



Rep. Michael J. Madigan

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1 AMENDMENT TO HOUSE BILL 1154

2 AMENDMENT NO. _____. Amend House Bill 1154, AS AMENDED, by
3 inserting after the end of Section 1 the following:

4 "Section 7. The Illinois Pension Code is amended by
5 changing Sections 2-126, 14-133, 15-136, 15-157, 16-133, and
6 16-152 and by adding Sections 2-105.1, 14-103.40, 15-107.1, and
7 16-106.4 as follows:

8 (40 ILCS 5/2-105.1 new)

9 Sec. 2-105.1. Tier I participant."Tier I participant": A
10 participant who first became a participant before January 1,
11 2011.

12 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

13 Sec. 2-126. Contributions by participants.

14 (a) Each participant shall contribute toward the cost of
15 his or her retirement annuity a percentage of each payment of

1 salary received by him or her for service as a member as
2 follows: for service between October 31, 1947 and January 1,
3 1959, 5%; for service between January 1, 1959 and June 30,
4 1969, 6%; for service between July 1, 1969 and January 10,
5 1973, 6 1/2%; for service after January 10, 1973, 7%; for
6 service after December 31, 1981, 8 1/2%.

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

12 (1) beginning July 1, 2013 and through June 30, 2014,
13 2% of salary; and

14 (2) beginning July 1, 2014, 4.0% of salary.

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

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

1 to the date of payment.

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

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

24 (e) Notwithstanding any other provision of this Article,
25 the required contribution of a participant who first becomes a
26 participant on or after January 1, 2011 shall not exceed the

1 contribution that would be due under this Article if that
2 participant's highest salary for annuity purposes were
3 \$106,800, plus any increases in that amount under Section
4 2-108.1.

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

6 (40 ILCS 5/14-103.40 new)

7 Sec. 14-103.40. Tier I member. "Tier I member": A member of
8 this System who first became a member or participant before
9 January 1, 2011 under any reciprocal retirement system or
10 pension fund established under this Code other than a
11 retirement system or pension fund established under Article 2,
12 3, 4, 5, 6, or 18 of this Code.

13 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

15 (a) Each participating employee shall make contributions
16 to the System, based on the employee's compensation, as
17 follows:

18 (1) Covered employees, except as indicated below, 3.5%
19 for retirement annuity, and 0.5% for a widow or survivors
20 annuity;

21 (2) Noncovered employees, except as indicated below,
22 7% for retirement annuity and 1% for a widow or survivors
23 annuity;

24 (3) Noncovered employees serving in a position in which

1 "eligible creditable service" as defined in Section 14-110
2 may be earned, 1% for a widow or survivors annuity plus the
3 following amount for retirement annuity: 8.5% through
4 December 31, 2001; 9.5% in 2002; 10.5% in 2003; and 11.5%
5 in 2004 and thereafter;

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

12 (5) Each security employee of the Department of
13 Corrections or of the Department of Human Services who is a
14 covered employee, 0.5% for a widow or survivors annuity
15 plus the following amount for retirement annuity: 5%
16 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%
17 in 2004 and thereafter;

18 (6) Each security employee of the Department of
19 Corrections or of the Department of Human Services who is
20 not a covered employee, 1% for a widow or survivors annuity
21 plus the following amount for retirement annuity: 8.5%
22 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and
23 11.5% in 2004 and thereafter.

24 (a-5) In addition to the contributions otherwise required
25 under this Article, each Tier I member shall also make the
26 following contributions toward the cost of his or her

1 retirement annuity from each payment of compensation received
2 by him or her for service as a member:

3 (1) beginning July 1, 2013 and through June 30, 2014,
4 2% of compensation; and

5 (2) beginning July 1, 2014, 4.0% of compensation.

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

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

14 (40 ILCS 5/15-107.1 new)

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

22 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

23 Sec. 15-136. Retirement annuities - Amount. The provisions
24 of this Section 15-136 apply only to those participants who are

1 participating in the traditional benefit package or the
2 portable benefit package and do not apply to participants who
3 are participating in the self-managed plan.

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

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

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

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

23 (ii) an annuity from employer contributions of an
24 amount equal to that which can be provided on an
25 actuarially equivalent basis from the accumulated normal
26 contributions made by the participant under Section

1 15-113.6 and Section 15-113.7 plus 1.4 times all other
2 accumulated normal contributions made by the participant;
3 and

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

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

12 With respect to a police officer or firefighter who retires
13 on or after August 14, 1998, the accumulated normal
14 contributions taken into account under clauses (i) and (ii) of
15 this Rule 2 shall include the additional normal contributions
16 made by the police officer or firefighter under Section
17 15-157(a).

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

26 This amendatory Act of the 91st General Assembly is a

1 clarification of existing law and applies to every participant
2 and annuitant without regard to whether status as an employee
3 terminates before the effective date of this amendatory Act.

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

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

24 Rule 4: A participant who is at least age 50 and has 25 or
25 more years of service as a police officer or firefighter, and a
26 participant who is age 55 or over and has at least 20 but less

1 than 25 years of service as a police officer or firefighter,
2 shall be entitled to a retirement annuity of 2 1/4% of the
3 final rate of earnings for each of the first 10 years of
4 service as a police officer or firefighter, 2 1/2% for each of
5 the next 10 years of service as a police officer or
6 firefighter, and 2 3/4% for each year of service as a police
7 officer or firefighter in excess of 20. The retirement annuity
8 for all other service shall be computed under Rule 1.

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

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

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

24 Rule 5: The retirement annuity of a participant who elected
25 early retirement under the provisions of Section 15-136.2 and
26 who, on or before February 16, 1995, brought administrative

1 proceedings pursuant to the administrative rules adopted by the
2 System to challenge the calculation of his or her retirement
3 annuity shall be the sum of the following, determined from
4 amounts credited to the participant in accordance with the
5 actuarial tables and the prescribed rate of interest in effect
6 at the time the retirement annuity begins:

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

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

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

24 In no event shall a retirement annuity under this Rule 5 be
25 lower than the amount obtained by adding (1) the monthly amount
26 obtained by dividing the combined employee and employer

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

7 With respect to a participant who is qualified for a
8 retirement annuity under this Rule 5 whose retirement annuity
9 began before the effective date of this amendatory Act of the
10 91st General Assembly, and for whom an employee contribution
11 was made under Section 15-136.2, the System shall recalculate
12 the retirement annuity under this Rule 5 and shall pay any
13 additional amounts due in the manner provided in Section
14 15-186.1 for benefits mistakenly set too low.

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

23 The General Assembly has adopted the changes set forth in
24 Section 25 of this amendatory Act of the 91st General Assembly
25 in recognition that the decision of the Appellate Court for the
26 Fourth District in *Mattis v. State Universities Retirement*

1 System et al. might be deemed to give some right to the
2 plaintiff in that case. The changes made by Section 25 of this
3 amendatory Act of the 91st General Assembly are a legislative
4 implementation of the decision of the Appellate Court for the
5 Fourth District in *Mattis v. State Universities Retirement*
6 *System et al.* with respect to that plaintiff.

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

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

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

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

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

1 date the retirement annuity is to begin.

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

9 (d) An annuitant whose status as an employee terminates
10 after August 14, 1969 shall receive automatic increases in his
11 or her retirement annuity as follows:

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

26 The annuitant shall receive an increase in his or her

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

8 Beginning January 1, 1990, 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 (e) If, on January 1, 1987, or the date the retirement
16 annuity payment period begins, whichever is later, the sum of
17 the retirement annuity provided under Rule 1 or Rule 2 of this
18 Section and the automatic annual increases provided under the
19 preceding subsection or Section 15-136.1, amounts to less than
20 the retirement annuity which would be provided by Rule 3, the
21 retirement annuity shall be increased as of January 1, 1987, or
22 the date the retirement annuity payment period begins,
23 whichever is later, to the amount which would be provided by
24 Rule 3 of this Section. Such increased amount shall be
25 considered as the retirement annuity in determining benefits
26 provided under other Sections of this Article. This paragraph

1 applies without regard to whether status as an employee
2 terminated before the effective date of this amendatory Act of
3 1987, provided that the annuitant was employed at least
4 one-half time during the period on which the final rate of
5 earnings was based.

6 (f) A participant is entitled to such additional annuity as
7 may be provided on an actuarially equivalent basis, by any
8 accumulated additional contributions to his or her credit.
9 However, the additional contributions made by the participant
10 toward the automatic increases in annuity provided under this
11 Section and the contributions made under subsection (c-5) of
12 Section 15-157 by this amendatory Act of the 98th General
13 Assembly shall not be taken into account in determining the
14 amount of such additional annuity.

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

1 Section 20-109 had been validated under this system, a
2 supplemental annuity equal to the difference in such amounts
3 shall be payable to the participant.

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

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

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

18 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

19 Sec. 15-157. Employee Contributions.

20 (a) Each participating employee shall make contributions
21 towards the retirement benefits payable under the retirement
22 program applicable to the employee from each payment of
23 earnings applicable to employment under this system on and
24 after the date of becoming a participant as follows: Prior to
25 September 1, 1949, 3 1/2% of earnings; from September 1, 1949

1 to August 31, 1955, 5%; from September 1, 1955 to August 31,
2 1969, 6%; from September 1, 1969, 6 1/2%. These contributions
3 are to be considered as normal contributions for purposes of
4 this Article.

5 Each participant who is a police officer or firefighter
6 shall make normal contributions of 8% of each payment of
7 earnings applicable to employment as a police officer or
8 firefighter under this system on or after September 1, 1981,
9 unless he or she files with the board within 60 days after the
10 effective date of this amendatory Act of 1991 or 60 days after
11 the board receives notice that he or she is employed as a
12 police officer or firefighter, whichever is later, a written
13 notice waiving the retirement formula provided by Rule 4 of
14 Section 15-136. This waiver shall be irrevocable. If a
15 participant had met the conditions set forth in Section
16 15-132.1 prior to the effective date of this amendatory Act of
17 1991 but failed to make the additional normal contributions
18 required by this paragraph, he or she may elect to pay the
19 additional contributions plus compound interest at the
20 effective rate. If such payment is received by the board, the
21 service shall be considered as police officer service in
22 calculating the retirement annuity under Rule 4 of Section
23 15-136. While performing service described in clause (i) or
24 (ii) of Rule 4 of Section 15-136, a participating employee
25 shall be deemed to be employed as a firefighter for the purpose
26 of determining the rate of employee contributions under this

1 Section.

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

9 (c) In addition to the amounts described in subsections (a)
10 and (b) of this Section, each participating employee shall make
11 contributions of 1% of earnings applicable under this system on
12 and after August 1, 1959. The contributions made under this
13 subsection (c) shall be considered as survivor's insurance
14 contributions for purposes of this Article if the employee is
15 covered under the traditional benefit package, and such
16 contributions shall be considered as additional contributions
17 for purposes of this Article if the employee is participating
18 in the self-managed plan or has elected to participate in the
19 portable benefit package and has completed the applicable
20 one-year waiting period. Contributions in excess of \$80 during
21 any fiscal year beginning before August 31, 1969 and in excess
22 of \$120 during any fiscal year thereafter until September 1,
23 1971 shall be considered as additional contributions for
24 purposes of this Article.

25 (c-5) In addition to the contributions otherwise required
26 under this Article, each Tier I participant other than a

1 participant in the self-managed plan shall also make the
2 following contributions toward the retirement benefits payable
3 under the retirement program applicable to the participant from
4 each payment of earnings applicable to employment under this
5 system:

6 (1) beginning July 1, 2013 and through June 30, 2014,
7 2% of earnings; and

8 (2) beginning July 1, 2014, 4.0% of earnings.

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

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

24 (f) Notwithstanding the foregoing, a participating
25 employee shall not be required to make contributions under this
26 Section after the date upon which continuance of such

1 contributions would otherwise cause his or her retirement
2 annuity to exceed the maximum retirement annuity as specified
3 in clause (1) of subsection (c) of Section 15-136.

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

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

9 (40 ILCS 5/16-106.4 new)

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

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

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

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

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

2 (1) An amount that can be provided on an
3 actuarially equivalent basis by the member's
4 accumulated contributions at the time of retirement;
5 and

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

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

21 For the purpose of calculating the sum provided under
22 this paragraph (A), the contribution required under
23 subsection (a-5) of Section 16-152 shall not be considered
24 when determining the amount of the member's accumulated
25 contributions under subparagraph (1) or (2).

26 This paragraph (A) does not apply to a person who first

1 becomes a teacher under this Article on or after July 1,
2 2005.

3 (B) An amount consisting of the greater of the
4 following:

5 (1) For creditable service earned before July 1,
6 1998 that has not been augmented under Section
7 16-129.1: 1.67% of final average salary for each of the
8 first 10 years of creditable service, 1.90% of final
9 average salary for each year in excess of 10 but not
10 exceeding 20, 2.10% of final average salary for each
11 year in excess of 20 but not exceeding 30, and 2.30% of
12 final average salary for each year in excess of 30; and

13 For creditable service earned on or after July 1,
14 1998 by a member who has at least 24 years of
15 creditable service on July 1, 1998 and who does not
16 elect to augment service under Section 16-129.1: 2.2%
17 of final average salary for each year of creditable
18 service earned on or after July 1, 1998 but before the
19 member reaches a total of 30 years of creditable
20 service and 2.3% of final average salary for each year
21 of creditable service earned on or after July 1, 1998
22 and after the member reaches a total of 30 years of
23 creditable service; and

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

26 (2) 1.5% of final average salary for each year of

1 creditable service plus the sum \$7.50 for each of the
2 first 20 years of creditable service.

3 The amount of the retirement annuity determined under this
4 paragraph (B) shall be reduced by 1/2 of 1% for each month
5 that the member is less than age 60 at the time the
6 retirement annuity begins. However, this reduction shall
7 not apply (i) if the member has at least 35 years of
8 creditable service, or (ii) if the member retires on
9 account of disability under Section 16-149.2 of this
10 Article with at least 20 years of creditable service, or
11 (iii) if the member (1) has earned during the period
12 immediately preceding the last day of service at least one
13 year of contributing creditable service as an employee of a
14 department as defined in Section 14-103.04, (2) has earned
15 at least 5 years of contributing creditable service as an
16 employee of a department as defined in Section 14-103.04,
17 (3) retires on or after January 1, 2001, and (4) retires
18 having attained an age which, when added to the number of
19 years of his or her total creditable service, equals at
20 least 85. Portions of years shall be counted as decimal
21 equivalents.

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

5 Sec. 16-152. Contributions by members.

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

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

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

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

19 (4) Effective July 1, 2005, contributions of 0.40% of
20 salary toward the cost of the early retirement without
21 discount option provided under Section 16-133.2. This
22 contribution shall cease upon termination of the early
23 retirement without discount option as provided in Section
24 16-176.

25 (a-5) In addition to the contributions otherwise required

1 under this Article, each Tier I member shall also make the
2 following contributions toward the cost of his or her
3 retirement annuity from each payment of salary received by him
4 or her for service as a member:

5 (1) beginning July 1, 2013 and through June 30, 2014,
6 2% of salary; and

7 (2) beginning July 1, 2014, 4.0% of salary.

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

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

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

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

1 calculated in accordance with that election. Otherwise, a
2 member's contributions toward the cost of early retirement
3 without discount made under item (a)(4) of this Section shall
4 be refunded according to whichever one of the following
5 circumstances occurs first:

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

10 (2) The contributions shall be included, without
11 interest, in any refund claimed by the member under Section
12 16-151.

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

18 (4) The contributions shall be refunded to the member,
19 without interest, within 120 days after the early
20 retirement without discount option provided under Section
21 16-133.2 is terminated under Section 16-176.

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