

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Public Labor Relations Act is
5 amended by changing Section 4 as follows:

6 (5 ILCS 315/4) (from Ch. 48, par. 1604)

7 Sec. 4. Management Rights. Employers shall not be required
8 to bargain over matters of inherent managerial policy, which
9 shall include such areas of discretion or policy as the
10 functions of the employer, standards of services, its overall
11 budget, the organizational structure and selection of new
12 employees, examination techniques and direction of employees.
13 Employers, however, shall be required to bargain collectively
14 with regard to policy matters directly affecting wages, hours
15 and terms and conditions of employment as well as the impact
16 thereon upon request by employee representatives, but
17 excluding (i) the payment of the additional member
18 contributions set forth in subsections (a-1) and (a-5) of
19 Sections 14-133, 15-157, and 16-152 of the Illinois Pension
20 Code and (ii) the provision of compensation or benefits to
21 employees who make the election under Section 14-106.5,
22 15-132.9, or 16-122.9 of the Illinois Pension Code in order to
23 offset all or part of any compensation or benefit limitations

1 included as part of the elections under those Sections.

2 To preserve the rights of employers and exclusive
3 representatives which have established collective bargaining
4 relationships or negotiated collective bargaining agreements
5 prior to the effective date of this Act, employers shall be
6 required to bargain collectively with regard to any matter
7 concerning wages, hours or conditions of employment about which
8 they have bargained for and agreed to in a collective
9 bargaining agreement prior to the effective date of this Act,
10 but excluding (i) the payment of the additional member
11 contributions set forth in subsections (a-1) and (a-5) of
12 Sections 14-133, 15-157, and 16-152 of the Illinois Pension
13 Code and (ii) the provision of compensation or benefits to
14 employees who make the election under Section 14-106.5,
15 15-132.9, or 16-122.9 of the Illinois Pension Code in order to
16 offset all or part of any compensation or benefit limitations
17 included as part of the elections under those Sections.

18 The chief judge of the judicial circuit that employs a
19 public employee who is a court reporter, as defined in the
20 Court Reporters Act, has the authority to hire, appoint,
21 promote, evaluate, discipline, and discharge court reporters
22 within that judicial circuit.

23 Nothing in this amendatory Act of the 94th General Assembly
24 shall be construed to intrude upon the judicial functions of
25 any court. This amendatory Act of the 94th General Assembly
26 applies only to nonjudicial administrative matters relating to

1 the collective bargaining rights of court reporters.

2 (Source: P.A. 94-98, eff. 7-1-05.)

3 Section 10. The State Employees Group Insurance Act of 1971
4 is amended by changing Sections 6.9 and 6.10 and by adding
5 Sections 6.10A and 6.16 as follows:

6 (5 ILCS 375/6.9)

7 Sec. 6.9. Health benefits for community college benefit
8 recipients and community college dependent beneficiaries.

9 (a) Purpose. It is the purpose of this amendatory Act of
10 1997 to establish a uniform program of health benefits for
11 community college benefit recipients and their dependent
12 beneficiaries under the administration of the Department of
13 Central Management Services.

14 (b) Creation of program. Beginning July 1, 1999, the
15 Department of Central Management Services shall be responsible
16 for administering a program of health benefits for community
17 college benefit recipients and community college dependent
18 beneficiaries under this Section. The State Universities
19 Retirement System and the boards of trustees of the various
20 community college districts shall cooperate with the
21 Department in this endeavor.

22 (c) Eligibility. All community college benefit recipients
23 and community college dependent beneficiaries shall be
24 eligible to participate in the program established under this

1 Section, without any interruption or delay in coverage or
2 limitation as to pre-existing medical conditions. Eligibility
3 to participate shall be determined by the State Universities
4 Retirement System. Eligibility information shall be
5 communicated to the Department of Central Management Services
6 in a format acceptable to the Department.

7 (d) Coverage. The health benefit coverage provided under
8 this Section shall be a program of health, dental, and vision
9 benefits.

10 The program of health benefits under this Section may
11 include any or all of the benefit limitations, including but
12 not limited to a reduction in benefits based on eligibility for
13 federal medicare benefits, that are provided under subsection
14 (a) of Section 6 of this Act for other health benefit programs
15 under this Act.

16 (e) Insurance rates and premiums. The Director shall
17 determine the insurance rates and premiums for community
18 college benefit recipients and community college dependent
19 beneficiaries. Rates and premiums may be based in part on age
20 and eligibility for federal Medicare coverage. The Director
21 shall also determine premiums that will allow for the
22 establishment of an actuarially sound reserve for this program.

23 The cost of health benefits under the program shall be paid
24 as follows:

25 (1) For a community college benefit recipient, costs
26 shall be an amount equal to the difference between the

1 projected costs of health benefits under the program and
2 projected contributions from community college districts,
3 active contributors, and other income of the program. Other
4 income of the program shall exclude contributions made by
5 the State to retire unpaid claims of the program up to 75%
6 of the total insurance rate shall be paid from the
7 Community College Health Insurance Security Fund.

8 (2) The balance of the rate of insurance, including the
9 entire premium for any coverage for community college
10 dependent beneficiaries that has been elected, shall be
11 paid by deductions authorized by the community college
12 benefit recipient to be withheld from his or her monthly
13 annuity or benefit payment from the State Universities
14 Retirement System; except that (i) if the balance of the
15 cost of coverage exceeds the amount of the monthly annuity
16 or benefit payment, the difference shall be paid directly
17 to the State Universities Retirement System by the
18 community college benefit recipient, and (ii) all or part
19 of the balance of the cost of coverage may, at the option
20 of the board of trustees of the community college district,
21 be paid to the State Universities Retirement System by the
22 board of the community college district from which the
23 community college benefit recipient retired. The State
24 Universities Retirement System shall promptly deposit all
25 moneys withheld by or paid to it under this subdivision
26 (e) (2) into the Community College Health Insurance

1 Security Fund. These moneys shall not be considered assets
2 of the State Universities Retirement System.

3 (f) Financing. All revenues arising from the
4 administration of the health benefit program established under
5 this Section shall be deposited into the Community College
6 Health Insurance Security Fund, which is hereby created as a
7 nonappropriated trust fund to be held outside the State
8 Treasury, with the State Treasurer as custodian. Any interest
9 earned on moneys in the Community College Health Insurance
10 Security Fund shall be deposited into the Fund.

11 Moneys in the Community College Health Insurance Security
12 Fund shall be used only to pay the costs of the health benefit
13 program established under this Section, including associated
14 administrative costs and the establishment of a program
15 reserve. Beginning January 1, 1999, the Department of Central
16 Management Services may make expenditures from the Community
17 College Health Insurance Security Fund for those costs.

18 (g) Contract for benefits. The Director shall by contract,
19 self-insurance, or otherwise make available the program of
20 health benefits for community college benefit recipients and
21 their community college dependent beneficiaries that is
22 provided for in this Section. The contract or other arrangement
23 for the provision of these health benefits shall be on terms
24 deemed by the Director to be in the best interest of the State
25 of Illinois and the community college benefit recipients based
26 on, but not limited to, such criteria as administrative cost,

1 service capabilities of the carrier or other contractor, and
2 the costs of the benefits.

3 (h) Continuation of program. It is the intention of the
4 General Assembly that the program of health benefits provided
5 under this Section be maintained on an ongoing, affordable
6 basis. The program of health benefits provided under this
7 Section may be amended by the State and is not intended to be a
8 pension or retirement benefit subject to protection under
9 Article XIII, Section 5 of the Illinois Constitution.

10 (i) Other health benefit plans. A health benefit plan
11 provided by a community college district (other than a
12 community college district subject to Article VII of the Public
13 Community College Act) under the terms of a collective
14 bargaining agreement in effect on or prior to the effective
15 date of this amendatory Act of 1997 shall continue in force
16 according to the terms of that agreement, unless otherwise
17 mutually agreed by the parties to that agreement and the
18 affected retiree. A community college benefit recipient or
19 community college dependent beneficiary whose coverage under
20 such a plan expires shall be eligible to begin participating in
21 the program established under this Section without any
22 interruption or delay in coverage or limitation as to
23 pre-existing medical conditions.

24 This Act does not prohibit any community college district
25 from offering additional health benefits for its retirees or
26 their dependents or survivors.

1 (Source: P.A. 90-497, eff. 8-18-97; 90-655, eff. 7-30-98.)

2 (5 ILCS 375/6.10)

3 Sec. 6.10. Contributions to the Community College Health
4 Insurance Security Fund.

5 (a) Beginning January 1, 1999, every active contributor of
6 the State Universities Retirement System (established under
7 Article 15 of the Illinois Pension Code) who (1) is a full-time
8 employee of a community college district (other than a
9 community college district subject to Article VII of the Public
10 Community College Act) or an association of community college
11 boards and (2) is not an employee as defined in Section 3 of
12 this Act shall make contributions toward the cost of community
13 college annuitant and survivor health benefits at the rate of
14 0.50% of salary. Beginning July 1, 2014, the contribution rate
15 under this subsection (a) shall be 0.93% of salary.

16 These contributions shall be deducted by the employer and
17 paid to the State Universities Retirement System as service
18 agent for the Department of Central Management Services. The
19 System may use the same processes for collecting the
20 contributions required by this subsection that it uses to
21 collect the contributions received from those employees under
22 Section 15-157 of the Illinois Pension Code. An employer may
23 agree to pick up or pay the contributions required under this
24 subsection on behalf of the employee; such contributions shall
25 be deemed to have been paid by the employee.

1 The State Universities Retirement System shall promptly
2 deposit all moneys collected under this subsection (a) into the
3 Community College Health Insurance Security Fund created in
4 Section 6.9 of this Act. The moneys collected under this
5 Section shall be used only for the purposes authorized in
6 Section 6.9 of this Act and shall not be considered to be
7 assets of the State Universities Retirement System.
8 Contributions made under this Section are not transferable to
9 other pension funds or retirement systems and are not
10 refundable upon termination of service.

11 (b) Beginning January 1, 1999, every community college
12 district (other than a community college district subject to
13 Article VII of the Public Community College Act) or association
14 of community college boards that is an employer under the State
15 Universities Retirement System shall contribute toward the
16 cost of the community college health benefits provided under
17 Section 6.9 of this Act an amount equal to 0.50% of the salary
18 paid to its full-time employees who participate in the State
19 Universities Retirement System and are not members as defined
20 in Section 3 of this Act. Beginning July 1, 2014, the
21 contribution rate under this subsection (b) shall be 0.93% of
22 salary.

23 These contributions shall be paid by the employer to the
24 State Universities Retirement System as service agent for the
25 Department of Central Management Services. The System may use
26 the same processes for collecting the contributions required by

1 this subsection that it uses to collect the contributions
2 received from those employers under Section 15-155 of the
3 Illinois Pension Code.

4 The State Universities Retirement System shall promptly
5 deposit all moneys collected under this subsection (b) into the
6 Community College Health Insurance Security Fund created in
7 Section 6.9 of this Act. The moneys collected under this
8 Section shall be used only for the purposes authorized in
9 Section 6.9 of this Act and shall not be considered to be
10 assets of the State Universities Retirement System.
11 Contributions made under this Section are not transferable to
12 other pension funds or retirement systems and are not
13 refundable upon termination of service.

14 The Department of Healthcare and Family Services, or any
15 successor agency designated to procure healthcare contracts
16 pursuant to this Act, is authorized to establish funds,
17 separate accounts provided by any bank or banks as defined by
18 the Illinois Banking Act, or separate accounts provided by any
19 savings and loan association or associations as defined by the
20 Illinois Savings and Loan Act of 1985 to be held by the
21 Director, outside the State treasury, for the purpose of
22 receiving the transfer of moneys from the Community College
23 Health Insurance Security Fund. The Department may promulgate
24 rules further defining the methodology for the transfers. Any
25 interest earned by moneys in the funds or accounts shall inure
26 to the Community College Health Insurance Security Fund. The

1 transferred moneys, and interest accrued thereon, shall be used
2 exclusively for transfers to administrative service
3 organizations or their financial institutions for payments of
4 claims to claimants and providers under the self-insurance
5 health plan. The transferred moneys, and interest accrued
6 thereon, shall not be used for any other purpose including, but
7 not limited to, reimbursement of administration fees due the
8 administrative service organization pursuant to its contract
9 or contracts with the Department.

10 (c) On or before November 15 of each year, the Board of
11 Trustees of the State Universities Retirement System shall
12 certify to the Governor, the Director of Central Management
13 Services, and the State Comptroller its estimate of the total
14 amount of contributions to be paid under subsection (a) of this
15 Section for the next fiscal year. Beginning in fiscal year
16 2008, the amount certified shall be decreased or increased each
17 year by the amount that the actual active employee
18 contributions either fell short of or exceeded the estimate
19 used by the Board in making the certification for the previous
20 fiscal year. The State Universities Retirement System shall
21 calculate the amount of actual active employee contributions in
22 fiscal years 1999 through 2005. Based upon this calculation,
23 the fiscal year 2008 certification shall include an amount
24 equal to the cumulative amount that the actual active employee
25 contributions either fell short of or exceeded the estimate
26 used by the Board in making the certification for those fiscal

1 years. The certification shall include a detailed explanation
2 of the methods and information that the Board relied upon in
3 preparing its estimate. As soon as possible after the effective
4 date of this Section, the Board shall submit its estimate for
5 fiscal year 1999.

6 (d) Beginning in fiscal year 1999, on the first day of each
7 month, or as soon thereafter as may be practical, the State
8 Treasurer and the State Comptroller shall transfer from the
9 General Revenue Fund to the Community College Health Insurance
10 Security Fund 1/12 of the annual amount appropriated for that
11 fiscal year to the State Comptroller for deposit into the
12 Community College Health Insurance Security Fund under Section
13 1.4 of the State Pension Funds Continuing Appropriation Act.

14 (e) Except where otherwise specified in this Section, the
15 definitions that apply to Article 15 of the Illinois Pension
16 Code apply to this Section.

17 (Source: P.A. 94-839, eff. 6-6-06; 95-632, eff. 9-25-07.)

18 (5 ILCS 375/6.10A new)

19 Sec. 6.10A. City colleges; optional participation in
20 program of health benefits. Notwithstanding any other
21 provision of this Act, the Department of Central Management
22 Services shall adopt rules authorizing optional participation
23 in the program of health benefits for community college benefit
24 recipients and community college dependent beneficiaries by
25 any person who is otherwise ineligible to participate in that

1 program solely as a result of that or another person's
2 employment with a community college district subject to Article
3 VII of the Public Community College Act.

4 (5 ILCS 375/6.16 new)

5 Sec. 6.16. Health benefit election for Tier I employees and
6 Tier I retirees.

7 (a) For purposes of this Section:

8 "Eligible Tier I employee" means, except as provided in
9 subsection (g) of this Section, an individual who makes or is
10 deemed to have made an election under paragraph (1) of
11 subsection (a) of Section 2-110.3, 14-106.5, 15-132.9, or
12 16-122.9 of the Illinois Pension Code.

13 "Eligible Tier I retiree" means, except as provided in
14 subsection (g) of this Section, an individual who makes or is
15 deemed to have made an election under paragraph (1) of
16 subsection (a-5) of Section 2-110.3, 14-106.5, 15-132.9, or
17 16-122.9 of the Illinois Pension Code.

18 "Program of health benefits" means (i) a health plan, as
19 defined in subsection (o) of Section 3 of this Act, that is
20 designed and contracted for by the Director under this Act or
21 any successor Act or (ii) if administration of that health plan
22 is transferred to a trust established by the State or an
23 independent Board in order to provide health benefits to a
24 class of a persons that includes eligible Tier I retirees, then
25 the plan of health benefits provided through that trust.

1 (b) As adequate and legal consideration for making an
2 election under paragraph (1) of subsection (a) or (a-5) of
3 Section 2-110.3, 14-106.5, 15-132.9, or 16-122.9 of the
4 Illinois Pension Code, as the case may be, each eligible Tier I
5 employee and each eligible Tier I retiree shall receive a
6 vested and enforceable contractual right to participate in a
7 program of health benefits while he or she qualifies as an
8 annuitant or retired employee. That right also extends to such
9 a person's dependents and survivors who are eligible under the
10 applicable program of health benefits.

11 (c) Notwithstanding subsection (b), eligible Tier I
12 employees and eligible Tier I retirees may be required to make
13 contributions toward the cost of coverage under a program of
14 health benefits.

15 (d) The vested and enforceable contractual right to a
16 program of health benefits is not offered as, and shall not be
17 considered, a pension or retirement benefit under Article XIII,
18 Section 5 of the Illinois Constitution, the Illinois Pension
19 Code, or any subsequent or successor enactment providing
20 pension benefits.

21 (e) Notwithstanding any other provision of law, except
22 subsection (g) of this Section, a Tier I employee or Tier I
23 retiree who has made an election under paragraph (2) of
24 subsection (a) or (a-5) of Section 2-110.3, 14-106.5, 15-132.9,
25 or 16-122.9 of the Illinois Pension Code, as the case may be,
26 shall not be entitled to participate in any program of health

1 benefits under this Act as an annuitant or retired employee
2 receiving a retirement annuity, regardless of any contrary
3 election pursuant to any of those Sections under any other
4 retirement system.

5 Notwithstanding any other provision of law, except
6 subsection (g) of this Section, a Tier I employee who is not
7 entitled to participate in the program of health benefits as an
8 annuitant or retired employee receiving a retirement annuity,
9 due to an election under paragraph (2) of subsection (a) or
10 (a-5) of Section 2-110.3, 14-106.5, 15-132.9, or 16-122.9 of
11 the Illinois Pension Code, as the case may be, shall not be
12 required to make contributions toward the program of health
13 benefits while he or she is an employee or active contributor.
14 However, an active employee may be required to make
15 contributions toward health benefits he or she receives during
16 active service.

17 (f) The Department shall coordinate with each retirement
18 system administering an election in accordance with this
19 amendatory Act of the 98th General Assembly to provide
20 information concerning the impact of the election of health
21 benefits. Each System shall include information prepared by the
22 Department in the required election packet. The Department
23 shall make information available to Tier I employees and Tier I
24 retirees through video materials, group presentations,
25 consultation by telephone or other electronic means, or any
26 combination of these methods. The information in the election

1 packet shall include a notice that states: "YOU ARE HEREBY
2 ADVISED THAT THE PROGRAM OF HEALTH BENEFITS OFFERED IS FOR
3 ACCESS TO A GROUP HEALTHCARE PLAN ADMINISTERED BY THE
4 DEPARTMENT, AND YOU MAY BE REQUIRED TO PAY FOR THE FULL COST OF
5 COVERAGE PROVIDED BY THE PLAN, INCLUDING ALL PREMIUM,
6 DEDUCTIBLE, AND COPAY AMOUNTS."

7 (g) Nothing in this Section shall be construed as applying
8 to a person who is eligible to make or who made the election
9 under Section 15-135.1 of the Illinois Pension Code.

10 Section 15. The Governor's Office of Management and Budget
11 Act is amended by changing Sections 7 and 8 as follows:

12 (20 ILCS 3005/7) (from Ch. 127, par. 417)

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

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

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

22 (20 ILCS 3005/8) (from Ch. 127, par. 418)

23 Sec. 8. When used in connection with a State budget or
24 expenditure or estimate, items (1) through (16) in the
25 classification of objects stated in Section 7 shall have the

1 meanings ascribed to those items in Sections 14 through 24.7,
2 respectively, of the State Finance Act. ~~"An Act in relation to~~
3 ~~State finance", approved June 10, 1919, as amended.~~

4 When used in connection with a State budget or expenditure
5 or estimate, items (18) and (19) in the classification of
6 objects stated in Section 7 shall have the meanings ascribed to
7 those items in Sections 24.12 and 24.13, respectively, of the
8 State Finance Act.

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

10 Section 20. The State Finance Act is amended by changing
11 Section 13 and by adding Sections 24.12 and 24.13 as follows:

12 (30 ILCS 105/13) (from Ch. 127, par. 149)

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

15 (1) Personal services;

16 (2) State contribution for employee group insurance;

17 (3) Contractual services;

18 (4) Travel;

19 (5) Commodities;

20 (6) Equipment;

21 (7) Permanent improvements;

22 (8) Land;

23 (9) Electronic Data Processing;

24 (10) Operation of automotive equipment;

- 1 (11) Telecommunications services;
- 2 (12) Contingencies;
- 3 (13) Reserve;
- 4 (14) Interest;
- 5 (15) Awards and Grants;
- 6 (16) Debt Retirement;
- 7 (17) Non-Cost Charges;
- 8 (18) State retirement contribution for annual normal cost;
- 9 (19) State retirement contribution for unfunded accrued
- 10 liability;
- 11 (20) ~~(18)~~ Purchase Contract for Real Estate.

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

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

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

15 specified, such appropriation shall be construed in accordance

16 with the definitions and limitations specified in this Act,

17 unless the appropriation act otherwise provides.

18 An appropriation for a purpose other than one specified and

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

20 and distinct item, specifically stating the object and purpose

21 thereof.

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

23 (30 ILCS 105/24.12 new)

24 Sec. 24.12. "State retirement contribution for annual

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

1 for annual normal cost" means the portion of the total required
2 State contribution to a retirement system for a fiscal year
3 that represents the State's portion of the System's projected
4 normal cost for that fiscal year, as determined and certified
5 by the board of trustees of the retirement system in
6 conformance with the applicable provisions of the Illinois
7 Pension Code.

8 (30 ILCS 105/24.13 new)

9 Sec. 24.13. "State retirement contribution for unfunded
10 accrued liability" defined. The term "State retirement
11 contribution for unfunded accrued liability" means the portion
12 of the total required State contribution to a retirement system
13 for a fiscal year that is not included in the State retirement
14 contribution for annual normal cost.

15 Section 25. The Budget Stabilization Act is amended by
16 changing Sections 20 and 25 as follows:

17 (30 ILCS 122/20)

18 Sec. 20. Pension Stabilization Fund.

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

23 (b) For each fiscal year when the General Assembly's

1 appropriations and transfers or diversions as required by law
2 from general funds do not exceed 99% of the estimated general
3 funds revenues pursuant to subsection (a) of Section 10, the
4 Comptroller shall transfer from the General Revenue Fund as
5 provided by this Section a total amount equal to 0.5% of the
6 estimated general funds revenues to the Pension Stabilization
7 Fund.

8 (c) For each fiscal year through State fiscal year 2019,
9 when the General Assembly's appropriations and transfers or
10 diversions as required by law from general funds do not exceed
11 98% of the estimated general funds revenues pursuant to
12 subsection (b) of Section 10, the Comptroller shall transfer
13 from the General Revenue Fund as provided by this Section a
14 total amount equal to 1.0% of the estimated general funds
15 revenues to the Pension Stabilization Fund.

16 (c-10) In State fiscal year 2020 and each fiscal year
17 thereafter, the State Comptroller shall order transferred and
18 the State Treasurer shall transfer \$1,000,000,000 from the
19 General Revenue Fund to the Pension Stabilization Fund.

20 (c-15) The transfers made pursuant to subsection (c-10) of
21 this Section shall continue through State fiscal year 2045 or
22 until each of the designated retirement systems, as defined in
23 Section 25, has achieved the funding ratio prescribed by law
24 for that retirement system, whichever occurs first.

25 (d) The Comptroller shall transfer 1/12 of the total amount
26 to be transferred each fiscal year under this Section into the

1 Pension Stabilization Fund on the first day of each month of
2 that fiscal year or as soon thereafter as possible; except that
3 the final transfer of the fiscal year shall be made as soon as
4 practical after the August 31 following the end of the fiscal
5 year.

6 Until State fiscal year 2020, before ~~Before~~ the final
7 transfer for a fiscal year is made, the Comptroller shall
8 reconcile the estimated general funds revenues used in
9 calculating the other transfers under this Section for that
10 fiscal year with the actual general funds revenues for that
11 fiscal year. The final transfer for the fiscal year shall be
12 adjusted so that the total amount transferred under this
13 Section for that fiscal year is equal to the percentage
14 specified in subsection (b) or (c) of this Section, whichever
15 is applicable, of the actual general funds revenues for that
16 fiscal year. The actual general funds revenues for the fiscal
17 year shall be calculated in a manner consistent with subsection
18 (c) of Section 10 of this Act.

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

20 (30 ILCS 122/25)

21 Sec. 25. Transfers from the Pension Stabilization Fund.

22 (a) As used in this Section, "designated retirement
23 systems" means:

24 (1) the State Employees' Retirement System of
25 Illinois;

1 (2) the Teachers' Retirement System of the State of
2 Illinois;

3 (3) the State Universities Retirement System;

4 (4) the Judges Retirement System of Illinois; and

5 (5) the General Assembly Retirement System.

6 (b) As soon as may be practical after any money is
7 deposited into the Pension Stabilization Fund, the State
8 Comptroller shall apportion the deposited amount among the
9 designated retirement systems and the State Comptroller and
10 State Treasurer shall pay the apportioned amounts to the
11 designated retirement systems. The amount deposited shall be
12 apportioned among the designated retirement systems in
13 proportion to their respective certified State contributions
14 for the State fiscal year in which the payment is made to those
15 systems ~~in the same proportion as their respective portions of~~
16 ~~the total actuarial reserve deficiency of the designated~~
17 ~~retirement systems, as most recently determined by the~~
18 ~~Governor's Office of Management and Budget.~~ Amounts received by
19 a designated retirement system under this Section shall be used
20 for funding the unfunded liabilities of the retirement system.
21 Payments under this Section are authorized by the continuing
22 appropriation under Section 1.7 of the State Pension Funds
23 Continuing Appropriation Act.

24 (c) At the request of the State Comptroller, the Governor's
25 Office of Management and Budget shall determine the individual
26 and total actuarial reserve deficiencies of the designated

1 retirement systems. For this purpose, the Governor's Office of
2 Management and Budget shall consider the latest available audit
3 and actuarial reports of each of the retirement systems and the
4 relevant reports and statistics of the Public Pension Division
5 of the Department of Financial and Professional Regulation.

6 (d) Payments to the designated retirement systems under
7 this Section shall be in addition to, and not in lieu of, any
8 State contributions required under Section 2-124, 14-131,
9 15-155, 16-158, or 18-131 of the Illinois Pension Code.

10 Payments to the designated retirement systems under this
11 Section, transferred after the effective date of this
12 amendatory Act of the 98th General Assembly, do not reduce and
13 do not constitute payment of any portion of the required State
14 contribution under Article 2, 14, 15, 16, or 18 of the Illinois
15 Pension Code in that fiscal year. Such amounts shall not
16 reduce, and shall not be included in the calculation of, the
17 required State contribution under Article 2, 14, 15, 16, or 18
18 of the Illinois Pension Code in any future year, until the
19 designated retirement system has received payment of
20 contributions pursuant to this Act.

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

22 Section 30. The Illinois Pension Code is amended by
23 changing Sections 2-108, 2-119.1, 2-125, 2-126, 2-134, 2-162,
24 7-109, 14-103.10, 14-114, 14-132, 14-133, 14-135.08, 14-152.1,
25 15-106, 15-107, 15-111, 15-136, 15-156, 15-157, 15-163,

1 15-165, 15-198, 16-106, 16-121, 16-133, 16-133.1, 16-133.6,
2 16-136.1, 16-152, and 16-203 and by adding Sections 1-161,
3 1-162, 2-105.1, 2-105.2, 2-107.9, 2-110.3, 14-103.40,
4 14-103.41, 14-103.42, 14-106.5, 15-108.1, 15-108.2, 15-112.1,
5 15-132.9, 16-107.1, 16-107.2, 16-121.1, 16-122.9, 16-133.6,
6 and 16-158.2 as follows:

7 (40 ILCS 5/1-161 new)

8 Sec. 1-161. Tier II Task Force.

9 (a) Definitions. As used in this Section:

10 "Tier II member" means a public employee who, on or after
11 January 1, 2011, became a member or participant of a retirement
12 system or pension fund established under this Code.

13 "Tier II Task Force" or "Task Force" means the Tier II Task
14 Force created by this Section.

15 (b) The Tier II Task Force is hereby created. The Task
16 Force shall be composed of 16 members, appointed as follows:

17 (1) Two members of the House of Representatives
18 appointed by the Speaker of the House, one of whom shall
19 serve as co-chair;

20 (2) Two members of the House of Representatives
21 appointed by the Minority Leader of the House;

22 (3) Two members of the Senate appointed by the
23 President of the Senate, one of whom shall serve as
24 co-chair;

25 (4) Two members of the Senate appointed by the Minority

1 Leader of the Senate; and

2 (5) Eight members, appointed by the co-chairs of the
3 Task Force, who are Board members of the public employee
4 unions representing Tier II members, no more than two of
5 which may be appointed from any individual public employee
6 union.

7 (c) The Task Force shall have the following
8 responsibilities:

9 (1) to examine the impact of Public Acts 96-889 and
10 96-1495 on the retirement security of Tier II members;

11 (2) to study the impact of Public Acts 96-889 and
12 96-1495 on the ability of retirements systems and pension
13 funds established under this Code to maintain qualified
14 plan status under the federal Internal Revenue Code and
15 other applicable laws;

16 (3) to examine the impact of the changes made by Public
17 Acts 96-889 and 96-1495 on the ability of public employers
18 to attract and retain highly qualified employees and
19 provide sufficient retirement security; and

20 (4) to make any recommendations regarding changes to
21 the pension benefits provided to Tier II employees the Task
22 Force deems necessary or advisable in order to:

23 (A) enhance the retirement security of Tier II
24 members;

25 (B) ensure that the various pension systems
26 maintain their status as qualified plans under the

1 federal Internal Revenue Code and other applicable
2 laws; and

3 (C) ensure that public employers in this State are
4 able to attract and retain highly qualified employees
5 and provide sufficient retirement security.

6 (d) The Commission on Government Forecasting and
7 Accountability shall provide administrative support to the
8 Task Force.

9 (e) The Task Force shall conduct a minimum of 4 public
10 hearings, with hearings in Springfield, Chicago, and at least
11 two other locations in Illinois as determined by the Task
12 Force.

13 (f) The Task Force shall issue its report to the General
14 Assembly no later than February 1, 2014.

15 (g) This Section is repealed on January 1, 2015.

16 (40 ILCS 5/1-162 new)

17 Sec. 1-162. Optional cash balance plan.

18 (a) Participation and Applicability. Beginning 12 months
19 after the effective date of this Section, any Tier I employee
20 who has made the election under item (i) of paragraph (1) of
21 subsection (a) of Section 14-106.5, 15-132.9, or 16-122.9 may
22 elect to participate in the optional cash balance plan created
23 under this Section.

24 The Board of Trustees of the applicable retirement system
25 shall promulgate rules to establish a one-time irrevocable

1 election period wherein a person eligible to participate in the
2 optional cash balance plan may elect to participate.

3 (b) Title. The package of benefits provided under this
4 Section may be referred to as the "optional cash balance plan".
5 Persons subject to the provisions of this Section may be
6 referred to as "participants in the optional cash balance
7 plan".

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

9 "Account" means the notional cash balance account
10 established under this Section for a participant in the
11 optional cash balance plan.

12 "Salary" means "compensation" as defined in Article 14,
13 "earnings" as defined in Article 15, and "salary" as defined in
14 Article 16, whichever is applicable, without regard to the
15 limitation in subsection (b-5) of Section 1-160.

16 "Tier I employee" means a person who is a Tier I employee
17 under the applicable Article of this Code.

18 (c) Cash Balance Account. A notional cash balance account
19 shall be established by the applicable retirement system for
20 each participant in the optional cash balance plan. The account
21 is notional and does not contain any actual money segregated
22 from the commingled assets of the retirement system. The cash
23 balance in the account is to be used in calculating benefits as
24 provided in this Section, but is not to be used in the
25 calculation of any refund, transfer, or other benefit under the
26 applicable Article of this Code.

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

6 Whenever necessary for the prompt calculation or
7 administration, or when the System lacks information necessary
8 to the calculation or administration otherwise required of or
9 for a benefit under this Section, the applicable retirement
10 system may estimate an amount to be credited to or debited from
11 a participant's cash balance account and then adjust the amount
12 so credited or debited when more accurate information becomes
13 available.

14 The applicable retirement system shall give to each
15 participant in the optional cash balance plan who has not yet
16 retired annual notice of (1) the balance in the participant's
17 cash balance account and (2) an estimate of the retirement
18 annuity that will be payable to the participant if he or she
19 retires at age 59 1/2.

20 (d) Employee Contributions. In addition to the other
21 contributions required under the applicable Article, each
22 participant shall make contributions to the applicable
23 retirement system at the rate of 2% of each payment of salary.
24 The amount of each contribution shall be credited to the
25 participant's cash balance account upon receipt and after the
26 retirement system's reconciliation of the contribution.

1 (e) Optional Employer Contributions. Employers may make
2 optional additional contributions to the applicable retirement
3 system on behalf of their employees who are participants in the
4 optional cash balance plan in accordance with procedures
5 prescribed by the retirement system, to the extent permitted by
6 federal law and the rules prescribed by the retirement system.
7 The optional additional contributions under this subsection
8 are actual monetary contributions to the retirement system, and
9 the amount of each optional additional contribution shall be
10 credited to the participant's cash balance account upon receipt
11 and after the retirement system's reconciliation of the
12 contribution.

13 (f) Interest Credit. An amount representing earnings on
14 investments shall be determined by the retirement system in
15 accordance with this Section and credited to the participant's
16 cash balance account for each fiscal year in which there is a
17 positive balance in that account; except that no additional
18 interest credit shall be credited while an annuity based on the
19 account is being paid. The interest credit amount shall be a
20 percentage of the average quarterly balance in the cash balance
21 account during that fiscal year, and shall be calculated on
22 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 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 benefit under this Section, the
22 retirement system shall apply an interest credit based on a
23 proration of an estimate of what the interest credit will be
24 for the relevant year. When the retirement system certifies the
25 credit on June 30, it shall adjust the benefit accordingly.

26 (f-10) Distribution upon Termination of Employment. Upon

1 termination of active employment with at least 5 years of
2 service credit under the applicable retirement system and prior
3 to making application for an annuity under this Section, a
4 participant in the optional cash balance plan may make an
5 irrevocable election to distribute an amount not to exceed 40%
6 of the balance in the participant's account in the form of a
7 direct rollover to another qualified plan, to the extent
8 allowed by federal law. If the participant makes such an
9 election, then the amount distributed shall be debited from the
10 participant's cash balance account. A participant in the
11 optional cash balance plan shall be allowed only one
12 distribution under this subsection. The remaining balance in
13 the participant's account shall be used for the determination
14 of other benefits provided under this Section.

15 (f-15) Refund. In lieu of receiving a distribution under
16 subsection (f-10), at any time after terminating active
17 employment under the applicable retirement system, but before
18 receiving a retirement annuity under this Section, a
19 participant in the optional cash balance plan may elect to
20 receive a refund under this subsection. The refund shall
21 consist of an amount equal to the amount of all employee
22 contributions credited to the participant's account, but shall
23 not include any interest credit or employer contributions. If
24 the participant so requests, the refund may be paid in the form
25 of a direct rollover to another qualified plan, to the extent
26 allowed by federal law and in accordance with the rules of the

1 applicable retirement system. Upon payment of the refund, the
2 participant's notional cash balance account shall be closed.

3 (g) Retirement Annuity. A participant in the optional cash
4 balance plan may begin collecting a retirement annuity at age
5 59 1/2, but no earlier than the date of termination of active
6 employment under the applicable retirement system.

7 The amount of the retirement annuity shall be calculated by
8 the retirement system, based on the balance in the cash balance
9 account, the assumption of future investment returns as
10 specified in this subsection, the participant's election to
11 have a lifetime survivor's annuity as specified in this
12 subsection, the annual increase in retirement annuity as
13 specified in subsection (h), the annual increase in survivor's
14 annuity as specified in subsection (l), and any actuarial
15 assumptions and tables adopted by the board of the retirement
16 system for this purpose. The calculation shall determine the
17 amount of retirement annuity, on an actuarially equivalent
18 basis, that shall be designed to result in the balance in the
19 participant's account arriving at zero on the date when the
20 last payment of the retirement annuity (or survivor's annuity,
21 if the participant elects to provide for a survivor's annuity
22 pursuant to this subsection) is anticipated to be paid under
23 the relevant actuarial assumptions. A retirement annuity or a
24 survivor's annuity provided under this Section shall be a life
25 annuity and shall not expire if the account balance equals
26 zero.

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

11 The participant may elect, under the participant's written
12 application for retirement, to receive a reduced annuity
13 payable for his or her life and to have a lifetime survivor's
14 annuity in a monthly amount equal to 50%, 75%, or 100% of that
15 reduced monthly amount, to be paid after the participant's
16 death to his or her eligible survivor. Eligibility for a
17 survivor's annuity shall be determined under the applicable
18 Article of this Code.

19 For the purpose of calculating retirement annuities,
20 future investment returns shall be assumed to be a percentage
21 equal to the average yield of the 30-year U.S. Treasury Bond
22 over the 5 fiscal years prior to the calculation of the initial
23 retirement annuity, plus 250 basis points; but not less than 4%
24 nor more than 8%.

25 (h) Annual Increase in Retirement Annuity. The retirement
26 annuity shall be subject to an automatic annual increase in an

1 amount equal to 3% of the originally granted annuity on each
2 January 1 occurring on or after the first anniversary of the
3 annuity start date.

4 (i) Disability Benefits. There are no disability benefits
5 provided under the optional cash balance plan, and no amounts
6 for disability shall be deducted from the account of a
7 participant in the optional cash balance plan. The disability
8 benefits provided under the applicable retirement system apply
9 to participants in the optional cash balance plan.

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

21 (k) Survivor's Annuity - Death before Retirement. In the
22 case of a participant in the optional cash balance plan who had
23 less than 5 years of service under the applicable Article and
24 had not begun receiving a retirement annuity, the eligible
25 survivor shall be entitled only to a refund of employee
26 contributions under subsection (f-15).

1 In the case of a participant in the optional cash balance
2 plan who had at least 5 years of service under the applicable
3 Article and had not begun receiving a retirement annuity, the
4 eligible survivor shall be entitled to receive a survivor's
5 annuity beginning at age 59 1/2 upon written application. The
6 survivor's annuity shall be calculated in the same manner as a
7 retirement annuity under subsection (g). At any time before
8 receiving a survivor's annuity, the eligible survivor may claim
9 a distribution under subsection (f-10) or a refund under
10 subsection (f-15). The deceased participant's account shall
11 continue to receive interest credit until the eligible survivor
12 begins to receive a survivor's annuity or receives a refund of
13 employee contributions under subsection (f-15).

14 Eligibility for a survivor's annuity shall be determined
15 under the applicable Article of this Code. A child's or
16 parent's annuity for an otherwise eligible child or dependent
17 parent shall be in the same amount, if any, prescribed under
18 the applicable Article.

19 (l) Annual Increase in Survivor's Annuity. A survivor's
20 annuity granted under subsection (g) or (k) shall be subject to
21 an automatic annual increase in an amount equal to 3% of the
22 originally granted annuity on each January 1 occurring on or
23 after the first anniversary of the annuity start date.

24 (m) Applicability of Provisions. The following provisions,
25 if and as they exist in this Code, do not apply to participants
26 in the optional cash balance plan with respect to participation

1 in the optional cash balance plan, except as they are
2 specifically provided for in this Section:

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

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

7 (3) provisions authorizing a minimum retirement or
8 survivor's annuity or a supplemental annuity;

9 (4) provisions authorizing any form of retirement
10 annuity or survivor's annuity not authorized under this
11 Section;

12 (5) provisions authorizing a reversionary annuity
13 (other than the survivor's annuity under subsection (g));

14 (6) provisions authorizing a refund of employee
15 contributions upon termination of service (other than upon
16 the death of the participant without an eligible survivor)
17 or any lump-sum payout in lieu of a retirement or
18 survivor's annuity (other than the distribution under
19 subsection (f-10) or the refund under subsection (f-15) of
20 this Section;

21 (7) provisions authorizing optional service credits or
22 the payment of optional additional contributions (other
23 than the optional employer contributions specifically
24 authorized in this Section); or

25 (8) a level income option.

26 The Retirement Systems Reciprocal Act (Article 20 of this

1 Code) does not apply to participation in the optional cash
2 balance plan and does not affect the calculation of benefits
3 payable under this Section.

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

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

15 (o) Actual Employer Contributions. Payment of employer
16 contributions with respect to participants in the optional cash
17 balance plan shall be the responsibility of the actual
18 employer. Optional additional contributions by employers may
19 be paid in any amount, but must be paid in the manner specified
20 by the applicable retirement system.

21 (p) Prospective Modification. The provisions set forth in
22 this Section are subject to prospective changes made by law,
23 provided that any such changes shall not apply to any benefits
24 accrued under this Section prior to the effective date of any
25 amendatory Act of the General Assembly.

26 (q) Qualified Plan Status. No provision of this Section

1 shall be interpreted in a way that would cause the applicable
2 retirement system to cease to be a qualified plan under Section
3 401(a) of the Internal Revenue Code of 1986.

4 (40 ILCS 5/2-105.1 new)

5 Sec. 2-105.1. Tier I employee. "Tier I employee": A
6 participant who first became a participant before January 1,
7 2011.

8 (40 ILCS 5/2-105.2 new)

9 Sec. 2-105.2. Tier I retiree. "Tier I retiree" means a
10 former Tier I employee who is receiving a retirement annuity.

11 (40 ILCS 5/2-107.9 new)

12 Sec. 2-107.9. Future increase in income. "Future increase
13 in income": Any increase in income in any form offered for
14 service as a member under this Article after June 30, 2014 that
15 would qualify as "salary", as defined in Section 2-108, but for
16 the fact that the increase in income was offered to the member
17 on the condition that it not qualify as salary and was accepted
18 by the member subject to that condition.

19 (40 ILCS 5/2-108) (from Ch. 108 1/2, par. 2-108)

20 Sec. 2-108. Salary. "Salary": (1) For members of the
21 General Assembly, the total compensation paid to the member by
22 the State for one year of service, including the additional

1 amounts, if any, paid to the member as an officer pursuant to
2 Section 1 of "An Act in relation to the compensation and
3 emoluments of the members of the General Assembly", approved
4 December 6, 1907, as now or hereafter amended.

5 (2) For the State executive officers specified in Section
6 2-105, the total compensation paid to the member for one year
7 of service.

8 (3) For members of the System who are participants under
9 Section 2-117.1, or who are serving as Clerk or Assistant Clerk
10 of the House of Representatives or Secretary or Assistant
11 Secretary of the Senate, the total compensation paid to the
12 member for one year of service, but not to exceed the salary of
13 the highest salaried officer of the General Assembly.

14 However, in the event that federal law results in any
15 participant receiving imputed income based on the value of
16 group term life insurance provided by the State, such imputed
17 income shall not be included in salary for the purposes of this
18 Article.

19 Notwithstanding any other provision of this Section,
20 "salary" does not include any future increase in income that is
21 offered for service as a member under this Article pursuant to
22 the requirements of subsection (c) of Section 2-110.3 and
23 accepted by a Tier I employee, or a Tier I retiree returning to
24 active service, who has made the election under paragraph (2)
25 of subsection (a) or (a-5) of Section 2-110.3.

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

1 (40 ILCS 5/2-110.3 new)

2 Sec. 2-110.3. Election by Tier I employees and Tier I
3 retirees.

4 (a) Each Tier I employee shall make an irrevocable election
5 either:

6 (1) to agree to item (i) or (ii) as set forth in this
7 paragraph (1):

8 (i) to have the amount of the automatic annual
9 increases in his or her retirement annuity that are
10 otherwise provided for in this Article calculated,
11 instead, as provided in subsection (a-1) of Section
12 2-119.1, and to waive his or her eligibility for 2
13 automatic annual increases in retirement annuity as
14 provided in subsection (a-2) of Section 2-119.1; or

15 (ii) to waive his or her eligibility for 3
16 automatic annual increases in retirement annuity, as
17 provided in subsection (a-3) of Section 2-119.1, and to
18 make the contributions set forth in subsection (a-5) of
19 Section 2-126; or

20 (2) to not agree to item (i) or (ii) as set forth in
21 paragraph (1) of this subsection.

22 The election required under this subsection (a) shall be
23 made by each Tier I employee no earlier than February 1, 2014
24 and no later than May 31, 2014, except that:

25 (i) a person who becomes a Tier I employee under this

1 Article on or after February 1, 2014 must make the election
2 under this subsection (a) within 60 days after becoming a
3 Tier I employee;

4 (ii) a person who returns to active service as a Tier I
5 employee under this Article on or after February 1, 2014
6 and has not yet made an election under this Section must
7 make the election under this subsection (a) within 60 days
8 after returning to active service as a Tier I employee; and

9 (iii) a person who made the election under subsection
10 (a-5) as a Tier I retiree remains bound by that election
11 and shall not make a later election under this subsection
12 (a).

13 If a Tier I employee fails for any reason to make a
14 required election under this subsection within the time
15 specified, then the employee shall be deemed to have made the
16 election under paragraph (2) of this subsection.

17 (a-5) Each Tier I retiree shall make an irrevocable
18 election either:

19 (1) to agree to the following:

20 (i) to have the amount of the automatic annual
21 increases in his or her retirement annuity calculated
22 without regard to subsection (a-1), (a-2), or (a-3) of
23 Section 2-119.1; and

24 (ii) to waive his or her eligibility for 2
25 automatic annual increases in retirement annuity as
26 provided in subsection (a-4) of Section 2-119.1; or

1 (2) to not agree to items (i) and (ii) as set forth in
2 paragraph (1) of this subsection.

3 The election required under this subsection (a-5) shall be
4 made by each Tier I retiree no earlier than February 1, 2014
5 and no later than May 31, 2014, except that:

6 (i) a person who becomes a Tier I retiree under this
7 Article on or after February 1, 2014 must make the election
8 under this subsection (a-5) within 60 days after becoming a
9 Tier I retiree; and

10 (ii) a person who made the election under subsection
11 (a) as a Tier I employee remains bound by that election and
12 shall not make a later election under this subsection
13 (a-5).

14 If a Tier I retiree fails for any reason to make a required
15 election under this subsection within the time specified, then
16 the Tier I retiree shall be deemed to have made the election
17 under paragraph (2) of this subsection.

18 (a-10) All elections under subsection (a) or (a-5) that are
19 made or deemed to be made before June 1, 2014 shall take effect
20 on July 1, 2014. Elections that are made or deemed to be made
21 on or after June 1, 2014 shall take effect on the first day of
22 the month following the month in which the election is made or
23 deemed to be made.

24 (b) As adequate and legal consideration provided under this
25 amendatory Act of the 98th General Assembly for making an
26 election under paragraph (1) of subsection (a) of this Section,

1 any future increases in income offered for service as a member
2 under this Article to a Tier I employee who has made an
3 election under paragraph (1) of subsection (a) of this Section
4 shall be offered expressly and irrevocably as constituting
5 salary under Section 2-108.

6 As adequate and legal consideration provided under this
7 amendatory Act of the 98th General Assembly for making an
8 election under paragraph (1) of subsection (a-5) of this
9 Section, any future increases in income offered for service as
10 a member under this Article to a Tier I retiree who returns to
11 active service after having made an election under paragraph
12 (1) of subsection (a-5) of this Section shall be offered
13 expressly and irrevocably as constituting salary under Section
14 2-108.

15 (c) A Tier I employee who makes the election under
16 paragraph (2) of subsection (a) of this Section shall not be
17 subject to either item (i) or (ii) set forth in paragraph (1)
18 of subsection (a) of this Section. However, any future
19 increases in income offered for service as a member under this
20 Article to a Tier I employee who has made the election under
21 paragraph (2) of subsection (a) of this Section shall be
22 offered expressly and irrevocably as not constituting salary
23 under Section 2-108, and the member may not accept any future
24 increase in income that is offered in violation of this
25 requirement.

26 A Tier I retiree who makes the election under paragraph (2)

1 of subsection (a-5) of this Section shall not be subject to
2 either item (i) or (ii) set forth in paragraph (1) of
3 subsection (a-5) of this Section. However, any future increases
4 in income offered for service as a member under this Article to
5 a Tier I retiree who returns to active service and has made the
6 election under paragraph (2) of subsection (a-5) of this
7 Section shall be offered expressly and irrevocably as not
8 constituting salary under Section 2-108, and the member may not
9 accept any future increase in income that is offered in
10 violation of this requirement.

11 (d) The System shall make a good faith effort to contact
12 each Tier I employee and Tier I retiree subject to this
13 Section. The System shall mail information describing the
14 required election to each Tier I employee and Tier I retiree by
15 United States Postal Service mail to his or her last known
16 address on file with the System. If the Tier I employee or Tier
17 I retiree is not responsive to other means of contact, it is
18 sufficient for the System to publish the details of any
19 required elections on its website or to publish those details
20 in a regularly published newsletter or other existing public
21 forum.

22 Tier I employees and Tier I retirees who are subject to
23 this Section shall be provided with an election packet
24 containing information regarding their options, as well as the
25 forms necessary to make the required election. Upon request,
26 the System shall offer Tier I employees and Tier I retirees an

1 opportunity to receive information from the System before
2 making the required election. The information may be provided
3 through video materials, group presentations, individual
4 consultation with a member or authorized representative of the
5 System in person or by telephone or other electronic means, or
6 any combination of those methods. The System shall not provide
7 advice or counseling with respect to which election a Tier I
8 employee or Tier I retiree should make or specific to the legal
9 or tax circumstances of or consequences to the Tier I employee
10 or Tier I retiree.

11 The System shall inform Tier I employees and Tier I
12 retirees in the election packet required under this subsection
13 that the Tier I employee or Tier I retiree may also wish to
14 obtain information and counsel relating to the election
15 required under this Section from any other available source,
16 including but not limited to labor organizations and private
17 counsel.

18 In no event shall the System, its staff, or the Board be
19 held liable for any information given to a member, beneficiary,
20 or annuitant regarding the elections under this Section. The
21 System shall coordinate with the Illinois Department of Central
22 Management Services and each other retirement system
23 administering an election in accordance with this amendatory
24 Act of the 98th General Assembly to provide information
25 concerning the impact of the election set forth in this
26 Section.

1 (e) Notwithstanding any other provision of law, any future
2 increases in income offered for service as a member must be
3 offered expressly and irrevocably as not constituting "salary"
4 under Section 2-108 to any Tier I employee, or Tier I retiree
5 returning to active service, who has made an election under
6 paragraph (2) of subsection (a) or (a-5) of Section 2-110.3. A
7 Tier I employee, or Tier I retiree returning to active service,
8 who has made an election under paragraph (2) or subsection (a)
9 or (a-5) of Section 2-110.3 shall not accept any future
10 increase in income that is offered for service as a member
11 under this Article in violation of the requirement set forth in
12 this subsection.

13 (f) A member's election under this Section is not a
14 prohibited election under subdivision (j)(1) of Section 1-119
15 of this Code.

16 (g) No provision of this Section shall be interpreted in a
17 way that would cause the System to cease to be a qualified plan
18 under Section 401(a) of the Internal Revenue Code of 1986.

19 (h) If this Section is determined to be unconstitutional or
20 otherwise invalid by a final unappealable decision of an
21 Illinois court or a court of competent jurisdiction as applied
22 to Tier I employees but not as applied to Tier I retirees, then
23 this Section and the changes deriving from the election
24 required under this Section shall be null and void as applied
25 to Tier I employees but shall remain in full effect for Tier I
26 retirees.

1 (i) If this Section is determined to be unconstitutional or
2 otherwise invalid by a final unappealable decision of an
3 Illinois court or a court of competent jurisdiction as applied
4 to Tier I retirees but not as applied to Tier I employees, then
5 this Section and the changes deriving from the election
6 required under this Section shall be null and void as applied
7 to Tier I retirees but shall remain in full effect for Tier I
8 employees.

9 (j) If an election created by this amendatory Act in any
10 other Article of this Code or any change deriving from that
11 election is determined to be unconstitutional or otherwise
12 invalid by a final unappealable decision of an Illinois court
13 or a court of competent jurisdiction, the invalidity of that
14 provision shall not in any way affect the validity of this
15 Section or the changes deriving from the election required
16 under this Section.

17 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

19 (a) Except as provided in subsections (a-1), (a-2), (a-3),
20 and (a-4), a A participant who retires after June 30, 1967, and
21 who has not received an initial increase under this Section
22 before the effective date of this amendatory Act of 1991,
23 shall, in January or July next following the first anniversary
24 of retirement, whichever occurs first, and in the same month of
25 each year thereafter, but in no event prior to age 60, have the

1 amount of the originally granted retirement annuity increased
2 as follows: for each year through 1971, 1 1/2%; for each year
3 from 1972 through 1979, 2%; and for 1980 and each year
4 thereafter, 3%. Annuitants who have received an initial
5 increase under this subsection prior to the effective date of
6 this amendatory Act of 1991 shall continue to receive their
7 annual increases in the same month as the initial increase.

8 (a-1) Notwithstanding any other provision of this Article,
9 for a Tier I employee who made the election under item (i) of
10 paragraph (1) of subsection (a) of Section 2-110.3, the amount
11 of each automatic annual increase in retirement annuity
12 occurring on or after the effective date of that election,
13 other than the initial increase, shall be 3% of the originally
14 granted retirement annuity.

15 (a-2) Notwithstanding any other provision of this Article,
16 for a Tier I employee who made the election under item (i) of
17 paragraph (1) of subsection (a) of Section 2-110.3, once the
18 first annual increase under this Section has been granted, the
19 next 2 scheduled annual increases shall be skipped, and
20 thereafter all annual increases shall be granted.

21 (a-3) Notwithstanding any other provision of this Article,
22 for a Tier I employee who made the election under item (ii) of
23 paragraph (1) of subsection (a) of Section 2-110.3, once the
24 first annual increase under this Section has been granted, the
25 next 3 scheduled annual increases shall be skipped, and
26 thereafter all annual increases shall be granted.

1 (a-4) Notwithstanding any other provision of this Article,
2 for a Tier I retiree who made the election under paragraph (1)
3 of subsection (a-5) of Section 2-110.3:

4 (1) if the Tier I retiree has not received the first
5 annual increase under this Section as of the effective date
6 of this amendatory Act of the 98th General Assembly, then
7 once the first annual increase under this Section has been
8 granted, the next scheduled annual increase shall be
9 skipped, the following annual increase shall be granted,
10 the next annual increase shall be skipped, and thereafter
11 all annual increases shall be granted; and

12 (2) if the Tier I retiree has received the first annual
13 increase under this Section as of the effective date of
14 this amendatory Act of the 98th General Assembly, then the
15 next annual increase after that effective date shall be
16 skipped, the following annual increase shall be granted,
17 the next annual increase shall be skipped, and thereafter
18 all annual increases shall be granted.

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

1 whichever occurs first, next following the first anniversary of
2 retirement. For any person who has service credit in the System
3 for the entire period from January 15, 1969 through December
4 31, 1992, regardless of the date of termination of service, the
5 reference to age 55 in clause (1) of this subsection (b) shall
6 be deemed to mean age 50.

7 This subsection (b) does not apply to any person who first
8 becomes a member of the System after August 8, 2003 (the
9 effective date of Public Act 93-494) ~~this amendatory Act of the~~
10 ~~93rd General Assembly.~~

11 (b-5) Notwithstanding any other provision of this Article,
12 a participant who first becomes a participant on or after
13 January 1, 2011 (the effective date of Public Act 96-889)
14 shall, in January or July next following the first anniversary
15 of retirement, whichever occurs first, and in the same month of
16 each year thereafter, but in no event prior to age 67, have the
17 amount of the retirement annuity then being paid increased by
18 3% or the annual unadjusted percentage increase in the Consumer
19 Price Index for All Urban Consumers as determined by the Public
20 Pension Division of the Department of Insurance under
21 subsection (a) of Section 2-108.1, whichever is less.

22 (c) The foregoing provisions relating to automatic
23 increases are not applicable to a participant who retires
24 before having made contributions (at the rate prescribed in
25 Section 2-126) for automatic increases for less than the
26 equivalent of one full year. However, in order to be eligible

1 for the automatic increases, such a participant may make
2 arrangements to pay to the system the amount required to bring
3 the total contributions for the automatic increase to the
4 equivalent of one year's contributions based upon his or her
5 last salary.

6 (d) A participant who terminated service prior to July 1,
7 1967, with at least 14 years of service is entitled to an
8 increase in retirement annuity beginning January, 1976, and to
9 additional increases in January of each year thereafter, except
10 as otherwise provided in subsection (a-2), (a-3), or (a-4).

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

19 (e) Beginning January 1, 1990, and except as provided in
20 subsection (a-1) or (b-5), all automatic annual increases
21 payable under this Section shall be calculated as a percentage
22 of the total annuity payable at the time of the increase,
23 including previous increases granted under this Article.

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

25 (40 ILCS 5/2-125) (from Ch. 108 1/2, par. 2-125)

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

2 (a) The payment of (1) the required State contributions,
3 (2) all benefits granted under this system and (3) all expenses
4 of administration and operation are obligations of the State to
5 the extent specified in this Article.

6 All income, interest and dividends derived from deposits
7 and investments shall be credited to the account of the system
8 in the State Treasury and used to pay benefits under this
9 Article.

10 (b) The State shall be contractually obligated to
11 contribute to the System in each State fiscal year an amount
12 not less than the sum required in Section 2-124 as that Section
13 existed prior to the effective date of this amendatory Act of
14 the 98th General Assembly.

15 The obligations created under this subsection (b) are
16 contractual obligations protected and enforceable under
17 Article I, Section 16 and Article XIII, Section 5 of the
18 Illinois Constitution.

19 Notwithstanding any other provision of law, if the State
20 fails to pay in a State fiscal year the amount guaranteed under
21 this subsection (b), the System may bring a mandamus action in
22 the Circuit Court of Sangamon County to compel the State to
23 make that payment, irrespective of other remedies that may be
24 available to the System. It shall be the mandatory fiduciary
25 obligation of the Board of the System to bring that action if
26 the State fails to pay in the fiscal year the amount guaranteed

1 under this subsection (b). Before commencing that action, the
2 Board shall submit a voucher for contributions required under
3 Section 2-134. If the State fails to pay a vouchered amount
4 within 90 days after receiving a voucher for that amount, then
5 the Board shall submit a written request to the Comptroller
6 seeking payment of that amount. A copy of the request shall be
7 filed with the Secretary of State, and the Secretary of State
8 shall provide copies of the request to the Governor and General
9 Assembly. No earlier than the 16th day after filing a request
10 with the Secretary, but no later than the 21st day after filing
11 that request, the Board may commence such an action in the
12 Circuit Court. If the Board fails to commence such action on or
13 before the 21st day after filing the request with the Secretary
14 of State, then any Tier I employee or Tier I retiree who made
15 an election under paragraph (1) of subsection (a) or (a-5) of
16 Section 2-110.3 may file a mandamus action against the Board to
17 compel the Board to commence its mandamus action against the
18 State. This subsection (b) constitutes an express waiver of the
19 State's sovereign immunity. In ordering the State to make the
20 required payment, the court may order a reasonable payment
21 schedule to enable the State to make the required payment. The
22 obligations and causes of action created under this subsection
23 (b) shall be in addition to any other right or remedy otherwise
24 accorded by common law, or State or federal law, and nothing in
25 this subsection (b) shall be construed to deny, abrogate,
26 impair, or waive any such common law or statutory right or

1 remedy.

2 Any payments required to be made by the State pursuant to
3 this subsection (b) are expressly subordinated to the payment
4 of the principal, interest, and premium, if any, on any bonded
5 debt obligation of the State or any other State-created entity,
6 either currently outstanding or to be issued, for which the
7 source of repayment or security thereon is derived directly or
8 indirectly from tax revenues collected by the State or any
9 other State-created entity. Payments on such bonded
10 obligations include any statutory fund transfers or other
11 prefunding mechanisms or formulas set forth, now or hereafter,
12 in State law or bond indentures, into debt service funds or
13 accounts of the State related to such bonded obligations,
14 consistent with the payment schedules associated with such
15 obligations.

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

17 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

18 Sec. 2-126. Contributions by participants.

19 (a) Each participant shall contribute toward the cost of
20 his or her retirement annuity a percentage of each payment of
21 salary received by him or her for service as a member as
22 follows: for service between October 31, 1947 and January 1,
23 1959, 5%; for service between January 1, 1959 and June 30,
24 1969, 6%; for service between July 1, 1969 and January 10,
25 1973, 6 1/2%; for service after January 10, 1973, 7%; for

1 service after December 31, 1981, 8 1/2%.

2 (a-5) In addition to the contributions otherwise required
3 under this Article, each Tier I employee who made the election
4 under item (ii) of paragraph (1) of subsection (a) of Section
5 2-110.3 shall also make the following contributions toward the
6 cost of his or her retirement annuity from each payment of
7 salary received by him or her for service as a member:

8 (1) beginning July 1, 2014 and through June 30, 2015,
9 1% of salary; and

10 (2) beginning on July 1, 2015, 2% of salary.

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

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

24 (c) Beginning July 1, 1967, each participant shall
25 contribute 1% of salary towards the cost of automatic increase
26 in annuity provided in Section 2-119.1. These contributions

1 shall be made concurrently with contributions for retirement
2 annuity purposes.

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

20 (e) Notwithstanding any other provision of this Article,
21 the required contribution of a participant shall not be based
22 on any salary in excess of the salary limitation applicable to
23 that participant under Section 2-108 or ~~who first becomes a~~
24 ~~participant on or after January 1, 2011 shall not exceed the~~
25 ~~contribution that would be due under this Article if that~~
26 ~~participant's highest salary for annuity purposes were~~

1 ~~\$106,800, plus any increases in that amount under Section~~
2 ~~2-108.1.~~

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

4 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

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

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

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

1 assumptions that the Board must consider before finalizing its
2 certification of the required State contributions.

3 On or before January 15, 2013 and every January 15
4 thereafter, the Board shall certify to the Governor and the
5 General Assembly the amount of the required State contribution
6 for the next fiscal year. The certification shall include a
7 copy of the actuarial recommendations upon which it is based
8 and shall specifically identify the System's projected State
9 normal cost for that fiscal year. The Board's certification
10 must note any deviations from the State Actuary's recommended
11 changes, the reason or reasons for not following the State
12 Actuary's recommended changes, and the fiscal impact of not
13 following the State Actuary's recommended changes on the
14 required State contribution.

15 (a-7) On or before May 1, 2004, the Board shall recalculate
16 and recertify to the Governor the amount of the required State
17 contribution to the System for State fiscal year 2005, taking
18 into account the amounts appropriated to and received by the
19 System under subsection (d) of Section 7.2 of the General
20 Obligation Bond Act.

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

26 On or before April 1, 2011, the Board shall recalculate and

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

6 (b) Beginning in State fiscal year 1996, on or as soon as
7 possible after the 15th day of each month the Board shall
8 submit vouchers for payment of State contributions to the
9 System, in a total monthly amount of one-twelfth of the
10 required annual State contribution certified under subsection
11 (a). From the effective date of this amendatory Act of the 93rd
12 General Assembly through June 30, 2004, the Board shall not
13 submit vouchers for the remainder of fiscal year 2004 in excess
14 of the fiscal year 2004 certified contribution amount
15 determined under this Section after taking into consideration
16 the transfer to the System under subsection (d) of Section
17 6z-61 of the State Finance Act. These vouchers shall be paid by
18 the State Comptroller and Treasurer by warrants drawn on the
19 funds appropriated to the System for that fiscal year. If in
20 any month the amount remaining unexpended from all other
21 appropriations to the System for the applicable fiscal year
22 (including the appropriations to the System under Section 8.12
23 of the State Finance Act and Section 1 of the State Pension
24 Funds Continuing Appropriation Act) is less than the amount
25 lawfully vouchered under this Section, the difference shall be
26 paid from the General Revenue Fund under the continuing

1 appropriation authority provided in Section 1.1 of the State
2 Pension Funds Continuing Appropriation Act.

3 (c) The full amount of any annual appropriation for the
4 System for State fiscal year 1995 shall be transferred and made
5 available to the System at the beginning of that fiscal year at
6 the request of the Board. Any excess funds remaining at the end
7 of any fiscal year from appropriations shall be retained by the
8 System as a general reserve to meet the System's accrued
9 liabilities.

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

12 (40 ILCS 5/2-162)

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

15 (a) As used in this Section, "new benefit increase" means
16 an increase in the amount of any benefit provided under this
17 Article, or an expansion of the conditions of eligibility for
18 any benefit under this Article, that results from an amendment
19 to this Code that takes effect after the effective date of this
20 amendatory Act of the 94th General Assembly. "New benefit
21 increase", however, does not include any benefit increase
22 resulting from the changes made to this Article by this
23 amendatory Act of the 98th General Assembly.

24 (b) Notwithstanding any other provision of this Code or any
25 subsequent amendment to this Code, every new benefit increase

1 is subject to this Section and shall be deemed to be granted
2 only in conformance with and contingent upon compliance with
3 the provisions of this Section.

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

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

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

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

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

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

15 (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)

16 Sec. 7-109. Employee.

17 (1) "Employee" means any person who:

18 (a) 1. Receives earnings as payment for the performance
19 of personal services or official duties out of the
20 general fund of a municipality, or out of any special
21 fund or funds controlled by a municipality, or by an
22 instrumentality thereof, or a participating
23 instrumentality, including, in counties, the fees or
24 earnings of any county fee office; and

25 2. Under the usual common law rules applicable in

1 determining the employer-employee relationship, has
2 the status of an employee with a municipality, or any
3 instrumentality thereof, or a participating
4 instrumentality, including aldermen, county
5 supervisors and other persons (excepting those
6 employed as independent contractors) who are paid
7 compensation, fees, allowances or other emolument for
8 official duties, and, in counties, the several county
9 fee offices.

10 (b) Serves as a township treasurer appointed under the
11 School Code, as heretofore or hereafter amended, and who
12 receives for such services regular compensation as
13 distinguished from per diem compensation, and any regular
14 employee in the office of any township treasurer whether or
15 not his earnings are paid from the income of the permanent
16 township fund or from funds subject to distribution to the
17 several school districts and parts of school districts as
18 provided in the School Code, or from both such sources; or
19 is the chief executive officer, chief educational officer,
20 chief fiscal officer, or other employee of a Financial
21 Oversight Panel established pursuant to Article 1H of the
22 School Code, other than a superintendent or certified
23 school business official, except that such person shall not
24 be treated as an employee under this Section if that person
25 has negotiated with the Financial Oversight Panel, in
26 conjunction with the school district, a contractual

1 agreement for exclusion from this Section.

2 (c) Holds an elective office in a municipality,
3 instrumentality thereof or participating instrumentality.

4 (2) "Employee" does not include persons who:

5 (a) Are eligible for inclusion under any of the
6 following laws:

7 1. "An Act in relation to an Illinois State
8 Teachers' Pension and Retirement Fund", approved May
9 27, 1915, as amended;

10 2. Articles 15 and 16 of this Code.

11 However, such persons shall be included as employees to
12 the extent of earnings that are not eligible for inclusion
13 under the foregoing laws for services not of an
14 instructional nature of any kind.

15 However, any member of the armed forces who is employed
16 as a teacher of subjects in the Reserve Officers Training
17 Corps of any school and who is not certified under the law
18 governing the certification of teachers shall be included
19 as an employee.

20 (b) Are designated by the governing body of a
21 municipality in which a pension fund is required by law to
22 be established for policemen or firemen, respectively, as
23 performing police or fire protection duties, except that
24 when such persons are the heads of the police or fire
25 department and are not eligible to be included within any
26 such pension fund, they shall be included within this

1 Article; provided, that such persons shall not be excluded
2 to the extent of concurrent service and earnings not
3 designated as being for police or fire protection duties.
4 However, (i) any head of a police department who was a
5 participant under this Article immediately before October
6 1, 1977 and did not elect, under Section 3-109 of this Act,
7 to participate in a police pension fund shall be an
8 "employee", and (ii) any chief of police who elects to
9 participate in this Fund under Section 3-109.1 of this
10 Code, regardless of whether such person continues to be
11 employed as chief of police or is employed in some other
12 rank or capacity within the police department, shall be an
13 employee under this Article for so long as such person is
14 employed to perform police duties by a participating
15 municipality and has not lawfully rescinded that election.

16 (c) After August 26, 2011 (the effective date of Public
17 Act 97-609), are contributors to or eligible to contribute
18 to a Taft-Hartley pension plan established on or before
19 June 1, 2011 and are employees of a theatre, arena, or
20 convention center that is located in a municipality located
21 in a county with a population greater than 5,000,000, and
22 to which the participating municipality is required to
23 contribute as the person's employer based on earnings from
24 the municipality. Nothing in this paragraph shall affect
25 service credit or creditable service for any period of
26 service prior to August 26, 2011, and this paragraph shall

1 not apply to individuals who are participating in the Fund
2 prior to August 26, 2011.

3 (d) Become an employee of any of the following
4 participating instrumentalities on or after the effective
5 date of this amendatory Act of the 98th General Assembly:
6 the Illinois Municipal League; the Illinois Association of
7 Park Districts; the Illinois Supervisors, County
8 Commissioners and Superintendents of Highways Association;
9 an association or not-for-profit corporation, membership
10 in which is authorized under Section 85-15 of the Township
11 Code; the United Counties Council; or the Will County
12 Governmental League.

13 (3) All persons, including, without limitation, public
14 defenders and probation officers, who receive earnings from
15 general or special funds of a county for performance of
16 personal services or official duties within the territorial
17 limits of the county, are employees of the county (unless
18 excluded by subsection (2) of this Section) notwithstanding
19 that they may be appointed by and are subject to the direction
20 of a person or persons other than a county board or a county
21 officer. It is hereby established that an employer-employee
22 relationship under the usual common law rules exists between
23 such employees and the county paying their salaries by reason
24 of the fact that the county boards fix their rates of
25 compensation, appropriate funds for payment of their earnings
26 and otherwise exercise control over them. This finding and this

1 amendatory Act shall apply to all such employees from the date
2 of appointment whether such date is prior to or after the
3 effective date of this amendatory Act and is intended to
4 clarify existing law pertaining to their status as
5 participating employees in the Fund.

6 (Source: P.A. 97-429, eff. 8-16-11; 97-609, eff. 8-26-11;
7 97-813, eff. 7-13-12.)

8 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)
9 Sec. 14-103.10. Compensation.

10 (a) For periods of service prior to January 1, 1978, the
11 full rate of salary or wages payable to an employee for
12 personal services performed if he worked the full normal
13 working period for his position, subject to the following
14 maximum amounts: (1) prior to July 1, 1951, \$400 per month or
15 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957
16 inclusive, \$625 per month or \$7,500 per year; (3) beginning
17 July 1, 1957, no limitation.

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

21 (b) For periods of service on and after January 1, 1978,
22 all remuneration for personal services performed defined as
23 "wages" under the Social Security Enabling Act, including that
24 part of such remuneration which is in excess of any maximum
25 limitation provided in such Act, and including any benefits

1 received by an employee under a sick pay plan in effect before
2 January 1, 1981, but excluding lump sum salary payments:

- 3 (1) for vacation,
- 4 (2) for accumulated unused sick leave,
- 5 (3) upon discharge or dismissal,
- 6 (4) for approved holidays.

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

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

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

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

5 (f) Notwithstanding any other provision of this Section,
6 "compensation" does not include any future increase in income
7 offered by a department under this Article pursuant to the
8 requirements of subsection (c) of Section 14-106.5 that is
9 accepted by a Tier I employee, or a Tier I retiree returning to
10 active service, who has made the election under paragraph (2)
11 of subsection (a) or (a-5) of Section 14-106.5.

12 (g) Notwithstanding any other provision of this Section,
13 for an employee who first becomes a participant on or after the
14 effective date of this amendatory Act of the 98th General
15 Assembly, "compensation" does not include any payments or
16 reimbursements for travel vouchers submitted more than 30 days
17 after the last day of travel for which the voucher is
18 submitted.

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

20 (40 ILCS 5/14-103.40 new)

21 Sec. 14-103.40. Tier I employee. "Tier I employee": An
22 employee under this Article who first became a member or
23 participant before January 1, 2011 under any reciprocal
24 retirement system or pension fund established under this Code
25 other than a retirement system or pension fund established

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

2 (40 ILCS 5/14-103.41 new)

3 Sec. 14-103.41. Tier I retiree. "Tier I retiree": A former
4 Tier I employee who is receiving a retirement annuity.

5 (40 ILCS 5/14-103.42 new)

6 Sec. 14-103.42. Future increase in income. "Future
7 increase in income": Any increase in income in any form offered
8 by a department to an employee under this Article after June
9 30, 2014 that would qualify as "compensation", as defined in
10 Section 14-103.10, but for the fact that the department offered
11 the increase in income to the employee on the condition that it
12 not qualify as compensation and the employee accepted the
13 increase in income subject to that condition. The term "future
14 increase in income" does not include an increase in income in
15 any form that is paid to a Tier I employee under an employment
16 contract or collective bargaining agreement that is in effect
17 on the effective date of this Section but does include an
18 increase in income in any form pursuant to an extension,
19 amendment, or renewal of any such employment contract or
20 collective bargaining agreement on or after the effective date
21 of this amendatory Act of the 98th General Assembly.

22 (40 ILCS 5/14-106.5 new)

23 Sec. 14-106.5. Election by Tier I employees and Tier I

1 retirees.

2 (a) Each Tier I employee shall make an irrevocable election
3 either:

4 (1) to agree to item (i) or (ii) as set forth in this
5 paragraph (1):

6 (i) to have the amount of the automatic annual
7 increases in his or her retirement annuity that are
8 otherwise provided for in this Article calculated,
9 instead, as provided in subsection (a-1) of Section
10 14-114, and to waive his or her eligibility for 2
11 automatic annual increases in retirement annuity as
12 provided in subsection (a-2) of Section 14-114; or

13 (ii) to waive his or her eligibility for 3
14 automatic annual increases in retirement annuity, as
15 provided in subsection (a-3) of Section 14-114, and to
16 make the contributions set forth in subsection (a-5) of
17 Section 14-133; or

18 (2) to not agree to item (i) or (ii) as set forth in
19 paragraph (1) of this subsection.

20 The election required under this subsection (a) shall be
21 made by each Tier I employee no earlier than February 1, 2014
22 and no later than May 31, 2014, except that:

23 (i) a person who becomes a Tier I employee under this
24 Article on or after February 1, 2014 must make the election
25 under this subsection (a) within 60 days after becoming a
26 Tier I employee;

1 (ii) a person who returns to active service as a Tier I
2 employee under this Article on or after February 1, 2014
3 and has not yet made an election under this Section must
4 make the election under this subsection (a) within 60 days
5 after returning to active service as a Tier I employee; and

6 (iii) a person who made the election under subsection
7 (a-5) as a Tier I retiree remains bound by that election
8 and shall not make a later election under this subsection
9 (a).

10 If a Tier I employee fails for any reason to make a
11 required election under this subsection within the time
12 specified, then the employee shall be deemed to have made the
13 election under paragraph (2) of this subsection.

14 (a-5) Each Tier I retiree shall make an irrevocable
15 election either:

16 (1) to agree to the following:

17 (i) to have the amount of the automatic annual
18 increases in his or her retirement annuity calculated
19 without regard to subsection (a-1), (a-2), or (a-3) of
20 Section 14-114; and

21 (ii) to waive his or her eligibility for 2
22 automatic annual increases in retirement annuity as
23 provided in subsection (a-4) of Section 14-114; or

24 (2) to not agree to items (i) and (ii) as set forth in
25 paragraph (1) of this subsection.

26 The election required under this subsection (a-5) shall be

1 made by each Tier I retiree no earlier than February 1, 2014
2 and no later than May 31, 2014, except that:

3 (i) a person who becomes a Tier I retiree under this
4 Article on or after February 1, 2014 must make the election
5 under this subsection (a-5) within 60 days after becoming a
6 Tier I retiree; and

7 (ii) a person who made the election under subsection
8 (a) as a Tier I employee remains bound by that election and
9 shall not make a later election under this subsection
10 (a-5).

11 If a Tier I retiree fails for any reason to make a required
12 election under this subsection within the time specified, then
13 the Tier I retiree shall be deemed to have made the election
14 under paragraph (2) of this subsection.

15 (a-10) All elections under subsection (a) or (a-5) that are
16 made or deemed to be made before June 1, 2014 shall take effect
17 on July 1, 2014. Elections that are made or deemed to be made
18 on or after June 1, 2014 shall take effect on the first day of
19 the month following the month in which the election is made or
20 deemed to be made.

21 (b) As adequate and legal consideration provided under this
22 amendatory Act of the 98th General Assembly for making an
23 election under paragraph (1) of subsection (a) of this Section,
24 any future increases in income offered by a department under
25 this Article to a Tier I employee who has made an election
26 under paragraph (1) of subsection (a) of this Section shall be

1 offered expressly and irrevocably as constituting compensation
2 under Section 14-103.10. In addition, a Tier I employee who has
3 made an election under item (i) of paragraph (1) of subsection
4 (a) of this Section shall receive the right to also participate
5 in the optional cash balance plan established under Section
6 1-162.

7 As adequate and legal consideration provided under this
8 amendatory Act of the 98th General Assembly for making an
9 election under paragraph (1) of subsection (a-5) of this
10 Section, any future increases in income offered by a department
11 under this Article to a Tier I retiree who returns to active
12 service after having made the election under paragraph (1) of
13 subsection (a-5) of this Section shall be offered expressly and
14 irrevocably as constituting compensation under Section
15 14-103.10.

16 (c) A Tier I employee who makes the election under
17 paragraph (2) of subsection (a) of this Section shall not be
18 subject to either item (i) or (ii) set forth in paragraph (1)
19 of subsection (a) of this Section. However, any future
20 increases in income offered by a department under this Article
21 to a Tier I employee who has made the election under paragraph
22 (2) of subsection (a) of this Section shall be offered by the
23 department expressly and irrevocably as not constituting
24 compensation under Section 14-103.10, and the employee may not
25 accept any future increase in income that is offered in
26 violation of this requirement. In addition, a Tier I employee

1 who has made the election under paragraph (2) of subsection (a)
2 of this Section shall not receive the right to participate in
3 the optional cash balance plan established under Section 1-162.

4 A Tier I retiree who makes the election under paragraph (2)
5 of subsection (a-5) of this Section shall not be subject to
6 either item (i) or (ii) set forth in paragraph (1) of
7 subsection (a-5) of this Section. However, any future increases
8 in income offered by a department under this Article to a Tier
9 I retiree who returns to active service and has made the
10 election under paragraph (2) of subsection (a-5) of this
11 Section shall be offered by the department expressly and
12 irrevocably as not constituting compensation under Section
13 14-103.10, and the employee may not accept any future increase
14 in income that is offered in violation of this requirement. In
15 addition, a Tier I retiree who returns to active service and
16 has made the election under paragraph (2) of subsection (a) of
17 this Section shall not receive the right to participate in the
18 optional cash balance plan established under Section 1-162.

19 (d) The System shall make a good faith effort to contact
20 each Tier I employee and Tier I retiree subject to this
21 Section. The System shall mail information describing the
22 required election to each Tier I employee and Tier I retiree by
23 United States Postal Service mail to his or her last known
24 address on file with the System. If the Tier I employee or Tier
25 I retiree is not responsive to other means of contact, it is
26 sufficient for the System to publish the details of any

1 required elections on its website or to publish those details
2 in a regularly published newsletter or other existing public
3 forum.

4 Tier I employees and Tier I retirees who are subject to
5 this Section shall be provided with an election packet
6 containing information regarding their options, as well as the
7 forms necessary to make the required election. Upon request,
8 the System shall offer Tier I employees and Tier I retirees an
9 opportunity to receive information from the System before
10 making the required election. The information may consist of
11 video materials, group presentations, individual consultation
12 with a member or authorized representative of the System in
13 person or by telephone or other electronic means, or any
14 combination of those methods. The System shall not provide
15 advice or counseling with respect to which election a Tier I
16 employee or Tier I retiree should make or specific to the legal
17 or tax circumstances of or consequences to the Tier I employee
18 or Tier I retiree.

19 The System shall inform Tier I employees and Tier I
20 retirees in the election packet required under this subsection
21 that the Tier I employee or Tier I retiree may also wish to
22 obtain information and counsel relating to the election
23 required under this Section from any other available source,
24 including but not limited to labor organizations and private
25 counsel.

26 In no event shall the System, its staff, or the Board be

1 held liable for any information given to a member, beneficiary,
2 or annuitant regarding the elections under this Section. The
3 System shall coordinate with the Illinois Department of Central
4 Management Services and each other retirement system
5 administering an election in accordance with this amendatory
6 Act of the 98th General Assembly to provide information
7 concerning the impact of the election set forth in this
8 Section.

9 (e) Notwithstanding any other provision of law, a
10 department under this Article is required to offer any future
11 increases in income expressly and irrevocably as not
12 constituting "compensation" under Section 14-103.10 to any
13 Tier I employee, or Tier I retiree returning to active service,
14 who has made an election under paragraph (2) of subsection (a)
15 or (a-5) of Section 14-106.5. A Tier I employee, or Tier I
16 retiree returning to active service, who has made an election
17 under paragraph (2) of subsection (a) or (a-5) of Section
18 14-106.5 shall not accept any future increase in income that is
19 offered by an employer under this Article in violation of the
20 requirement set forth in this subsection.

21 (f) A member's election under this Section is not a
22 prohibited election under subdivision (j)(1) of Section 1-119
23 of this Code.

24 (g) An employee who has made the election under item (i) of
25 paragraph (1) of subsection (a) of this Section may elect to
26 participate in the optional cash balance plan under Section

1 1-162.

2 The election to participate in the optional cash balance
3 plan shall be made in writing, in the manner provided by the
4 applicable retirement system.

5 (h) No provision of this Section shall be interpreted in a
6 way that would cause the System to cease to be a qualified plan
7 under Section 401(a) of the Internal Revenue Code of 1986.

8 (i) If this Section is determined to be unconstitutional or
9 otherwise invalid by a final unappealable decision of an
10 Illinois court or a court of competent jurisdiction as applied
11 to Tier I employees but not as applied to Tier I retirees, then
12 this Section and the changes deriving from the election
13 required under this Section shall be null and void as applied
14 to Tier I employees but shall remain in full effect for Tier I
15 retirees.

16 (j) If this Section is determined to be unconstitutional or
17 otherwise invalid by a final unappealable decision of an
18 Illinois court or a court of competent jurisdiction as applied
19 to Tier I retirees but not as applied to Tier I employees, then
20 this Section and the changes deriving from the election
21 required under this Section shall be null and void as applied
22 to Tier I retirees but shall remain in full effect for Tier I
23 employees.

24 (k) If an election created by this amendatory Act in any
25 other Article of this Code or any change deriving from that
26 election is determined to be unconstitutional or otherwise

1 invalid by a final unappealable decision of an Illinois court
2 or a court of competent jurisdiction, the invalidity of that
3 provision shall not in any way affect the validity of this
4 Section or the changes deriving from the election required
5 under this Section.

6 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

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

8 (a) Subject to the provisions of subsections (a-1), (a-2),
9 (a-3), and (a-4), any ~~Any~~ person receiving a retirement annuity
10 under this Article who retires having attained age 60, or who
11 retires before age 60 having at least 35 years of creditable
12 service, or who retires on or after January 1, 2001 at an age
13 which, when added to the number of years of his or her
14 creditable service, equals at least 85, shall, on January 1
15 next following the first full year of retirement, have the
16 amount of the then fixed and payable monthly retirement annuity
17 increased 3%. Any person receiving a retirement annuity under
18 this Article who retires before attainment of age 60 and with
19 less than (i) 35 years of creditable service if retirement is
20 before January 1, 2001, or (ii) the number of years of
21 creditable service which, when added to the member's age, would
22 equal 85, if retirement is on or after January 1, 2001, shall
23 have the amount of the fixed and payable retirement annuity
24 increased by 3% on the January 1 occurring on or next following
25 (1) attainment of age 60, or (2) the first anniversary of

1 retirement, whichever occurs later. However, for persons who
2 receive the alternative retirement annuity under Section
3 14-110, references in this subsection (a) to attainment of age
4 60 shall be deemed to refer to attainment of age 55. For a
5 person receiving early retirement incentives under Section
6 14-108.3 whose retirement annuity began after January 1, 1992
7 pursuant to an extension granted under subsection (e) of that
8 Section, the first anniversary of retirement shall be deemed to
9 be January 1, 1993. For a person who retires on or after June
10 28, 2001 and on or before October 1, 2001, and whose retirement
11 annuity is calculated, in whole or in part, under Section
12 14-110 or subsection (g) or (h) of Section 14-108, the first
13 anniversary of retirement shall be deemed to be January 1,
14 2002.

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

18 Beginning January 1, 1990, and except as provided in
19 subsection (a-1), all automatic annual increases payable under
20 this Section shall be calculated as a percentage of the total
21 annuity payable at the time of the increase, including previous
22 increases granted under this Article.

23 (a-1) Notwithstanding any other provision of this Article,
24 for a Tier I employee who made the election under item (i) of
25 paragraph (1) of subsection (a) of Section 14-106.5, the amount
26 of each automatic annual increase in retirement annuity

1 occurring on or after the effective date of that election shall
2 be 3% of the originally granted retirement annuity.

3 (a-2) Notwithstanding any other provision of this Article,
4 for a Tier I employee who made the election under item (i) of
5 paragraph (1) of subsection (a) of Section 14-106.5, once the
6 first annual increase under this Section has been granted, the
7 next 2 scheduled annual increases shall be skipped, and
8 thereafter all annual increases shall be granted.

9 (a-3) Notwithstanding any other provision of this Article,
10 for a Tier I employee who made the election under item (ii) of
11 paragraph (1) of subsection (a) of Section 14-106.5, once the
12 first annual increase under this Section has been granted, the
13 next 3 scheduled annual increases shall be skipped, and
14 thereafter all annual increases shall be granted.

15 (a-4) Notwithstanding any other provision of this Article,
16 for a Tier I retiree who made the election under paragraph (1)
17 of subsection (a-5) of Section 14-106.5:

18 (1) if the Tier I retiree has not received the first
19 annual increase under this Section as of the effective date
20 of this amendatory Act of the 98th General Assembly, then
21 once the first annual increase under this Section has been
22 granted, the next scheduled annual increase shall be
23 skipped, the following annual increase shall be granted,
24 the next annual increase shall be skipped, and thereafter
25 all annual increases shall be granted; and

26 (2) if the Tier I retiree has received the first annual

1 increase under this Section as of the effective date of
2 this amendatory Act of the 98th General Assembly, then the
3 next annual increase after that effective date shall be
4 skipped, the following annual increase shall be granted,
5 the next annual increase shall be skipped, and thereafter
6 all annual increases shall be granted.

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

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

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

1 1982, any annuitant who began receiving a retirement annuity on
2 or before January 1, 1977, shall have his retirement annuity
3 then being paid increased \$1 per month for each year of
4 creditable service.

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

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

20 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
21 92-651, eff. 7-11-02.)

22 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

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

24 (a) The payment of the required department contributions,
25 all allowances, annuities, benefits granted under this

1 Article, and all expenses of administration of the system are
2 obligations of the State of Illinois to the extent specified in
3 this Article.

4 All income of the system shall be credited to a separate
5 account for this system in the State treasury and shall be used
6 to pay allowances, annuities, benefits and administration
7 expense.

8 (b) The State shall be contractually obligated to
9 contribute to the System in each State fiscal year an amount
10 not less than the sum required in Section 14-131 as that
11 Section existed prior to the effective date of this amendatory
12 Act of the 98th General Assembly.

13 The obligations created under this subsection (b) are
14 contractual obligations protected and enforceable under
15 Article I, Section 16 and Article XIII, Section 5 of the
16 Illinois Constitution.

17 Notwithstanding any other provision of law, if the State
18 fails to pay in a State fiscal year the amount guaranteed under
19 this subsection (b), the System may bring a mandamus action in
20 the Circuit Court of Sangamon County to compel the State to
21 make that payment, irrespective of other remedies that may be
22 available to the System. It shall be the mandatory fiduciary
23 obligation of the Board of the System to bring that action if
24 the State fails to pay in the fiscal year the amount guaranteed
25 under this subsection (b). Before commencing that action, the
26 Board shall submit a voucher for the contributions required in

1 Section 14-131. If the State fails to pay a vouchered amount
2 within 90 days after receiving a voucher for that amount, then
3 the Board shall submit a written request to the Comptroller
4 seeking payment of that amount. A copy of the request shall be
5 filed with the Secretary of State, and the Secretary of State
6 shall provide copies of the request to the Governor and General
7 Assembly. No earlier than the 16th day after filing a request
8 with the Secretary, but no later than the 21st day after filing
9 that request, the Board may commence such an action in the
10 Circuit Court. If the Board fails to commence such action on or
11 before the 21st day after filing the request with the Secretary
12 of State, then any Tier I employee or Tier I retiree who made
13 the election under paragraph (1) of subsection (a) or (a-5) of
14 Section 14-106.5 may file a mandamus action against the Board
15 to compel the Board to commence its mandamus action against the
16 State. This subsection (b) constitutes an express waiver of the
17 State's sovereign immunity. In ordering the State to make the
18 required payment, the court may order a reasonable payment
19 schedule to enable the State to make the required payment. The
20 obligations and causes of action created under this subsection
21 (b) shall be in addition to any other right or remedy otherwise
22 accorded by common law, or State or federal law, and nothing in
23 this subsection shall be construed to deny, abrogate, impair,
24 or waive any such common law or statutory right or remedy.

25 Any payments required to be made by the State pursuant to
26 this subsection (b) are expressly subordinated to the payment

1 of the principal, interest, and premium, if any, on any bonded
2 debt obligation of the State or any other State-created entity,
3 either currently outstanding or to be issued, for which the
4 source of repayment or security thereon is derived directly or
5 indirectly from tax revenues collected by the State or any
6 other State-created entity. Payments on such bonded
7 obligations include any statutory fund transfers or other
8 prefunding mechanisms or formulas set forth, now or hereafter,
9 in State law or bond indentures, into debt service funds or
10 accounts of the State related to such bonded obligations,
11 consistent with the payment schedules associated with such
12 obligations.

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

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

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

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

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

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

25 (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-1) In addition to the contributions required under
25 subsection (a), an employee who elects to participate in the
26 optional cash balance plan under Section 1-162 shall pay to the

1 System for the purpose of participating in the optional cash
2 balance plan an additional contribution of 2% of each payment
3 of compensation received while he or she is a participant in
4 the optional cash balance plan. These contributions shall not
5 be used for the purpose of determining any benefit under this
6 Article except as provided in the optional cash balance plan.

7 (a-5) In addition to the contributions otherwise required
8 under this Article, each Tier I member who made the election
9 under item (ii) of paragraph (1) of subsection (a) of Section
10 14-106.5 shall also make the following contributions for
11 retirement annuity from each payment of compensation:

12 (1) beginning July 1, 2014 and through June 30, 2015,
13 1% of compensation; and

14 (2) beginning on July 1, 2015, 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 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
20 97-694, eff. 6-18-12.)

21 (40 ILCS 5/14-152.1)

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

24 (a) As used in this Section, "new benefit increase" means
25 an increase in the amount of any benefit provided under this

1 Article, or an expansion of the conditions of eligibility for
2 any benefit under this Article, that results from an amendment
3 to this Code that takes effect after June 1, 2005 (the
4 effective date of Public Act 94-4). "New benefit increase",
5 however, does not include any benefit increase resulting from
6 the changes made to this Article or Article 1 by Public Act
7 96-37 or this amendatory Act of the 98th ~~96th~~ General Assembly.

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

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

17 Every new benefit increase is contingent upon the General
18 Assembly providing the additional funding required under this
19 subsection. The Commission on Government Forecasting and
20 Accountability shall analyze whether adequate additional
21 funding has been provided for the new benefit increase and
22 shall report its analysis to the Public Pension Division of the
23 Department of Financial and Professional Regulation. A new
24 benefit increase created by a Public Act that does not include
25 the additional funding required under this subsection is null
26 and void. If the Public Pension Division determines that the

1 additional funding provided for a new benefit increase under
2 this subsection is or has become inadequate, it may so certify
3 to the Governor and the State Comptroller and, in the absence
4 of corrective action by the General Assembly, the new benefit
5 increase shall expire at the end of the fiscal year in which
6 the certification is made.

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

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

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

24 (40 ILCS 5/15-106) (from Ch. 108 1/2, par. 15-106)

25 Sec. 15-106. Employer. "Employer": The University of

1 Illinois, Southern Illinois University, Chicago State
2 University, Eastern Illinois University, Governors State
3 University, Illinois State University, Northeastern Illinois
4 University, Northern Illinois University, Western Illinois
5 University, the State Board of Higher Education, the Illinois
6 Mathematics and Science Academy, the University Civil Service
7 Merit Board, the Board of Trustees of the State Universities
8 Retirement System, the Illinois Community College Board,
9 community college boards, any association of community college
10 boards organized under Section 3-55 of the Public Community
11 College Act, the Board of Examiners established under the
12 Illinois Public Accounting Act, and, only during the period for
13 which employer contributions required under Section 15-155 are
14 paid, the following organizations: the alumni associations,
15 the foundations and the athletic associations which are
16 affiliated with the universities and colleges included in this
17 Section as employers. An individual that begins employment
18 after the effective date of this amendatory Act of the 98th
19 General Assembly with an entity not defined as an employer in
20 this Section shall not be deemed an employee for the purposes
21 of this Article with respect to that employment and shall not
22 be eligible to participate in the System with respect to that
23 employment; provided, however, that those individuals who are
24 both employed and already participants in the System on the
25 effective date of this amendatory Act of the 98th General
26 Assembly shall be entitled to remain participants in the System

1 for the duration of that employment and continue to earn
2 service credit.

3 Notwithstanding any provision of law to the contrary, an
4 individual who begins employment with any of the following
5 employers on or after the effective date of this amendatory Act
6 of the 98th General Assembly shall not be deemed an employee
7 and shall not be eligible to participate in the System with
8 respect to that employment: any association of community
9 college boards organized under Section 3-55 of the Public
10 Community College Act, the Association of Illinois
11 Middle-Grade Schools, the Illinois Association of School
12 Administrators, the Illinois Association for Supervision and
13 Curriculum Development, the Illinois Principals Association,
14 the Illinois Association of School Business Officials, or the
15 Illinois Special Olympics; provided, however, that those
16 individuals who are both employed and already participants in
17 the System on the effective date of this amendatory Act of the
18 98th General Assembly shall be entitled to remain participants
19 in the System for the duration of that employment and continue
20 to earn service credit.

21 A department as defined in Section 14-103.04 is an employer
22 for any person appointed by the Governor under the Civil
23 Administrative Code of Illinois who is a participating employee
24 as defined in Section 15-109. The Department of Central
25 Management Services is an employer with respect to persons
26 employed by the State Board of Higher Education in positions

1 with the Illinois Century Network as of June 30, 2004 who
2 remain continuously employed after that date by the Department
3 of Central Management Services in positions with the Illinois
4 Century Network, the Bureau of Communication and Computer
5 Services, or, if applicable, any successor bureau.

6 The cities of Champaign and Urbana shall be considered
7 employers, but only during the period for which contributions
8 are required to be made under subsection (b-1) of Section
9 15-155 and only with respect to individuals described in
10 subsection (h) of Section 15-107.

11 (Source: P.A. 95-369, eff. 8-23-07; 95-728, eff. 7-1-08 - See
12 Sec. 999.)

13 (40 ILCS 5/15-107) (from Ch. 108 1/2, par. 15-107)
14 Sec. 15-107. Employee.

15 (a) "Employee" means any member of the educational,
16 administrative, secretarial, clerical, mechanical, labor or
17 other staff of an employer whose employment is permanent and
18 continuous or who is employed in a position in which services
19 are expected to be rendered on a continuous basis for at least
20 4 months or one academic term, whichever is less, who (A)
21 receives payment for personal services on a warrant issued
22 pursuant to a payroll voucher certified by an employer and
23 drawn by the State Comptroller upon the State Treasurer or by
24 an employer upon trust, federal or other funds, or (B) is on a
25 leave of absence without pay. Employment which is irregular,

1 intermittent or temporary shall not be considered continuous
2 for purposes of this paragraph.

3 However, a person is not an "employee" if he or she:

4 (1) is a student enrolled in and regularly attending
5 classes in a college or university which is an employer,
6 and is employed on a temporary basis at less than full
7 time;

8 (2) is currently receiving a retirement annuity or a
9 disability retirement annuity under Section 15-153.2 from
10 this System;

11 (3) is on a military leave of absence;

12 (4) is eligible to participate in the Federal Civil
13 Service Retirement System and is currently making
14 contributions to that system based upon earnings paid by an
15 employer;

16 (5) is on leave of absence without pay for more than 60
17 days immediately following termination of disability
18 benefits under this Article;

19 (6) is hired after June 30, 1979 as a public service
20 employment program participant under the Federal
21 Comprehensive Employment and Training Act and receives
22 earnings in whole or in part from funds provided under that
23 Act; or

24 (7) is employed on or after July 1, 1991 to perform
25 services that are excluded by subdivision (a)(7)(f) or
26 (a)(19) of Section 210 of the federal Social Security Act

1 from the definition of employment given in that Section (42
2 U.S.C. 410).

3 (b) Any employer may, by filing a written notice with the
4 board, exclude from the definition of "employee" all persons
5 employed pursuant to a federally funded contract entered into
6 after July 1, 1982 with a federal military department in a
7 program providing training in military courses to federal
8 military personnel on a military site owned by the United
9 States Government, if this exclusion is not prohibited by the
10 federally funded contract or federal laws or rules governing
11 the administration of the contract.

12 (c) Any person appointed by the Governor under the Civil
13 Administrative Code of the State is an employee, if he or she
14 is a participant in this system on the effective date of the
15 appointment.

16 (d) A participant on lay-off status under civil service
17 rules is considered an employee for not more than 120 days from
18 the date of the lay-off.

19 (e) A participant is considered an employee during (1) the
20 first 60 days of disability leave, (2) the period, not to
21 exceed one year, in which his or her eligibility for disability
22 benefits is being considered by the board or reviewed by the
23 courts, and (3) the period he or she receives disability
24 benefits under the provisions of Section 15-152, workers'
25 compensation or occupational disease benefits, or disability
26 income under an insurance contract financed wholly or partially

1 by the employer.

2 (f) Absences without pay, other than formal leaves of
3 absence, of less than 30 calendar days, are not considered as
4 an interruption of a person's status as an employee. If such
5 absences during any period of 12 months exceed 30 work days,
6 the employee status of the person is considered as interrupted
7 as of the 31st work day.

8 (g) A staff member whose employment contract requires
9 services during an academic term is to be considered an
10 employee during the summer and other vacation periods, unless
11 he or she declines an employment contract for the succeeding
12 academic term or his or her employment status is otherwise
13 terminated, and he or she receives no earnings during these
14 periods.

15 (h) An individual who was a participating employee employed
16 in the fire department of the University of Illinois's
17 Champaign-Urbana campus immediately prior to the elimination
18 of that fire department and who immediately after the
19 elimination of that fire department became employed by the fire
20 department of the City of Urbana or the City of Champaign shall
21 continue to be considered as an employee for purposes of this
22 Article for so long as the individual remains employed as a
23 firefighter by the City of Urbana or the City of Champaign. The
24 individual shall cease to be considered an employee under this
25 subsection (h) upon the first termination of the individual's
26 employment as a firefighter by the City of Urbana or the City

1 of Champaign.

2 (i) An individual who is employed on a full-time basis as
3 an officer or employee of a statewide teacher organization that
4 serves System participants or an officer of a national teacher
5 organization that serves System participants may participate
6 in the System and shall be deemed an employee, provided that
7 (1) the individual has previously earned creditable service
8 under this Article, (2) the individual files with the System an
9 irrevocable election to become a participant before the
10 effective date of this amendatory Act of the 97th General
11 Assembly, (3) the individual does not receive credit for that
12 employment under any other Article of this Code, and (4) the
13 individual first became a full-time employee of the teacher
14 organization and becomes a participant before the effective
15 date of this amendatory Act of the 97th General Assembly. An
16 employee under this subsection (i) is responsible for paying to
17 the System both (A) employee contributions based on the actual
18 compensation received for service with the teacher
19 organization and (B) employer contributions equal to the normal
20 costs (as defined in Section 15-155) resulting from that
21 service; all or any part of these contributions may be paid on
22 the employee's behalf or picked up for tax purposes (if
23 authorized under federal law) by the teacher organization.

24 A person who is an employee as defined in this subsection
25 (i) may establish service credit for similar employment prior
26 to becoming an employee under this subsection by paying to the

1 System for that employment the contributions specified in this
2 subsection, plus interest at the effective rate from the date
3 of service to the date of payment. However, credit shall not be
4 granted under this subsection for any such prior employment for
5 which the applicant received credit under any other provision
6 of this Code, or during which the applicant was on a leave of
7 absence under Section 15-113.2.

8 (j) A person employed by the State Board of Higher
9 Education in a position with the Illinois Century Network as of
10 June 30, 2004 shall be considered to be an employee for so long
11 as he or she remains continuously employed after that date by
12 the Department of Central Management Services in a position
13 with the Illinois Century Network, the Bureau of Communication
14 and Computer Services, or, if applicable, any successor bureau
15 and meets the requirements of subsection (a).

16 (k) In the case of doubt as to whether any person is an
17 employee within the meaning of this Section, the decision of
18 the Board shall be final.

19 (Source: P.A. 97-651, eff. 1-5-12.)

20 (40 ILCS 5/15-108.1 new)

21 Sec. 15-108.1. Tier I employee. "Tier I employee": An
22 employee under this Article, other than a participant in the
23 self-managed plan under Section 15-158.2, who first became a
24 member or participant before January 1, 2011 under any
25 reciprocal retirement system or pension fund established under

1 this Code other than a retirement system or pension fund
2 established under Article 2, 3, 4, 5, 6, or 18 of this Code.
3 However, for the purposes of the election under Section
4 15-132.9 and the consequences arising from that election, "Tier
5 I employee" does not include a participant under this Article
6 who would qualify as a Tier I employee but who has made an
7 irrevocable election on or before January 1, 2013 to retire
8 from service pursuant to the terms of a collective bargaining
9 agreement in effect on January 1, 2013, excluding any
10 extension, amendment, or renewal of that agreement on or after
11 that date, and has notified the System of that election.

12 (40 ILCS 5/15-108.2 new)

13 Sec. 15-108.2. Tier I retiree. "Tier I retiree": A former
14 Tier I employee who is receiving a retirement annuity. However,
15 for the purposes of the election under Section 15-132.9 and the
16 consequences arising from that election, "Tier I retiree" also
17 includes a participant under this Article who would qualify as
18 a Tier I employee but who has made an irrevocable election on
19 or before January 1, 2013 to retire from service pursuant to
20 the terms of a collective bargaining agreement in effect on
21 January 1, 2013, excluding any extension, amendment, or renewal
22 of that agreement on or after that date, and has notified the
23 System of that election.

24 A person does not become a Tier I retiree by virtue of
25 receiving a reversionary, survivors, beneficiary or disability

1 annuity.

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

3 Sec. 15-111. Earnings. "Earnings": An amount paid for
4 personal services equal to the sum of the basic compensation
5 plus extra compensation for summer teaching, overtime or other
6 extra service. For periods for which an employee receives
7 service credit under subsection (c) of Section 15-113.1 or
8 Section 15-113.2, earnings are equal to the basic compensation
9 on which contributions are paid by the employee during such
10 periods. Compensation for employment which is irregular,
11 intermittent and temporary shall not be considered earnings,
12 unless the participant is also receiving earnings from the
13 employer as an employee under Section 15-107.

14 With respect to transition pay paid by the University of
15 Illinois to a person who was a participating employee employed
16 in the fire department of the University of Illinois's
17 Champaign-Urbana campus immediately prior to the elimination
18 of that fire department:

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

22 (2) "Earnings" includes transition pay paid to the
23 employee before the effective date of this amendatory Act
24 of the 91st General Assembly only if (i) employee
25 contributions under Section 15-157 have been withheld from

1 that transition pay or (ii) the employee pays to the System
2 before January 1, 2001 an amount representing employee
3 contributions under Section 15-157 on that transition pay.
4 Employee contributions under item (ii) may be paid in a
5 lump sum, by withholding from additional transition pay
6 accruing before January 1, 2001, or in any other manner
7 approved by the System. Upon payment of the employee
8 contributions on transition pay, the corresponding
9 employer contributions become an obligation of the State.

10 Notwithstanding any other provision of this Section,
11 "earnings" does not include any future increase in income
12 offered by an employer under this Article pursuant to the
13 requirements of subsection (c) of Section 15-132.9 that is
14 accepted by a Tier I employee, or a Tier I retiree returning to
15 active service, who has made the election under paragraph (2)
16 of subsection (a) or (a-5) of Section 15-132.9.

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

18 (40 ILCS 5/15-112.1 new)

19 Sec. 15-112.1. Future increase in income. "Future increase
20 in income": Any increase in income in any form offered by an
21 employer to an employee under this Article after June 30, 2014
22 that would qualify as "earnings", as defined in Section 15-111,
23 but for the fact that the employer offered the increase in
24 income to the employee on the condition that it not qualify as
25 earnings and the employee accepted the increase in income

1 subject to that condition. The term "future increase in income"
2 does not include an increase in income in any form that is paid
3 to a Tier I employee under an employment contract or collective
4 bargaining agreement that is in effect on the effective date of
5 this Section but does include an increase in income in any form
6 pursuant to an extension, amendment, or renewal of any such
7 employment contract or collective bargaining agreement on or
8 after the effective date of this amendatory Act of the 98th
9 General Assembly.

10 (40 ILCS 5/15-132.9 new)

11 Sec. 15-132.9. Election by Tier I employees and Tier I
12 retirees.

13 (a) Each Tier I employee shall make an irrevocable election
14 either:

15 (1) to agree to item (i) or (ii) as set forth in this
16 paragraph (1):

17 (i) to have the amount of the automatic annual
18 increases in his or her retirement annuity that are
19 otherwise provided for in this Article calculated,
20 instead, as provided in subsection (d-1) of Section
21 15-136, and to waive his or her eligibility for 2
22 automatic annual increases in retirement annuity as
23 provided in subsection (d-2) of Section 15-157; or

24 (ii) to waive his or her eligibility for 3
25 automatic annual increases in retirement annuity, as

1 provided in subsection (d-3) of Section 15-136, and to
2 make the contributions set forth in subsection (a-5) of
3 Section 15-157; or
4 (2) to not agree to item (i) or (ii) as set forth in
5 paragraph (1) of this subsection.

6 The election required under this subsection (a) shall be
7 made by each Tier I employee no earlier than February 1, 2014
8 and no later than May 31, 2014, except that:

9 (i) a person who becomes a Tier I employee under this
10 Article on or after February 1, 2014 must make the election
11 under this subsection (a) within 60 days after becoming a
12 Tier I employee;

13 (ii) a person who returns to active service as a Tier I
14 employee under this Article on or after February 1, 2014
15 and has not yet made an election under this Section must
16 make the election under this subsection (a) within 60 days
17 after returning to active service as a Tier I employee; and

18 (iii) a person who made the election under subsection
19 (a-5) as a Tier I retiree remains bound by that election
20 and shall not make a later election under this subsection
21 (a).

22 If a Tier I employee fails for any reason to make a
23 required election under this subsection within the time
24 specified, then the employee shall be deemed to have made the
25 election under paragraph (2) of this subsection.

26 (a-5) Each Tier I retiree shall make an irrevocable

1 election either:

2 (1) to agree to the following:

3 (i) to have the amount of the automatic annual
4 increases in his or her retirement annuity calculated
5 without regard to subsection (d-1), (d-2), or (d-3) of
6 Section 15-136; and

7 (ii) to waive his or her eligibility for 2
8 automatic annual increases in retirement annuity as
9 provided in subsection (d-4) of Section 15-136; or

10 (2) to not agree to items (i) and (ii) as set forth in
11 paragraph (1) of this subsection.

12 The election required under this subsection (a-5) shall be
13 made by each Tier I retiree no earlier than February 1, 2014
14 and no later than May 31, 2014, except that:

15 (i) a person who becomes a Tier I retiree under this
16 Article on or after February 1, 2014 must make the election
17 under this subsection (a-5) within 60 days after becoming a
18 Tier I retiree; and

19 (ii) a person who made the election under subsection
20 (a) as a Tier I employee remains bound by that election and
21 shall not make a later election under this subsection
22 (a-5).

23 If a Tier I retiree fails for any reason to make a required
24 election under this subsection within the time specified, then
25 the Tier I retiree shall be deemed to have made the election
26 under paragraph (2) of this subsection.

1 (a-10) All elections under subsection (a) or (a-5) that are
2 made or deemed to be made before June 1, 2014 shall take effect
3 on July 1, 2014. Elections that are made or deemed to be made
4 on or after June 1, 2014 shall take effect on the first day of
5 the month following the month in which the election is made or
6 deemed to be made.

7 (b) As adequate and legal consideration provided under this
8 amendatory Act of the 98th General Assembly for making an
9 election under paragraph (1) of subsection (a) of this Section,
10 any future increases in income offered by an employer under
11 this Article to a Tier I employee who has made an election
12 under paragraph (1) of subsection (a) of this Section shall be
13 offered expressly and irrevocably as constituting earnings
14 under Section 15-111. In addition, a Tier I employee who has
15 made an election under item (i) of paragraph (1) of subsection
16 (a) of this Section shall receive the right to also participate
17 in the optional cash balance plan established under Section
18 1-162.

19 As adequate and legal consideration provided under this
20 amendatory Act of the 98th General Assembly for making an
21 election under paragraph (1) of subsection (a-5) of this
22 Section, any future increases in income offered by an employer
23 under this Article to a Tier I retiree who returns to active
24 service after having made the election under paragraph (1) of
25 subsection (a-5) of this Section shall be offered expressly and
26 irrevocably as constituting earnings under Section 15-111.

1 (c) A Tier I employee who makes the election under
2 paragraph (2) of subsection (a) of this Section shall not be
3 subject to either item (i) or (ii) set forth in paragraph (1)
4 of subsection (a) of this Section. However, any future
5 increases in income offered by an employer under this Article
6 to a Tier I employee who has made the election under paragraph
7 (2) of subsection (a) of this Section shall be offered by the
8 employer expressly and irrevocably as not constituting
9 earnings under Section 15-111, and the employee may not accept
10 any future increase in income that is offered in violation of
11 this requirement. In addition, a Tier I employee who has made
12 the election under paragraph (2) of subsection (a) of this
13 Section shall not receive the right to participate in the
14 optional cash balance plan established under Section 1-162.

15 A Tier I retiree who makes the election under paragraph (2)
16 of subsection (a-5) of this Section shall not be subject to
17 either item (i) or (ii) set forth in paragraph (1) of
18 subsection (a-5) of this Section. However, any future increases
19 in income offered by an employer under this Article to a Tier I
20 retiree who returns to active service and has made the election
21 under paragraph (2) of subsection (a-5) of this Section shall
22 be offered by the employer expressly and irrevocably as not
23 constituting earnings under Section 15-111, and the employee
24 may not accept any future increase in income that is offered in
25 violation of this requirement. In addition, a Tier I retiree
26 who returns to active service and has made the election under

1 paragraph (2) of subsection (a-5) of this Section shall not
2 receive the right to participate in the optional cash balance
3 plan established under Section 1-162.

4 (d) The System shall make a good faith effort to contact
5 each Tier I employee and Tier I retiree subject to this
6 Section. The System shall mail information describing the
7 required election to each Tier I employee and Tier I retiree by
8 United States Postal Service mail to his or her last known
9 address on file with the System. If the Tier I employee or Tier
10 I retiree is not responsive to other means of contact, it is
11 sufficient for the System to publish the details of any
12 required elections on its website or to publish those details
13 in a regularly published newsletter or other existing public
14 forum.

15 Tier I employees and Tier I retirees who are subject to
16 this Section shall be provided with an election packet
17 containing information regarding their options, as well as the
18 forms necessary to make the required election. Upon request,
19 the System shall offer Tier I employees and Tier I retirees an
20 opportunity to receive information from the System before
21 making the required election. The information may consist of
22 video materials, group presentations, individual consultation
23 with a member or authorized representative of the System in
24 person or by telephone or other electronic means, or any
25 combination of those methods. The System shall not provide
26 advice or counseling with respect to which election a Tier I

1 employee or Tier I retiree should make or specific to the legal
2 or tax circumstances of or consequences to the Tier I employee
3 or Tier I retiree.

4 The System shall inform Tier I employees and Tier I
5 retirees in the election packet required under this subsection
6 that the Tier I employee or Tier I retiree may also wish to
7 obtain information and counsel relating to the election
8 required under this Section from any other available source,
9 including but not limited to labor organizations and private
10 counsel.

11 In no event shall the System, its staff, or the Board be
12 held liable for any information given to a member, beneficiary,
13 or annuitant regarding the elections under this Section. The
14 System shall coordinate with the Illinois Department of Central
15 Management Services and each other retirement system
16 administering an election in accordance with this amendatory
17 Act of the 98th General Assembly to provide information
18 concerning the impact of the election set forth in this
19 Section.

20 (e) Notwithstanding any other provision of law, an employer
21 under this Article is required to offer any future increases in
22 income expressly and irrevocably as not constituting
23 "earnings" under Section 15-111 to any Tier I employee, or Tier
24 I retiree returning to active service, who has made an election
25 under paragraph (2) of subsection (a) or (a-5) of this Section.
26 A Tier I employee, or Tier I retiree returning to active

1 service, who has made an election under paragraph (2) of
2 subsection (a) or (a-5) of this Section shall not accept any
3 future increase in income that is offered by an employer under
4 this Article in violation of the requirement set forth in this
5 subsection.

6 (f) A member's election under this Section is not a
7 prohibited election under subdivision (j)(1) of Section 1-119
8 of this Code.

9 (g) An employee who has made the election under item (i) of
10 paragraph (1) of subsection (a) of this Section may elect to
11 participate in the optional cash balance plan under Section
12 1-162.

13 The election to participate in the optional cash balance
14 plan shall be made in writing, in the manner provided by the
15 applicable retirement system.

16 (h) No provision of this Section shall be interpreted in a
17 way that would cause the System to cease to be a qualified plan
18 under Section 401(a) of the Internal Revenue Code of 1986.

19 (i) If this Section is determined to be unconstitutional or
20 otherwise invalid by a final unappealable decision of an
21 Illinois court or a court of competent jurisdiction as applied
22 to Tier I employees but not as applied to Tier I retirees, then
23 this Section and the changes deriving from the election
24 required under this Section shall be null and void as applied
25 to Tier I employees but shall remain in full effect for Tier I
26 retirees.

1 (j) If this Section is determined to be unconstitutional or
2 otherwise invalid by a final unappealable decision of an
3 Illinois court or a court of competent jurisdiction as applied
4 to Tier I retirees but not as applied to Tier I employees, then
5 this Section and the changes deriving from the election
6 required under this Section shall be null and void as applied
7 to Tier I retirees but shall remain in full effect for Tier I
8 employees.

9 (k) If an election created by this amendatory Act in any
10 other Article of this Code or any change deriving from that
11 election is determined to be unconstitutional or otherwise
12 invalid by a final unappealable decision of an Illinois court
13 or a court of competent jurisdiction, the invalidity of that
14 provision shall not in any way affect the validity of this
15 Section or the changes deriving from the election required
16 under this Section.

17 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

18 Sec. 15-136. Retirement annuities - Amount. The provisions
19 of this Section 15-136 apply only to those participants who are
20 participating in the traditional benefit package or the
21 portable benefit package and do not apply to participants who
22 are participating in the self-managed plan.

23 (a) The amount of a participant's retirement annuity,
24 expressed in the form of a single-life annuity, shall be
25 determined by whichever of the following rules is applicable

1 and provides the largest annuity:

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

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

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

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

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

1 For the purpose of calculating an annuity under this Rule
2 2, neither the contribution required under subsection (a-1) of
3 Section 15-157 nor the contribution required under subsection
4 (a-5) of that Section shall be considered when determining the
5 participant's accumulated normal contributions under clause
6 (i) or the employer contribution under clause (ii).

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

13 The amount of a retirement annuity calculated under this
14 Rule 2 shall be computed solely on the basis of the
15 participant's accumulated normal contributions, as specified
16 in this Rule and defined in Section 15-116. Neither an employee
17 or 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 2.

21 This amendatory Act of the 91st General Assembly is a
22 clarification of existing law and applies to every participant
23 and annuitant without regard to whether status as an employee
24 terminates before the effective date of this amendatory Act.

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

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

19 Rule 4: A participant who is at least age 50 and has 25 or
20 more years of service as a police officer or firefighter, and a
21 participant who is age 55 or over and has at least 20 but less
22 than 25 years of service as a police officer or firefighter,
23 shall be entitled to a retirement annuity of 2 1/4% of the
24 final rate of earnings for each of the first 10 years of
25 service as a police officer or firefighter, 2 1/2% for each of
26 the next 10 years of service as a police officer or

1 firefighter, and 2 3/4% for each year of service as a police
2 officer or firefighter in excess of 20. The retirement annuity
3 for all other service shall be computed under Rule 1.

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

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

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

19 Rule 5: The retirement annuity of a participant who elected
20 early retirement under the provisions of Section 15-136.2 and
21 who, on or before February 16, 1995, brought administrative
22 proceedings pursuant to the administrative rules adopted by the
23 System to challenge the calculation of his or her retirement
24 annuity shall be the sum of the following, determined from
25 amounts credited to the participant in accordance with the
26 actuarial tables and the prescribed rate of interest in effect

1 at the time the retirement annuity begins:

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

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

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

19 In no event shall a retirement annuity under this Rule 5 be
20 lower than the amount obtained by adding (1) the monthly amount
21 obtained by dividing the combined employee and employer
22 contributions made under Section 15-136.2 by the System's
23 annuity factor for the age of the participant at the beginning
24 of the annuity payment period and (2) the amount equal to the
25 participant's annuity if calculated under Rule 1, reduced under
26 Section 15-136(b) as if no contributions had been made under

1 Section 15-136.2.

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

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

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

1 System et al. with respect to that plaintiff.

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

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

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

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

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

23 (c) The maximum retirement annuity provided under Rules 1,
24 2, 4, and 5 shall be the lesser of (1) the annual limit of
25 benefits as specified in Section 415 of the Internal Revenue
26 Code of 1986, as such Section may be amended from time to time

1 and as such benefit limits shall be adjusted by the
2 Commissioner of Internal Revenue, and (2) 80% of final rate of
3 earnings.

4 (d) Subject to the provisions of subsections (d-1), (d-2),
5 (d-3), and (d-4), an ~~An~~ annuitant whose status as an employee
6 terminates after August 14, 1969 shall receive automatic
7 increases in his or her retirement annuity as follows:

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

22 The annuitant shall receive an increase in his or her
23 monthly retirement annuity on each January 1 thereafter during
24 the annuitant's life of 3% of the monthly annuity provided
25 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in
26 this Section. The change made under this subsection by P.A.

1 81-970 is effective January 1, 1980 and applies to each
2 annuitant whose status as an employee terminates before or
3 after that date.

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

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

12 (d-1) Notwithstanding any other provision of this Article,
13 for a Tier I employee who made the election under item (i) of
14 paragraph (1) of subsection (a) of Section 15-132.9, the amount
15 of each automatic annual increase in retirement annuity
16 occurring on or after the effective date of that election,
17 other than the initial increase, shall be 3% of the originally
18 granted retirement annuity.

19 (d-2) Notwithstanding any other provision of this Article,
20 for a Tier I employee who made the election under item (i) of
21 paragraph (1) of subsection (a) of Section 15-132.9, once the
22 first annual increase under this Section has been granted, the
23 next 2 scheduled annual increases shall be skipped, and
24 thereafter all annual increases shall be granted.

25 (d-3) Notwithstanding any other provision of this Article,
26 for a Tier I employee who made the election under item (ii) of

1 paragraph (1) of subsection (a) of Section 15-132.9, once the
2 first annual increase under this Section has been granted, the
3 next 3 scheduled annual increases shall be skipped, and
4 thereafter all annual increases shall be granted.

5 (d-4) Notwithstanding any other provision of this Article,
6 for a Tier I retiree who made the election under paragraph (1)
7 of subsection (a-5) of Section 15-132.9:

8 (1) if the Tier I retiree has not received the first
9 annual increase under this Section as of the effective date
10 of this amendatory Act of the 98th General Assembly, then
11 once the first annual increase under this Section has been
12 granted, the next scheduled annual increase shall be
13 skipped, the following annual increase shall be granted,
14 the next annual increase shall be skipped, and thereafter
15 all annual increases shall be granted; and

16 (2) if the Tier I retiree has received the first annual
17 increase under this Section as of the effective date of
18 this amendatory Act of the 98th General Assembly, then the
19 next annual increase after that effective date shall be
20 skipped, the following annual increase shall be granted,
21 the next annual increase shall be skipped, and thereafter
22 all annual increases shall be granted.

23 (e) If, on January 1, 1987, or the date the retirement
24 annuity payment period begins, whichever is later, the sum of
25 the retirement annuity provided under Rule 1 or Rule 2 of this
26 Section and the automatic annual increases provided under the

1 preceding subsection or Section 15-136.1, amounts to less than
2 the retirement annuity which would be provided by Rule 3, the
3 retirement annuity shall be increased as of January 1, 1987, or
4 the date the retirement annuity payment period begins,
5 whichever is later, to the amount which would be provided by
6 Rule 3 of this Section. Such increased amount shall be
7 considered as the retirement annuity in determining benefits
8 provided under other Sections of this Article. This paragraph
9 applies without regard to whether status as an employee
10 terminated before the effective date of this amendatory Act of
11 1987, provided that the annuitant was employed at least
12 one-half time during the period on which the final rate of
13 earnings was based.

14 (f) A participant is entitled to such additional annuity as
15 may be provided on an actuarially equivalent basis, by any
16 accumulated additional contributions to his or her credit.
17 However, the additional contributions made by the participant
18 toward the automatic increases in annuity provided under this
19 Section shall not be taken into account in determining the
20 amount of such additional annuity.

21 (g) If, (1) by law, a function of a governmental unit, as
22 defined by Section 20-107 of this Code, is transferred in whole
23 or in part to an employer, and (2) a participant transfers
24 employment from such governmental unit to such employer within
25 6 months after the transfer of the function, and (3) the sum of
26 (A) the annuity payable to the participant under Rule 1, 2, or

1 3 of this Section (B) all proportional annuities payable to the
2 participant by all other retirement systems covered by Article
3 20, and (C) the initial primary insurance amount to which the
4 participant is entitled under the Social Security Act, is less
5 than the retirement annuity which would have been payable if
6 all of the participant's pension credits validated under
7 Section 20-109 had been validated under this system, a
8 supplemental annuity equal to the difference in such amounts
9 shall be payable to the participant.

10 (h) On January 1, 1981, an annuitant who was receiving a
11 retirement annuity on or before January 1, 1971 shall have his
12 or her retirement annuity then being paid increased \$1 per
13 month for each year of creditable service. On January 1, 1982,
14 an annuitant whose retirement annuity began on or before
15 January 1, 1977, shall have his or her retirement annuity then
16 being paid increased \$1 per month for each year of creditable
17 service.

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

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

24 (40 ILCS 5/15-156) (from Ch. 108 1/2, par. 15-156)

25 Sec. 15-156. Obligations of State.

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

9 (b) The State shall be contractually obligated to
10 contribute to the System in each State fiscal year an amount
11 not less than the sum required in Section 15-155 as that
12 Section existed prior to the effective date of this amendatory
13 Act of the 98th General Assembly.

14 The obligations created under this subsection (b) are
15 contractual obligations protected and enforceable under
16 Article I, Section 16 and Article XIII, Section 5 of the
17 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 (b), the System may bring a mandamus action in
21 the Circuit Court of Champaign County to compel the State to
22 make that payment, irrespective of other remedies that may be
23 available to the System. It shall be the mandatory fiduciary
24 obligation of the Board of the System to bring that action if
25 the State fails to pay in the fiscal year the amount guaranteed
26 under this subsection (b). Before commencing that action, the

1 Board shall submit a voucher for contributions required under
2 Section 15-155. If the State fails to pay a vouchered amount
3 within 90 days after receiving a voucher for that amount, then
4 the Board shall submit a written request to the Comptroller
5 seeking payment of that amount. A copy of the request shall be
6 filed with the Secretary of State, and the Secretary of State
7 shall provide copies of the request to the Governor and General
8 Assembly. No earlier than the 16th day after filing a request
9 with the Secretary, but no later than the 21st day after filing
10 that request, the Board may commence such an action in the
11 Circuit Court. If the Board fails to commence such action on or
12 before the 21st day after filing the request with the Secretary
13 of State, then any Tier I employee or Tier I retiree who made
14 the election under paragraph (1) of subsection (a) or (a-5) of
15 Section 15-132.9 may file a mandamus action against the Board
16 to compel the Board to commence its mandamus action against the
17 State. This subsection (b) constitutes an express waiver of the
18 State's sovereign immunity. 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. The
21 obligations and causes of action created under this subsection
22 (b) shall be in addition to any other right or remedy otherwise
23 accorded by common law, or State or federal law, and nothing in
24 this subsection shall be construed to deny, abrogate, impair,
25 or waive any such common law or statutory right or remedy.

26 Any payments required to be made by the State pursuant to

1 this subsection (b) are expressly subordinated to the payment
2 of the principal, interest, and premium, if any, on any bonded
3 debt obligation of the State or any other State-created entity,
4 either currently outstanding or to be issued, for which the
5 source of repayment or security thereon is derived directly or
6 indirectly from tax revenues collected by the State or any
7 other State-created entity. Payments on such bonded
8 obligations include any statutory fund transfers or other
9 prefunding mechanisms or formulas set forth, now or hereafter,
10 in State law or bond indentures, into debt service funds or
11 accounts of the State related to such bonded obligations,
12 consistent with the payment schedules associated with such
13 obligations.

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

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

16 Sec. 15-157. Employee Contributions.

17 (a) Each participating employee shall make contributions
18 towards the retirement benefits payable under the retirement
19 program applicable to the employee from each payment of
20 earnings applicable to employment under this system on and
21 after the date of becoming a participant as follows: Prior to
22 September 1, 1949, 3 1/2% of earnings; from September 1, 1949
23 to August 31, 1955, 5%; from September 1, 1955 to August 31,
24 1969, 6%; from September 1, 1969, 6 1/2%. These contributions
25 are to be considered as normal contributions for purposes of

1 this Article.

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

25 (a-1) In addition to the contributions otherwise required
26 under this Article, an employee who elects to participate in

1 the optional cash balance plan under Section 1-162 shall pay to
2 the System for the purpose of participating in the optional
3 cash balance plan a contribution of 2% of each payment of
4 earnings received while he or she is a participant in the
5 optional cash balance plan. These contributions shall not be
6 used for the purpose of determining any benefit under this
7 Article except as provided in the optional cash balance plan.

8 (a-5) In addition to the contributions otherwise required
9 under this Article, each Tier I participant who made the
10 election under item (ii) of paragraph (1) of subsection (a) of
11 Section 15-132.9 shall also make the following contributions
12 toward the retirement benefits payable under the retirement
13 program applicable to the employee from each payment of
14 earnings applicable to employment under this system:

15 (1) beginning July 1, 2014 and through June 30, 2015,
16 1% of earnings; and

17 (2) beginning on July 1, 2015, 2% of earnings.

18 Except as otherwise specified, these contributions are to
19 be considered as normal contributions for purposes of this
20 Article.

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

23 (e) That fraction of a participant's total accumulated
24 normal contributions, the numerator of which is equal to the
25 number of years of service in excess of that which is required
26 to qualify for the maximum retirement annuity, and the

1 denominator of which is equal to the total service of the
2 participant, shall be considered as accumulated additional
3 contributions. The determination of the applicable maximum
4 annuity and the adjustment in contributions required by this
5 provision shall be made as of the date of the participant's
6 retirement.

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

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

15 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,
16 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;
17 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

18 (40 ILCS 5/15-163) (from Ch. 108 1/2, par. 15-163)

19 Sec. 15-163. To consider applications and authorize
20 payments.

21 To consider and pass on all certifications of employment
22 and applications for annuities and benefits; to authorize the
23 granting of annuities and benefits; and to limit or suspend any
24 payment or payments, all in accordance with this Article.

25 (Source: Laws 1963, p. 161.)

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

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

1 Actuary's recommended changes, and the fiscal impact of not
2 following the State Actuary's recommended changes on the
3 required State contribution.

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

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

22 If in any month the amount remaining unexpended from all
23 other appropriations to the System for the applicable fiscal
24 year (including the appropriations to the System under Section
25 8.12 of the State Finance Act and Section 1 of the State
26 Pension Funds Continuing Appropriation Act) is less than the

1 amount lawfully vouchered under this Section, the difference
2 shall be paid from the General Revenue Fund under the
3 continuing appropriation authority provided in Section 1.1 of
4 the State Pension Funds Continuing Appropriation Act.

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

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

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 5/15-198)

2 Sec. 15-198. 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 or Article 1, that results from
8 an amendment to this Code that takes effect after the effective
9 date of this amendatory Act of the 94th General Assembly. "New
10 benefit increase", however, does not include any benefit
11 increase resulting from the changes made to this Article or
12 Article 1 by this amendatory Act of the 98th 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 5/16-106) (from Ch. 108 1/2, par. 16-106)

5 Sec. 16-106. Teacher. "Teacher": The following
6 individuals, provided that, for employment prior to July 1,
7 1990, they are employed on a full-time basis, or if not
8 full-time, on a permanent and continuous basis in a position in
9 which services are expected to be rendered for at least one
10 school term:

11 (1) Any educational, administrative, professional or
12 other staff employed in the public common schools included
13 within this system in a position requiring certification
14 under the law governing the certification of teachers;

15 (2) Any educational, administrative, professional or
16 other staff employed in any facility of the Department of
17 Children and Family Services or the Department of Human
18 Services, in a position requiring certification under the
19 law governing the certification of teachers, and any person
20 who (i) works in such a position for the Department of
21 Corrections, (ii) was a member of this System on May 31,
22 1987, and (iii) did not elect to become a member of the
23 State Employees' Retirement System pursuant to Section
24 14-108.2 of this Code; except that "teacher" does not
25 include any person who (A) becomes a security employee of

1 the Department of Human Services, as defined in Section
2 14-110, after June 28, 2001 (the effective date of Public
3 Act 92-14), or (B) becomes a member of the State Employees'
4 Retirement System pursuant to Section 14-108.2c of this
5 Code;

6 (3) Any regional superintendent of schools, assistant
7 regional superintendent of schools, State Superintendent
8 of Education; any person employed by the State Board of
9 Education as an executive; any executive of the boards
10 engaged in the service of public common school education in
11 school districts covered under this system of which the
12 State Superintendent of Education is an ex-officio member;

13 (4) Any employee of a school board association
14 operating in compliance with Article 23 of the School Code
15 who is certificated under the law governing the
16 certification of teachers, provided that he or she becomes
17 such an employee before the effective date of this
18 amendatory Act of the 98th General Assembly;

19 (5) Any person employed by the retirement system who:

20 (i) was an employee of and a participant in the
21 system on August 17, 2001 (the effective date of Public
22 Act 92-416), or

23 (ii) becomes an employee of the system on or after
24 August 17, 2001;

25 (6) Any educational, administrative, professional or
26 other staff employed by and under the supervision and

1 control of a regional superintendent of schools, provided
2 such employment position requires the person to be
3 certificated under the law governing the certification of
4 teachers and is in an educational program serving 2 or more
5 districts in accordance with a joint agreement authorized
6 by the School Code or by federal legislation;

7 (7) Any educational, administrative, professional or
8 other staff employed in an educational program serving 2 or
9 more school districts in accordance with a joint agreement
10 authorized by the School Code or by federal legislation and
11 in a position requiring certification under the laws
12 governing the certification of teachers;

13 (8) Any officer or employee of a statewide teacher
14 organization or officer of a national teacher organization
15 who is certified under the law governing certification of
16 teachers, provided: (i) the individual had previously
17 established creditable service under this Article, (ii)
18 the individual files with the system an irrevocable
19 election to become a member before January 5, 2012 (the
20 effective date of Public Act 97-651) ~~this amendatory Act of~~
21 ~~the 97th General Assembly~~, (iii) the individual does not
22 receive credit for such service under any other Article of
23 this Code, and (iv) the individual first became an officer
24 or employee of the teacher organization and becomes a
25 member before January 5, 2012 (the effective date of Public
26 Act 97-651) ~~this amendatory Act of the 97th General~~

1 ~~Assembly;~~

2 (9) Any educational, administrative, professional, or
3 other staff employed in a charter school operating in
4 compliance with the Charter Schools Law who is certificated
5 under the law governing the certification of teachers; -

6 (10) Any person employed, on the effective date of this
7 amendatory Act of the 94th General Assembly, by the
8 Macon-Piatt Regional Office of Education in a
9 birth-through-age-three pilot program receiving funds
10 under Section 2-389 of the School Code who is required by
11 the Macon-Piatt Regional Office of Education to hold a
12 teaching certificate, provided that the Macon-Piatt
13 Regional Office of Education makes an election, within 6
14 months after the effective date of this amendatory Act of
15 the 94th General Assembly, to have the person participate
16 in the system. Any service established prior to the
17 effective date of this amendatory Act of the 94th General
18 Assembly for service as an employee of the Macon-Piatt
19 Regional Office of Education in a birth-through-age-three
20 pilot program receiving funds under Section 2-389 of the
21 School Code shall be considered service as a teacher if
22 employee and employer contributions have been received by
23 the system and the system has not refunded those
24 contributions.

25 An annuitant receiving a retirement annuity under this
26 Article or under Article 17 of this Code who is employed by a

1 board of education or other employer as permitted under Section
2 16-118 or 16-150.1 is not a "teacher" for purposes of this
3 Article. A person who has received a single-sum retirement
4 benefit under Section 16-136.4 of this Article is not a
5 "teacher" for purposes of this Article.

6 (Source: P.A. 97-651, eff. 1-5-12; revised 8-3-12.)

7 (40 ILCS 5/16-107.1 new)

8 Sec. 16-107.1. Tier I employee. "Tier I employee": A
9 teacher under this Article who first became a member or
10 participant before January 1, 2011 under any reciprocal
11 retirement system or pension fund established under this Code
12 other than a retirement system or pension fund established
13 under Article 2, 3, 4, 5, 6, or 18 of this Code. However, for
14 the purposes of the election under Section 16-122.9 and the
15 consequences arising from that election, "Tier I employee" does
16 not include a teacher under this Article who would qualify as a
17 Tier I employee but who has made an irrevocable election on or
18 before January 1, 2013 to retire from service pursuant to the
19 terms of a collective bargaining agreement in effect on January
20 1, 2013, excluding any extension, amendment, or renewal of that
21 agreement on or after that date, and has notified the System of
22 that election.

23 (40 ILCS 5/16-107.2 new)

24 Sec. 16-107.2. Tier I retiree. "Tier I retiree": A former

1 Tier I employee who is receiving a retirement annuity. However,
2 for the purposes of the election under Section 16-122.9 and the
3 consequences arising from that election, "Tier I retiree" also
4 includes a teacher under this Article who would qualify as a
5 Tier I employee but who has made an irrevocable election on or
6 before January 1, 2013 to retire from service pursuant to the
7 terms of a collective bargaining agreement in effect on January
8 1, 2013, excluding any extension, amendment, or renewal of that
9 agreement on or after that date, and has notified the System of
10 that election.

11 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

12 Sec. 16-121. Salary. "Salary": The actual compensation
13 received by a teacher during any school year and recognized by
14 the system in accordance with rules of the board. For purposes
15 of this Section, "school year" includes the regular school term
16 plus any additional period for which a teacher is compensated
17 and such compensation is recognized by the rules of the board.

18 Notwithstanding any other provision of this Section,
19 "salary" does not include any future increase in income offered
20 by an employer under this Article pursuant to the requirements
21 of subsection (c) of Section 16-122.9 that is accepted by a
22 Tier I employee, or a Tier I retiree returning to active
23 service, who has made the election under paragraph (2) of
24 subsection (a) or (a-5) of Section 16-122.9.

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

1 (40 ILCS 5/16-121.1 new)

2 Sec. 16-121.1. Future increase in income. "Future increase
3 in income": Any increase in income in any form offered by an
4 employer to a teacher under this Article after June 30, 2014
5 that would qualify as "salary", as defined in Section 16-121,
6 but for the fact that the employer offered the increase in
7 income to the employee on the condition that it not qualify as
8 compensation and the employee accepted the increase in income
9 subject to that condition. The term "future increase in income"
10 does not include an increase in income in any form that is paid
11 to a Tier I employee under an employment contract or collective
12 bargaining agreement that is in effect on the effective date of
13 this Section but does include an increase in income in any form
14 pursuant to an extension, amendment, or renewal of any such
15 employment contract or collective bargaining agreement on or
16 after the effective date of this amendatory Act of the 98th
17 General Assembly.

18 (40 ILCS 5/16-122.9 new)

19 Sec. 16-122.9. Election by Tier I employees.

20 (a) Each Tier I employee shall make an irrevocable election
21 either:

22 (1) to agree to item (i) or (ii) as set forth in this
23 paragraph (1):

24 (i) to have the amount of the automatic annual

1 increases in his or her retirement annuity that are
2 otherwise provided for in this Article calculated,
3 instead, as provided in subsection (a-1) of Section
4 16-133.1 or subsection (b-1) of Section 16-136.1,
5 whichever is applicable, and to waive his or her
6 eligibility for 2 automatic annual increases in
7 retirement annuity, as provided in subsection (a-2) of
8 Section 16-133.1 or subsection (b-2) of Section
9 16-136.1, whichever is applicable; or

10 (ii) to waive his or her eligibility for 3
11 automatic annual increases in retirement annuity, as
12 provided in subsection (a-3) of Section 16-133.1 or
13 subsection (b-3) of Section 16-136.1, whichever is
14 applicable, and to make the contributions set forth in
15 subsection (a-5) of Section 16-152; or

16 (2) to not agree to item (i) or (ii) as set forth in
17 paragraph (1) of this subsection.

18 The election required under this subsection (a) shall be
19 made by each Tier I employee no earlier than February 1, 2014
20 and no later than May 31, 2014, except that:

21 (i) a person who becomes a Tier I employee under this
22 Article on or after February 1, 2014 must make the election
23 under this subsection (a) within 60 days after becoming a
24 Tier I employee; and

25 (ii) a person who returns to active service as a Tier I
26 employee under this Article on or after February 1, 2014

1 and has not yet made an election under this Section must
2 make the election under this subsection (a) within 60 days
3 after returning to active service as a Tier I employee; and
4 (iii) a person who made the election under subsection
5 (a-5) as a Tier I retiree remains bound by that election
6 and shall not make a later election under this subsection
7 (a).

8 If a Tier I employee fails for any reason to make a
9 required election under this subsection within the time
10 specified, then the employee shall be deemed to have made the
11 election under paragraph (2) of this subsection.

12 (a-5) Each Tier I retiree shall make an irrevocable
13 election either:

14 (1) to agree to the following:

15 (i) to have the amount of the automatic annual
16 increases in his or her retirement annuity calculated
17 without regard to subsection (a-1), (a-2), or (a-3) of
18 Section 16-133.1 or subsection (b-1), (b-2), or (b-3)
19 of Section 16-136.1, whichever is applicable; and

20 (ii) to waive his or her eligibility for 2
21 automatic annual increases in retirement annuity, as
22 provided in subsection (a-4) of Section 16-133.1 or
23 subsection (b-4) of Section 16-136.1, whichever is
24 applicable; or

25 (2) to not agree to items (i) and (ii) as set forth in
26 paragraph (1) of this subsection.

1 The election required under this subsection (a-5) shall be
2 made by each Tier I retiree no earlier than February 1, 2014
3 and no later than May 31, 2014, except that:

4 (i) a person who becomes a Tier I retiree under this
5 Article on or after February 1, 2014 must make the election
6 under this subsection (a-5) within 60 days after becoming a
7 Tier I retiree; and

8 (ii) a person who made the election under subsection
9 (a) as a Tier I employee remains bound by that election and
10 shall not make a later election under this subsection
11 (a-5).

12 If a Tier I retiree fails for any reason to make a required
13 election under this subsection within the time specified, then
14 the Tier I retiree shall be deemed to have made the election
15 under paragraph (2) of this subsection.

16 (a-10) All elections under subsection (a) that are made or
17 deemed to be made before June 1, 2014 shall take effect on July
18 1, 2014. Elections that are made or deemed to be made on or
19 after June 1, 2014 shall take effect on the first day of the
20 month following the month in which the election is made or
21 deemed to be made.

22 (b) As adequate and legal consideration provided under this
23 amendatory Act of the 98th General Assembly for making an
24 election under paragraph (1) of subsection (a) of this Section,
25 any future increases in income offered by an employer under
26 this Article to a Tier I employee who has made an election

1 under paragraph (1) of subsection (a) of this Section shall be
2 offered expressly and irrevocably as constituting salary under
3 Section 16-121. In addition, a Tier I employee who has made an
4 election under item (i) of paragraph (1) of subsection (a) of
5 this Section shall receive the right to also participate in the
6 optional cash balance plan established under Section 1-162.
7 Finally, a Tier I employee, other than a Tier I retiree
8 returning to active service as a Tier I employee, who has made
9 an election under item (i) of paragraph (1) of subsection (a)
10 of this Section shall receive the right to the early retirement
11 without discount option set forth in Section 16-133.6.

12 As adequate and legal consideration provided under this
13 amendatory Act of the 98th General Assembly for making an
14 election under paragraph (1) of subsection (a-5) of this
15 Section, any future increases in income offered by an employer
16 under this Article to a Tier I retiree who returns to active
17 service after having made an election under paragraph (1) of
18 subsection (a-5) of this Section shall be offered expressly and
19 irrevocably as constituting salary under Section 16-121.

20 (c) A Tier I employee who makes the election under
21 paragraph (2) of subsection (a) of this Section shall not be
22 subject to either item (i) or (ii) set forth in paragraph (1)
23 of subsection (a) of this Section. However, any future
24 increases in income offered by an employer under this Article
25 to a Tier I employee who has made the election under paragraph
26 (2) of subsection (a) of this Section shall be offered by the

1 employer expressly and irrevocably as not constituting salary
2 under Section 16-121, and the employee may not accept any
3 future increase in income that is offered in violation of this
4 requirement. In addition, a Tier I employee who has made the
5 election under paragraph (2) of subsection (a) of this Section
6 shall not receive the right to participate in the optional cash
7 balance plan established under Section 1-162. Finally, a Tier I
8 employee who has made the election under paragraph (2) of
9 subsection (a) of this Section shall not receive the right to
10 the early retirement without discount option set forth in
11 Section 16-133.6.

12 A Tier I retiree who makes the election under paragraph (2)
13 of subsection (a-5) of this Section shall not be subject to
14 either item (i) or (ii) set forth in paragraph (1) of
15 subsection (a-5) of this Section. However, any future increases
16 in income offered by an employer under this Article to a Tier I
17 retiree who returns to active service and has made the election
18 under paragraph (2) of subsection (a-5) of this Section shall
19 be offered by the employer expressly and irrevocably as not
20 constituting salary under Section 16-121, and the employee may
21 not accept any future increase in income that is offered in
22 violation of this requirement. In addition, a Tier I retiree
23 who returns to active service and has made the election under
24 paragraph (2) of subsection (a) of this Section shall not
25 receive the right to participate in the optional cash balance
26 plan established under Section 1-162.

1 (d) The System shall make a good faith effort to contact
2 each Tier I employee and Tier I retiree subject to this
3 Section. The System shall mail information describing the
4 required election to each Tier I employee and Tier I retiree by
5 United States Postal Service mail to his or her last known
6 address on file with the System. If the Tier I employee or Tier
7 I retiree is not responsive to other means of contact, it is
8 sufficient for the System to publish the details of any
9 required elections on its website or to publish those details
10 in a regularly published newsletter or other existing public
11 forum.

12 Tier I employees and Tier I retirees who are subject to
13 this Section shall be provided with an election packet
14 containing information regarding their options, as well as the
15 forms necessary to make the required election. Upon request,
16 the System shall offer Tier I employees and Tier I retirees an
17 opportunity to receive information from the System before
18 making the required election. The information may consist of
19 video materials, group presentations, individual consultation
20 with a member or authorized representative of the System in
21 person or by telephone or other electronic means, or any
22 combination of those methods. The System shall not provide
23 advice or counseling with respect to which election a Tier I
24 employee or Tier I retiree should make or specific to the legal
25 or tax circumstances of or consequences to the Tier I employee
26 or Tier I retiree.

1 The System shall inform Tier I employees and Tier I
2 retirees in the election packet required under this subsection
3 that the Tier I employee or Tier I retiree may also wish to
4 obtain information and counsel relating to the election
5 required under this Section from any other available source,
6 including but not limited to labor organizations and private
7 counsel.

8 In no event shall the System, its staff, or the Board be
9 held liable for any information given to a member, beneficiary,
10 or annuitant regarding the elections under this Section. The
11 System shall coordinate with the Illinois Department of Central
12 Management Services and each other retirement system
13 administering an election in accordance with this amendatory
14 Act of the 98th General Assembly to provide information
15 concerning the impact of the election set forth in this
16 Section.

17 (e) Notwithstanding any other provision of law, an employer
18 under this Article is required to offer any future increases in
19 income expressly and irrevocably as not constituting "salary"
20 under Section 16-121 to any Tier I employee, or Tier I retiree
21 returning to active service, who has made an election under
22 paragraph (2) of subsection (a) or (a-5) of Section 16-122.9. A
23 Tier I employee, or Tier I retiree returning to active service,
24 who has made an election under paragraph (2) of subsection (a)
25 or (a-5) of Section 16-122.9 shall not accept any future
26 increase in income that is offered by an employer under this

1 Article in violation of the requirement set forth in this
2 subsection.

3 (f) A member's election under this Section is not a
4 prohibited election under subdivision (j)(1) of Section 1-119
5 of this Code.

6 (g) An employee who has made the election under item (i) of
7 paragraph (1) of subsection (a) of this Section may elect to
8 participate in the optional cash balance plan under Section
9 1-162.

10 The election to participate in the optional cash balance
11 plan shall be made in writing, in the manner provided by the
12 applicable retirement system.

13 (h) No provision of this Section shall be interpreted in a
14 way that would cause the System to cease to be a qualified plan
15 under Section 401(a) of the Internal Revenue Code of 1986.

16 (i) If this Section is determined to be unconstitutional or
17 otherwise invalid by a final unappealable decision of an
18 Illinois court or a court of competent jurisdiction as applied
19 to Tier I employees but not as applied to Tier I retirees, then
20 this Section and the changes deriving from the election
21 required under this Section shall be null and void as applied
22 to Tier I employees but shall remain in full effect for Tier I
23 retirees.

24 (j) If this Section is determined to be unconstitutional or
25 otherwise invalid by a final unappealable decision of an
26 Illinois court or a court of competent jurisdiction as applied

1 to Tier I retirees but not as applied to Tier I employees, then
2 this Section and the changes deriving from the election
3 required under this Section shall be null and void as applied
4 to Tier I retirees but shall remain in full effect for Tier I
5 employees.

6 (k) If an election created by this amendatory Act in any
7 other Article of this Code or any change deriving from that
8 election is determined to be unconstitutional or otherwise
9 invalid by a final unappealable decision of an Illinois court
10 or a court of competent jurisdiction, the invalidity of that
11 provision shall not in any way affect the validity of this
12 Section or the changes deriving from the election required
13 under this Section.

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 an annuity under this Rule
19 2, neither the contribution required under subsection
20 (a-1) of Section 16-152 nor the contribution required under
21 subsection (a-5) of that Section shall be considered when
22 determining the participant's accumulated normal
23 contributions under clause (i) or the employer
24 contribution under clause (ii).

25 This paragraph (A) does not apply to a person who first
26 becomes a teacher under this Article on or after July 1,

1 2005.

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

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

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

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

25 (2) 1.5% of final average salary for each year of
26 creditable service plus the sum \$7.50 for each of the

1 first 20 years of creditable service.

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

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

26 In the determination of final average salary for members

1 other than elected officials and their appointees when such
2 appointees are allowed by statute, that part of a member's
3 salary for any year beginning after June 30, 1979 which exceeds
4 the member's annual full-time salary rate with the same
5 employer for the preceding year by more than 20% shall be
6 excluded. The exclusion shall not apply in any year in which
7 the member's creditable earnings are less than 50% of the
8 preceding year's mean salary for downstate teachers as
9 determined by the survey of school district salaries provided
10 in Section 2-3.103 of the School Code.

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

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

19 (e) The maximum retirement annuity provided under
20 paragraph (B) of this Section shall be 75% of final average
21 salary.

22 (f) A member retiring after the effective date of this
23 amendatory Act of 1998 shall receive a pension equal to 75% of
24 final average salary if the member is qualified to receive a
25 retirement annuity equal to at least 74.6% of final average
26 salary under this Article or as proportional annuities under

1 Article 20 of this Code.

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

3 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

4 Sec. 16-133.1. Automatic annual increase in annuity.

5 (a) Each member with creditable service and retiring on or
6 after August 26, 1969 is entitled to the automatic annual
7 increases in annuity provided under this Section while
8 receiving a retirement annuity or disability retirement
9 annuity from the system.

10 An annuitant shall first be entitled to an initial increase
11 under this Section on the January 1 next following the first
12 anniversary of retirement, or January 1 of the year next
13 following attainment of age 61, whichever is later. At such
14 time, the system shall pay an initial increase determined as
15 follows:

16 (1) 1.5% of the originally granted retirement annuity
17 or disability retirement annuity multiplied by the number
18 of years elapsed, if any, from the date of retirement until
19 January 1, 1972, plus

20 (2) 2% of the originally granted annuity multiplied by
21 the number of years elapsed, if any, from the date of
22 retirement or January 1, 1972, whichever is later, until
23 January 1, 1978, plus

24 (3) 3% of the originally granted annuity multiplied by
25 the number of years elapsed from the date of retirement or

1 January 1, 1978, whichever is later, until the effective
2 date of the initial increase.

3 However, the initial annual increase calculated under this
4 Section for the recipient of a disability retirement annuity
5 granted under Section 16-149.2 shall be reduced by an amount
6 equal to the total of all increases in that annuity received
7 under Section 16-149.5 (but not exceeding 100% of the amount of
8 the initial increase otherwise provided under this Section).

9 Except as otherwise provided in subsection (a-1), (a-2),
10 (a-3), or (a-4), if applicable, following ~~Following~~ the initial
11 increase, automatic annual increases in annuity shall be
12 payable on each January 1 thereafter during the lifetime of the
13 annuitant, determined as a percentage of the originally granted
14 retirement annuity or disability retirement annuity for
15 increases granted prior to January 1, 1990, and calculated as a
16 percentage of the total amount of annuity, including previous
17 increases under this Section, for increases granted on or after
18 January 1, 1990, as follows: 1.5% for periods prior to January
19 1, 1972, 2% for periods after December 31, 1971 and prior to
20 January 1, 1978, and 3% for periods after December 31, 1977.

21 (a-1) Notwithstanding any other provision of this Article,
22 for a Tier I employee who made the election under item (i) of
23 paragraph (1) of subsection (a) of Section 16-122.9, the amount
24 of each automatic annual increase in retirement annuity
25 occurring on or after the effective date of that election,
26 other than the initial increase, shall be 3% of the originally

1 granted retirement annuity.

2 (a-2) Notwithstanding any other provision of this Article,
3 for a Tier I employee who made the election under item (i) of
4 paragraph (1) of subsection (a) of Section 16-122.9, once the
5 initial annual increase under this Section has been granted,
6 the next 2 scheduled annual increases shall be skipped, and
7 thereafter all annual increases shall be granted.

8 (a-3) Notwithstanding any other provision of this Article,
9 for a Tier I employee who made the election under item (ii) of
10 paragraph (1) of subsection (a) of Section 16-122.9 once the
11 first annual increase under this Section has been granted, the
12 next 3 scheduled annual increases shall be skipped, and
13 thereafter all annual increases shall be granted.

14 (a-4) Notwithstanding any other provision of this Article,
15 for a Tier I retiree who made the election under paragraph (1)
16 of subsection (a-5) of Section 16-122.9:

17 (1) if the Tier I retiree has not received the initial
18 annual increase under this Section as of the effective date
19 of this amendatory Act of the 98th General Assembly, then
20 once the initial annual increase under this Section has
21 been granted, the next scheduled annual increase shall be
22 skipped, the following annual increase shall be granted,
23 the next annual increase shall be skipped, and thereafter
24 all annual increases shall be granted; and

25 (2) if the Tier I retiree has received the initial
26 annual increase under this Section as of the effective date

1 of this amendatory Act of the 98th General Assembly, then
2 the next annual increase after that effective date shall be
3 skipped, the following annual increase shall be granted,
4 the next annual increase shall be skipped, and thereafter
5 all annual increases shall be granted.

6 (b) The automatic annual increases in annuity provided
7 under this Section shall not be applicable unless a member has
8 made contributions toward such increases for a period
9 equivalent to one full year of creditable service. If a member
10 contributes for service performed after August 26, 1969 but the
11 member becomes an annuitant before such contributions amount to
12 one full year's contributions based on the salary at the date
13 of retirement, he or she may pay the necessary balance of the
14 contributions to the system and be eligible for the automatic
15 annual increases in annuity provided under this Section.

16 (c) Each member shall make contributions toward the cost of
17 the automatic annual increases in annuity as provided under
18 Section 16-152.

19 (d) An annuitant receiving a retirement annuity or
20 disability retirement annuity on July 1, 1969, who subsequently
21 re-enters service as a teacher is eligible for the automatic
22 annual increases in annuity provided under this Section if he
23 or she renders at least one year of creditable service
24 following the latest re-entry.

25 (e) In addition to the automatic annual increases in
26 annuity provided under this Section, an annuitant who meets the

1 service requirements of this Section and whose retirement
2 annuity or disability retirement annuity began on or before
3 January 1, 1971 shall receive, on January 1, 1981, an increase
4 in the annuity then being paid of one dollar per month for each
5 year of creditable service. On January 1, 1982, an annuitant
6 whose retirement annuity or disability retirement annuity
7 began on or before January 1, 1977 shall receive an increase in
8 the annuity then being paid of one dollar per month for each
9 year of creditable service.

10 On January 1, 1987, any annuitant whose retirement annuity
11 began on or before January 1, 1977, shall receive an increase
12 in the monthly retirement annuity equal to 8¢ per year of
13 creditable service times the number of years that have elapsed
14 since the annuity began.

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

16 (40 ILCS 5/16-133.6 new)

17 Sec. 16-133.6. Optional teacher early retirement without
18 discount. A Tier I employee who makes an election under item
19 (i) of paragraph (1) of subsection (a) of Section 16-122.9,
20 retires on or after the beginning of the first State fiscal
21 year to occur after the end of the election period specified in
22 Section 16-122.9, and applies for a retirement annuity within 6
23 months of the last day of teaching for which retirement
24 contributions were required may elect, at the time of
25 application for a retirement annuity, to make a one-time member

1 contribution to the System and, thereby, avoid the reduction in
2 the retirement annuity for retirement before age 60 specified
3 in paragraph (B) of Section 16-133. The exercise of the
4 election shall also obligate the last employer to make a
5 one-time nonrefundable contribution to the System. Substitute
6 teachers wishing to exercise this election must teach 85 or
7 more days in one school term with one employer, who shall be
8 deemed the last employer for purposes of this Section. The last
9 day of teaching with that employer must be within 6 months of
10 the date of application for retirement. All substitute teaching
11 credit applied toward the required 85 days must be earned after
12 June 30, 1990.

13 The one-time member and employer contributions shall be a
14 percentage of the cost of this benefit as determined by the
15 System. However, when determining the one-time member and
16 employer contributions, that part of a member's salary with the
17 same employer which exceeds the annual salary rate for the
18 preceding year by more than 20% shall be excluded. The member
19 contribution shall be at the rate of 50% of the cost of the
20 benefits as determined by the System. The employer contribution
21 shall be at the rate of 50% of the cost of the benefits as
22 determined by the System.

23 Upon receipt of the application and election, the System
24 shall determine the one-time employee and employer
25 contributions required. The member contribution shall be
26 credited to the individual account of the member and the

1 employer contribution shall be credited to the Benefit Trust
2 Reserve. The avoidance of the reduction in retirement annuity
3 provided under this Section is not applicable until the
4 member's contribution, if any, has been received by the System;
5 however, the date that contribution is received shall not be
6 considered in determining the effective date of retirement.

7 The number of members working for a single employer who may
8 retire under this Section in any year may be limited at the
9 option of the employer to a specified percentage of those
10 eligible, not less than 10%, with the right to participate to
11 be allocated among those applying on the basis of seniority in
12 the service of the employer.

13 (40 ILCS 5/16-136.1) (from Ch. 108 1/2, par. 16-136.1)

14 Sec. 16-136.1. Annual increase for certain annuitants.

15 (a) Any annuitant receiving a retirement annuity on June
16 30, 1969 and any member retiring after June 30, 1969 shall be
17 eligible for the annual increases provided under this Section
18 provided the annuitant is ineligible for the automatic annual
19 increase in annuity provided under Section 16-133.1, and
20 provided further that (1) retirement occurred at age 55 or over
21 and was based on 5 or more years of creditable service or (2)
22 if retirement occurred prior to age 55, the retirement annuity
23 was based on 20 or more years of creditable service.

24 (b) An annuitant entitled to increases under this Section
25 shall be entitled to the initial increase as of the later of:

1 (1) January 1 following attainment of age 65, (2) January 1
2 following the first anniversary of retirement, or (3) the first
3 day of the month following receipt of the required qualifying
4 contribution from the annuitant. The initial monthly increase
5 shall be computed on the basis of the period elapsed between
6 the later of the date of last retirement or attainment of age
7 50 and the date of qualification for the initial increase, at
8 the rate of 1 1/2% of the original monthly retirement annuity
9 per year for periods prior to September 1, 1971, and at the
10 rate of 2% per year for periods between September 1, 1971 and
11 September 1, 1978, and at the rate of 3% per year for periods
12 thereafter.

13 Except as otherwise provided in subsection (b-1), (b-2),
14 (b-3), or (b-4), if applicable, an ~~An~~ annuitant who has
15 received an initial increase under this Section, shall be
16 entitled, on each January 1 following the granting of the
17 initial increase, to an increase of 3% of the original monthly
18 retirement annuity for increases granted prior to January 1,
19 1990, and equal to 3% of the total annuity, including previous
20 increases under this Section, for increases granted on or after
21 January 1, 1990. The original monthly retirement annuity for
22 computations under this subsection (b) shall be considered to
23 be \$83.34 for any annuitant entitled to benefits under Section
24 16-134. The minimum original disability retirement annuity for
25 computations under this subsection (b) shall be considered to
26 be \$33.34 per month for any annuitant retired on account of

1 disability.

2 (b-1) Notwithstanding any other provision of this Article,
3 for a Tier I employee who made the election under item (i) of
4 paragraph (1) of subsection (a) of Section 16-122.9, the amount
5 of each automatic annual increase in retirement annuity
6 occurring on or after the effective date of that election,
7 other than the initial increase, shall be 3% of the originally
8 granted retirement annuity.

9 (b-2) Notwithstanding any other provision of this Article,
10 for a Tier I employee who made the election under item (i) of
11 paragraph (1) of subsection (a) of Section 16-122.9, once the
12 initial annual increase under this Section has been granted,
13 the next 2 scheduled annual increases shall be skipped, and
14 thereafter all annual increases shall be granted.

15 (b-3) Notwithstanding any other provision of this Article,
16 for a Tier I employee who made the election under item (ii) of
17 paragraph (1) of subsection (a) of Section 16-122.9, once the
18 first annual increase under this Section has been granted, the
19 next 3 scheduled annual increases shall be skipped, and
20 thereafter all annual increases shall be granted.

21 (b-4) Notwithstanding any other provision of this Article,
22 for a Tier I retiree who made the election under paragraph (1)
23 of subsection (a-5) of Section 16-122.9:

24 (1) if the Tier I retiree has not received the initial
25 annual increase under this Section as of the effective date
26 of this amendatory Act of the 98th General Assembly, then

1 once the initial annual increase under this Section has
2 been granted, the next scheduled annual increase shall be
3 skipped, the following annual increase shall be granted,
4 the next annual increase shall be skipped, and thereafter
5 all annual increases shall be granted; and

6 (2) if the Tier I retiree has received the initial
7 annual increase under this Section as of the effective date
8 of this amendatory Act of the 98th General Assembly, then
9 the next annual increase after that effective date shall be
10 skipped, the following annual increase shall be granted,
11 the next annual increase shall be skipped, and thereafter
12 all annual increases shall be granted.

13 (c) An annuitant who otherwise qualifies for annual
14 increases under this Section must make a one-time payment of 1%
15 of the monthly final average salary for each full year of the
16 creditable service forming the basis of the retirement annuity
17 or, if the retirement annuity was not computed using final
18 average salary, 1% of the original monthly retirement annuity
19 for each full year of service forming the basis of the
20 retirement annuity.

21 (d) In addition to other increases which may be provided by
22 this Section, regardless of creditable service, annuitants not
23 meeting the service requirements of Section 16-133.1 and whose
24 retirement annuity began on or before January 1, 1971 shall
25 receive, on January 1, 1981, an increase in the retirement
26 annuity then being paid of one dollar per month for each year

1 of creditable service forming the basis of the retirement
2 allowance. On January 1, 1982, annuitants whose retirement
3 annuity began on or before January 1, 1977, shall receive an
4 increase in the retirement annuity then being paid of one
5 dollar per month for each year of creditable service.

6 On January 1, 1987, any annuitant whose retirement annuity
7 began on or before January 1, 1977, shall receive an increase
8 in the monthly retirement annuity equal to 8¢ per year of
9 creditable service times the number of years that have elapsed
10 since the annuity began.

11 (Source: P.A. 86-273.)

12 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

13 Sec. 16-152. Contributions by members.

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

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

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

22 (3) Effective July 24, 1959, contributions of 1% of
23 salary towards the cost of survivor benefits. Such
24 contributions shall not be credited to the individual
25 account of the member and shall not be subject to refund

1 except as provided under Section 16-143.2.

2 (4) Effective July 1, 2005, contributions of 0.40% of
3 salary toward the cost of the early retirement without
4 discount option provided under Section 16-133.2. This
5 contribution shall cease upon termination of the early
6 retirement without discount option as provided in Section
7 16-176.

8 (a-1) In addition to the contributions required under
9 subsection (a), a member who elects to participate in the
10 optional cash balance plan under Section 1-162 shall pay to the
11 System for the purpose of participating in the optional cash
12 balance plan a contribution of 2% of each payment of
13 compensation received while he or she is a participant in the
14 optional cash balance plan. These contributions shall not be
15 used for the purpose of determining any benefit under this
16 Article except as provided in the optional cash balance plan.

17 (a-5) In addition to the contributions otherwise required
18 under this Article, each Tier I member who made the election
19 under item (ii) of paragraph (1) of subsection (a) of Section
20 16-122.9 shall also make the following contributions toward the
21 cost of the retirement annuity from each payment of salary:

22 (1) beginning July 1, 2014 and through June 30, 2015,
23 1% of salary; and

24 (2) beginning on July 1, 2015, 2% of salary.

25 Except as otherwise specified, these contributions are to
26 be considered as normal contributions for purposes of this

1 Article.

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

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

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

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

26 (1) The contributions shall be refunded to the member,

1 without interest, within 120 days after the member's
2 retirement annuity commences, if the member does not elect
3 early retirement without discount under Section 16-133.2.

4 (2) The contributions shall be included, without
5 interest, in any refund claimed by the member under Section
6 16-151.

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

12 (4) The contributions shall be refunded to the member,
13 without interest, within 120 days after the early
14 retirement without discount option provided under Section
15 16-133.2 is terminated under Section 16-176.

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

17 (40 ILCS 5/16-158.2 new)

18 Sec. 16-158.2. Obligations of State; funding guarantee.
19 The State shall be contractually obligated to contribute to the
20 System in each State fiscal year an amount not less than the
21 sum required in Section 16-158 as that Section existed prior to
22 the effective date of this amendatory Act of the 98th General
23 Assembly.

24 The obligations created under this Section are contractual
25 obligations protected and enforceable under Article I, Section

1 16 and Article XIII, Section 5 of the Illinois Constitution.

2 Notwithstanding any other provision of law, if the State
3 fails to pay in a State fiscal year the amount guaranteed under
4 this Section, the System may bring a mandamus action in the
5 Circuit Court of Sangamon County to compel the State to make
6 that payment, irrespective of other remedies that may be
7 available to the System. It shall be the mandatory fiduciary
8 obligation of the Board of the System to bring that action if
9 the State fails to pay in the fiscal year the amount guaranteed
10 under this Section. Before commencing that action, the Board
11 shall submit a voucher for contributions required under Section
12 16-158. If the State fails to pay a vouchered amount within 90
13 days after receiving a voucher for that amount, then the Board
14 shall submit a written request to the Comptroller seeking
15 payment of that amount. A copy of the request shall be filed
16 with the Secretary of State, and the Secretary of State shall
17 provide copies of the request to the Governor and General
18 Assembly. No earlier than the 16th day after filing a request
19 with the Secretary, but no later than the 21st day after filing
20 that request, the Board may commence such an action in the
21 Circuit Court. If the Board fails to commence such action on or
22 before the 21st day after filing the request with the Secretary
23 of State, then any Tier I employee or Tier I retiree who has
24 made the election under paragraph (1) of subsection (a) or
25 (a-5) of Section 16-122.9 may file a mandamus action against
26 the Board to compel the Board to commence its mandamus action

1 against the State. This Section constitutes an express waiver
2 of the State's sovereign immunity. In ordering the State to
3 make the required payment, the court may order a reasonable
4 payment schedule to enable the State to make the required
5 payment. The obligations and causes of action created under
6 this subsection (b) shall be in addition to any other right or
7 remedy otherwise accorded by common law, or State or federal
8 law, and nothing in this subsection (b) shall be construed to
9 deny, abrogate, impair, or waive any such common law or
10 statutory right or remedy.

11 Any payments required to be made by the State pursuant to
12 this Section are expressly subordinated to the payment of the
13 principal, interest, and premium, if any, on any bonded debt
14 obligation of the State or any other State-created entity,
15 either currently outstanding or to be issued, for which the
16 source of repayment or security thereon is derived directly or
17 indirectly from tax revenues collected by the State or any
18 other State-created entity. Payments on such bonded
19 obligations include any statutory fund transfers or other
20 prefunding mechanisms or formulas set forth, now or hereafter,
21 in State law or bond indentures, into debt service funds or
22 accounts of the State related to such bonded obligations,
23 consistent with the payment schedules associated with such
24 obligations.

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 by Public Act 95-910 or this
11 amendatory Act of the 98th ~~95th~~ General Assembly.

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

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

21 Every new benefit increase is contingent upon the General
22 Assembly providing the additional funding required under this
23 subsection. The Commission on Government Forecasting and
24 Accountability shall analyze whether adequate additional
25 funding has been provided for the new benefit increase and
26 shall report its analysis to the Public Pension Division of the

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

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

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

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

2 Section 35. The School Code is amended by changing Sections
3 24-1 and 24-8 as follows:

4 (105 ILCS 5/24-1) (from Ch. 122, par. 24-1)

5 Sec. 24-1. Appointment-Salaries-Payment-School
6 month-School term.) School boards shall appoint all teachers,
7 determine qualifications of employment and fix the amount of
8 their salaries subject to any limitation set forth in this Act
9 and subject to any applicable restrictions in Section 14-106.5,
10 15-132.9, or 16-122.9 of the Illinois Pension Code. They shall
11 pay the wages of teachers monthly, subject, however, to the
12 provisions of Section 24-21. The school month shall be the same
13 as the calendar month but by resolution the school board may
14 adopt for its use a month of 20 days, including holidays. The
15 school term shall consist of at least the minimum number of
16 pupil attendance days required by Section 10-19, any additional
17 legal school holidays, days of teachers' institutes, or
18 equivalent professional educational experiences, and one or
19 two days at the beginning of the school term when used as a
20 teachers' workshop.

21 (Source: P.A. 80-249.)

22 (105 ILCS 5/24-8) (from Ch. 122, par. 24-8)

23 Sec. 24-8. Minimum salary. In fixing the salaries of

1 teachers, school boards shall pay those who serve on a
2 full-time basis not less than a rate for the school year that
3 is based upon training completed in a recognized institution of
4 higher learning, as follows: for the school year beginning July
5 1, 1980 and thereafter, less than a bachelor's degree, \$9,000;
6 120 semester hours or more and a bachelor's degree, \$10,000;
7 150 semester hours or more and a master's degree, \$11,000.

8 Based upon previous public school experience in this State
9 or any other State, territory, dependency or possession of the
10 United States, or in schools operated by or under the auspices
11 of the United States, teachers who serve on a full-time basis
12 shall have their salaries increased to at least the following
13 amounts above the starting salary for a teacher in such
14 district in the same classification: with less than a
15 bachelor's degree, \$750 after 5 years; with 120 semester hours
16 or more and a bachelor's degree, \$1,000 after 5 years and
17 \$1,600 after 8 years; with 150 semester hours or more and a
18 master's degree, \$1,250 after 5 years, \$2,000 after 8 years and
19 \$2,750 after 13 years. However, any salary increase is subject
20 to any applicable restrictions in Section 14-106.5, 15-132.9,
21 or 16-122.9 of the Illinois Pension Code.

22 For the purpose of this Section a teacher's salary shall
23 include any amount paid by the school district on behalf of the
24 teacher, as teacher contributions, to the Teachers' Retirement
25 System of the State of Illinois.

26 If a school board establishes a schedule for teachers'

1 salaries based on education and experience, not inconsistent
2 with this Section, all certificated nurses employed by that
3 board shall be paid in accordance with the provisions of such
4 schedule (subject to any applicable restrictions in Section
5 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code).

6 For purposes of this Section, a teacher who submits a
7 certificate of completion to the school office prior to the
8 first day of the school term shall be considered to have the
9 degree stated in such certificate.

10 (Source: P.A. 83-913.)

11 Section 40. The State Universities Civil Service Act is
12 amended by changing Section 36d as follows:

13 (110 ILCS 70/36d) (from Ch. 24 1/2, par. 38b3)

14 Sec. 36d. Powers and duties of the Merit Board.

15 The Merit Board shall have the power and duty-

16 (1) To approve a classification plan prepared under its
17 direction, assigning to each class positions of substantially
18 similar duties. The Merit Board shall have power to delegate to
19 its Director the duty of assigning each position in the
20 classified service to the appropriate class in the
21 classification plan approved by the Merit Board.

22 (2) To prescribe the duties of each class of positions and
23 the qualifications required by employment in that class.

24 (3) To prescribe the range of compensation for each class

1 or to fix a single rate of compensation for employees in a
2 particular class; and to establish other conditions of
3 employment which an employer and employee representatives have
4 agreed upon as fair and equitable. The Merit Board shall direct
5 the payment of the "prevailing rate of wages" in those
6 classifications in which, on January 1, 1952, any employer is
7 paying such prevailing rate and in such other classes as the
8 Merit Board may thereafter determine. "Prevailing rate of
9 wages" as used herein shall be the wages paid generally in the
10 locality in which the work is being performed to employees
11 engaged in work of a similar character. Subject to any
12 applicable restrictions in Section 14-106.5, 15-132.9, or
13 16-122.9 of the Illinois Pension Code, each ~~Each~~ employer
14 covered by the University System shall be authorized to
15 negotiate with representatives of employees to determine
16 appropriate ranges or rates of compensation or other conditions
17 of employment and may recommend to the Merit Board for
18 establishment the rates or ranges or other conditions of
19 employment which the employer and employee representatives
20 have agreed upon as fair and equitable, but excluding the
21 changes, the impact of changes, and the implementation of the
22 changes set forth in this amendatory Act of the 98th General
23 Assembly. Any rates or ranges established prior to January 1,
24 1952, and hereafter, shall not be changed except in accordance
25 with the procedures herein provided.

26 (4) To recommend to the institutions and agencies specified

1 in Section 36e standards for hours of work, holidays, sick
2 leave, overtime compensation and vacation for the purpose of
3 improving conditions of employment covered therein and for the
4 purpose of insuring conformity with the prevailing rate
5 principal.

6 (5) To prescribe standards of examination for each class,
7 the examinations to be related to the duties of such class. The
8 Merit Board shall have power to delegate to the Director and
9 his staff the preparation, conduct and grading of examinations.
10 Examinations may be written, oral, by statement of training and
11 experience, in the form of tests of knowledge, skill, capacity,
12 intellect, aptitude; or, by any other method, which in the
13 judgment of the Merit Board is reasonable and practical for any
14 particular classification. Different examining procedures may
15 be determined for the examinations in different
16 classifications but all examinations in the same
17 classification shall be uniform.

18 (6) To authorize the continuous recruitment of personnel
19 and to that end, to delegate to the Director and his staff the
20 power and the duty to conduct open and continuous competitive
21 examinations for all classifications of employment.

22 (7) To cause to be established from the results of
23 examinations registers for each class of positions in the
24 classified service of the State Universities Civil Service
25 System, of the persons who shall attain the minimum mark fixed
26 by the Merit Board for the examination; and such persons shall

1 take rank upon the registers as candidates in the order of
2 their relative excellence as determined by examination,
3 without reference to priority of time of examination.

4 (8) To provide by its rules for promotions in the
5 classified service. Vacancies shall be filled by promotion
6 whenever practicable. For the purpose of this paragraph, an
7 advancement in class shall constitute a promotion.

8 (9) To set a probationary period of employment of no less
9 than 6 months and no longer than 12 months for each class of
10 positions in the classification plan, the length of the
11 probationary period for each class to be determined by the
12 Director.

13 (10) To provide by its rules for employment at regular
14 rates of compensation of physically handicapped persons in
15 positions in which the handicap does not prevent the individual
16 from furnishing satisfactory service.

17 (11) To make and publish rules, to carry out the purpose of
18 the State Universities Civil Service System and for
19 examination, appointments, transfers and removals and for
20 maintaining and keeping records of the efficiency of officers
21 and employees and groups of officers and employees in
22 accordance with the provisions of Sections 36b to 36q,
23 inclusive, and said Merit Board may from time to time make
24 changes in such rules.

25 (12) To appoint a Director and such assistants and other
26 clerical and technical help as may be necessary efficiently to

1 administer Sections 36b to 36q, inclusive. To authorize the
2 Director to appoint an assistant resident at the place of
3 employment of each employer specified in Section 36e and this
4 assistant may be authorized to give examinations and to certify
5 names from the regional registers provided in Section 36k.

6 (13) To submit to the Governor of this state on or before
7 November 1 of each year prior to the regular session of the
8 General Assembly a report of the University System's business
9 and an estimate of the amount of appropriation from state funds
10 required for the purpose of administering the University
11 System.

12 (Source: P.A. 82-524.)

13 Section 45. The University of Illinois Act is amended by
14 adding Section 85 as follows:

15 (110 ILCS 305/85 new)

16 Sec. 85. Future increases in income. The University of
17 Illinois must not pay, offer, or agree to pay any future
18 increase in income, as that term is defined in Section
19 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code,
20 to any person in a manner that violates any of those Sections.

21 Section 50. The Southern Illinois University Management
22 Act is amended by adding Section 70 as follows:

1 (110 ILCS 520/70 new)

2 Sec. 70. Future increases in income. Southern Illinois
3 University must not pay, offer, or agree to pay any future
4 increase in income, as that term is defined in Section
5 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code,
6 to any person in a manner that violates any of those Sections.

7 Section 55. The Chicago State University Law is amended by
8 adding Section 5-180 as follows:

9 (110 ILCS 660/5-180 new)

10 Sec. 5-180. Future increases in income. Chicago State
11 University must not pay, offer, or agree to pay any future
12 increase in income, as that term is defined in Section
13 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code,
14 to any person in a manner that violates any of those Sections.

15 Section 60. The Eastern Illinois University Law is amended
16 by adding Section 10-180 as follows:

17 (110 ILCS 665/10-180 new)

18 Sec. 10-180. Future increases in income. Eastern Illinois
19 University must not pay, offer, or agree to pay any future
20 increase in income, as that term is defined in Section
21 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code,
22 to any person in a manner that violates any of those Sections.

1 Section 65. The Governors State University Law is amended
2 by adding Section 15-180 as follows:

3 (110 ILCS 670/15-180 new)

4 Sec. 15-180. Future increases in income. Governors State
5 University must not pay, offer, or agree to pay any future
6 increase in income, as that term is defined in Section
7 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code,
8 to any person in a manner that violates any of those Sections.

9 Section 70. The Illinois State University Law is amended by
10 adding Section 20-185 as follows:

11 (110 ILCS 675/20-185 new)

12 Sec. 20-185. Future increases in income. Illinois State
13 University must not pay, offer, or agree to pay any future
14 increase in income, as that term is defined in Section
15 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code,
16 to any person in a manner that violates any of those Sections.

17 Section 75. The Northeastern Illinois University Law is
18 amended by adding Section 25-180 as follows:

19 (110 ILCS 680/25-180 new)

20 Sec. 25-180. Future increases in income. Northeastern

1 Illinois University must not pay, offer, or agree to pay any
2 future increase in income, as that term is defined in Section
3 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code,
4 to any person in a manner that violates any of those Sections.

5 Section 80. The Northern Illinois University Law is amended
6 by adding Section 30-190 as follows:

7 (110 ILCS 685/30-190 new)

8 Sec. 30-190. Future increases in income. Northern Illinois
9 University must not pay, offer, or agree to pay any future
10 increase in income, as that term is defined in Section
11 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code,
12 to any person in a manner that violates any of those Sections.

13 Section 85. The Western Illinois University Law is amended
14 by adding Section 35-185 as follows:

15 (110 ILCS 690/35-185 new)

16 Sec. 35-185. Future increases in income. Western Illinois
17 University must not pay, offer, or agree to pay any future
18 increase in income, as that term is defined in Section
19 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code,
20 to any person in a manner that violates any of those Sections.

21 Section 90. The Public Community College Act is amended by

1 changing Sections 3-26 and 3-42 as follows:

2 (110 ILCS 805/3-26) (from Ch. 122, par. 103-26)

3 Sec. 3-26. (a) To make appointments and fix the salaries of
4 a chief administrative officer, who shall be the executive
5 officer of the board, other administrative personnel, and all
6 teachers, but subject to any applicable restrictions in Section
7 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code.
8 In making these appointments and fixing the salaries, the board
9 may make no discrimination on account of sex, race, creed,
10 color or national origin.

11 (b) Upon the written request of an employee, to withhold
12 from the compensation of that employee the membership dues of
13 such employee payable to any specified labor organization as
14 defined in the Illinois Educational Labor Relations Act. Under
15 such arrangement, an amount shall be withheld for each regular
16 payroll period which is equal to the prorata share of the
17 annual membership dues plus any payments or contributions and
18 the board shall pay such withholding to the specified labor
19 organization within 10 working days from the time of the
20 withholding.

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

22 (110 ILCS 805/3-42) (from Ch. 122, par. 103-42)

23 Sec. 3-42. To employ such personnel as may be needed, to
24 establish policies governing their employment and dismissal,

1 and to fix the amount of their compensation, subject to any
2 applicable restrictions in Section 14-106.5, 15-132.9, or
3 16-122.9 of the Illinois Pension Code. In the employment,
4 establishment of policies and fixing of compensation the board
5 may make no discrimination on account of sex, race, creed,
6 color or national origin.

7 Residence within any community college district or outside
8 any community college district shall not be considered:

9 (a) in determining whether to retain or not retain any
10 employee of a community college employed prior to July 1,
11 1977 or prior to the adoption by the community college
12 board of a resolution making residency within the community
13 college district of some or all employees a condition of
14 employment, whichever is later;

15 (b) in assigning, promoting or transferring any
16 employee of a community college to an office or position
17 employed prior to July 1, 1977 or prior to the adoption by
18 the community college board of a resolution making
19 residency within the community college district of some or
20 all employees a condition of employment, whichever is
21 later; or

22 (c) in determining the salary or other compensation of
23 any employee of a community college.

24 (Source: P.A. 80-248.)

25 Section 95. The Illinois Educational Labor Relations Act is

1 amended by changing Section 4 as follows:

2 (115 ILCS 5/4) (from Ch. 48, par. 1704)

3 Sec. 4. Employer rights. Employers shall not be required to
4 bargain over matters of inherent managerial policy, which shall
5 include such areas of discretion or policy as the functions of
6 the employer, standards of services, its overall budget, the
7 organizational structure and selection of new employees and
8 direction of employees. Employers, however, shall be required
9 to bargain collectively with regard to policy matters directly
10 affecting wages, hours and terms and conditions of employment
11 as well as the impact thereon upon request by employee
12 representatives, but excluding (i) the payment of the
13 additional member contributions set forth in subsections (a-1)
14 and (a-5) of Sections 14-133, 15-157, and 16-152 of the
15 Illinois Pension Code and (ii) the provision of compensation or
16 benefits to employees who make an election under Section
17 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code in
18 order to offset all or part of any compensation or benefit
19 limitations included as part of the elections under those
20 Sections. To preserve the rights of employers and exclusive
21 representatives which have established collective bargaining
22 relationships or negotiated collective bargaining agreements
23 prior to the effective date of this Act, employers shall be
24 required to bargain collectively with regard to any matter
25 concerning wages, hours or conditions of employment about which

1 they have bargained for and agreed to in a collective
2 bargaining agreement prior to the effective date of this Act,
3 but excluding (i) the payment of the additional member
4 contributions set forth in subsections (a-1) and (a-5) of
5 Sections 14-133, 15-157, and 16-152 of the Illinois Pension
6 Code and (ii) the provision of compensation or benefits to
7 employees who make an election under Section 14-106.5,
8 15-132.9, or 16-122.9 of the Illinois Pension Code in order to
9 offset all or part of any compensation or benefit limitations
10 included as part of the elections under those Sections.

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

12 Section 100. The State Mandates Act is amended by adding
13 Section 8.37 as follows:

14 (30 ILCS 805/8.37 new)

15 Sec. 8.37. Exempt mandate. Notwithstanding Sections 6 and 8
16 of this Act, no reimbursement by the State is required for the
17 implementation of any mandate created by this amendatory Act of
18 the 98th General Assembly.

19 Section 197. Severability.

20 (a) Except as otherwise provided in this Act, and except as
21 provided in subsection (b), the provisions of this Act are
22 severable under Section 1.31 of the Statute on Statutes.

23 (b) If any benefit change made by this amendatory Act in an

1 Article of the Illinois Pension Code is determined to be
2 unconstitutional or otherwise invalid by a final unappealable
3 decision of an Illinois court or a court of competent
4 jurisdiction, then the State funding guarantee provisions
5 added to that Article by this amendatory Act shall also be
6 invalid, and those funding guarantee provisions shall be
7 contingent upon and inseverable from those benefit changes.

8 Section 999. Effective date. This Act takes effect upon
9 becoming law.