this  
22 subsection (a), then upon his or her subsequent re-employment  
23 with an employer the original election shall automatically  
24 apply to him or her, provided that the employer is then a  
25 participating employer as described in Section 15-158.2.

1           An eligible employee who fails to make this election shall,  
2 by default, participate in the traditional benefit package.

3           (b) "Eligible employee" means an employee (as defined in  
4 Section 15-107) who is either a currently eligible employee or  
5 a newly eligible employee. For purposes of this Section, a  
6 "currently eligible employee" is an employee who is employed by  
7 an employer on the effective date on which the employer offers  
8 to its employees the portable benefit package and the  
9 self-managed plan as alternatives to the traditional benefit  
10 package. A "newly eligible employee" is an employee who first  
11 becomes employed by an employer after the effective date on  
12 which the employer offers its employees the portable benefit  
13 package and the self-managed plan as alternatives to the  
14 traditional benefit package. A newly eligible employee  
15 participates in the traditional benefit package until he or she  
16 makes an election to participate in the portable benefit  
17 package or the self-managed plan. If an employee does not elect  
18 to participate in the portable benefit package or the  
19 self-managed plan, he or she shall continue to participate in  
20 the traditional benefit package by default.

21           (c) An eligible employee who at the time he or she is first  
22 eligible to make the election described in subsection (a) does  
23 not have sufficient age and service to qualify for a retirement  
24 annuity under Section 15-135 may elect to participate in the  
25 traditional benefit package, the portable benefit package, or  
26 the self-managed plan. An eligible employee who has sufficient

1 age and service to qualify for a retirement annuity under  
2 Section 15-135 at the time he or she is first eligible to make  
3 the election described in subsection (a) may elect to  
4 participate in the traditional benefit package or the portable  
5 benefit package, but may not elect to participate in the  
6 self-managed plan.

7 (d) A currently eligible employee must make this election  
8 within one year after the effective date of the employer's  
9 adoption of the self-managed plan.

10 A newly eligible employee must make this election within 6  
11 months after the date on which the System receives the report  
12 of status certification from the employer. If an employee  
13 elects to participate in the self-managed plan, no employer  
14 contributions shall be remitted to the self-managed plan when  
15 the employee's account balance transfer is made. Employer  
16 contributions to the self-managed plan shall commence as of the  
17 first pay period that begins after the System receives the  
18 employee's election.

19 (d-1) A newly eligible employee who, prior to the effective  
20 date of this amendatory Act of the 91st General Assembly, fails  
21 to make the election within the period provided under  
22 subsection (d) and participates by default in the traditional  
23 benefit package may make a late election to participate in the  
24 portable benefit package or the self-managed plan instead of  
25 the traditional benefit package at any time within 6 months  
26 after the effective date of this amendatory Act of the 91st



1 General Assembly.

2 (e) If a currently eligible employee elects the portable  
3 benefit package, that election shall not become effective until  
4 the one-year anniversary of the date on which the election is  
5 filed with the System, provided the employee remains  
6 continuously employed by the employer throughout the one-year  
7 waiting period, and any benefits payable to or on account of  
8 the employee before such one-year waiting period has ended  
9 shall not be determined under the provisions applicable to the  
10 portable benefit package but shall instead be determined in  
11 accordance with the traditional benefit package. If a currently  
12 eligible employee who has elected the portable benefit package  
13 terminates employment covered by the System before the one-year  
14 waiting period has ended, then no benefits shall be determined  
15 under the portable benefit package provisions while he or she  
16 is inactive in the System and upon re-employment with an  
17 employer covered by the System he or she shall begin a new  
18 one-year waiting period before the provisions of the portable  
19 benefit package become effective.

20 (f) An eligible employee shall be provided with written  
21 information prepared or prescribed by the System which  
22 describes the employee's retirement program choices. The  
23 eligible employee shall be offered an opportunity to receive  
24 counseling from the System prior to making his or her election.  
25 This counseling may consist of videotaped materials, group  
26 presentations, individual consultation with an employee or

1 authorized representative of the System in person or by  
2 telephone or other electronic means, or any combination of  
3 these methods.

4 (g) Notwithstanding any other provision of this Section, a  
5 person may not elect to participate or begin participation in  
6 the self-managed plan established under Section 15-158.2 on or  
7 after the effective date of this amendatory Act of the 97th  
8 General Assembly.

9 (Source: P.A. 90-766, eff. 8-14-98; 91-887, eff. 7-6-00.)

10 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

11 Sec. 15-135. Retirement annuities - Conditions.

12 (a) A participant who retires in one of the following  
13 specified years with the specified amount of service is  
14 entitled to a retirement annuity at any age under the  
15 retirement program applicable to the participant:

16 35 years if retirement is in 1997 or before;

17 34 years if retirement is in 1998;

18 33 years if retirement is in 1999;

19 32 years if retirement is in 2000;

20 31 years if retirement is in 2001;

21 30 years if retirement is in 2002 or later.

22 A participant with 8 or more years of service after  
23 September 1, 1941, is entitled to a retirement annuity on or  
24 after attainment of age 55.

25 A participant with at least 5 but less than 8 years of

1 service after September 1, 1941, is entitled to a retirement  
2 annuity on or after attainment of age 62.

3 A participant who has at least 25 years of service in this  
4 system as a police officer or firefighter is entitled to a  
5 retirement annuity on or after the attainment of age 50, if  
6 Rule 4 of Section 15-136 is applicable to the participant.

7 (a-5) Notwithstanding subsection (a) of this Section, for a  
8 Tier I participant who begins receiving a retirement annuity  
9 under this Article after July 1, 2013:

10 (1) If the Tier I participant is at least 45 years old  
11 on the effective date of this amendatory Act of the 97th  
12 General Assembly, then the references to age 50, 55, and 62  
13 in subsection (a) of this Section remain unchanged.

14 (2) If the Tier I participant is at least 40 but less  
15 than 45 years old on the effective date of this amendatory  
16 Act of the 97th General Assembly, then the references to  
17 age 50, 55, and 62 in subsection (a) of this Section are  
18 increased by one year.

19 (3) If the Tier I participant is at least 35 but less  
20 than 40 years old on the effective date of this amendatory  
21 Act of the 97th General Assembly, then the references to  
22 age 50, 55, and 62 in subsection (a) of this Section are  
23 increased by 3 years.

24 (4) If the Tier I participant is less than 35 years old  
25 on the effective date of this amendatory Act of the 97th  
26 General Assembly, then the references to age 50, 55, and 62

1       in subsection (a) of this Section are increased by 5 years.  
2       Notwithstanding Section 1-103.1, this subsection (a-5)  
3       applies without regard to whether or not the Tier I participant  
4       is in active service under this Article on or after the  
5       effective date of this amendatory Act of the 97th General  
6       Assembly.

7       (b) The annuity payment period shall begin on the date  
8       specified by the participant or the recipient of a disability  
9       retirement annuity submitting a written application, which  
10      date shall not be prior to termination of employment or more  
11      than one year before the application is received by the board;  
12      however, if the participant is not an employee of an employer  
13      participating in this System or in a participating system as  
14      defined in Article 20 of this Code on April 1 of the calendar  
15      year next following the calendar year in which the participant  
16      attains age 70 1/2, the annuity payment period shall begin on  
17      that date regardless of whether an application has been filed.

18      (c) An annuity is not payable if the amount provided under  
19      Section 15-136 is less than \$10 per month.

20      (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12.)

21      (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

22      Sec. 15-136. Retirement annuities - Amount. The provisions  
23      of this Section 15-136 apply only to those participants who are  
24      participating in the traditional benefit package or the  
25      portable benefit package and do not apply to participants who

1 are participating in the self-managed plan.

2 (a) The amount of a participant's retirement annuity,  
3 expressed in the form of a single-life annuity, shall be  
4 determined by whichever of the following rules is applicable  
5 and provides the largest annuity:

6 Rule 1: The retirement annuity shall be 1.67% of final rate  
7 of earnings for each of the first 10 years of service, 1.90%  
8 for each of the next 10 years of service, 2.10% for each year  
9 of service in excess of 20 but not exceeding 30, and 2.30% for  
10 each year in excess of 30; or for persons who retire on or  
11 after January 1, 1998, 2.2% of the final rate of earnings for  
12 each year of service.

13 Rule 2: The retirement annuity shall be the sum of the  
14 following, determined from amounts credited to the participant  
15 in accordance with the actuarial tables and the effective rate  
16 of interest in effect at the time the retirement annuity  
17 begins:

18 (i) the normal annuity which can be provided on an  
19 actuarially equivalent basis, by the accumulated normal  
20 contributions as of the date the annuity begins;

21 (ii) an annuity from employer contributions of an  
22 amount equal to that which can be provided on an  
23 actuarially equivalent basis from the accumulated normal  
24 contributions made by the participant under Section  
25 15-113.6 and Section 15-113.7 plus 1.4 times all other  
26 accumulated normal contributions made by the participant;

1 and

2 (iii) the annuity that can be provided on an  
3 actuarially equivalent basis from the entire contribution  
4 made by the participant under Section 15-113.3.

5 For the purpose of calculating an annuity under this Rule  
6 2, the contribution required under subsection (c-5) of Section  
7 15-157 shall not be considered when determining the  
8 participant's accumulated normal contributions under clause  
9 (i) or the employer contribution under clause (ii).

10 With respect to a police officer or firefighter who retires  
11 on or after August 14, 1998, the accumulated normal  
12 contributions taken into account under clauses (i) and (ii) of  
13 this Rule 2 shall include the additional normal contributions  
14 made by the police officer or firefighter under Section  
15 15-157(a).

16 The amount of a retirement annuity calculated under this  
17 Rule 2 shall be computed solely on the basis of the  
18 participant's accumulated normal contributions, as specified  
19 in this Rule and defined in Section 15-116. Neither an employee  
20 or employer contribution for early retirement under Section  
21 15-136.2 nor any other employer contribution shall be used in  
22 the calculation of the amount of a retirement annuity under  
23 this Rule 2.

24 This amendatory Act of the 91st General Assembly is a  
25 clarification of existing law and applies to every participant  
26 and annuitant without regard to whether status as an employee

1 terminates before the effective date of this amendatory Act.

2 This Rule 2 does not apply to a person who first becomes an  
3 employee under this Article on or after July 1, 2005.

4 Rule 3: The retirement annuity of a participant who is  
5 employed at least one-half time during the period on which his  
6 or her final rate of earnings is based, shall be equal to the  
7 participant's years of service not to exceed 30, multiplied by  
8 (1) \$96 if the participant's final rate of earnings is less  
9 than \$3,500, (2) \$108 if the final rate of earnings is at least  
10 \$3,500 but less than \$4,500, (3) \$120 if the final rate of  
11 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if  
12 the final rate of earnings is at least \$5,500 but less than  
13 \$6,500, (5) \$144 if the final rate of earnings is at least  
14 \$6,500 but less than \$7,500, (6) \$156 if the final rate of  
15 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if  
16 the final rate of earnings is at least \$8,500 but less than  
17 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or  
18 more, except that the annuity for those persons having made an  
19 election under Section 15-154(a-1) shall be calculated and  
20 payable under the portable retirement benefit program pursuant  
21 to the provisions of Section 15-136.4.

22 Rule 4: A participant who is at least age 50 and has 25 or  
23 more years of service as a police officer or firefighter, and a  
24 participant who is age 55 or over and has at least 20 but less  
25 than 25 years of service as a police officer or firefighter,  
26 shall be entitled to a retirement annuity of 2 1/4% of the

1 final rate of earnings for each of the first 10 years of  
2 service as a police officer or firefighter, 2 1/2% for each of  
3 the next 10 years of service as a police officer or  
4 firefighter, and 2 3/4% for each year of service as a police  
5 officer or firefighter in excess of 20. The retirement annuity  
6 for all other service shall be computed under Rule 1.

7 For purposes of this Rule 4, a participant's service as a  
8 firefighter shall also include the following:

9 (i) service that is performed while the person is an  
10 employee under subsection (h) of Section 15-107; and

11 (ii) in the case of an individual who was a  
12 participating employee employed in the fire department of  
13 the University of Illinois's Champaign-Urbana campus  
14 immediately prior to the elimination of that fire  
15 department and who immediately after the elimination of  
16 that fire department transferred to another job with the  
17 University of Illinois, service performed as an employee of  
18 the University of Illinois in a position other than police  
19 officer or firefighter, from the date of that transfer  
20 until the employee's next termination of service with the  
21 University of Illinois.

22 Rule 5: The retirement annuity of a participant who elected  
23 early retirement under the provisions of Section 15-136.2 and  
24 who, on or before February 16, 1995, brought administrative  
25 proceedings pursuant to the administrative rules adopted by the  
26 System to challenge the calculation of his or her retirement



1 annuity shall be the sum of the following, determined from  
2 amounts credited to the participant in accordance with the  
3 actuarial tables and the prescribed rate of interest in effect  
4 at the time the retirement annuity begins:

5 (i) the normal annuity which can be provided on an  
6 actuarially equivalent basis, by the accumulated normal  
7 contributions as of the date the annuity begins; and

8 (ii) an annuity from employer contributions of an  
9 amount equal to that which can be provided on an  
10 actuarially equivalent basis from the accumulated normal  
11 contributions made by the participant under Section  
12 15-113.6 and Section 15-113.7 plus 1.4 times all other  
13 accumulated normal contributions made by the participant;  
14 and

15 (iii) an annuity which can be provided on an  
16 actuarially equivalent basis from the employee  
17 contribution for early retirement under Section 15-136.2,  
18 and an annuity from employer contributions of an amount  
19 equal to that which can be provided on an actuarially  
20 equivalent basis from the employee contribution for early  
21 retirement under Section 15-136.2.

22 In no event shall a retirement annuity under this Rule 5 be  
23 lower than the amount obtained by adding (1) the monthly amount  
24 obtained by dividing the combined employee and employer  
25 contributions made under Section 15-136.2 by the System's  
26 annuity factor for the age of the participant at the beginning

1 of the annuity payment period and (2) the amount equal to the  
2 participant's annuity if calculated under Rule 1, reduced under  
3 Section 15-136(b) as if no contributions had been made under  
4 Section 15-136.2.

5 With respect to a participant who is qualified for a  
6 retirement annuity under this Rule 5 whose retirement annuity  
7 began before the effective date of this amendatory Act of the  
8 91st General Assembly, and for whom an employee contribution  
9 was made under Section 15-136.2, the System shall recalculate  
10 the retirement annuity under this Rule 5 and shall pay any  
11 additional amounts due in the manner provided in Section  
12 15-186.1 for benefits mistakenly set too low.

13 The amount of a retirement annuity calculated under this  
14 Rule 5 shall be computed solely on the basis of those  
15 contributions specifically set forth in this Rule 5. Except as  
16 provided in clause (iii) of this Rule 5, neither an employee  
17 nor employer contribution for early retirement under Section  
18 15-136.2, nor any other employer contribution, shall be used in  
19 the calculation of the amount of a retirement annuity under  
20 this Rule 5.

21 The General Assembly has adopted the changes set forth in  
22 Section 25 of this amendatory Act of the 91st General Assembly  
23 in recognition that the decision of the Appellate Court for the  
24 Fourth District in *Mattis v. State Universities Retirement*  
25 *System et al.* might be deemed to give some right to the  
26 plaintiff in that case. The changes made by Section 25 of this

1 amendatory Act of the 91st General Assembly are a legislative  
2 implementation of the decision of the Appellate Court for the  
3 Fourth District in *Mattis v. State Universities Retirement*  
4 *System et al.* with respect to that plaintiff.

5 The changes made by Section 25 of this amendatory Act of  
6 the 91st General Assembly apply without regard to whether the  
7 person is in service as an employee on or after its effective  
8 date.

9 (b) The retirement annuity provided under Rules 1 and 3  
10 above shall be reduced by 1/2 of 1% for each month the  
11 participant is under age 60 at the time of retirement. However,  
12 this reduction shall not apply in the following cases:

13 (1) For a disabled participant whose disability  
14 benefits have been discontinued because he or she has  
15 exhausted eligibility for disability benefits under clause  
16 (6) of Section 15-152;

17 (2) For a participant who has at least the number of  
18 years of service required to retire at any age under  
19 subsection (a) of Section 15-135; or

20 (3) For that portion of a retirement annuity which has  
21 been provided on account of service of the participant  
22 during periods when he or she performed the duties of a  
23 police officer or firefighter, if these duties were  
24 performed for at least 5 years immediately preceding the  
25 date the retirement annuity is to begin.

26 (c) The maximum retirement annuity provided under Rules 1,

1 2, 4, and 5 shall be the lesser of (1) the annual limit of  
2 benefits as specified in Section 415 of the Internal Revenue  
3 Code of 1986, as such Section may be amended from time to time  
4 and as such benefit limits shall be adjusted by the  
5 Commissioner of Internal Revenue, and (2) 80% of final rate of  
6 earnings.

7 (d) Subject to the provisions of subsections (d-1) and  
8 (d-2), an ~~An~~ annuitant whose status as an employee terminates  
9 after August 14, 1969 shall receive automatic increases in his  
10 or her retirement annuity as follows:

11 Effective January 1 immediately following the date the  
12 retirement annuity begins, the annuitant shall receive an  
13 increase in his or her monthly retirement annuity of 0.125% of  
14 the monthly retirement annuity provided under Rule 1, Rule 2,  
15 Rule 3, Rule 4, or Rule 5, contained in this Section,  
16 multiplied by the number of full months which elapsed from the  
17 date the retirement annuity payments began to January 1, 1972,  
18 plus 0.1667% of such annuity, multiplied by the number of full  
19 months which elapsed from January 1, 1972, or the date the  
20 retirement annuity payments began, whichever is later, to  
21 January 1, 1978, plus 0.25% of such annuity multiplied by the  
22 number of full months which elapsed from January 1, 1978, or  
23 the date the retirement annuity payments began, whichever is  
24 later, to the effective date of the increase.

25 The annuitant shall receive an increase in his or her  
26 monthly retirement annuity on each January 1 thereafter during

1 the annuitant's life of 3% of the monthly annuity provided  
2 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in  
3 this Section. The change made under this subsection by P.A.  
4 81-970 is effective January 1, 1980 and applies to each  
5 annuitant whose status as an employee terminates before or  
6 after that date.

7 Beginning January 1, 1990 and except as provided in  
8 subsections (d-1) and (d-2), all automatic annual increases  
9 payable under this Section shall be calculated as a percentage  
10 of the total annuity payable at the time of the increase,  
11 including all increases previously granted under this Article.

12 The change made in this subsection by P.A. 85-1008 is  
13 effective January 26, 1988, and is applicable without regard to  
14 whether status as an employee terminated before that date.

15 (d-1) Notwithstanding any other provision of this Article,  
16 for a Tier I retiree, the amount of each automatic annual  
17 increase in retirement annuity occurring on or after the  
18 effective date of this amendatory Act of the 97th General  
19 Assembly shall be the lesser of \$750 or 3% of the total annuity  
20 payable at the time of the increase, including previous  
21 increases granted.

22 (d-2) Notwithstanding any other provision of this Article,  
23 for a Tier I retiree, the monthly retirement annuity shall  
24 first be subject to annual increases on the January 1 occurring  
25 on or next after the attainment of age 67 or the January 1  
26 occurring on or next after the fifth anniversary of the annuity

1 start date, whichever occurs earlier. If on the effective date  
2 of this amendatory Act of the 97th General Assembly a Tier I  
3 retiree has already received an annual increase under this  
4 Section but does not yet meet the new eligibility requirements  
5 of this subsection, the annual increases already received shall  
6 continue in force, but no additional annual increase shall be  
7 granted until the Tier I retiree meets the new eligibility  
8 requirements.

9 (d-3) Notwithstanding Section 1-103.1, subsections (d-1)  
10 and (d-2) apply without regard to whether or not the Tier I  
11 retiree is in active service under this Article on or after the  
12 effective date of this amendatory Act of the 97th General  
13 Assembly.

14 (e) If, on January 1, 1987, or the date the retirement  
15 annuity payment period begins, whichever is later, the sum of  
16 the retirement annuity provided under Rule 1 or Rule 2 of this  
17 Section and the automatic annual increases provided under the  
18 preceding subsection or Section 15-136.1, amounts to less than  
19 the retirement annuity which would be provided by Rule 3, the  
20 retirement annuity shall be increased as of January 1, 1987, or  
21 the date the retirement annuity payment period begins,  
22 whichever is later, to the amount which would be provided by  
23 Rule 3 of this Section. Such increased amount shall be  
24 considered as the retirement annuity in determining benefits  
25 provided under other Sections of this Article. This paragraph  
26 applies without regard to whether status as an employee

1 terminated before the effective date of this amendatory Act of  
2 1987, provided that the annuitant was employed at least  
3 one-half time during the period on which the final rate of  
4 earnings was based.

5 (f) A participant is entitled to such additional annuity as  
6 may be provided on an actuarially equivalent basis, by any  
7 accumulated additional contributions to his or her credit.  
8 However, the additional contributions made by the participant  
9 toward the automatic increases in annuity provided under this  
10 Section and the contributions made under subsection (c-5) of  
11 Section 15-157 by this amendatory Act of the 97th General  
12 Assembly shall not be taken into account in determining the  
13 amount of such additional annuity.

14 (g) If, (1) by law, a function of a governmental unit, as  
15 defined by Section 20-107 of this Code, is transferred in whole  
16 or in part to an employer, and (2) a participant transfers  
17 employment from such governmental unit to such employer within  
18 6 months after the transfer of the function, and (3) the sum of  
19 (A) the annuity payable to the participant under Rule 1, 2, or  
20 3 of this Section (B) all proportional annuities payable to the  
21 participant by all other retirement systems covered by Article  
22 20, and (C) the initial primary insurance amount to which the  
23 participant is entitled under the Social Security Act, is less  
24 than the retirement annuity which would have been payable if  
25 all of the participant's pension credits validated under  
26 Section 20-109 had been validated under this system, a

1 supplemental annuity equal to the difference in such amounts  
2 shall be payable to the participant.

3 (h) On January 1, 1981, an annuitant who was receiving a  
4 retirement annuity on or before January 1, 1971 shall have his  
5 or her retirement annuity then being paid increased \$1 per  
6 month for each year of creditable service. On January 1, 1982,  
7 an annuitant whose retirement annuity began on or before  
8 January 1, 1977, shall have his or her retirement annuity then  
9 being paid increased \$1 per month for each year of creditable  
10 service.

11 (i) On January 1, 1987, any annuitant whose retirement  
12 annuity began on or before January 1, 1977, shall have the  
13 monthly retirement annuity increased by an amount equal to 8¢  
14 per year of creditable service times the number of years that  
15 have elapsed since the annuity began.

16 (j) For participants to whom subsection (a-5) of Section  
17 15-135 applies, the references to age 50, 55, and 62 in this  
18 Section are increased as provided in subsection (a-5) of  
19 Section 15-135.

20 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12.)

21 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

22 Sec. 15-155. Employer contributions.

23 (a) The State of Illinois shall make contributions by  
24 appropriations of amounts which, together with the ~~other~~  
25 employer contributions ~~from trust, federal, and other funds,~~



1 employee contributions, income from investments, and other  
2 income of this System, will be sufficient to meet the cost of  
3 maintaining and administering the System on a 100% ~~90%~~ funded  
4 basis in accordance with actuarial recommendations by the end  
5 of State fiscal year 2043.

6 Beginning with State fiscal year 2014, the State's required  
7 contributions to the System under subsection (a-1) shall be  
8 limited to the amounts required to amortize the total cost of  
9 the benefits of the System arising before July 1, 2013. The  
10 State shall also pay any employer contributions required from  
11 the State as the actual employer of participants under this  
12 Article and any contribution required under subsection (a-20).

13 The Board shall determine the amount of State and employer  
14 contributions required for each fiscal year on the basis of the  
15 actuarial tables and other assumptions adopted by the Board and  
16 the recommendations of the actuary, using the formulas provided  
17 in this Section ~~formula in subsection (a-1).~~

18 (a-1) For State fiscal years 2014 through 2043, the minimum  
19 contribution to the System to be made by the State under this  
20 subsection (a-1) for each fiscal year shall be an amount  
21 determined by the Board to be sufficient to amortize the  
22 unfunded accrued liability that is attributable to benefits  
23 that accrued before July 1, 2013 as a level percentage of  
24 payroll over the years remaining to and including fiscal year  
25 2043, determined under the projected unit credit actuarial cost  
26 method.

1       For State fiscal year 2044 and thereafter, the minimum  
2       contribution to the System to be made by the State under this  
3       subsection (a-1) for each fiscal year shall be an amount  
4       determined by the Board to be sufficient to amortize, over a  
5       30-year rolling amortization period, any unfunded liability  
6       arising on or after July 1, 2043 that is attributable to  
7       benefits that accrued before July 1, 2013.

8       For State fiscal years 2012 and 2013 ~~through 2045~~, the  
9       minimum contribution to the System to be made by the State for  
10      each fiscal year shall be an amount determined by the System to  
11      be sufficient to bring the total assets of the System up to 90%  
12      of the total actuarial liabilities of the System by the end of  
13      State fiscal year 2045. In making these determinations, the  
14      required State contribution shall be calculated each year as a  
15      level percentage of payroll over the years remaining to and  
16      including fiscal year 2045 and shall be determined under the  
17      projected unit credit actuarial cost method.

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

23      Notwithstanding any other provision of this Article, the  
24      total required State contribution for State fiscal year 2006 is  
25      \$166,641,900.

26      Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2007 is  
2 \$252,064,100.

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

9 Notwithstanding any other provision of this Article, the  
10 total required State contribution for State fiscal year 2010 is  
11 \$702,514,000 and shall be made from the State Pensions Fund and  
12 proceeds of bonds sold in fiscal year 2010 pursuant to Section  
13 7.2 of the General Obligation Bond Act, less (i) the pro rata  
14 share of bond sale expenses determined by the System's share of  
15 total bond proceeds, (ii) any amounts received from the General  
16 Revenue Fund in fiscal year 2010, (iii) any reduction in bond  
17 proceeds due to the issuance of discounted bonds, if  
18 applicable.

19 Notwithstanding any other provision of this Article, the  
20 total required State contribution for State fiscal year 2011 is  
21 the amount recertified by the System on or before April 1, 2011  
22 pursuant to Section 15-165 and shall be made from the State  
23 Pensions Fund and proceeds of bonds sold in fiscal year 2011  
24 pursuant to Section 7.2 of the General Obligation Bond Act,  
25 less (i) the pro rata share of bond sale expenses determined by  
26 the System's share of total bond proceeds, (ii) any amounts

1 received from the General Revenue Fund in fiscal year 2011, and  
2 (iii) any reduction in bond proceeds due to the issuance of  
3 discounted bonds, if applicable.

4 ~~Beginning in State fiscal year 2046, the minimum State~~  
5 ~~contribution for each fiscal year shall be the amount needed to~~  
6 ~~maintain the total assets of the System at 90% of the total~~  
7 ~~actuarial liabilities of the System.~~

8 Amounts received by the System pursuant to Section 25 of  
9 the Budget Stabilization Act or Section 8.12 of the State  
10 Finance Act in any fiscal year do not reduce and do not  
11 constitute payment of any portion of the minimum State  
12 contribution required under this Article in that fiscal year.  
13 Such amounts shall not reduce, and shall not be included in the  
14 calculation of, the required State contributions under this  
15 Article in any future year until the System has reached a  
16 funding ratio of at least 100% ~~90%~~. A reference in this Article  
17 to the "required State contribution" or any substantially  
18 similar term does not include or apply to any amounts payable  
19 to the System under Section 25 of the Budget Stabilization Act.

20 Notwithstanding any other provision of this Section, the  
21 required State contribution for State fiscal year 2005 and for  
22 fiscal year 2008 and each fiscal year thereafter through State  
23 fiscal year 2013, as calculated under this Section and  
24 certified under Section 15-165, shall not exceed an amount  
25 equal to (i) the amount of the required State contribution that  
26 would have been calculated under this Section for that fiscal

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

19 (a-10) Subject to the limitations provided in subsection  
20 (a-15), beginning with State fiscal year 2014, the minimum  
21 required contribution of each employer under this Article shall  
22 be sufficient to produce an annual amount equal to:

23 (i) the employer's normal cost for that fiscal year,  
24 exclusive of the employer's normal cost that arises from  
25 optional employer contributions agreed to by that employer  
26 for that fiscal year under Section 1-161; plus

1           (ii) the employer's normal cost for that fiscal year  
2           that arises from optional employer contributions agreed to  
3           by that employer for that fiscal year under Section 1-161;  
4           plus

5           (iii) the amount required for that fiscal year to  
6           amortize that employer's portion of the unfunded accrued  
7           liability associated with the cost of benefits accrued on  
8           or after July 1, 2013 as a level percentage of payroll over  
9           a 30-year rolling amortization period, as determined for  
10          each employer by the Board.

11          Each employer under this Article shall make these  
12          contributions in the amounts determined and the manner  
13          prescribed from time to time by the Board.

14          (a-15) The System shall determine the employer's normal  
15          cost under item (i) of subsection (a-10) as a percentage of  
16          projected payroll applicable to all employers, based on  
17          actuarial assumptions applicable to the System as a whole. The  
18          required employer contribution under item (i) in a fiscal year  
19          shall not exceed a percentage of payroll determined by  
20          subtracting 2013 from the applicable fiscal year and  
21          multiplying the result by 0.5%.

22          The System shall determine the employer's normal cost under  
23          item (ii) of subsection (a-10) as an additional percentage of  
24          projected payroll payable by a specific employer, based on the  
25          optional employer contributions agreed to by that employer for  
26          that fiscal year under Section 1-161 and the actuarial

1 assumptions applicable to the System as a whole.

2 The System shall determine the employer's portion of the  
3 unfunded accrued liability under item (iii) of subsection  
4 (a-10) separately for each employer, as a percentage of that  
5 employer's projected payroll, based on the liabilities  
6 attributable to that employer arising on or after July 1, 2013  
7 and the actuarial assumptions applicable to the System as a  
8 whole.

9 For use in determining the employer's contribution for  
10 unfunded accrued liability under item (iii), the System shall  
11 maintain a separate account for each employer. The separate  
12 account shall be maintained in such form and detail as the  
13 System determines to be appropriate. The separate account shall  
14 reflect the following items to the extent that they are  
15 attributable to that employer and arise on or after July 1,  
16 2013: employer contributions, State contributions under  
17 subsection (a-20), employee contributions, investment returns,  
18 payments of benefits, and that employer's proportionate share  
19 of the System's administrative expenses.

20 In the event that the Board determines that there is a  
21 deficiency or surplus in the account of an employer with  
22 respect to the , the Board shall determine the employer's  
23 contribution rate under item (iii) of subsection (a-10) so as  
24 to address that deficiency or surplus over a reasonable period  
25 of time as determined by the Board.

26 (a-20) Beginning in State fiscal year 2014, for any fiscal

1 year in which (1) the System's normal cost for all employers  
2 for that fiscal year, exclusive of the normal cost that arises  
3 from optional employer contributions agreed to by employers for  
4 that fiscal year under Section 1-161, exceeds (2) the total  
5 contribution calculated under item (i) of subsection (a-10) for  
6 all employers for that fiscal year, the State shall make an  
7 additional contribution to the System for that fiscal year  
8 equal to the difference.

9 The State contribution under this subsection (a-20) is in  
10 addition to the State contributions required under subsection  
11 (a-1) and any contributions required to be paid by the State as  
12 an employer under subsection (a-10) of this Section.

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



1 Article.

2 (b-1) The City of Urbana and the City of Champaign shall  
3 each make employer contributions to this System for their  
4 respective firefighter employees who participate in this  
5 System pursuant to subsection (h) of Section 15-107. The rate  
6 of contributions to be made by those municipalities shall be  
7 determined annually by the Board on the basis of the actuarial  
8 assumptions adopted by the Board and the recommendations of the  
9 actuary, and shall be expressed as a percentage of salary for  
10 each such employee. The Board shall certify the rate to the  
11 affected municipalities as soon as may be practical. The  
12 employer contributions required under this subsection shall be  
13 remitted by the municipality to the System at the same time and  
14 in the same manner as employee contributions.

15 (c) Through State fiscal year 1995: The total employer  
16 contribution shall be apportioned among the various funds of  
17 the State and other employers, whether trust, federal, or other  
18 funds, in accordance with actuarial procedures approved by the  
19 Board. State of Illinois contributions for employers receiving  
20 State appropriations for personal services shall be payable  
21 from appropriations made to the employers or to the System. The  
22 contributions for Class I community colleges covering earnings  
23 other than those paid from trust and federal funds, shall be  
24 payable solely from appropriations to the Illinois Community  
25 College Board or the System for employer contributions.

26 (d) Beginning in State fiscal year 1996, the required State

1 contributions to the System shall be appropriated directly to  
2 the System and shall be payable through vouchers issued in  
3 accordance with subsection (c) of Section 15-165, except as  
4 provided in subsection (g).

5 (e) The State Comptroller shall draw warrants payable to  
6 the System upon proper certification by the System or by the  
7 employer in accordance with the appropriation laws and this  
8 Code.

9 (f) Normal costs under this Section means liability for  
10 pensions and other benefits which accrues to the System because  
11 of the credits earned for service rendered by the participants  
12 during the fiscal year and expenses of administering the  
13 System, but shall not include the principal of or any  
14 redemption premium or interest on any bonds issued by the Board  
15 or any expenses incurred or deposits required in connection  
16 therewith.

17 (g) The employer contributions under this subsection (g)  
18 are no longer required after June 30, 2013.

19 If the amount of a participant's earnings for any academic  
20 year used to determine the final rate of earnings, determined  
21 on a full-time equivalent basis, exceeds the amount of his or  
22 her earnings with the same employer for the previous academic  
23 year, determined on a full-time equivalent basis, by more than  
24 6%, the participant's employer shall pay to the System, in  
25 addition to all other payments required under this Section and  
26 in accordance with guidelines established by the System, the

1 present value of the increase in benefits resulting from the  
2 portion of the increase in earnings that is in excess of 6%.  
3 This present value shall be computed by the System on the basis  
4 of the actuarial assumptions and tables used in the most recent  
5 actuarial valuation of the System that is available at the time  
6 of the computation. The System may require the employer to  
7 provide any pertinent information or documentation.

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

23 The employer contributions required under this subsection  
24 (g) ~~(f)~~ may be paid in the form of a lump sum within 90 days  
25 after receipt of the bill. If the employer contributions are  
26 not paid within 90 days after receipt of the bill, then

1 interest will be charged at a rate equal to the System's annual  
2 actuarially assumed rate of return on investment compounded  
3 annually from the 91st day after receipt of the bill. Payments  
4 must be concluded within 3 years after the employer's receipt  
5 of the bill.

6 (h) This subsection (h) applies only to payments made or  
7 salary increases given on or after June 1, 2005 but before July  
8 1, 2011. The changes made by Public Act 94-1057 shall not  
9 require the System to refund any payments received before July  
10 31, 2006 (the effective date of Public Act 94-1057).

11 When assessing payment for any amount due under subsection  
12 (g), the System shall exclude earnings increases paid to  
13 participants under contracts or collective bargaining  
14 agreements entered into, amended, or renewed before June 1,  
15 2005.

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

20 When assessing payment for any amount due under subsection  
21 (g), the System shall exclude earnings increases resulting from  
22 overload work, including a contract for summer teaching, or  
23 overtime when the employer has certified to the System, and the  
24 System has approved the certification, that: (i) in the case of  
25 overloads (A) the overload work is for the sole purpose of  
26 academic instruction in excess of the standard number of

1 instruction hours for a full-time employee occurring during the  
2 academic year that the overload is paid and (B) the earnings  
3 increases are equal to or less than the rate of pay for  
4 academic instruction computed using the participant's current  
5 salary rate and work schedule; and (ii) in the case of  
6 overtime, the overtime was necessary for the educational  
7 mission.

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

22 (i) When assessing payment for any amount due under  
23 subsection (g), the System shall exclude any salary increase  
24 described in subsection (h) of this Section given on or after  
25 July 1, 2011 but before July 1, 2014 under a contract or  
26 collective bargaining agreement entered into, amended, or

1 renewed on or after June 1, 2005 but before July 1, 2011.  
2 Notwithstanding any other provision of this Section, any  
3 payments made or salary increases given after June 30, 2014  
4 shall be used in assessing payment for any amount due under  
5 subsection (g) of this Section.

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

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

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

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

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

21 (k) The Illinois Community College Board shall adopt rules  
22 for recommending lists of promotional positions submitted to  
23 the Board by community colleges and for reviewing the  
24 promotional lists on an annual basis. When recommending  
25 promotional lists, the Board shall consider the similarity of  
26 the positions submitted to those positions recognized for State

1 universities by the State Universities Civil Service System.  
2 The Illinois Community College Board shall file a copy of its  
3 findings with the System. The System shall consider the  
4 findings of the Illinois Community College Board when making  
5 determinations under this Section. The System shall not exclude  
6 any earnings increases resulting from a promotion when the  
7 promotion was not submitted by a community college. Nothing in  
8 this subsection (k) shall require any community college to  
9 submit any information to the Community College Board.

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

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

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

25 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
26 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.

1 7-13-12; revised 10-17-12.)

2 (40 ILCS 5/15-155.1 new)

3 Sec. 15-155.1. Actions to enforce payments by employers  
4 other than the State. Any employer, other than the State, that  
5 fails to transmit to the System contributions required of it  
6 under this Article or contributions required of employees, for  
7 more than 90 days after such contributions are due, is subject  
8 to the following: after giving notice to the employer, the  
9 System may certify to the State Comptroller or the Illinois  
10 Community College Board, whichever is applicable, the amounts  
11 of such delinquent payments and the State Comptroller or the  
12 Illinois Community College Board, whichever is applicable,  
13 shall deduct the amounts so certified or any part thereof from  
14 any State funds to be remitted to the employer and shall pay  
15 the amount so deducted to the System. If State funds from which  
16 such deductions may be made are not available, the System may  
17 proceed against the employer to recover the amounts of such  
18 delinquent payments in the appropriate circuit court.

19 The System may provide for an audit of the records of an  
20 employer, other than the State, as may be required to establish  
21 the amounts of required contributions. The employer shall make  
22 its records available to the System for the purpose of such  
23 audit. The cost of such audit shall be added to the amount of  
24 the delinquent payments and may be recovered by the System from  
25 the employer at the same time and in the same manner as the



1 delinquent payments are recovered.

2 (40 ILCS 5/15-156) (from Ch. 108 1/2, par. 15-156)

3 Sec. 15-156. Obligations of State; funding guarantees.

4 (a) The payment of (1) the required State contributions,  
5 (2) all benefits granted under this system and (3) all expenses  
6 in connection with the administration and operation thereof are  
7 obligations of the State of Illinois to the extent specified in  
8 this Article. The accumulated employee normal, additional and  
9 survivors insurance contributions credited to the accounts of  
10 active and inactive participants shall not be used to pay the  
11 State's share of the obligations.

12 (b) Beginning July 1, 2013, the State shall be  
13 contractually obligated to contribute to the System under  
14 Section 15-155 in each State fiscal year an amount not less  
15 than the sum of (i) the State's required contribution under  
16 subsections (a-10) and (a-20) of Section 15-155 and (ii) the  
17 portion of the total cost of the benefits of the System arising  
18 before July 1, 2013 assigned to that State fiscal year by law  
19 in accordance with a schedule that distributes payments  
20 equitably over a reasonable period of time and in accordance  
21 with accepted actuarial practices. The obligations created  
22 under this subsection (b) are contractual obligations  
23 protected and enforceable under Article I, Section 16 and  
24 Article XIII, Section 5 of the Illinois Constitution.

25 Notwithstanding any other provision of law, if the State

1 fails to pay in a State fiscal year the amount guaranteed under  
2 this subsection, the System may bring a mandamus action in the  
3 circuit court of Champaign or Sangamon County to compel the  
4 State to make that payment, irrespective of other remedies that  
5 may be available to the System. In ordering the State to make  
6 the required payment, the court may order a reasonable payment  
7 schedule to enable the State to make the required payment  
8 without significantly imperiling the public health, safety, or  
9 welfare.

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

11 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

12 Sec. 15-157. Employee Contributions.

13 (a) Each participating employee shall make contributions  
14 towards the retirement benefits payable under the retirement  
15 program applicable to the employee from each payment of  
16 earnings applicable to employment under this system on and  
17 after the date of becoming a participant as follows: Prior to  
18 September 1, 1949, 3 1/2% of earnings; from September 1, 1949  
19 to August 31, 1955, 5%; from September 1, 1955 to August 31,  
20 1969, 6%; from September 1, 1969, 6 1/2%. These contributions  
21 are to be considered as normal contributions for purposes of  
22 this Article.

23 Each participant who is a police officer or firefighter  
24 shall make normal contributions of 8% of each payment of  
25 earnings applicable to employment as a police officer or

1 firefighter under this system on or after September 1, 1981,  
2 unless he or she files with the board within 60 days after the  
3 effective date of this amendatory Act of 1991 or 60 days after  
4 the board receives notice that he or she is employed as a  
5 police officer or firefighter, whichever is later, a written  
6 notice waiving the retirement formula provided by Rule 4 of  
7 Section 15-136. This waiver shall be irrevocable. If a  
8 participant had met the conditions set forth in Section  
9 15-132.1 prior to the effective date of this amendatory Act of  
10 1991 but failed to make the additional normal contributions  
11 required by this paragraph, he or she may elect to pay the  
12 additional contributions plus compound interest at the  
13 effective rate. If such payment is received by the board, the  
14 service shall be considered as police officer service in  
15 calculating the retirement annuity under Rule 4 of Section  
16 15-136. While performing service described in clause (i) or  
17 (ii) of Rule 4 of Section 15-136, a participating employee  
18 shall be deemed to be employed as a firefighter for the purpose  
19 of determining the rate of employee contributions under this  
20 Section.

21 (b) Starting September 1, 1969, each participating  
22 employee shall make additional contributions of 1/2 of 1% of  
23 earnings to finance a portion of the cost of the annual  
24 increases in retirement annuity provided under Section 15-136,  
25 except that with respect to participants in the self-managed  
26 plan this additional contribution shall be used to finance the

1 benefits obtained under that retirement program.

2 (c) In addition to the amounts described in subsections (a)  
3 and (b) of this Section, each participating employee shall make  
4 contributions of 1% of earnings applicable under this system on  
5 and after August 1, 1959. The contributions made under this  
6 subsection (c) shall be considered as survivor's insurance  
7 contributions for purposes of this Article if the employee is  
8 covered under the traditional benefit package, and such  
9 contributions shall be considered as additional contributions  
10 for purposes of this Article if the employee is participating  
11 in the self-managed plan or has elected to participate in the  
12 portable benefit package and has completed the applicable  
13 one-year waiting period. Contributions in excess of \$80 during  
14 any fiscal year beginning before August 31, 1969 and in excess  
15 of \$120 during any fiscal year thereafter until September 1,  
16 1971 shall be considered as additional contributions for  
17 purposes of this Article.

18 (c-5) In addition to the contributions otherwise required  
19 under this Article, each Tier I participant shall also make the  
20 following contributions toward the retirement benefits payable  
21 under the retirement program applicable to the employee from  
22 each payment of earnings applicable to employment under this  
23 system:

24 (1) beginning July 1, 2013 and through June 30, 2014,  
25 1% of earnings; and

26 (2) beginning on July 1, 2014, 2% of earnings.

1       Except as otherwise specified, these contributions are to  
2 be considered as normal contributions for purposes of this  
3 Article.

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

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

19       (f) Notwithstanding the foregoing, a participating  
20 employee shall not be required to make contributions under this  
21 Section after the date upon which continuance of such  
22 contributions would otherwise cause his or her retirement  
23 annuity to exceed the maximum retirement annuity as specified  
24 in clause (1) of subsection (c) of Section 15-136.

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

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

4 (40 ILCS 5/15-158.2)

5 Sec. 15-158.2. Self-managed plan.

6 (a) Purpose. The General Assembly finds that it is  
7 important for colleges and universities to be able to attract  
8 and retain the most qualified employees and that in order to  
9 attract and retain these employees, colleges and universities  
10 should have the flexibility to provide a defined contribution  
11 plan as an alternative for eligible employees who elect not to  
12 participate in a defined benefit retirement program provided  
13 under this Article. Accordingly, the State Universities  
14 Retirement System is hereby authorized to establish and  
15 administer a self-managed plan, which shall offer  
16 participating employees who became participating employees  
17 before the effective date of this amendatory Act of the 97th  
18 General Assembly the opportunity to accumulate assets for  
19 retirement through a combination of employee and employer  
20 contributions that may be invested in mutual funds, collective  
21 investment funds, or other investment products and used to  
22 purchase annuity contracts, either fixed or variable or a  
23 combination thereof. The plan must be qualified under the  
24 Internal Revenue Code of 1986.

25 (b) Adoption by employers. Until the effective date of this

1 amendatory Act of the 97th General Assembly, each ~~Each~~ employer  
2 subject to this Article may elect to adopt the self-managed  
3 plan established under this Section; this election is  
4 irrevocable. An employer's election to adopt the self-managed  
5 plan makes available to the eligible employees of that employer  
6 the elections described in Section 15-134.5.

7 The State Universities Retirement System shall be the plan  
8 sponsor for the self-managed plan and shall prepare a plan  
9 document and prescribe such rules and procedures as are  
10 considered necessary or desirable for the administration of the  
11 self-managed plan. Consistent with its fiduciary duty to the  
12 participants and beneficiaries of the self-managed plan, the  
13 Board of Trustees of the System may delegate aspects of plan  
14 administration as it sees fit to companies authorized to do  
15 business in this State, to the employers, or to a combination  
16 of both.

17 (c) Selection of service providers and funding vehicles.  
18 The System, in consultation with the employers, shall solicit  
19 proposals to provide administrative services and funding  
20 vehicles for the self-managed plan from insurance and annuity  
21 companies and mutual fund companies, banks, trust companies, or  
22 other financial institutions authorized to do business in this  
23 State. In reviewing the proposals received and approving and  
24 contracting with no fewer than 2 and no more than 7 companies,  
25 the Board of Trustees of the System shall consider, among other  
26 things, the following criteria:

1           (1) the nature and extent of the benefits that would be  
2 provided to the participants;

3           (2) the reasonableness of the benefits in relation to  
4 the premium charged;

5           (3) the suitability of the benefits to the needs and  
6 interests of the participating employees and the employer;

7           (4) the ability of the company to provide benefits  
8 under the contract and the financial stability of the  
9 company; and

10          (5) the efficacy of the contract in the recruitment and  
11 retention of employees.

12          The System, in consultation with the employers, shall  
13 periodically review each approved company. A company may  
14 continue to provide administrative services and funding  
15 vehicles for the self-managed plan only so long as it continues  
16 to be an approved company under contract with the Board.

17          (d) Employee Direction. Employees who are participating in  
18 the program must be allowed to direct the transfer of their  
19 account balances among the various investment options offered,  
20 subject to applicable contractual provisions. The participant  
21 shall not be deemed a fiduciary by reason of providing such  
22 investment direction. A person who is a fiduciary shall not be  
23 liable for any loss resulting from such investment direction  
24 and shall not be deemed to have breached any fiduciary duty by  
25 acting in accordance with that direction. Neither the System  
26 nor the employer guarantees any of the investments in the



1 employee's account balances.

2 (e) Participation. An employee eligible to participate in  
3 the self-managed plan must make a written election in  
4 accordance with the provisions of Section 15-134.5 and the  
5 procedures established by the System. Participation in the  
6 self-managed plan by an electing employee shall begin on the  
7 first day of the first pay period following the later of the  
8 date the employee's election is filed with the System or the  
9 effective date as of which the employee's employer begins to  
10 offer participation in the self-managed plan. Employers may not  
11 make the self-managed plan available earlier than January 1,  
12 1998. An employee's participation in any other retirement  
13 program administered by the System under this Article shall  
14 terminate on the date that participation in the self-managed  
15 plan begins.

16 An employee who has elected to participate in the  
17 self-managed plan under this Section must continue  
18 participation while employed in an eligible position, and may  
19 not participate in any other retirement program administered by  
20 the System under this Article while employed by that employer  
21 or any other employer that has adopted the self-managed plan,  
22 unless the self-managed plan is terminated in accordance with  
23 subsection (i).

24 Participation in the self-managed plan under this Section  
25 shall constitute membership in the State Universities  
26 Retirement System.

1           A participant under this Section shall be entitled to the  
2 benefits of Article 20 of this Code.

3           (f) Establishment of Initial Account Balance. If at the  
4 time an employee elects to participate in the self-managed plan  
5 he or she has rights and credits in the System due to previous  
6 participation in the traditional benefit package, the System  
7 shall establish for the employee an opening account balance in  
8 the self-managed plan, equal to the amount of contribution  
9 refund that the employee would be eligible to receive under  
10 Section 15-154 if the employee terminated employment on that  
11 date and elected a refund of contributions, except that this  
12 hypothetical refund shall include interest at the effective  
13 rate for the respective years. The System shall transfer assets  
14 from the defined benefit retirement program to the self-managed  
15 plan, as a tax free transfer in accordance with Internal  
16 Revenue Service guidelines, for purposes of funding the  
17 employee's opening account balance.

18           (g) No Duplication of Service Credit. Notwithstanding any  
19 other provision of this Article, an employee may not purchase  
20 or receive service or service credit applicable to any other  
21 retirement program administered by the System under this  
22 Article for any period during which the employee was a  
23 participant in the self-managed plan established under this  
24 Section.

25           (h) Contributions. The self-managed plan shall be funded by  
26 contributions from employees participating in the self-managed

1 plan and employer contributions as provided in this Section.

2 The contribution rate for employees participating in the  
3 self-managed plan under this Section shall be equal to the  
4 employee contribution rate for other participants in the  
5 System, as provided in Section 15-157. This required  
6 contribution shall be made as an "employer pick-up" under  
7 Section 414(h) of the Internal Revenue Code of 1986 or any  
8 successor Section thereof. Any employee participating in the  
9 System's traditional benefit package prior to his or her  
10 election to participate in the self-managed plan shall continue  
11 to have the employer pick up the contributions required under  
12 Section 15-157. However, the amounts picked up after the  
13 election of the self-managed plan shall be remitted to and  
14 treated as assets of the self-managed plan. In no event shall  
15 an employee have an option of receiving these amounts in cash.  
16 Employees may make additional contributions to the  
17 self-managed plan in accordance with procedures prescribed by  
18 the System, to the extent permitted under rules prescribed by  
19 the System.

20 The program shall provide for employer contributions to be  
21 credited to each self-managed plan participant at a rate of  
22 7.6% of the participating employee's salary, less the amount  
23 used by the System to provide disability benefits for the  
24 employee. The amounts so credited shall be paid into the  
25 participant's self-managed plan accounts in a manner to be  
26 prescribed by the System.

1           An amount of employer contribution, not exceeding 1% of the  
2 participating employee's salary, shall be used for the purpose  
3 of providing the disability benefits of the System to the  
4 employee. Prior to the beginning of each plan year under the  
5 self-managed plan, the Board of Trustees shall determine, as a  
6 percentage of salary, the amount of employer contributions to  
7 be allocated during that plan year for providing disability  
8 benefits for employees in the self-managed plan.

9           The State of Illinois shall make contributions by  
10 appropriations to the System of the employer contributions  
11 required for employees who participate in the self-managed plan  
12 under this Section. The amount required shall be certified by  
13 the Board of Trustees of the System and paid by the State in  
14 accordance with Section 15-165. The System shall not be  
15 obligated to remit the required employer contributions to any  
16 of the insurance and annuity companies, mutual fund companies,  
17 banks, trust companies, financial institutions, or other  
18 sponsors of any of the funding vehicles offered under the  
19 self-managed plan until it has received the required employer  
20 contributions from the State. In the event of a deficiency in  
21 the amount of State contributions, the System shall implement  
22 those procedures described in subsection (c) of Section 15-165  
23 to obtain the required funding from the General Revenue Fund.

24           (i) Termination. The self-managed plan authorized under  
25 this Section may be terminated by the System, subject to the  
26 terms of any relevant contracts, and the System shall have no

1 obligation to reestablish the self-managed plan under this  
2 Section. This Section does not create a right to continued  
3 participation in any self-managed plan set up by the System  
4 under this Section. If the self-managed plan is terminated, the  
5 participants shall have the right to participate in one of the  
6 other retirement programs offered by the System and receive  
7 service credit in such other retirement program for any years  
8 of employment following the termination.

9 (j) Vesting; Withdrawal; Return to Service. A participant  
10 in the self-managed plan becomes vested in the employer  
11 contributions credited to his or her accounts in the  
12 self-managed plan on the earliest to occur of the following:  
13 (1) completion of 5 years of service with an employer described  
14 in Section 15-106; (2) the death of the participating employee  
15 while employed by an employer described in Section 15-106, if  
16 the participant has completed at least 1 1/2 years of service;  
17 or (3) the participant's election to retire and apply the  
18 reciprocal provisions of Article 20 of this Code.

19 A participant in the self-managed plan who receives a  
20 distribution of his or her vested amounts from the self-managed  
21 plan while not yet eligible for retirement under this Article  
22 (and Article 20, if applicable) shall forfeit all service  
23 credit and accrued rights in the System; if subsequently  
24 re-employed, the participant shall be considered a new  
25 employee. If a former participant again becomes a participating  
26 employee (or becomes employed by a participating system under

1 Article 20 of this Code) and continues as such for at least 2  
2 years, all such rights, service credits, and previous status as  
3 a participant shall be restored upon repayment of the amount of  
4 the distribution, without interest.

5 (k) Benefit amounts. If an employee who is vested in  
6 employer contributions terminates employment, the employee  
7 shall be entitled to a benefit which is based on the account  
8 values attributable to both employer and employee  
9 contributions and any investment return thereon.

10 If an employee who is not vested in employer contributions  
11 terminates employment, the employee shall be entitled to a  
12 benefit based solely on the account values attributable to the  
13 employee's contributions and any investment return thereon,  
14 and the employer contributions and any investment return  
15 thereon shall be forfeited. Any employer contributions which  
16 are forfeited shall be held in escrow by the company investing  
17 those contributions and shall be used as directed by the System  
18 for future allocations of employer contributions or for the  
19 restoration of amounts previously forfeited by former  
20 participants who again become participating employees.

21 (l) Notwithstanding any other provision of this Section, a  
22 person may not elect to participate or begin participation in  
23 the self-managed plan established under this Section on or  
24 after the effective date of this amendatory Act of the 97th  
25 General Assembly.

26 (Source: P.A. 93-347, eff. 7-24-03.)

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

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

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

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

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

23 On or before April 1, 2011, the Board shall recalculate and  
24 recertify to the Governor the amount of the required State  
25 contribution to the System for State fiscal year 2011, applying

1 the changes made by Public Act 96-889 to the System's assets  
2 and liabilities as of June 30, 2009 as though Public Act 96-889  
3 was approved on that date.

4 On or before July 1, 2013, the Board shall, if necessary,  
5 recalculate and recertify to the Governor the amount of the  
6 required State contribution to the System for State fiscal year  
7 2014, taking into account the changes in required State  
8 contributions made by this amendatory Act of the 97th General  
9 Assembly.

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

22 On or before January 15, 2013 and each January 15  
23 thereafter, the Board shall certify to the Governor and the  
24 General Assembly the amount of the required State contribution  
25 for the next fiscal year. The certification shall include a  
26 copy of the actuarial recommendations upon which it is based



1 and shall specifically identify the System's projected State  
2 normal cost for that fiscal year and the projected State cost  
3 for the self-managed plan for that fiscal year. The Board's  
4 certification must note, in a written response to the State  
5 Actuary, any deviations from the State Actuary's recommended  
6 changes, the reason or reasons for not following the State  
7 Actuary's recommended changes, and the fiscal impact of not  
8 following the State Actuary's recommended changes on the  
9 required State contribution.

10 (b) The Board shall certify to the State Comptroller or  
11 employer, as the case may be, from time to time, by its  
12 president and secretary, with its seal attached, the amounts  
13 payable to the System from the various funds.

14 (c) Beginning in State fiscal year 1996, on or as soon as  
15 possible after the 15th day of each month the Board shall  
16 submit vouchers for payment of State contributions to the  
17 System, in a total monthly amount of one-twelfth of the  
18 required annual State contribution certified under subsection  
19 (a). From the effective date of this amendatory Act of the 93rd  
20 General Assembly through June 30, 2004, the Board shall not  
21 submit vouchers for the remainder of fiscal year 2004 in excess  
22 of the fiscal year 2004 certified contribution amount  
23 determined under this Section after taking into consideration  
24 the transfer to the System under subsection (b) of Section  
25 6z-61 of the State Finance Act. These vouchers shall be paid by  
26 the State Comptroller and Treasurer by warrants drawn on the

1 funds appropriated to the System for that fiscal year.

2 If in any month the amount remaining unexpended from all  
3 other appropriations to the System for the applicable fiscal  
4 year (including the appropriations to the System under Section  
5 8.12 of the State Finance Act and Section 1 of the State  
6 Pension Funds Continuing Appropriation Act) is less than the  
7 amount lawfully vouchered under this Section, the difference  
8 shall be paid from the General Revenue Fund under the  
9 continuing appropriation authority provided in Section 1.1 of  
10 the State Pension Funds Continuing Appropriation Act.

11 (d) So long as the payments received are the full amount  
12 lawfully vouchered under this Section, payments received by the  
13 System under this Section shall be applied first toward the  
14 employer contribution to the self-managed plan established  
15 under Section 15-158.2. Payments shall be applied second toward  
16 the employer's portion of the normal costs of the System, as  
17 defined in subsection (f) of Section 15-155. The balance shall  
18 be applied toward the unfunded actuarial liabilities of the  
19 System.

20 (e) In the event that the System does not receive, as a  
21 result of legislative enactment or otherwise, payments  
22 sufficient to fully fund the employer contribution to the  
23 self-managed plan established under Section 15-158.2 and to  
24 fully fund that portion of the employer's portion of the normal  
25 costs of the System, as calculated in accordance with Section  
26 15-155(a-1), then any payments received shall be applied

1 proportionately to the optional retirement program established  
2 under Section 15-158.2 and to the employer's portion of the  
3 normal costs of the System, as calculated in accordance with  
4 Section 15-155(a-1).

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

7 (40 ILCS 5/15-198)

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

10 (a) As used in this Section, "new benefit increase" means  
11 an increase in the amount of any benefit provided under this  
12 Article, or an expansion of the conditions of eligibility for  
13 any benefit under this Article or Article 1, that results from  
14 an amendment to this Code that takes effect after the effective  
15 date of this amendatory Act of the 94th General Assembly. "New  
16 benefit increase", however, does not include any benefit  
17 increase resulting from the changes made to this Article or  
18 Article 1 by this amendatory Act of the 97th General Assembly.

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

24 (c) The Public Act enacting a new benefit increase must  
25 identify and provide for payment to the System of additional

1 funding at least sufficient to fund the resulting annual  
2 increase in cost to the System as it accrues.

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

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

25 (e) Except as otherwise provided in the language creating  
26 the new benefit increase, a new benefit increase that expires

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

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

10 (40 ILCS 5/16-106.4 new)

11 Sec. 16-106.4. Tier I member. "Tier I member": A member  
12 under this Article who first became a member or participant  
13 before January 1, 2011 under any reciprocal retirement system  
14 or pension fund established under this Code other than a  
15 retirement system or pension fund established under Article 2,  
16 3, 4, 5, 6, or 18 of this Code.

17 (40 ILCS 5/16-106.5 new)

18 Sec. 16-106.5. Tier I retiree. "Tier I retiree": A former  
19 Tier I member who is receiving a retirement annuity.

20 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

21 Sec. 16-121. Salary. "Salary": The actual compensation  
22 received by a teacher during any school year and recognized by  
23 the system in accordance with rules of the board. For purposes

1 of this Section, "school year" includes the regular school term  
2 plus any additional period for which a teacher is compensated  
3 and such compensation is recognized by the rules of the board.

4 Notwithstanding any other provision of this Code, the  
5 salary of a Tier I member for the purposes of this Code shall  
6 not exceed, for periods of service on or after the effective  
7 date of this amendatory Act of the 97th General Assembly, the  
8 annual contribution and benefit base established for the  
9 applicable year by the Commissioner of Social Security under  
10 the federal Social Security Act; except that this limitation  
11 does not apply to a member's salary that is determined under an  
12 employment contract or collective bargaining agreement that is  
13 in effect on the effective date of this amendatory Act of the  
14 97th General Assembly and has not been amended or renewed after  
15 that date.

16 (Source: P.A. 84-1028.)

17 (40 ILCS 5/16-132) (from Ch. 108 1/2, par. 16-132)

18 Sec. 16-132. Retirement annuity eligibility.

19 (a) A member who has at least 20 years of creditable  
20 service is entitled to a retirement annuity upon or after  
21 attainment of age 55. A member who has at least 10 but less  
22 than 20 years of creditable service is entitled to a retirement  
23 annuity upon or after attainment of age 60. A member who has at  
24 least 5 but less than 10 years of creditable service is  
25 entitled to a retirement annuity upon or after attainment of

1 age 62. A member who (i) has earned during the period  
2 immediately preceding the last day of service at least one year  
3 of contributing creditable service as an employee of a  
4 department as defined in Section 14-103.04, (ii) has earned at  
5 least 5 years of contributing creditable service as an employee  
6 of a department as defined in Section 14-103.04, and (iii)  
7 retires on or after January 1, 2001 is entitled to a retirement  
8 annuity upon or after attainment of an age which, when added to  
9 the number of years of his or her total creditable service,  
10 equals at least 85. Portions of years shall be counted as  
11 decimal equivalents.

12 A member who is eligible to receive a retirement annuity of  
13 at least 74.6% of final average salary and will attain age 55  
14 on or before December 31 during the year which commences on  
15 July 1 shall be deemed to attain age 55 on the preceding June  
16 1.

17 (b) Notwithstanding subsection (a) of this Section, for a  
18 Tier I member who begins receiving a retirement annuity under  
19 this Article after July 1, 2013:

20 (1) If the Tier I member is at least 45 years old on  
21 the effective date of this amendatory Act of the 97th  
22 General Assembly, then the references to age 55, 60, and 62  
23 in subsection (a) of this Section remain unchanged and the  
24 reference to 85 in subsection (a) of this Section remains  
25 unchanged.

26 (2) If the Tier I member is at least 40 but less than

1       45 years old on the effective date of this amendatory Act  
2       of the 97th General Assembly, then the references to age  
3       55, 60, and 62 in subsection (a) of this Section are  
4       increased by one year and the reference to 85 in subsection  
5       (a) is increased to 87.

6       (3) If the Tier I member is at least 35 but less than  
7       40 years old on the effective date of this amendatory Act  
8       of the 97th General Assembly, then the references to age  
9       55, 60, and 62 in subsection (a) of this Section are  
10       increased by 3 years and the reference to 85 in subsection  
11       (a) is increased to 91.

12       (4) If the Tier I member is less than 35 years old on  
13       the effective date of this amendatory Act of the 97th  
14       General Assembly, then the references to age 55, 60, and 62  
15       in subsection (a) of this Section are increased by 5 years  
16       and the reference to 85 in subsection (a) is increased to  
17       95.

18       Notwithstanding Section 1-103.1, this subsection (b)  
19       applies without regard to whether or not the Tier I member is  
20       in active service under this Article on or after the effective  
21       date of this amendatory Act of the 97th General Assembly.

22       (c) A member meeting the above eligibility conditions is  
23       entitled to a retirement annuity upon written application to  
24       the board setting forth the date the member wishes the  
25       retirement annuity to commence. However, the effective date of  
26       the retirement annuity shall be no earlier than the day



1 following the last day of creditable service, regardless of the  
2 date of official termination of employment.

3 (d) To be eligible for a retirement annuity, a member shall  
4 not be employed as a teacher in the schools included under this  
5 System or under Article 17, except (i) as provided in Section  
6 16-118 or 16-150.1, (ii) if the member is disabled (in which  
7 event, eligibility for salary must cease), or (iii) if the  
8 System is required by federal law to commence payment due to  
9 the member's age; the changes to this sentence made by Public  
10 Act 93-320 ~~this amendatory Act of the 93rd General Assembly~~  
11 apply without regard to whether the member terminated  
12 employment before or after its effective date.

13 (Source: P.A. 93-320, eff. 7-23-03.)

14 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

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

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

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

24 (1) An amount that can be provided on an  
25 actuarially equivalent basis by the member's

1 accumulated contributions at the time of retirement;  
2 and

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

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

18 For the purpose of calculating the sum provided under  
19 this paragraph (A), the contribution required under  
20 subsection (a-5) of Section 16-152 shall not be considered  
21 when determining the amount of the member's accumulated  
22 contributions under subparagraph (1) or (2).

23 This paragraph (A) does not apply to a person who first  
24 becomes a teacher under this Article on or after July 1,  
25 2005.

26 (B) An amount consisting of the greater of the

1 following:

2 (1) For creditable service earned before July 1,  
3 1998 that has not been augmented under Section  
4 16-129.1: 1.67% of final average salary for each of the  
5 first 10 years of creditable service, 1.90% of final  
6 average salary for each year in excess of 10 but not  
7 exceeding 20, 2.10% of final average salary for each  
8 year in excess of 20 but not exceeding 30, and 2.30% of  
9 final average salary for each year in excess of 30; and

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

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

23 (2) 1.5% of final average salary for each year of  
24 creditable service plus the sum \$7.50 for each of the  
25 first 20 years of creditable service.

26 The amount of the retirement annuity determined under this

1 paragraph (B) shall be reduced by 1/2 of 1% for each month  
2 that the member is less than age 60 at the time the  
3 retirement annuity begins. However, this reduction shall  
4 not apply (i) if the member has at least 35 years of  
5 creditable service, or (ii) if the member retires on  
6 account of disability under Section 16-149.2 of this  
7 Article with at least 20 years of creditable service, or  
8 (iii) if the member (1) has earned during the period  
9 immediately preceding the last day of service at least one  
10 year of contributing creditable service as an employee of a  
11 department as defined in Section 14-103.04, (2) has earned  
12 at least 5 years of contributing creditable service as an  
13 employee of a department as defined in Section 14-103.04,  
14 (3) retires on or after January 1, 2001, and (4) retires  
15 having attained an age which, when added to the number of  
16 years of his or her total creditable service, equals at  
17 least 85. Portions of years shall be counted as decimal  
18 equivalents. For participants to whom subsection (b) of  
19 Section 16-132 applies, the reference to age 60 in this  
20 paragraph and the reference to 85 in this paragraph are  
21 increased as provided in subsection (b) of Section 16-132.

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

1           In the determination of final average salary for members  
2 other than elected officials and their appointees when such  
3 appointees are allowed by statute, that part of a member's  
4 salary for any year beginning after June 30, 1979 which exceeds  
5 the member's annual full-time salary rate with the same  
6 employer for the preceding year by more than 20% shall be  
7 excluded. The exclusion shall not apply in any year in which  
8 the member's creditable earnings are less than 50% of the  
9 preceding year's mean salary for downstate teachers as  
10 determined by the survey of school district salaries provided  
11 in Section 2-3.103 of the School Code.

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

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

20           (e) The maximum retirement annuity provided under  
21 paragraph (B) of this Section shall be 75% of final average  
22 salary.

23           (f) A member retiring after the effective date of this  
24 amendatory Act of 1998 shall receive a pension equal to 75% of  
25 final average salary if the member is qualified to receive a  
26 retirement annuity equal to at least 74.6% of final average

1 salary under this Article or as proportional annuities under  
2 Article 20 of this Code.

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

4 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

5 Sec. 16-133.1. Automatic annual increase in annuity.

6 (a) Each member with creditable service and retiring on or  
7 after August 26, 1969 is entitled to the automatic annual  
8 increases in annuity provided under this Section while  
9 receiving a retirement annuity or disability retirement  
10 annuity from the system.

11 An annuitant shall first be entitled to an initial increase  
12 under this Section on the January 1 next following the first  
13 anniversary of retirement, or January 1 of the year next  
14 following attainment of age 61, whichever is later. At such  
15 time, the system shall pay an initial increase determined as  
16 follows or as provided in subsections (a-1) and (a-2):

17 (1) 1.5% of the originally granted retirement annuity  
18 or disability retirement annuity multiplied by the number  
19 of years elapsed, if any, from the date of retirement until  
20 January 1, 1972, plus

21 (2) 2% of the originally granted annuity multiplied by  
22 the number of years elapsed, if any, from the date of  
23 retirement or January 1, 1972, whichever is later, until  
24 January 1, 1978, plus

25 (3) 3% of the originally granted annuity multiplied by

1 the number of years elapsed from the date of retirement or  
2 January 1, 1978, whichever is later, until the effective  
3 date of the initial increase.

4 However, the initial annual increase calculated under this  
5 Section for the recipient of a disability retirement annuity  
6 granted under Section 16-149.2 shall be reduced by an amount  
7 equal to the total of all increases in that annuity received  
8 under Section 16-149.5 (but not exceeding 100% of the amount of  
9 the initial increase otherwise provided under this Section).

10 Following the initial increase, automatic annual increases  
11 in annuity shall be payable on each January 1 thereafter during  
12 the lifetime of the annuitant, determined as a percentage of  
13 the originally granted retirement annuity or disability  
14 retirement annuity for increases granted prior to January 1,  
15 1990, and calculated as a percentage of the total amount of  
16 annuity, including previous increases under this Section, for  
17 increases granted on or after January 1, 1990, as follows: 1.5%  
18 for periods prior to January 1, 1972, 2% for periods after  
19 December 31, 1971 and prior to January 1, 1978, and 3% for  
20 periods after December 31, 1977, or as provided in subsections  
21 (a-1) and (a-2).

22 (a-1) Notwithstanding any other provision of this Article,  
23 for a Tier I retiree, the amount of each automatic annual  
24 increase in retirement annuity occurring on or after the  
25 effective date of this amendatory Act of the 97th General  
26 Assembly shall be the lesser of \$750 or 3% of the total annuity

1 payable at the time of the increase, including previous  
2 increases granted.

3 (a-2) Notwithstanding any other provision of this Article,  
4 for a Tier I retiree, the monthly retirement annuity shall  
5 first be subject to annual increases on the January 1 occurring  
6 on or next after the attainment of age 67 or the January 1  
7 occurring on or next after the fifth anniversary of the annuity  
8 start date, whichever occurs earlier. If on the effective date  
9 of this amendatory Act of the 97th General Assembly a Tier I  
10 retiree has already received an annual increase under this  
11 Section but does not yet meet the new eligibility requirements  
12 of this subsection, the annual increases already received shall  
13 continue in force, but no additional annual increase shall be  
14 granted until the Tier I retiree meets the new eligibility  
15 requirements.

16 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)  
17 and (a-2) apply without regard to whether or not the Tier I  
18 retiree is in active service under this Article on or after the  
19 effective date of this amendatory Act of the 97th General  
20 Assembly.

21 (b) The automatic annual increases in annuity provided  
22 under this Section shall not be applicable unless a member has  
23 made contributions toward such increases for a period  
24 equivalent to one full year of creditable service. If a member  
25 contributes for service performed after August 26, 1969 but the  
26 member becomes an annuitant before such contributions amount to



1 one full year's contributions based on the salary at the date  
2 of retirement, he or she may pay the necessary balance of the  
3 contributions to the system and be eligible for the automatic  
4 annual increases in annuity provided under this Section.

5 (c) Each member shall make contributions toward the cost of  
6 the automatic annual increases in annuity as provided under  
7 Section 16-152.

8 (d) An annuitant receiving a retirement annuity or  
9 disability retirement annuity on July 1, 1969, who subsequently  
10 re-enters service as a teacher is eligible for the automatic  
11 annual increases in annuity provided under this Section if he  
12 or she renders at least one year of creditable service  
13 following the latest re-entry.

14 (e) In addition to the automatic annual increases in  
15 annuity provided under this Section, an annuitant who meets the  
16 service requirements of this Section and whose retirement  
17 annuity or disability retirement annuity began on or before  
18 January 1, 1971 shall receive, on January 1, 1981, an increase  
19 in the annuity then being paid of one dollar per month for each  
20 year of creditable service. On January 1, 1982, an annuitant  
21 whose retirement annuity or disability retirement annuity  
22 began on or before January 1, 1977 shall receive an increase in  
23 the annuity then being paid of one dollar per month for each  
24 year of creditable service.

25 On January 1, 1987, any annuitant whose retirement annuity  
26 began on or before January 1, 1977, shall receive an increase

1 in the monthly retirement annuity equal to 8¢ per year of  
2 creditable service times the number of years that have elapsed  
3 since the annuity began.

4 (Source: P.A. 91-927, eff. 12-14-00.)

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

6 Sec. 16-152. Contributions by members.

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

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

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

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

20 (4) Effective July 1, 2005, contributions of 0.40% of  
21 salary toward the cost of the early retirement without  
22 discount option provided under Section 16-133.2. This  
23 contribution shall cease upon termination of the early  
24 retirement without discount option as provided in Section  
25 16-176.

1       (a-5) In addition to the contributions otherwise required  
2 under this Article, each Tier I member shall also make the  
3 following contributions toward the cost of the retirement  
4 annuity from each payment of salary:

5           (1) beginning July 1, 2013 and through June 30, 2014,  
6 1% of salary; and

7           (2) beginning on July 1, 2014, 2% of salary.

8       Except as otherwise specified, these contributions are to  
9 be considered as normal contributions for purposes of this  
10 Article.

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

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

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

25       (e) A member's contributions toward the cost of early  
26 retirement without discount made under item (a)(4) of this

1 Section shall not be refunded if the member has elected early  
2 retirement without discount under Section 16-133.2 and has  
3 begun to receive a retirement annuity under this Article  
4 calculated in accordance with that election. Otherwise, a  
5 member's contributions toward the cost of early retirement  
6 without discount made under item (a)(4) of this Section shall  
7 be refunded according to whichever one of the following  
8 circumstances occurs first:

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

13 (2) The contributions shall be included, without  
14 interest, in any refund claimed by the member under Section  
15 16-151.

16 (3) The contributions shall be refunded to the member's  
17 designated beneficiary (or if there is no beneficiary, to  
18 the member's estate), without interest, if the member dies  
19 without having begun to receive a retirement annuity under  
20 this Article.

21 (4) The contributions shall be refunded to the member,  
22 without interest, within 120 days after the early  
23 retirement without discount option provided under Section  
24 16-133.2 is terminated under Section 16-176.

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

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

2 Sec. 16-158. Contributions by State and other employing  
3 units; funding guarantee.

4 (a) The State shall make contributions to the System by  
5 means of appropriations from the Common School Fund and other  
6 State funds of amounts which, together with ~~other~~ employer  
7 contributions, employee contributions, investment income, and  
8 other income, will be sufficient to meet the cost of  
9 maintaining and administering the System on a 100% ~~90%~~ funded  
10 basis in accordance with actuarial recommendations by the end  
11 of State fiscal year 2043.

12 Beginning with State fiscal year 2014, the State's required  
13 contributions to the System under subsection (b-3) shall be  
14 limited to the amounts required to amortize the total cost of  
15 the benefits of the System arising before July 1, 2013. The  
16 State shall also pay any employer contributions required from  
17 the State as the actual employer of participants under this  
18 Article and any contribution required under subsection (b-20).

19 The Board shall determine the amount of State and employer  
20 contributions required for each fiscal year on the basis of the  
21 actuarial tables and other assumptions adopted by the Board and  
22 the recommendations of the actuary, using the formulas provided  
23 in this Section ~~formula in subsection (b-3).~~

24 (a-1) Annually, on or before November 15 through ~~until~~  
25 November 15, 2011, the Board shall certify to the Governor the  
26 amount of the required State contribution for the coming fiscal

1 year. The certification under this subsection (a-1) shall  
2 include a copy of the actuarial recommendations upon which it  
3 is based ~~and shall specifically identify the System's projected~~  
4 ~~State normal cost for that fiscal year.~~

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

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

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

22 On or before July 1, 2013, the Board shall, if necessary,  
23 recalculate and recertify to the Governor the amount of the  
24 required State contribution to the System for State fiscal year  
25 2014, taking into account the changes in required State  
26 contributions made by this amendatory Act of the 97th General

1 Assembly.

2 (a-5) On or before November 1 of each year, beginning  
3 November 1, 2012, the Board shall submit to the State Actuary,  
4 the Governor, and the General Assembly a proposed certification  
5 of the amount of the required State contribution to the System  
6 for the next fiscal year, along with all of the actuarial  
7 assumptions, calculations, and data upon which that proposed  
8 certification is based. On or before January 1 of each year,  
9 beginning January 1, 2013, the State Actuary shall issue a  
10 preliminary report concerning the proposed certification and  
11 identifying, if necessary, recommended changes in actuarial  
12 assumptions that the Board must consider before finalizing its  
13 certification of the required State contributions.

14 On or before January 15, 2013 and each January 15  
15 thereafter, the Board shall certify to the Governor and the  
16 General Assembly the amount of the required State contribution  
17 for the next fiscal year. The certification shall include a  
18 copy of the actuarial recommendations upon which it is based  
19 and shall specifically identify the System's projected State  
20 normal cost for that fiscal year. The Board's certification  
21 must note any deviations from the State Actuary's recommended  
22 changes, the reason or reasons for not following the State  
23 Actuary's recommended changes, and the fiscal impact of not  
24 following the State Actuary's recommended changes on the  
25 required State contribution.

26 (b) Through State fiscal year 1995, the State contributions

1 shall be paid to the System in accordance with Section 18-7 of  
2 the School Code.

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

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

26 (b-2) Allocations from the Common School Fund apportioned



1 to school districts not coming under this System shall not be  
2 diminished or affected by the provisions of this Article.

3 (b-3) For State fiscal years 2014 through 2043, the minimum  
4 contribution to the System to be made by the State under this  
5 subsection (b-3) for each fiscal year shall be an amount  
6 determined by the Board to be sufficient to amortize the  
7 unfunded accrued liability that is attributable to benefits  
8 that accrued before July 1, 2013 as a level percentage of  
9 payroll over the years remaining to and including fiscal year  
10 2043, determined under the projected unit credit actuarial cost  
11 method.

12 For State fiscal year 2044 and thereafter, the minimum  
13 contribution to the System to be made by the State under this  
14 subsection (b-3) for each fiscal year shall be an amount  
15 determined by the Board to be sufficient to amortize, over a  
16 30-year rolling amortization period, any unfunded liability  
17 arising on or after July 1, 2043 that is attributable to  
18 benefits that accrued before July 1, 2013.

19 For State fiscal years 2012 and 2013 ~~through 2045~~, the  
20 minimum contribution to the System to be made by the State for  
21 each fiscal year shall be an amount determined by the System to  
22 be sufficient to bring the total assets of the System up to 90%  
23 of the total actuarial liabilities of the System by the end of  
24 State fiscal year 2045. In making these determinations, the  
25 required State contribution shall be calculated each year as a  
26 level percentage of payroll over the years remaining to and

1 including fiscal year 2045 and shall be determined under the  
2 projected unit credit actuarial cost method.

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

18 Notwithstanding any other provision of this Article, the  
19 total required State contribution for State fiscal year 2006 is  
20 \$534,627,700.

21 Notwithstanding any other provision of this Article, the  
22 total required State contribution for State fiscal year 2007 is  
23 \$738,014,500.

24 For each of State fiscal years 2008 through 2009, the State  
25 contribution to the System, as a percentage of the applicable  
26 employee payroll, shall be increased in equal annual increments

1 from the required State contribution for State fiscal year  
2 2007, so that by State fiscal year 2011, the State is  
3 contributing at the rate otherwise required under this Section.

4 Notwithstanding any other provision of this Article, the  
5 total required State contribution for State fiscal year 2010 is  
6 \$2,089,268,000 and shall be made from the proceeds of bonds  
7 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
8 Obligation Bond Act, less (i) the pro rata share of bond sale  
9 expenses determined by the System's share of total bond  
10 proceeds, (ii) any amounts received from the Common School Fund  
11 in fiscal year 2010, and (iii) any reduction in bond proceeds  
12 due to the issuance of discounted bonds, if applicable.

13 Notwithstanding any other provision of this Article, the  
14 total required State contribution for State fiscal year 2011 is  
15 the amount recertified by the System on or before April 1, 2011  
16 pursuant to subsection (a-1) of this Section and shall be made  
17 from the proceeds of bonds sold in fiscal year 2011 pursuant to  
18 Section 7.2 of the General Obligation Bond Act, less (i) the  
19 pro rata share of bond sale expenses determined by the System's  
20 share of total bond proceeds, (ii) any amounts received from  
21 the Common School Fund in fiscal year 2011, and (iii) any  
22 reduction in bond proceeds due to the issuance of discounted  
23 bonds, if applicable. This amount shall include, in addition to  
24 the amount certified by the System, an amount necessary to meet  
25 employer contributions required by the State as an employer  
26 under paragraph (e) of this Section, which may also be used by

1 the System for contributions required by paragraph (a) of  
2 Section 16-127.

3 ~~Beginning in State fiscal year 2046, the minimum State~~  
4 ~~contribution for each fiscal year shall be the amount needed to~~  
5 ~~maintain the total assets of the System at 90% of the total~~  
6 ~~actuarial liabilities of the System.~~

7 Amounts received by the System pursuant to Section 25 of  
8 the Budget Stabilization Act or Section 8.12 of the State  
9 Finance Act in any fiscal year do not reduce and do not  
10 constitute payment of any portion of the minimum State  
11 contribution required under this Article in that fiscal year.  
12 Such amounts shall not reduce, and shall not be included in the  
13 calculation of, the required State contributions under this  
14 Article in any future year until the System has reached a  
15 funding ratio of at least 100% ~~90%~~. A reference in this Article  
16 to the "required State contribution" or any substantially  
17 similar term does not include or apply to any amounts payable  
18 to the System under Section 25 of the Budget Stabilization Act.

19 Notwithstanding any other provision of this Section, the  
20 required State contribution for State fiscal year 2005 and for  
21 fiscal year 2008 and each fiscal year thereafter through State  
22 fiscal year 2013, as calculated under this Section and  
23 certified under subsection (a-1), shall not exceed an amount  
24 equal to (i) the amount of the required State contribution that  
25 would have been calculated under this Section for that fiscal  
26 year if the System had not received any payments under

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

18 (b-10) Subject to the limitations provided in subsection  
19 (b-15), beginning with State fiscal year 2014, the minimum  
20 required contribution of each employer under this Article shall  
21 be sufficient to produce an annual amount equal to:

22 (i) the employer's normal cost for that fiscal year,  
23 exclusive of the employer's normal cost that arises from  
24 optional employer contributions agreed to by that employer  
25 for that fiscal year under Section 1-161; plus

26 (ii) the employer's normal cost for that fiscal year

1 that arises from optional employer contributions agreed to  
2 by that employer for that fiscal year under Section 1-161;  
3 plus

4 (iii) the amount required for that fiscal year to  
5 amortize that employer's portion of the unfunded accrued  
6 liability associated with the cost of benefits accrued on  
7 or after July 1, 2013 as a level percentage of payroll over  
8 a 30-year rolling amortization period, as determined for  
9 each employer by the Board.

10 Each employer under this Article shall make these  
11 contributions in the amounts determined and the manner  
12 prescribed from time to time by the Board.

13 (b-15) The System shall determine the employer's normal  
14 cost under item (i) of subsection (b-10) as a percentage of  
15 projected payroll applicable to all employers, based on  
16 actuarial assumptions applicable to the System as a whole. The  
17 required employer contribution under item (i) in a fiscal year  
18 shall not exceed a percentage of payroll determined by  
19 subtracting 2013 from the applicable fiscal year and  
20 multiplying the result by 0.5%.

21 The System shall determine the employer's normal cost under  
22 item (ii) of subsection (b-10) as an additional percentage of  
23 projected payroll payable by a specific employer, based on the  
24 optional employer contributions agreed to by that employer for  
25 that fiscal year under Section 1-161 and the actuarial  
26 assumptions applicable to the System as a whole.

1       The System shall determine the employer's portion of the  
2 unfunded accrued liability under item (iii) of subsection  
3 (b-10) separately for each employer, as a percentage of that  
4 employer's projected payroll, based on the liabilities  
5 attributable to that employer and the actuarial assumptions  
6 applicable to the System as a whole.

7       For use in determining the employer's contribution for  
8 unfunded accrued liability under item (iii), the System shall  
9 maintain a separate account for each employer. The separate  
10 account shall be maintained in such form and detail as the  
11 System determines to be appropriate. The separate account shall  
12 reflect the following items to the extent that they are  
13 attributable to that employer and arise on or after July 1,  
14 2013: employer contributions, State contributions under  
15 subsection (b-20), employee contributions, investment returns,  
16 payments of benefits, and that employer's proportionate share  
17 of the System's administrative expenses.

18       In the event that the Board determines that there is a  
19 deficiency or surplus in the account of an employer with  
20 respect to the projected liabilities attributable to that  
21 employer arising on or after July 1, 2013, the Board shall  
22 determine the employer's contribution rate under item (iii) of  
23 subsection (b-10) so as to address that deficiency or surplus  
24 over a reasonable period of time as determined by the Board.

25       (b-20) Beginning in State fiscal year 2014, for any fiscal  
26 year in which (1) the System's normal cost for all employers

1 for that fiscal year, exclusive of the normal cost that arises  
2 from optional employer contributions agreed to by employers for  
3 that fiscal year under Section 1-161, exceeds (2) the total  
4 contribution calculated under item (i) of subsection (b-10) for  
5 all employers for that fiscal year, the State shall make an  
6 additional contribution to the System for that fiscal year  
7 equal to the difference.

8 The State contribution under this subsection (b-20) is in  
9 addition to the State contributions required under subsection  
10 (b-1) and any contributions required to be paid by the State as  
11 an employer under subsection (b-10) of this Section.

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

17 If members are paid from special trust or federal funds  
18 which are administered by the employing unit, whether school  
19 district or other unit, the employing unit shall pay to the  
20 System from such funds the full accruing retirement costs based  
21 upon that service, as determined by the System. Employer  
22 contributions, based on salary paid to members from federal  
23 funds, may be forwarded by the distributing agency of the State  
24 of Illinois to the System prior to allocation, in an amount  
25 determined in accordance with guidelines established by such  
26 agency and the System.



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

8 However, with respect to benefits granted under Section  
9 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)  
10 of Section 16-106, the employer's contribution shall be 12%  
11 (rather than 20%) of the member's highest annual salary rate  
12 for each year of creditable service granted, and the employer  
13 shall also pay the required employee contribution on behalf of  
14 the teacher. For the purposes of Sections 16-133.4 and  
15 16-133.5, a teacher as defined in paragraph (8) of Section  
16 16-106 who is serving in that capacity while on leave of  
17 absence from another employer under this Article shall not be  
18 considered an employee of the employer from which the teacher  
19 is on leave.

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

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

26 (2) Beginning July 1, 1999 and thereafter, the employer

1 contribution shall be equal to 0.58% of each teacher's  
2 salary.

3 The school district or other employing unit may pay these  
4 employer contributions out of any source of funding available  
5 for that purpose and shall forward the contributions to the  
6 System on the schedule established for the payment of member  
7 contributions.

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

11 Each employer of teachers is entitled to a credit against  
12 the contributions required under this subsection (e) with  
13 respect to salaries paid to teachers for the period January 1,  
14 2002 through June 30, 2003, equal to the amount paid by that  
15 employer under subsection (a-5) of Section 6.6 of the State  
16 Employees Group Insurance Act of 1971 with respect to salaries  
17 paid to teachers for that period.

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

23 If an employer is required by a contract in effect on May  
24 1, 1998 between the employer and an employee organization to  
25 pay, on behalf of all its full-time employees covered by this  
26 Article, all mandatory employee contributions required under

1 this Article, then the employer shall be excused from paying  
2 the employer contribution required under this subsection (e)  
3 for the balance of the term of that contract. The employer and  
4 the employee organization shall jointly certify to the System  
5 the existence of the contractual requirement, in such form as  
6 the System may prescribe. This exclusion shall cease upon the  
7 termination, extension, or renewal of the contract at any time  
8 after May 1, 1998.

9 (f) The employer contributions under this subsection (f)  
10 are no longer required after June 30, 2013.

11 If the amount of a teacher's salary for any school year  
12 used to determine final average salary exceeds the member's  
13 annual full-time salary rate with the same employer for the  
14 previous school year by more than 6%, the teacher's employer  
15 shall pay to the System, in addition to all other payments  
16 required under this Section and in accordance with guidelines  
17 established by the System, the present value of the increase in  
18 benefits resulting from the portion of the increase in salary  
19 that is in excess of 6%. This present value shall be computed  
20 by the System on the basis of the actuarial assumptions and  
21 tables used in the most recent actuarial valuation of the  
22 System that is available at the time of the computation. If a  
23 teacher's salary for the 2005-2006 school year is used to  
24 determine final average salary under this subsection (f), then  
25 the changes made to this subsection (f) by Public Act 94-1057  
26 shall apply in calculating whether the increase in his or her

1 salary is in excess of 6%. For the purposes of this Section,  
2 change in employment under Section 10-21.12 of the School Code  
3 on or after June 1, 2005 shall constitute a change in employer.  
4 The System may require the employer to provide any pertinent  
5 information or documentation. The changes made to this  
6 subsection (f) by this amendatory Act of the 94th General  
7 Assembly apply without regard to whether the teacher was in  
8 service on or after its effective date.

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

24 The employer contributions required under this subsection  
25 (f) may be paid in the form of a lump sum within 90 days after  
26 receipt of the bill. If the employer contributions are not paid

1 within 90 days after receipt of the bill, then interest will be  
2 charged at a rate equal to the System's annual actuarially  
3 assumed rate of return on investment compounded annually from  
4 the 91st day after receipt of the bill. Payments must be  
5 concluded within 3 years after the employer's receipt of the  
6 bill.

7 (g) This subsection (g) applies only to payments made or  
8 salary increases given on or after June 1, 2005 but before July  
9 1, 2011. The changes made by Public Act 94-1057 shall not  
10 require the System to refund any payments received before July  
11 31, 2006 (the effective date of Public Act 94-1057).

12 When assessing payment for any amount due under subsection  
13 (f), the System shall exclude salary increases paid to teachers  
14 under contracts or collective bargaining agreements entered  
15 into, amended, or renewed before June 1, 2005.

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

20 When assessing payment for any amount due under subsection  
21 (f), the System shall exclude salary increases resulting from  
22 overload work, including summer school, when the school  
23 district has certified to the System, and the System has  
24 approved the certification, that (i) the overload work is for  
25 the sole purpose of classroom instruction in excess of the  
26 standard number of classes for a full-time teacher in a school

1 district during a school year and (ii) the salary increases are  
2 equal to or less than the rate of pay for classroom instruction  
3 computed on the teacher's current salary and work schedule.

4 When assessing payment for any amount due under subsection  
5 (f), the System shall exclude a salary increase resulting from  
6 a promotion (i) for which the employee is required to hold a  
7 certificate or supervisory endorsement issued by the State  
8 Teacher Certification Board that is a different certification  
9 or supervisory endorsement than is required for the teacher's  
10 previous position and (ii) to a position that has existed and  
11 been filled by a member for no less than one complete academic  
12 year and the salary increase from the promotion is an increase  
13 that results in an amount no greater than the lesser of the  
14 average salary paid for other similar positions in the district  
15 requiring the same certification or the amount stipulated in  
16 the collective bargaining agreement for a similar position  
17 requiring the same certification.

18 When assessing payment for any amount due under subsection  
19 (f), the System shall exclude any payment to the teacher from  
20 the State of Illinois or the State Board of Education over  
21 which the employer does not have discretion, notwithstanding  
22 that the payment is included in the computation of final  
23 average salary.

24 (h) When assessing payment for any amount due under  
25 subsection (f), the System shall exclude any salary increase  
26 described in subsection (g) of this Section given on or after

1 July 1, 2011 but before July 1, 2014 under a contract or  
2 collective bargaining agreement entered into, amended, or  
3 renewed on or after June 1, 2005 but before July 1, 2011.  
4 Notwithstanding any other provision of this Section, any  
5 payments made or salary increases given after June 30, 2014  
6 shall be used in assessing payment for any amount due under  
7 subsection (f) of this Section.

8 (i) The System shall prepare a report and file copies of  
9 the report with the Governor and the General Assembly by  
10 January 1, 2007 that contains all of the following information:

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

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

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

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

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

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

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

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

15           (40 ILCS 5/16-158.1) (from Ch. 108 1/2, par. 16-158.1)

16           Sec. 16-158.1. Actions to enforce payments by school  
17 districts and other employing units other than the State. Any  
18 school district or other employing unit, other than the State,  
19 that fails ~~ailing~~ to transmit to the System contributions  
20 required of it under this Article or contributions required of  
21 teachers, for more than 90 days after such contributions are  
22 due is subject to the following: after giving notice to the  
23 district or other unit, the System may certify to the State  
24 Comptroller or the Regional Superintendent of Schools the  
25 amounts of such delinquent payments and the State Comptroller



1 or the Regional Superintendent of Schools shall deduct the  
2 amounts so certified or any part thereof from any State funds  
3 to be remitted to the school district or other employing unit  
4 involved and shall pay the amount so deducted to the System. If  
5 State funds from which such deductions may be made are not  
6 available, the System may proceed against the school district  
7 or other employing unit to recover the amounts of such  
8 delinquent payments in the appropriate circuit court.

9 The System may provide for an audit of the records of a  
10 school district or other employing unit, other than the State,  
11 as may be required to establish the amounts of required  
12 contributions. The school district or other employing unit  
13 shall make its records available to the System for the purpose  
14 of such audit. The cost of such audit shall be added to the  
15 amount of the delinquent payments and shall be recovered by the  
16 System from the school district or other employing unit at the  
17 same time and in the same manner as the delinquent payments are  
18 recovered.

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

20 (40 ILCS 5/16-158.2 new)

21 Sec. 16-158.2. Obligations of State; funding guarantee.

22 (a) Payment of the required State contributions and of all  
23 pensions, retirement annuities, death benefits, refunds, and  
24 other benefits granted under or assumed by this System, and all  
25 expenses in connection with the administration and operation

1 thereof, are obligations of the State.

2 (b) Beginning July 1, 2013, the State shall be  
3 contractually obligated to contribute to the System under  
4 Section 16-158 in each State fiscal year an amount not less  
5 than the sum of (i) the State's required contribution under  
6 subsections (b-10) and (b-20) of Section 16-158 and (ii) the  
7 portion of the total cost of the benefits of the System arising  
8 before July 1, 2013 assigned to that State fiscal year by law  
9 in accordance with a schedule that distributes payments  
10 equitably over a reasonable period of time and in accordance  
11 with accepted actuarial practices. The obligations created  
12 under this subsection (b) are contractual obligations  
13 protected and enforceable under Article I, Section 16 and  
14 Article XIII, Section 5 of the Illinois Constitution.

15 Notwithstanding any other provision of law, if the State  
16 fails to pay in a State fiscal year the amount guaranteed under  
17 this subsection, the System may bring a mandamus action in the  
18 circuit court of Sangamon County to compel the State to make  
19 that payment, irrespective of other remedies that may be  
20 available to the System. In ordering the State to make the  
21 required payment, the court may order a reasonable payment  
22 schedule to enable the State to make the required payment  
23 without significantly imperiling the public health, safety, or  
24 welfare.

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

3           (a) As used in this Section, "new benefit increase" means  
4 an increase in the amount of any benefit provided under this  
5 Article, or an expansion of the conditions of eligibility for  
6 any benefit under this Article, that results from an amendment  
7 to this Code that takes effect after June 1, 2005 (the  
8 effective date of Public Act 94-4). "New benefit increase",  
9 however, does not include any benefit increase resulting from  
10 the changes made to this Article or Article 1 by Public Act  
11 95-910 or this amendatory Act of the 97th ~~95th~~ General  
12 Assembly.

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

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

22           Every new benefit increase is contingent upon the General  
23 Assembly providing the additional funding required under this  
24 subsection. The Commission on Government Forecasting and  
25 Accountability shall analyze whether adequate additional  
26 funding has been provided for the new benefit increase and

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

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

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

1 benefit increase was in effect.

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

3 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

4 Sec. 20-121. Calculation of proportional retirement  
5 annuities. Upon retirement of the employee, a proportional  
6 retirement annuity shall be computed by each participating  
7 system in which pension credit has been established on the  
8 basis of pension credits under each system. The computation  
9 shall be in accordance with the formula or method prescribed by  
10 each participating system which is in effect at the date of the  
11 employee's latest withdrawal from service covered by any of the  
12 systems in which he has pension credits which he elects to have  
13 considered under this Article. However, (1) the amount of any  
14 retirement annuity payable under the self-managed plan  
15 established under Section 15-158.2 of this Code depends solely  
16 on the value of the participant's vested account balances and  
17 is not subject to any proportional adjustment under this  
18 Section, and (2) the amount of any retirement annuity payable  
19 under the cash balance plan established under Section 1-161 of  
20 this Code shall be calculated solely in accordance with that  
21 Section and is not subject to any proportional adjustment under  
22 this Section.

23 Combined pension credit under all retirement systems  
24 subject to this Article shall be considered in determining  
25 whether the minimum qualification has been met and the formula

1 or method of computation which shall be applied. If a system  
2 has a step-rate formula for calculation of the retirement  
3 annuity, pension credits covering previous service which have  
4 been established under another system shall be considered in  
5 determining which range or ranges of the step-rate formula are  
6 to be applicable to the employee.

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

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

15 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

16 Sec. 20-123. Survivor's annuity. The provisions governing  
17 a retirement annuity shall be applicable to a survivor's  
18 annuity. Appropriate credits shall be established for  
19 survivor's annuity purposes in those participating systems  
20 which provide survivor's annuities, according to the same  
21 conditions and subject to the same limitations and restrictions  
22 herein prescribed for a retirement annuity. If a participating  
23 system has no survivor's annuity benefit, or if the survivor's  
24 annuity benefit under that system is waived, pension credit  
25 established in that system shall not be considered in

1 determining eligibility for or the amount of the survivor's  
2 annuity which may be payable by any other participating system.

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

11 For persons who participate in the cash balance plan  
12 established under Section 1-161, pension credit established  
13 under the participating system with respect to which the person  
14 participates in the cash balance plan may be considered in  
15 determining eligibility for or the amount of the survivor's  
16 annuity that is payable by any other participating system with  
17 respect to which the person does not participate in the cash  
18 balance plan, but the amount of any survivor's annuity payable  
19 under the cash balance plan established under Section 1-161  
20 shall be calculated solely in accordance with that Section.

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

22 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

23 Sec. 20-124. Maximum benefits.

24 (a) In no event shall the combined retirement or survivors  
25 annuities exceed the highest annuity which would have been

1 payable by any participating system in which the employee has  
2 pension credits, if all of his pension credits had been  
3 validated in that system.

4 If the combined annuities should exceed the highest maximum  
5 as determined in accordance with this Section, the respective  
6 annuities shall be reduced proportionately according to the  
7 ratio which the amount of each proportional annuity bears to  
8 the aggregate of all such annuities; except that benefits  
9 payable under the cash balance plan established under Section  
10 1-161 are not subject to proportionate reduction under this  
11 Section.

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

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

24 (ii) For purposes of calculating the combined  
25 survivor's annuity and the proportionate reduction, if  
26 any, in a survivor's annuity other than one payable under



1 the self-managed plan, the amount of the Article 15  
2 survivor's annuity shall be deemed to be the highest  
3 survivor's annuity to which the survivor would have been  
4 entitled if the deceased employee had participated in the  
5 traditional benefit package as defined in Section 15-103.1  
6 rather than the self-managed plan.

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

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

10 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

11 Sec. 20-125. Return to employment - suspension of benefits.  
12 If a retired employee returns to employment which is covered by  
13 a system from which he is receiving a proportional annuity  
14 under this Article, his proportional annuity from all  
15 participating systems shall be suspended during the period of  
16 re-employment, except that this suspension does not apply to  
17 any distributions payable under the self-managed plan  
18 established under Section 15-158.2 of this Code.

19 The provisions of the Article under which such employment  
20 would be covered (including Section 1-161 in the case of a  
21 participant in the cash balance plan) shall govern the  
22 determination of whether the employee has returned to  
23 employment, and if applicable the exemption of temporary  
24 employment or employment not exceeding a specified duration or  
25 frequency, for all participating systems from which the retired

1 employee is receiving a proportional annuity under this  
2 Article, notwithstanding any contrary provisions in the other  
3 Articles governing such systems.

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

5 Section 90. The State Mandates Act is amended by adding  
6 Section 8.36 as follows:

7 (30 ILCS 805/8.36 new)

8 Sec. 8.36. Exempt mandate. Notwithstanding Sections 6 and 8  
9 of this Act, no reimbursement by the State is required for the  
10 implementation of any mandate created by this amendatory Act of  
11 the 97th General Assembly.

12 Section 97. Inseverability. The provisions of this Act are  
13 inseverable.

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

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