



Sen. John J. Cullerton

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1 AMENDMENT TO SENATE BILL 2404

2 AMENDMENT NO. _____. Amend Senate Bill 2404 by replacing
3 everything after the enacting clause with the following:

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

1 excluding (i) the payment of the additional member
2 contributions set forth in subsections (a-1) and (a-5) of
3 Sections 14-133, 15-157, and 16-152 of the Illinois Pension
4 Code and (ii) the provision of compensation or benefits to
5 employees who make the election under Section 14-106.5,
6 15-132.9, or 16-122.9 of the Illinois Pension Code in order to
7 offset all or part of any compensation or benefit limitations
8 included as part of the elections under those Sections.

9 To preserve the rights of employers and exclusive
10 representatives which have established collective bargaining
11 relationships or negotiated collective bargaining agreements
12 prior to the effective date of this Act, employers shall be
13 required to bargain collectively with regard to any matter
14 concerning wages, hours or conditions of employment about which
15 they have bargained for and agreed to in a collective
16 bargaining agreement prior to the effective date of this Act,
17 but 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
24 included as part of the elections under those Sections.

25 The chief judge of the judicial circuit that employs a
26 public employee who is a court reporter, as defined in the

1 Court Reporters Act, has the authority to hire, appoint,
2 promote, evaluate, discipline, and discharge court reporters
3 within that judicial circuit.

4 Nothing in this amendatory Act of the 94th General Assembly
5 shall be construed to intrude upon the judicial functions of
6 any court. This amendatory Act of the 94th General Assembly
7 applies only to nonjudicial administrative matters relating to
8 the collective bargaining rights of court reporters.

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

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

13 (5 ILCS 375/6.9)

14 Sec. 6.9. Health benefits for community college benefit
15 recipients and community college dependent beneficiaries.

16 (a) Purpose. It is the purpose of this amendatory Act of
17 1997 to establish a uniform program of health benefits for
18 community college benefit recipients and their dependent
19 beneficiaries under the administration of the Department of
20 Central Management Services.

21 (b) Creation of program. Beginning July 1, 1999, the
22 Department of Central Management Services shall be responsible
23 for administering a program of health benefits for community
24 college benefit recipients and community college dependent

1 beneficiaries under this Section. The State Universities
2 Retirement System and the boards of trustees of the various
3 community college districts shall cooperate with the
4 Department in this endeavor.

5 (c) Eligibility. All community college benefit recipients
6 and community college dependent beneficiaries shall be
7 eligible to participate in the program established under this
8 Section, without any interruption or delay in coverage or
9 limitation as to pre-existing medical conditions. Eligibility
10 to participate shall be determined by the State Universities
11 Retirement System. Eligibility information shall be
12 communicated to the Department of Central Management Services
13 in a format acceptable to the Department.

14 (d) Coverage. The health benefit coverage provided under
15 this Section shall be a program of health, dental, and vision
16 benefits.

17 The program of health benefits under this Section may
18 include any or all of the benefit limitations, including but
19 not limited to a reduction in benefits based on eligibility for
20 federal medicare benefits, that are provided under subsection
21 (a) of Section 6 of this Act for other health benefit programs
22 under this Act.

23 (e) Insurance rates and premiums. The Director shall
24 determine the insurance rates and premiums for community
25 college benefit recipients and community college dependent
26 beneficiaries. Rates and premiums may be based in part on age

1 and eligibility for federal Medicare coverage. The Director
2 shall also determine premiums that will allow for the
3 establishment of an actuarially sound reserve for this program.

4 The cost of health benefits under the program shall be paid
5 as follows:

6 (1) For a community college benefit recipient, costs
7 shall be an amount equal to the difference between the
8 projected costs of health benefits under the program and
9 projected contributions from community college districts,
10 active contributors, and other income of the program. Other
11 income of the program shall exclude contributions made by
12 the State to retire unpaid claims of the program up to 75%
13 ~~of the total insurance rate shall be paid from the~~
14 ~~Community College Health Insurance Security Fund.~~

15 (2) The balance of the rate of insurance, including the
16 entire premium for any coverage for community college
17 dependent beneficiaries that has been elected, shall be
18 paid by deductions authorized by the community college
19 benefit recipient to be withheld from his or her monthly
20 annuity or benefit payment from the State Universities
21 Retirement System; except that (i) if the balance of the
22 cost of coverage exceeds the amount of the monthly annuity
23 or benefit payment, the difference shall be paid directly
24 to the State Universities Retirement System by the
25 community college benefit recipient, and (ii) all or part
26 of the balance of the cost of coverage may, at the option

1 of the board of trustees of the community college district,
2 be paid to the State Universities Retirement System by the
3 board of the community college district from which the
4 community college benefit recipient retired. The State
5 Universities Retirement System shall promptly deposit all
6 moneys withheld by or paid to it under this subdivision
7 (e)(2) into the Community College Health Insurance
8 Security Fund. These moneys shall not be considered assets
9 of the State Universities Retirement System.

10 (f) Financing. All revenues arising from the
11 administration of the health benefit program established under
12 this Section shall be deposited into the Community College
13 Health Insurance Security Fund, which is hereby created as a
14 nonappropriated trust fund to be held outside the State
15 Treasury, with the State Treasurer as custodian. Any interest
16 earned on moneys in the Community College Health Insurance
17 Security Fund shall be deposited into the Fund.

18 Moneys in the Community College Health Insurance Security
19 Fund shall be used only to pay the costs of the health benefit
20 program established under this Section, including associated
21 administrative costs and the establishment of a program
22 reserve. Beginning January 1, 1999, the Department of Central
23 Management Services may make expenditures from the Community
24 College Health Insurance Security Fund for those costs.

25 (g) Contract for benefits. The Director shall by contract,
26 self-insurance, or otherwise make available the program of

1 health benefits for community college benefit recipients and
2 their community college dependent beneficiaries that is
3 provided for in this Section. The contract or other arrangement
4 for the provision of these health benefits shall be on terms
5 deemed by the Director to be in the best interest of the State
6 of Illinois and the community college benefit recipients based
7 on, but not limited to, such criteria as administrative cost,
8 service capabilities of the carrier or other contractor, and
9 the costs of the benefits.

10 (h) Continuation of program. It is the intention of the
11 General Assembly that the program of health benefits provided
12 under this Section be maintained on an ongoing, affordable
13 basis. The program of health benefits provided under this
14 Section may be amended by the State and is not intended to be a
15 pension or retirement benefit subject to protection under
16 Article XIII, Section 5 of the Illinois Constitution.

17 (i) Other health benefit plans. A health benefit plan
18 provided by a community college district (other than a
19 community college district subject to Article VII of the Public
20 Community College Act) under the terms of a collective
21 bargaining agreement in effect on or prior to the effective
22 date of this amendatory Act of 1997 shall continue in force
23 according to the terms of that agreement, unless otherwise
24 mutually agreed by the parties to that agreement and the
25 affected retiree. A community college benefit recipient or
26 community college dependent beneficiary whose coverage under

1 such a plan expires shall be eligible to begin participating in
2 the program established under this Section without any
3 interruption or delay in coverage or limitation as to
4 pre-existing medical conditions.

5 This Act does not prohibit any community college district
6 from offering additional health benefits for its retirees or
7 their dependents or survivors.

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

9 (5 ILCS 375/6.10)

10 Sec. 6.10. Contributions to the Community College Health
11 Insurance Security Fund.

12 (a) Beginning January 1, 1999, every active contributor of
13 the State Universities Retirement System (established under
14 Article 15 of the Illinois Pension Code) who (1) is a full-time
15 employee of a community college district (other than a
16 community college district subject to Article VII of the Public
17 Community College Act) or an association of community college
18 boards and (2) is not an employee as defined in Section 3 of
19 this Act shall make contributions toward the cost of community
20 college annuitant and survivor health benefits at the rate of
21 0.50% of salary. Beginning July 1, 2014, the contribution rate
22 under this subsection (a) shall be 0.93% of salary.

23 These contributions shall be deducted by the employer and
24 paid to the State Universities Retirement System as service
25 agent for the Department of Central Management Services. The

1 System may use the same processes for collecting the
2 contributions required by this subsection that it uses to
3 collect the contributions received from those employees under
4 Section 15-157 of the Illinois Pension Code. An employer may
5 agree to pick up or pay the contributions required under this
6 subsection on behalf of the employee; such contributions shall
7 be deemed to have been paid by the employee.

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

18 (b) Beginning January 1, 1999, every community college
19 district (other than a community college district subject to
20 Article VII of the Public Community College Act) or association
21 of community college boards that is an employer under the State
22 Universities Retirement System shall contribute toward the
23 cost of the community college health benefits provided under
24 Section 6.9 of this Act an amount equal to 0.50% of the salary
25 paid to its full-time employees who participate in the State
26 Universities Retirement System and are not members as defined

1 in Section 3 of this Act. Beginning July 1, 2014, the
2 contribution rate under this subsection (b) shall be 0.93% of
3 salary.

4 These contributions shall be paid by the employer to the
5 State Universities Retirement System as service agent for the
6 Department of Central Management Services. The System may use
7 the same processes for collecting the contributions required by
8 this subsection that it uses to collect the contributions
9 received from those employers under Section 15-155 of the
10 Illinois Pension Code.

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

21 The Department of Healthcare and Family Services, or any
22 successor agency designated to procure healthcare contracts
23 pursuant to this Act, is authorized to establish funds,
24 separate accounts provided by any bank or banks as defined by
25 the Illinois Banking Act, or separate accounts provided by any
26 savings and loan association or associations as defined by the

1 Illinois Savings and Loan Act of 1985 to be held by the
2 Director, outside the State treasury, for the purpose of
3 receiving the transfer of moneys from the Community College
4 Health Insurance Security Fund. The Department may promulgate
5 rules further defining the methodology for the transfers. Any
6 interest earned by moneys in the funds or accounts shall inure
7 to the Community College Health Insurance Security Fund. The
8 transferred moneys, and interest accrued thereon, shall be used
9 exclusively for transfers to administrative service
10 organizations or their financial institutions for payments of
11 claims to claimants and providers under the self-insurance
12 health plan. The transferred moneys, and interest accrued
13 thereon, shall not be used for any other purpose including, but
14 not limited to, reimbursement of administration fees due the
15 administrative service organization pursuant to its contract
16 or contracts with the Department.

17 (c) On or before November 15 of each year, the Board of
18 Trustees of the State Universities Retirement System shall
19 certify to the Governor, the Director of Central Management
20 Services, and the State Comptroller its estimate of the total
21 amount of contributions to be paid under subsection (a) of this
22 Section for the next fiscal year. Beginning in fiscal year
23 2008, the amount certified shall be decreased or increased each
24 year by the 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 the previous

1 fiscal year. The State Universities Retirement System shall
2 calculate the amount of actual active employee contributions in
3 fiscal years 1999 through 2005. Based upon this calculation,
4 the fiscal year 2008 certification shall include an amount
5 equal to the cumulative amount that the actual active employee
6 contributions either fell short of or exceeded the estimate
7 used by the Board in making the certification for those fiscal
8 years. The certification shall include a detailed explanation
9 of the methods and information that the Board relied upon in
10 preparing its estimate. As soon as possible after the effective
11 date of this Section, the Board shall submit its estimate for
12 fiscal year 1999.

13 (d) Beginning in fiscal year 1999, on the first day of each
14 month, or as soon thereafter as may be practical, the State
15 Treasurer and the State Comptroller shall transfer from the
16 General Revenue Fund to the Community College Health Insurance
17 Security Fund 1/12 of the annual amount appropriated for that
18 fiscal year to the State Comptroller for deposit into the
19 Community College Health Insurance Security Fund under Section
20 1.4 of the State Pension Funds Continuing Appropriation Act.

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

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

1 Sec. 6.10A. City colleges; optional participation in
2 program of health benefits. Notwithstanding any other
3 provision of this Act, the Department of Central Management
4 Services shall adopt rules authorizing optional participation
5 in the program of health benefits for community college benefit
6 recipients and community college dependent beneficiaries by
7 any person who is otherwise ineligible to participate in that
8 program solely as a result of that or another person's
9 employment with a community college district subject to Article
10 VII of the Public Community College Act.

11 (5 ILCS 375/6.16 new)

12 Sec. 6.16. Health benefit election for Tier I employees and
13 Tier I retirees.

14 (a) For purposes of this Section:

15 "Eligible Tier I employee" means, except as provided in
16 subsection (g) of this Section, an individual who makes or is
17 deemed to have made an election under paragraph (1) of
18 subsection (a) of Section 2-110.3, 14-106.5, 15-132.9, or
19 16-122.9 of the Illinois Pension Code.

20 "Eligible Tier I retiree" means, except as provided in
21 subsection (g) of this Section, an individual who makes or is
22 deemed to have made an election under paragraph (1) of
23 subsection (a-5) of Section 2-110.3, 14-106.5, 15-132.9, or
24 16-122.9 of the Illinois Pension Code.

25 "Program of health benefits" means (i) a health plan, as

1 defined in subsection (o) of Section 3 of this Act, that is
2 designed and contracted for by the Director under this Act or
3 any successor Act or (ii) if administration of that health plan
4 is transferred to a trust established by the State or an
5 independent Board in order to provide health benefits to a
6 class of a persons that includes eligible Tier I retirees, then
7 the plan of health benefits provided through that trust.

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

18 (c) Notwithstanding subsection (b), eligible Tier I
19 employees and eligible Tier I retirees may be required to make
20 contributions toward the cost of coverage under a program of
21 health benefits.

22 (d) The vested and enforceable contractual right to a
23 program of health benefits is not offered as, and shall not be
24 considered, a pension or retirement benefit under Article XIII,
25 Section 5 of the Illinois Constitution, the Illinois Pension
26 Code, or any subsequent or successor enactment providing

1 pension benefits.

2 (e) Notwithstanding any other provision of law, except
3 subsection (g) of this Section, a Tier I employee or Tier I
4 retiree who has made an election under paragraph (2) of
5 subsection (a) or (a-5) of Section 2-110.3, 14-106.5, 15-132.9,
6 or 16-122.9 of the Illinois Pension Code, as the case may be,
7 shall not be entitled to participate in any program of health
8 benefits under this Act as an annuitant or retired employee
9 receiving a retirement annuity, regardless of any contrary
10 election pursuant to any of those Sections under any other
11 retirement system.

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

24 (f) The Department shall coordinate with each retirement
25 system administering an election in accordance with this
26 amendatory Act of the 98th General Assembly to provide

1 information concerning the impact of the election of health
2 benefits. Each System shall include information prepared by the
3 Department in the required election packet. The Department
4 shall make information available to Tier I employees and Tier I
5 retirees through video materials, group presentations,
6 consultation by telephone or other electronic means, or any
7 combination of these methods. The information in the election
8 packet shall include a notice that states: "YOU ARE HEREBY
9 ADVISED THAT THE PROGRAM OF HEALTH BENEFITS OFFERED IS FOR
10 ACCESS TO A GROUP HEALTHCARE PLAN ADMINISTERED BY THE
11 DEPARTMENT, AND YOU MAY BE REQUIRED TO PAY FOR THE FULL COST OF
12 COVERAGE PROVIDED BY THE PLAN, INCLUDING ALL PREMIUM,
13 DEDUCTIBLE, AND COPAY AMOUNTS."

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

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

19 (20 ILCS 3005/7) (from Ch. 127, par. 417)

20 Sec. 7. All statements and estimates of expenditures
21 submitted to the Office in connection with the preparation of a
22 State budget, and any other estimates of expenditures,
23 supporting requests for appropriations, shall be formulated
24 according to the various functions and activities for which the

1 respective department, office or institution of the State
2 government (including the elective officers in the executive
3 department and including the University of Illinois and the
4 judicial department) is responsible. All such statements and
5 estimates of expenditures relating to a particular function or
6 activity shall be further formulated or subject to analysis in
7 accordance with the following classification of objects:

8 (1) Personal services

9 (2) State contribution for employee group insurance

10 (3) Contractual services

11 (4) Travel

12 (5) Commodities

13 (6) Equipment

14 (7) Permanent improvements

15 (8) Land

16 (9) Electronic Data Processing

17 (10) Telecommunication services

18 (11) Operation of Automotive Equipment

19 (12) Contingencies

20 (13) Reserve

21 (14) Interest

22 (15) Awards and Grants

23 (16) Debt Retirement

24 (17) Non-cost Charges-

25 (18) State retirement contribution for annual normal cost

26 (19) State retirement contribution for unfunded accrued

1 liability.

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

3 (20 ILCS 3005/8) (from Ch. 127, par. 418)

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

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

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

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

18 (30 ILCS 105/13) (from Ch. 127, par. 149)

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

21 (1) Personal services;

22 (2) State contribution for employee group insurance;

23 (3) Contractual services;

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

19 When an appropriation is made to an officer, department,
20 institution, board, commission or other agency, or to a private
21 association or corporation, in one or more of the items above
22 specified, such appropriation shall be construed in accordance
23 with the definitions and limitations specified in this Act,
24 unless the appropriation act otherwise provides.

25 An appropriation for a purpose other than one specified and
26 defined in this Act may be made only as an additional, separate

1 and distinct item, specifically stating the object and purpose
2 thereof.

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

4 (30 ILCS 105/24.12 new)

5 Sec. 24.12. "State retirement contribution for annual
6 normal cost" defined. The term "State retirement contribution
7 for annual normal cost" means the portion of the total required
8 State contribution to a retirement system for a fiscal year
9 that represents the State's portion of the System's projected
10 normal cost for that fiscal year, as determined and certified
11 by the board of trustees of the retirement system in
12 conformance with the applicable provisions of the Illinois
13 Pension Code.

14 (30 ILCS 105/24.13 new)

15 Sec. 24.13. "State retirement contribution for unfunded
16 accrued liability" defined. The term "State retirement
17 contribution for unfunded accrued liability" means the portion
18 of the total required State contribution to a retirement system
19 for a fiscal year that is not included in the State retirement
20 contribution for annual normal cost.

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

1 (30 ILCS 122/20)

2 Sec. 20. Pension Stabilization Fund.

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

7 (b) For each fiscal year when the General Assembly's
8 appropriations and transfers or diversions as required by law
9 from general funds do not exceed 99% of the estimated general
10 funds revenues pursuant to subsection (a) of Section 10, the
11 Comptroller shall transfer from the General Revenue Fund as
12 provided by this Section a total amount equal to 0.5% of the
13 estimated general funds revenues to the Pension Stabilization
14 Fund.

15 (c) For each fiscal year through Fiscal Year 2019 when the
16 General Assembly's appropriations and transfers or diversions
17 as required by law from general funds do not exceed 98% of the
18 estimated general funds revenues pursuant to subsection (b) of
19 Section 10, the Comptroller shall transfer from the General
20 Revenue Fund as provided by this Section a total amount equal
21 to 1.0% of the estimated general funds revenues to the Pension
22 Stabilization Fund.

23 (c-5) In Fiscal Year 2020 and each fiscal year thereafter,
24 the State Comptroller shall order transferred and the State
25 Treasurer shall transfer the following amounts from the General
26 Revenue Fund to the Pension Stabilization Fund:

1 in Fiscal Year 2020, \$1,123,333,372;
2 in Fiscal Year 2021, \$1,084,470,872;
3 in Fiscal Year 2022, \$1,048,083,372;
4 in Fiscal Year 2023, \$1,014,170,872;
5 in Fiscal Year 2024, \$957,733,372;
6 in Fiscal Year 2025, \$905,683,372;
7 in Fiscal Year 2026, \$882,458,372;
8 in Fiscal Year 2027, \$861,783,372;
9 in Fiscal Year 2028, \$818,658,372;
10 in Fiscal Year 2029, \$779,358,372;
11 in Fiscal Year 2030, \$718,883,372;
12 in Fiscal Year 2031, \$663,508,372;
13 in Fiscal Year 2032, \$638,233,372;
14 in Fiscal Year 2033, \$641,783,372;
15 in Fiscal Year 2034, \$1,797,883,372;
16 in Fiscal Year 2035, \$1,797,883,372;
17 in Fiscal Year 2036, \$1,797,883,372;
18 in Fiscal Year 2037, \$1,797,883,372;
19 in Fiscal Year 2038, \$1,797,883,372;
20 in Fiscal Year 2039, \$1,797,883,372;
21 in Fiscal Year 2040, \$1,797,883,372;
22 in Fiscal Year 2041, \$1,797,883,372;
23 in Fiscal Year 2042, \$1,797,883,372;
24 in Fiscal Year 2043, \$1,797,883,372;
25 in Fiscal Year 2044, \$1,797,883,372; and
26 in Fiscal Year 2045, \$1,797,883,372.

1 (c-10) The transfers made pursuant to subsection (c-5) of
2 this Section shall continue until Fiscal Year 2045 or until
3 each of the designated retirement systems, as defined in
4 Section 25, has achieved a funding ratio of at least 90%,
5 whichever occurs first.

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

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

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

1 (30 ILCS 122/25)

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

3 (a) As used in this Section, "designated retirement
4 systems" means:

5 (1) the State Employees' Retirement System of
6 Illinois;

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

9 (3) the State Universities Retirement System;

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

11 (5) the General Assembly Retirement System.

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

1 for funding the unfunded liabilities of the retirement system.
2 Payments under this Section are authorized by the continuing
3 appropriation under Section 1.7 of the State Pension Funds
4 Continuing Appropriation Act.

5 (c) At the request of the State Comptroller, the Governor's
6 Office of Management and Budget shall determine the individual
7 and total actuarial reserve deficiencies of the designated
8 retirement systems. For this purpose, the Governor's Office of
9 Management and Budget shall consider the latest available audit
10 and actuarial reports of each of the retirement systems and the
11 relevant reports and statistics of the Public Pension Division
12 of the Department of Financial and Professional Regulation.

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

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

1 contributions pursuant to this Act.

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

3 Section 30. The Illinois Pension Code is amended by
4 changing Sections 2-108, 2-119.1, 2-125, 2-126, 2-134, 2-162,
5 7-109, 14-103.10, 14-114, 14-132, 14-133, 14-135.08, 14-152.1,
6 15-106, 15-107, 15-111, 15-136, 15-156, 15-157, 15-163,
7 15-165, 15-198, 16-106, 16-121, 16-133, 16-133.1, 16-133.6,
8 16-136.1, 16-152, and 16-203 and by adding Sections 1-161,
9 1-162, 2-105.1, 2-105.2, 2-107.9, 2-110.3, 14-103.40,
10 14-103.41, 14-103.42, 14-106.5, 15-108.1, 15-108.2, 15-112.1,
11 15-132.9, 16-107.1, 16-107.2, 16-121.1, 16-122.9, 16-133.6,
12 and 16-158.2 as follows:

13 (40 ILCS 5/1-161 new)

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

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

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

19 "Tier II Task Force" or "Task Force" means the Tier II Task
20 Force created by this Section.

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

23 (1) Two members of the House of Representatives
24 appointed by the Speaker of the House, one of whom shall

1 serve as co-chair;

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

4 (3) Two members of the Senate appointed by the
5 President of the Senate, one of whom shall serve as
6 co-chair;

7 (4) Two members of the Senate appointed by the Minority
8 Leader of the Senate; and

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

14 (c) The Task Force shall have the following
15 responsibilities:

16 (1) to examine the impact of Public Acts 96-889 and
17 96-1495 on the retirement security of Tier II members;

18 (2) to study the impact of Public Acts 96-889 and
19 96-1495 on the ability of retirements systems and pension
20 funds established under this Code to maintain qualified
21 plan status under the federal Internal Revenue Code and
22 other applicable laws;

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

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

4 (A) enhance the retirement security of Tier II
5 members;

6 (B) ensure that the various pension systems
7 maintain their status as qualified plans under the
8 federal Internal Revenue Code and other applicable
9 laws; and

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

13 (d) The Commission on Governmental Forecasting and
14 Accountability shall provide administrative support to the
15 Task Force.

16 (e) The Task Force shall conduct a minimum of 4 public
17 hearings, with hearings in Springfield, Chicago, and at least
18 two other locations in Illinois as determined by the Task
19 Force.

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

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

23 (40 ILCS 5/1-162 new)

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

25 (a) Participation and Applicability. Beginning 12 months

1 after the effective date of this Section, any Tier I employee
2 who has made the election under item (i) of paragraph (1) of
3 subsection (a) of Section 14-106.5, 15-132.9, or 16-122.9 may
4 elect to participate in the optional cash balance plan created
5 under this Section.

6 The Board of Trustees of the applicable retirement system
7 shall promulgate rules to establish a one-time irrevocable
8 election period wherein a person eligible to participate in the
9 optional cash balance plan may elect to participate.

10 (b) Title. The package of benefits provided under this
11 Section may be referred to as the "optional cash balance plan".
12 Persons subject to the provisions of this Section may be
13 referred to as "participants in the optional cash balance
14 plan".

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

16 "Account" means the notional cash balance account
17 established under this Section for a participant in the
18 optional cash balance plan.

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

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

25 (c) Cash Balance Account. A notional cash balance account
26 shall be established by the applicable retirement system for

1 each participant in the optional cash balance plan. The account
2 is notional and does not contain any actual money segregated
3 from the commingled assets of the retirement system. The cash
4 balance in the account is to be used in calculating benefits as
5 provided in this Section, but is not to be used in the
6 calculation of any refund, transfer, or other benefit under the
7 applicable Article of this Code.

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

13 Whenever necessary for the prompt calculation or
14 administration, or when the System lacks information necessary
15 to the calculation or administration otherwise required of or
16 for a benefit under this Section, the applicable retirement
17 system may estimate an amount to be credited to or debited from
18 a participant's cash balance account and then adjust the amount
19 so credited or debited when more accurate information becomes
20 available.

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

1 (d) Employee Contributions. In addition to the other
2 contributions required under the applicable Article, each
3 participant shall make contributions to the applicable
4 retirement system at the rate of 2% of each payment of salary.
5 The amount of each contribution shall be credited to the
6 participant's cash balance account upon receipt and after the
7 retirement system's reconciliation of the contribution.

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

20 (f) Interest Credit. An amount representing earnings on
21 investments shall be determined by the retirement system in
22 accordance with this Section and credited to the participant's
23 cash balance account for each fiscal year in which there is a
24 positive balance in that account; except that no additional
25 interest credit shall be credited while an annuity based on the
26 account is being paid. The interest credit amount shall be a

1 percentage of the average quarterly balance in the cash balance
2 account during that fiscal year, and shall be calculated on
3 June 30.

4 The percentage shall be the assumed treasury rate for the
5 previous fiscal year, unless neither the retirement system's
6 actual rate of investment earnings for the previous fiscal year
7 nor the retirement system's actual rate of investment earnings
8 for the five-year period ending at the end of the previous
9 fiscal year is less than the assumed treasury rate.

10 If both the retirement system's actual rate of investment
11 earnings for the previous fiscal year and the actual rate of
12 investment earnings for the five-year period ending at the end
13 of the previous fiscal year are at least the assumed treasury
14 rate, then the percentage shall be:

15 (i) the assumed treasury rate, plus

16 (ii) two-thirds of the amount of the actual rate of
17 investment earnings for the previous fiscal year that
18 exceeds the assumed treasury rate.

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

21 For the purposes of this subsection only, "previous fiscal
22 year" means fiscal year ending one year before the interest
23 rate is calculated.

24 For the purposes of this subsection only, "assumed treasury
25 rate" means the average annual yield of the 30-year U.S.
26 Treasury Bond over the previous fiscal year, but not less than

1 4%.

2 When a person applies for a benefit under this Section, the
3 retirement system shall apply an interest credit based on a
4 proration of an estimate of what the interest credit will be
5 for the relevant year. When the retirement system certifies the
6 credit on June 30, it shall adjust the benefit accordingly.

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

22 (f-15) Refund. In lieu of receiving a distribution under
23 subsection (f-10), at any time after terminating active
24 employment under the applicable retirement system, but before
25 receiving a retirement annuity under this Section, a
26 participant in the optional cash balance plan may elect to

1 receive a refund under this subsection. The refund shall
2 consist of an amount equal to the amount of all employee
3 contributions credited to the participant's account, but shall
4 not include any interest credit or employer contributions. If
5 the participant so requests, the refund may be paid in the form
6 of a direct rollover to another qualified plan, to the extent
7 allowed by federal law and in accordance with the rules of the
8 applicable retirement system. Upon payment of the refund, the
9 participant's notional cash balance account shall be closed.

10 (g) Retirement Annuity. A participant in the optional cash
11 balance plan may begin collecting a retirement annuity at age
12 59 1/2, but no earlier than the date of termination of active
13 employment under the applicable retirement system.

14 The amount of the retirement annuity shall be calculated by
15 the retirement system, based on the balance in the cash balance
16 account, the assumption of future investment returns as
17 specified in this subsection, the participant's election to
18 have a lifetime survivor's annuity as specified in this
19 subsection, the annual increase in retirement annuity as
20 specified in subsection (h), the annual increase in survivor's
21 annuity as specified in subsection (l), and any actuarial
22 assumptions and tables adopted by the board of the retirement
23 system for this purpose. The calculation shall determine the
24 amount of retirement annuity, on an actuarially equivalent
25 basis, that shall be designed to result in the balance in the
26 participant's account arriving at zero on the date when the

1 last payment of the retirement annuity (or survivor's annuity,
2 if the participant elects to provide for a survivor's annuity
3 pursuant to this subsection) is anticipated to be paid under
4 the relevant actuarial assumptions. A retirement annuity or a
5 survivor's annuity provided under this Section shall be a life
6 annuity and shall not expire if the account balance equals
7 zero.

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

18 The participant may elect, under the participant's written
19 application for retirement, to receive a reduced annuity
20 payable for his or her life and to have a lifetime survivor's
21 annuity in a monthly amount equal to 50%, 75%, or 100% of that
22 reduced monthly amount, to be paid after the participant's
23 death to his or her eligible survivor. Eligibility for a
24 survivor's annuity shall be determined under the applicable
25 Article of this Code.

26 For the purpose of calculating retirement annuities,

1 future investment returns shall be assumed to be a percentage
2 equal to the average yield of the 30-year U.S. Treasury Bond
3 over the 5 fiscal years prior to the calculation of the initial
4 retirement annuity, plus 250 basis points; but not less than 4%
5 nor more than 8%.

6 (h) Annual Increase in Retirement Annuity. The retirement
7 annuity shall be subject to an automatic annual increase in an
8 amount equal to 3% of the originally granted annuity on each
9 January 1 occurring on or after the first anniversary of the
10 annuity start date.

11 (i) Disability Benefits. There are no disability benefits
12 provided under the optional cash balance plan, and no amounts
13 for disability shall be deducted from the account of a
14 participant in the optional cash balance plan. The disability
15 benefits provided under the applicable retirement system apply
16 to participants in the optional cash balance plan.

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

1 retirement annuity prior to the return to service.

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

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

21 Eligibility for a survivor's annuity shall be determined
22 under the applicable Article of this Code. A child's or
23 parent's annuity for an otherwise eligible child or dependent
24 parent shall be in the same amount, if any, prescribed under
25 the applicable Article.

26 (l) Annual Increase in Survivor's Annuity. A survivor's

1 annuity granted under subsection (g) or (k) shall be subject to
2 an automatic annual increase in an amount equal to 3% of the
3 originally granted annuity on each January 1 occurring on or
4 after the first anniversary of the annuity start date.

5 (m) Applicability of Provisions. The following provisions,
6 if and as they exist in this Code, do not apply to participants
7 in the optional cash balance plan with respect to participation
8 in the optional cash balance plan, except as they are
9 specifically provided for in this Section:

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

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

14 (3) provisions authorizing a minimum retirement or
15 survivor's annuity or a supplemental annuity;

16 (4) provisions authorizing any form of retirement
17 annuity or survivor's annuity not authorized under this
18 Section;

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

21 (6) provisions authorizing a refund of employee
22 contributions upon termination of service (other than upon
23 the death of the participant without an eligible survivor)
24 or any lump-sum payout in lieu of a retirement or
25 survivor's annuity (other than the distribution under
26 subsection (f-10) or the refund under subsection (f-15) of

1 this Section;

2 (7) provisions authorizing optional service credits or
3 the payment of optional additional contributions (other
4 than the optional employer contributions specifically
5 authorized in this Section); or

6 (8) a level income option.

7 The Retirement Systems Reciprocal Act (Article 20 of this
8 Code) does not apply to participation in the optional cash
9 balance plan and does not affect the calculation of benefits
10 payable under this Section.

11 The other provisions of this Code continue to apply to
12 participants in the optional cash balance plan, to the extent
13 that they do not conflict with this Section. In the case of a
14 conflict between the provisions of this Section and any other
15 provision of this Code, the provisions of this Section control.

16 (n) Rules. The Board of Trustees of the applicable
17 retirement system may adopt rules and procedures for the
18 implementation of this Section, including but not limited to
19 determinations of how to integrate the administration of this
20 Section with the requirements of the applicable Article and any
21 other applicable provisions of this Code.

22 (o) Actual Employer Contributions. Payment of employer
23 contributions with respect to participants in the optional cash
24 balance plan shall be the responsibility of the actual
25 employer. Optional additional contributions by employers may
26 be paid in any amount, but must be paid in the manner specified

1 by the applicable retirement system.

2 (p) Prospective Modification. The provisions set forth in
3 this Section are subject to prospective changes made by law
4 provided that any such changes shall not apply to any benefits
5 accrued under this Section prior to the effective date of any
6 amendatory Act of the General Assembly.

7 (q) Qualified Plan Status. No provision of this Section
8 shall be interpreted in a way that would cause the applicable
9 retirement system to cease to be a qualified plan under Section
10 401(a) of the Internal Revenue Code of 1986.

11 (40 ILCS 5/2-105.1 new)

12 Sec. 2-105.1. Tier I employee. "Tier I employee": A
13 participant who first became a participant before January 1,
14 2011.

15 (40 ILCS 5/2-105.2 new)

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

18 (40 ILCS 5/2-107.9 new)

19 Sec. 2-107.9. Future increase in income. "Future increase
20 in income": Any increase in income in any form offered for
21 service as a member under this Article after June 30, 2014 that
22 would qualify as "salary", as defined in Section 2-108, but for
23 the fact that the increase in income was offered to the member

1 on the condition that it not qualify as salary and was accepted
2 by the member subject to that condition.

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

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

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

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

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

25 Notwithstanding any other provision of this Section,

1 "salary" does not include any future increase in income that is
2 offered for service as a member under this Article pursuant to
3 the requirements of subsection (c) of Section 2-110.3 and
4 accepted by a Tier I employee, or a Tier I retiree returning to
5 active service, who has made the election under paragraph (2)
6 of subsection (a) or (a-5) of Section 2-110.3.

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

8 (40 ILCS 5/2-110.3 new)

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

11 (a) Each Tier I employee shall make an irrevocable election
12 either:

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

15 (i) to have the amount of the automatic annual
16 increases in his or her retirement annuity that are
17 otherwise provided for in this Article calculated,
18 instead, as provided in subsection (a-1) of Section
19 2-119.1, and to waive his or her eligibility for 2
20 automatic annual increases in retirement annuity as
21 provided in subsection (a-2) of Section 2-119.1; or

22 (ii) to waive his or her eligibility for 3
23 automatic annual increases in retirement annuity, as
24 provided in subsection (a-3) of Section 2-119.1, and to
25 make the contributions set forth in subsection (a-5) of

1 Section 2-126; or

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

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

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

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

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

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

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

26 (1) to agree to the following:

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

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

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

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

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

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

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

25 (a-10) All elections under subsection (a) or (a-5) that are
26 made or deemed to be made before June 1, 2014 shall take effect

1 on July 1, 2014. Elections that are made or deemed to be made
2 on or after June 1, 2014 shall take effect on the first day of
3 the month following the month in which the election is made or
4 deemed to be made.

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

13 As adequate and legal consideration provided under this
14 amendatory Act of the 98th General Assembly for making an
15 election under paragraph (1) of subsection (a-5) of this
16 Section, any future increases in income offered for service as
17 a member under this Article to a Tier I retiree who returns to
18 active service after having made an election under paragraph
19 (1) of subsection (a-5) of this Section shall be offered
20 expressly and irrevocably as constituting salary under Section
21 2-108.

22 (c) A Tier I employee who makes the election under
23 paragraph (2) of subsection (a) of this Section shall not be
24 subject to either item (i) or (ii) set forth in paragraph (1)
25 of subsection (a) of this Section. However, any future
26 increases in income offered for service as a member under this

1 Article to a Tier I employee who has made the election under
2 paragraph (2) of subsection (a) of this Section shall be
3 offered expressly and irrevocably as not constituting salary
4 under Section 2-108, and the member may not accept any future
5 increase in income that is offered in violation of this
6 requirement.

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

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

1 in a regularly published newsletter or other existing public
2 forum.

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

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

25 In no event shall the System, its staff, or the Board be
26 held liable for any information given to a member, beneficiary,

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

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

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

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

26 (h) If this Section is determined to be unconstitutional or

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

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 retirees but not as applied to Tier I employees, 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 retirees but shall remain in full effect for Tier I
15 employees.

16 (j) If an election created by this amendatory Act in any
17 other Article of this Code or any change deriving from that
18 election is determined to be unconstitutional or otherwise
19 invalid by a final unappealable decision of an Illinois court
20 or a court of competent jurisdiction, the invalidity of that
21 provision shall not in any way affect the validity of this
22 Section or the changes deriving from the election required
23 under this Section.

24 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

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

15 (a-1) 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, the amount
18 of each automatic annual increase in retirement annuity
19 occurring on or after the effective date of that election,
20 other than the initial increase, shall be 3% of the originally
21 granted retirement annuity.

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

1 thereafter all annual increases shall be granted.

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

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

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

19 (2) if the Tier I retiree has received the first annual
20 increase under this Section as of the effective date of
21 this amendatory Act of the 98th General Assembly, then the
22 next annual increase after that effective date 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.

26 (b) Beginning January 1, 1990, for eligible participants

1 who remain in service after attaining 20 years of creditable
2 service, the 3% increases provided under subsection (a) shall
3 begin to accrue on the January 1 next following the date upon
4 which the participant (1) attains age 55, or (2) attains 20
5 years of creditable service, whichever occurs later, and shall
6 continue to accrue while the participant remains in service;
7 such increases shall become payable on January 1 or July 1,
8 whichever occurs first, next following the first anniversary of
9 retirement. For any person who has service credit in the System
10 for the entire period from January 15, 1969 through December
11 31, 1992, regardless of the date of termination of service, the
12 reference to age 55 in clause (1) of this subsection (b) shall
13 be deemed to mean age 50.

14 This subsection (b) does not apply to any person who first
15 becomes a member of the System after August 8, 2003 (the
16 effective date of Public Act 93-494) ~~this amendatory Act of the~~
17 ~~93rd General Assembly.~~

18 (b-5) Notwithstanding any other provision of this Article,
19 a participant who first becomes a participant on or after
20 January 1, 2011 (the effective date of Public Act 96-889)
21 shall, in January or July next following the first anniversary
22 of retirement, whichever occurs first, and in the same month of
23 each year thereafter, but in no event prior to age 67, have the
24 amount of the retirement annuity then being paid increased by
25 3% or the annual unadjusted percentage increase in the Consumer
26 Price Index for All Urban Consumers as determined by the Public

1 Pension Division of the Department of Insurance under
2 subsection (a) of Section 2-108.1, whichever is less.

3 (c) The foregoing provisions relating to automatic
4 increases are not applicable to a participant who retires
5 before having made contributions (at the rate prescribed in
6 Section 2-126) for automatic increases for less than the
7 equivalent of one full year. However, in order to be eligible
8 for the automatic increases, such a participant may make
9 arrangements to pay to the system the amount required to bring
10 the total contributions for the automatic increase to the
11 equivalent of one year's contributions based upon his or her
12 last salary.

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

18 The initial increase shall be 1 1/2% of the originally
19 granted retirement annuity multiplied by the number of full
20 years that the annuitant was in receipt of such annuity prior
21 to January 1, 1972, plus 2% of the originally granted
22 retirement annuity for each year after that date. The
23 subsequent annual increases shall be at the rate of 2% of the
24 originally granted retirement annuity for each year through
25 1979 and at the rate of 3% for 1980 and thereafter.

26 (e) Beginning January 1, 1990, and except as provided in

1 subsection (a-1) or (b-5), all automatic annual increases
2 payable under this Section shall be calculated as a percentage
3 of the total annuity payable at the time of the increase,
4 including previous increases granted under this Article.

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

6 (40 ILCS 5/2-125) (from Ch. 108 1/2, par. 2-125)

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

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

12 All income, interest and dividends derived from deposits
13 and investments shall be credited to the account of the system
14 in the State Treasury and used to pay benefits under this
15 Article.

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

21 The obligations created under this subsection (b) are
22 contractual obligations protected and enforceable under
23 Article I, Section 16 and Article XIII, Section 5 of the
24 Illinois Constitution.

25 Notwithstanding any other provision of law, if the State

1 fails to pay in a State fiscal year the amount guaranteed under
2 this subsection (b), the System may bring a mandamus action in
3 the Circuit Court of Sangamon County to compel the State to
4 make that payment, irrespective of other remedies that may be
5 available to the System. It shall be the mandatory fiduciary
6 obligation of the Board of the System to bring that action if
7 the State fails to pay in the fiscal year the amount guaranteed
8 under this subsection (b). Before commencing that action, the
9 Board shall submit a voucher for contributions required under
10 Section 2-134. If the State fails to pay a vouchered amount
11 within 90 days after receiving a voucher for that amount, then
12 the Board shall submit a written request to the Comptroller
13 seeking payment of that amount. A copy of the request shall be
14 filed with the Secretary of State, and the Secretary of State
15 shall provide copies of the request to the Governor and General
16 Assembly. No earlier than the 16th day after filing a request
17 with the Secretary, but no later than the 21st day after filing
18 that request, the Board may commence such an action in the
19 Circuit Court. If the Board fails to commence such action on or
20 before the 21st day after filing the request with the Secretary
21 of State, then any Tier I employee or Tier I retiree who made
22 an election under paragraph (1) of subsection (a) or (a-5) of
23 Section 2-110.3 may file a mandamus action against the Board to
24 compel the Board to commence its mandamus action against the
25 State. This subsection (b) constitutes an express waiver of the
26 State's sovereign immunity. In ordering the State to make the

1 required payment, the court may order a reasonable payment
2 schedule to enable the State to make the required payment. The
3 obligations and causes of action created under this subsection
4 (b) shall be in addition to any other right or remedy otherwise
5 accorded by common law, or State or federal law, and nothing in
6 this subsection (b) shall be construed to deny, abrogate,
7 impair, or waive any such common law or statutory right or
8 remedy.

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

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

24 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

25 Sec. 2-126. Contributions by participants.

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

9 (a-5) In addition to the contributions otherwise required
10 under this Article, each Tier I employee who made the election
11 under item (ii) of paragraph (1) of subsection (a) of Section
12 2-110.3 shall also make the following contributions toward the
13 cost of his or her retirement annuity from each payment of
14 salary received by him or her for service as a member:

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

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

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

21 A participant who has no eligible survivor's annuity
22 beneficiary may elect to cease making contributions for
23 survivor's annuity under this subsection. A survivor's annuity
24 shall not be payable upon the death of a person who has made
25 this election, unless prior to that death the election has been
26 revoked and the amount of the contributions that would have

1 been paid under this subsection in the absence of the election
2 is paid to the System, together with interest at the rate of 4%
3 per year from the date the contributions would have been made
4 to the date of payment.

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

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

1 (e) Notwithstanding any other provision of this Article,
2 the required contribution of a participant shall not be based
3 on any salary in excess of the salary limitation applicable to
4 that participant under Section 2-108 or ~~who first becomes a~~
5 ~~participant on or after January 1, 2011 shall not exceed the~~
6 ~~contribution that would be due under this Article if that~~
7 ~~participant's highest salary for annuity purposes were~~
8 ~~\$106,800, plus any increases in that amount under Section~~
9 ~~2-108.1.~~

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

11 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

12 Sec. 2-134. To certify required State contributions and
13 submit vouchers.

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

23 (a-5) On or before November 1 of each year, beginning
24 November 1, 2012, the Board shall submit to the State Actuary,
25 the Governor, and the General Assembly a proposed certification

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

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

22 (a-7) On or before May 1, 2004, the Board shall recalculate
23 and recertify to the Governor the amount of the required State
24 contribution to the System for State fiscal year 2005, taking
25 into account the amounts appropriated to and received by the
26 System under subsection (d) of Section 7.2 of the General

1 Obligation Bond Act.

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

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

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

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

10 (c) The full amount of any annual appropriation for the
11 System for State fiscal year 1995 shall be transferred and made
12 available to the System at the beginning of that fiscal year at
13 the request of the Board. Any excess funds remaining at the end
14 of any fiscal year from appropriations shall be retained by the
15 System as a general reserve to meet the System's accrued
16 liabilities.

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

19 (40 ILCS 5/2-162)

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

22 (a) As used in this Section, "new benefit increase" means
23 an increase in the amount of any benefit provided under this
24 Article, or an expansion of the conditions of eligibility for
25 any benefit under this Article, that results from an amendment

1 to this Code that takes effect after the effective date of this
2 amendatory Act of the 94th General Assembly. "New benefit
3 increase", however, does not include any benefit increase
4 resulting from the changes made to this Article by this
5 amendatory Act of the 98th General Assembly.

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

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

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

1 to the Governor and the State Comptroller and, in the absence
2 of corrective action by the General Assembly, the new benefit
3 increase shall expire at the end of the fiscal year in which
4 the certification is made.

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

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

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

22 (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)

23 Sec. 7-109. Employee.

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

25 (a) 1. Receives earnings as payment for the performance

1 of personal services or official duties out of the
2 general fund of a municipality, or out of any special
3 fund or funds controlled by a municipality, or by an
4 instrumentality thereof, or a participating
5 instrumentality, including, in counties, the fees or
6 earnings of any county fee office; and

7 2. Under the usual common law rules applicable in
8 determining the employer-employee relationship, has
9 the status of an employee with a municipality, or any
10 instrumentality thereof, or a participating
11 instrumentality, including aldermen, county
12 supervisors and other persons (excepting those
13 employed as independent contractors) who are paid
14 compensation, fees, allowances or other emolument for
15 official duties, and, in counties, the several county
16 fee offices.

17 (b) Serves as a township treasurer appointed under the
18 School Code, as heretofore or hereafter amended, and who
19 receives for such services regular compensation as
20 distinguished from per diem compensation, and any regular
21 employee in the office of any township treasurer whether or
22 not his earnings are paid from the income of the permanent
23 township fund or from funds subject to distribution to the
24 several school districts and parts of school districts as
25 provided in the School Code, or from both such sources; or
26 is the chief executive officer, chief educational officer,

1 chief fiscal officer, or other employee of a Financial
2 Oversight Panel established pursuant to Article 1H of the
3 School Code, other than a superintendent or certified
4 school business official, except that such person shall not
5 be treated as an employee under this Section if that person
6 has negotiated with the Financial Oversight Panel, in
7 conjunction with the school district, a contractual
8 agreement for exclusion from this Section.

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

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

12 (a) Are eligible for inclusion under any of the
13 following laws:

14 1. "An Act in relation to an Illinois State
15 Teachers' Pension and Retirement Fund", approved May
16 27, 1915, as amended;

17 2. Articles 15 and 16 of this Code.

18 However, such persons shall be included as employees to
19 the extent of earnings that are not eligible for inclusion
20 under the foregoing laws for services not of an
21 instructional nature of any kind.

22 However, any member of the armed forces who is employed
23 as a teacher of subjects in the Reserve Officers Training
24 Corps of any school and who is not certified under the law
25 governing the certification of teachers shall be included
26 as an employee.

1 (b) Are designated by the governing body of a
2 municipality in which a pension fund is required by law to
3 be established for policemen or firemen, respectively, as
4 performing police or fire protection duties, except that
5 when such persons are the heads of the police or fire
6 department and are not eligible to be included within any
7 such pension fund, they shall be included within this
8 Article; provided, that such persons shall not be excluded
9 to the extent of concurrent service and earnings not
10 designated as being for police or fire protection duties.
11 However, (i) any head of a police department who was a
12 participant under this Article immediately before October
13 1, 1977 and did not elect, under Section 3-109 of this Act,
14 to participate in a police pension fund shall be an
15 "employee", and (ii) any chief of police who elects to
16 participate in this Fund under Section 3-109.1 of this
17 Code, regardless of whether such person continues to be
18 employed as chief of police or is employed in some other
19 rank or capacity within the police department, shall be an
20 employee under this Article for so long as such person is
21 employed to perform police duties by a participating
22 municipality and has not lawfully rescinded that election.

23 (c) After August 26, 2011 (the effective date of Public
24 Act 97-609), are contributors to or eligible to contribute
25 to a Taft-Hartley pension plan established on or before
26 June 1, 2011 and are employees of a theatre, arena, or

1 convention center that is located in a municipality located
2 in a county with a population greater than 5,000,000, and
3 to which the participating municipality is required to
4 contribute as the person's employer based on earnings from
5 the municipality. Nothing in this paragraph shall affect
6 service credit or creditable service for any period of
7 service prior to August 26, 2011, and this paragraph shall
8 not apply to individuals who are participating in the Fund
9 prior to August 26, 2011.

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

20 (3) All persons, including, without limitation, public
21 defenders and probation officers, who receive earnings from
22 general or special funds of a county for performance of
23 personal services or official duties within the territorial
24 limits of the county, are employees of the county (unless
25 excluded by subsection (2) of this Section) notwithstanding
26 that they may be appointed by and are subject to the direction

1 of a person or persons other than a county board or a county
2 officer. It is hereby established that an employer-employee
3 relationship under the usual common law rules exists between
4 such employees and the county paying their salaries by reason
5 of the fact that the county boards fix their rates of
6 compensation, appropriate funds for payment of their earnings
7 and otherwise exercise control over them. This finding and this
8 amendatory Act shall apply to all such employees from the date
9 of appointment whether such date is prior to or after the
10 effective date of this amendatory Act and is intended to
11 clarify existing law pertaining to their status as
12 participating employees in the Fund.

13 (Source: P.A. 97-429, eff. 8-16-11; 97-609, eff. 8-26-11;
14 97-813, eff. 7-13-12.)

15 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

16 Sec. 14-103.10. Compensation.

17 (a) For periods of service prior to January 1, 1978, the
18 full rate of salary or wages payable to an employee for
19 personal services performed if he worked the full normal
20 working period for his position, subject to the following
21 maximum amounts: (1) prior to July 1, 1951, \$400 per month or
22 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957
23 inclusive, \$625 per month or \$7,500 per year; (3) beginning
24 July 1, 1957, no limitation.

25 In the case of service of an employee in a position

1 involving part-time employment, compensation shall be
2 determined according to the employees' earnings record.

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

- 10 (1) for vacation,
11 (2) for accumulated unused sick leave,
12 (3) upon discharge or dismissal,
13 (4) for approved holidays.

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

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

25 (e) For members for which Section 1-160 applies for periods
26 of service on and after January 1, 2011, all remuneration for

1 personal services performed defined as "wages" under the Social
2 Security Enabling Act, excluding remuneration that is in excess
3 of the annual earnings, salary, or wages of a member or
4 participant, as provided in subsection (b-5) of Section 1-160,
5 but including any benefits received by an employee under a sick
6 pay plan in effect before January 1, 1981. Compensation shall
7 exclude lump sum salary payments:

8 (1) for vacation;

9 (2) for accumulated unused sick leave;

10 (3) upon discharge or dismissal; and

11 (4) for approved holidays.

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

19 (g) Notwithstanding any other provision of this Section,
20 for an employee who first becomes a participant on or after the
21 effective date of this amendatory Act of the 98th General
22 Assembly, "compensation" does not include any payments or
23 reimbursements for travel vouchers submitted more than 30 days
24 after the last day of travel for which the voucher is
25 submitted.

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

1 (40 ILCS 5/14-103.40 new)

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

8 (40 ILCS 5/14-103.41 new)

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

11 (40 ILCS 5/14-103.42 new)

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

1 increase in income in any form pursuant to an extension,
2 amendment, or renewal of any such employment contract or
3 collective bargaining agreement on or after the effective date
4 of this amendatory Act of the 98th General Assembly.

5 (40 ILCS 5/14-106.5 new)

6 Sec. 14-106.5. Election by Tier I employees and Tier I
7 retirees.

8 (a) Each Tier I employee shall make an irrevocable election
9 either:

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

12 (i) to have the amount of the automatic annual
13 increases in his or her retirement annuity that are
14 otherwise provided for in this Article calculated,
15 instead, as provided in subsection (a-1) of Section
16 14-114, and to waive his or her eligibility for 2
17 automatic annual increases in retirement annuity as
18 provided in subsection (a-2) of Section 14-114; or

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

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

1 The election required under this subsection (a) shall be
2 made by each Tier I employee 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 employee under this
5 Article on or after February 1, 2014 must make the election
6 under this subsection (a) within 60 days after becoming a
7 Tier I employee;

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

13 (iii) a person who made the election under subsection
14 (a-5) as a Tier I retiree remains bound by that election
15 and shall not make a later election under this subsection
16 (a).

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

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

23 (1) to agree to the following:

24 (i) to have the amount of the automatic annual
25 increases in his or her retirement annuity calculated
26 without regard to subsection (a-1), (a-2), or (a-3) of

1 Section 14-114; and

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

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

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

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

14 (ii) a person who made the election under subsection
15 (a) as a Tier I employee remains bound by that election and
16 shall not make a later election under this subsection
17 (a-5).

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

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

1 deemed to be made.

2 (b) As adequate and legal consideration provided under this
3 amendatory Act of the 98th General Assembly for making an
4 election under paragraph (1) of subsection (a) of this Section,
5 any future increases in income offered by a department under
6 this Article to a Tier I employee who has made an election
7 under paragraph (1) of subsection (a) of this Section shall be
8 offered expressly and irrevocably as constituting compensation
9 under Section 14-103.10. In addition, a Tier I employee who has
10 made an election under item (i) of paragraph (1) of subsection
11 (a) of this Section shall receive the right to also participate
12 in the optional cash balance plan established under Section
13 1-162.

14 As adequate and legal consideration provided under this
15 amendatory Act of the 98th General Assembly for making an
16 election under paragraph (1) of subsection (a-5) of this
17 Section, any future increases in income offered by a department
18 under this Article to a Tier I retiree who returns to active
19 service after having made the election under paragraph (1) of
20 subsection (a-5) of this Section shall be offered expressly and
21 irrevocably as constituting compensation under Section
22 14-103.10.

23 (c) A Tier I employee who makes the election under
24 paragraph (2) of subsection (a) of this Section shall not be
25 subject to either item (i) or (ii) set forth in paragraph (1)
26 of subsection (a) of this Section. However, any future

1 increases in income offered by a department under this Article
2 to a Tier I employee who has made the election under paragraph
3 (2) of subsection (a) of this Section shall be offered by the
4 department expressly and irrevocably as not constituting
5 compensation under Section 14-103.10, and the employee may not
6 accept any future increase in income that is offered in
7 violation of this requirement. In addition, a Tier I employee
8 who has made the election under paragraph (2) of subsection (a)
9 of this Section shall not receive the right to participate in
10 the optional cash balance plan established under Section 1-162.

11 A Tier I retiree who makes the election under paragraph (2)
12 of subsection (a-5) of this Section shall not be subject to
13 either item (i) or (ii) set forth in paragraph (1) of
14 subsection (a-5) of this Section. However, any future increases
15 in income offered by a department under this Article to a Tier
16 I retiree who returns to active service and has made the
17 election under paragraph (2) of subsection (a-5) of this
18 Section shall be offered by the department expressly and
19 irrevocably as not constituting compensation under Section
20 14-103.10, and the employee may not accept any future increase
21 in income that is offered in violation of this requirement. In
22 addition, a Tier I retiree who returns to active service and
23 has made the election under paragraph (2) of subsection (a) of
24 this Section shall not receive the right to participate in the
25 optional cash balance plan established under Section 1-162.

26 (d) The System shall make a good faith effort to contact

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

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

26 The System shall inform Tier I employees and Tier I

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

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

16 (e) Notwithstanding any other provision of law, a
17 department under this Article is required to offer any future
18 increases in income expressly and irrevocably as not
19 constituting "compensation" under Section 14-103.10 to any
20 Tier I employee, or Tier I retiree returning to active service,
21 who has made an election under paragraph (2) of subsection (a)
22 or (a-5) of Section 14-106.5. A Tier I employee, or Tier I
23 retiree returning to active service, who has made an election
24 under paragraph (2) of subsection (a) or (a-5) of Section
25 14-106.5 shall not accept any future increase in income that is
26 offered by an employer under this Article in violation of the

1 requirement set forth in this subsection.

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

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

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

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

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

23 (j) If this Section is determined to be unconstitutional or
24 otherwise invalid by a final unappealable decision of an
25 Illinois court or a court of competent jurisdiction as applied
26 to Tier I retirees but not as applied to Tier I employees, then

1 this Section and the changes deriving from the election
2 required under this Section shall be null and void as applied
3 to Tier I retirees but shall remain in full effect for Tier I
4 employees.

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

13 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

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

15 (a) Subject to the provisions of subsections (a-1), (a-2),
16 (a-3), and (a-4), any ~~Any~~ person receiving a retirement annuity
17 under this Article who retires having attained age 60, or who
18 retires before age 60 having at least 35 years of creditable
19 service, or who retires on or after January 1, 2001 at an age
20 which, when added to the number of years of his or her
21 creditable service, equals at least 85, shall, on January 1
22 next following the first full year of retirement, have the
23 amount of the then fixed and payable monthly retirement annuity
24 increased 3%. Any person receiving a retirement annuity under
25 this Article who retires before attainment of age 60 and with

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

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

25 Beginning January 1, 1990, and except as provided in
26 subsection (a-1), all automatic annual increases payable under

1 this Section shall be calculated as a percentage of the total
2 annuity payable at the time of the increase, including previous
3 increases granted under this Article.

4 (a-1) Notwithstanding any other provision of this Article,
5 for a Tier I employee who made the election under item (i) of
6 paragraph (1) of subsection (a) of Section 14-106.5, the amount
7 of each automatic annual increase in retirement annuity
8 occurring on or after the effective date of that election shall
9 be 3% of the originally granted retirement annuity.

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

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

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

25 (1) if the Tier I retiree has not received the first
26 annual increase under this Section as of the effective date

1 of this amendatory Act of the 98th General Assembly, then
2 once the first annual increase under this Section has been
3 granted, the next scheduled annual increase 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; and

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

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

24 (c) The provisions of subsection (a) of this Section shall
25 not be applicable to any annuitant who is on retirement on
26 December 31, 1969, and thereafter returns to State service,

1 unless the member has established at least one year of
2 additional creditable service following reentry into service.

3 (d) In addition to other increases which may be provided by
4 this Section, on January 1, 1981 any annuitant who was
5 receiving a retirement annuity on or before January 1, 1971
6 shall have his retirement annuity then being paid increased \$1
7 per month for each year of creditable service. On January 1,
8 1982, any annuitant who began receiving a retirement annuity on
9 or before January 1, 1977, shall have his retirement annuity
10 then being paid increased \$1 per month for each year of
11 creditable service.

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

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

1 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
2 92-651, eff. 7-11-02.)

3 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

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

5 (a) The payment of the required department contributions,
6 all allowances, annuities, benefits granted under this
7 Article, and all expenses of administration of the system are
8 obligations of the State of Illinois to the extent specified in
9 this Article.

10 All income of the system shall be credited to a separate
11 account for this system in the State treasury and shall be used
12 to pay allowances, annuities, benefits and administration
13 expense.

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

19 The obligations created under this subsection (b) are
20 contractual obligations protected and enforceable under
21 Article I, Section 16 and Article XIII, Section 5 of the
22 Illinois Constitution.

23 Notwithstanding any other provision of law, if the State
24 fails to pay in a State fiscal year the amount guaranteed under
25 this subsection (b), the System may bring a mandamus action in

1 the Circuit Court of Sangamon County to compel the State to
2 make that payment, irrespective of other remedies that may be
3 available to the System. It shall be the mandatory fiduciary
4 obligation of the Board of the System to bring that action if
5 the State fails to pay in the fiscal year the amount guaranteed
6 under this subsection (b). Before commencing that action, the
7 Board shall submit a voucher for the contributions required in
8 Section 14-131. If the State fails to pay a vouchered amount
9 within 90 days after receiving a voucher for that amount, then
10 the Board shall submit a written request to the Comptroller
11 seeking payment of that amount. A copy of the request shall be
12 filed with the Secretary of State, and the Secretary of State
13 shall provide copies of the request to the Governor and General
14 Assembly. No earlier than the 16th day after filing a request
15 with the Secretary, but no later than the 21st day after filing
16 that request, the Board may commence such an action in the
17 Circuit Court. If the Board fails to commence such action on or
18 before the 21st day after filing the request with the Secretary
19 of State, then any Tier I employee or Tier I retiree who made
20 the election under paragraph (1) of subsection (a) or (a-5) of
21 Section 14-106.5 may file a mandamus action against the Board
22 to compel the Board to commence its mandamus action against the
23 State. This subsection (b) constitutes an express waiver of the
24 State's sovereign immunity. In ordering the State to make the
25 required payment, the court may order a reasonable payment
26 schedule to enable the State to make the required payment. The

1 obligations and causes of action created under this subsection
2 (b) shall be in addition to any other right or remedy otherwise
3 accorded by common law, or State or federal law, and nothing in
4 this subsection shall be construed to deny, abrogate, impair,
5 or waive any such common law or statutory right or remedy.

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

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

21 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

23 (a) Each participating employee shall make contributions
24 to the System, based on the employee's compensation, as
25 follows:

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

4 (2) Noncovered employees, except as indicated below,
5 7% for retirement annuity and 1% for a widow or survivors
6 annuity;

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

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

19 (5) Each security employee of the Department of
20 Corrections or of the Department of Human Services who is a
21 covered employee, 0.5% for a widow or survivors annuity
22 plus the following amount for retirement annuity: 5%
23 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%
24 in 2004 and thereafter;

25 (6) Each security employee of the Department of
26 Corrections or of the Department of Human Services who is

1 not a covered employee, 1% for a widow or survivors annuity
2 plus the following amount for retirement annuity: 8.5%
3 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and
4 11.5% in 2004 and thereafter.

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

14 (a-5) In addition to the contributions otherwise required
15 under this Article, each Tier I member who made the election
16 under item (ii) of paragraph (1) of subsection (a) of Section
17 14-106.5 shall also make the following contributions for
18 retirement annuity from each payment of compensation:

19 (1) beginning July 1, 2014 and through June 30, 2015,
20 1% of compensation; and

21 (2) beginning on July 1, 2015, 2% of compensation.

22 (b) Contributions shall be in the form of a deduction from
23 compensation and shall be made notwithstanding that the
24 compensation paid in cash to the employee shall be reduced
25 thereby below the minimum prescribed by law or regulation. Each
26 member is deemed to consent and agree to the deductions from

1 compensation provided for in this Article, and shall receipt in
2 full for salary or compensation.

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

4 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

5 Sec. 14-135.08. To certify required State contributions.

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

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

1 certification of the required State contributions.

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

14 (b) The certifications under subsections (a) and (a-5)
15 shall include an additional amount necessary to pay all
16 principal of and interest on those general obligation bonds due
17 the next fiscal year authorized by Section 7.2(a) of the
18 General Obligation Bond Act and issued to provide the proceeds
19 deposited by the State with the System in July 2003,
20 representing deposits other than amounts reserved under
21 Section 7.2(c) of the General Obligation Bond Act. For State
22 fiscal year 2005, the Board shall make a supplemental
23 certification of the additional amount necessary to pay all
24 principal of and interest on those general obligation bonds due
25 in State fiscal years 2004 and 2005 authorized by Section
26 7.2(a) of the General Obligation Bond Act and issued to provide

1 the proceeds deposited by the State with the System in July
2 2003, representing deposits other than amounts reserved under
3 Section 7.2(c) of the General Obligation Bond Act, as soon as
4 practical after the effective date of this amendatory Act of
5 the 93rd General Assembly.

6 On or before May 1, 2004, 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 2005, taking into account the amounts appropriated to and
11 received by the System under subsection (d) of Section 7.2 of
12 the General Obligation Bond Act.

13 On or before July 1, 2005, 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 and the required
16 rates for State contributions to the System for State fiscal
17 year 2006, taking into account the changes in required State
18 contributions made by this amendatory Act of the 94th General
19 Assembly.

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

26 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;

1 97-694, eff. 6-18-12.)

2 (40 ILCS 5/14-152.1)

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

5 (a) As used in this Section, "new benefit increase" means
6 an increase in the amount of any benefit provided under this
7 Article, or an expansion of the conditions of eligibility for
8 any benefit under this Article, that results from an amendment
9 to this Code that takes effect after June 1, 2005 (the
10 effective date of Public Act 94-4). "New benefit increase",
11 however, does not include any benefit increase resulting from
12 the changes made to this Article or Article 1 by Public Act
13 96-37 or this amendatory Act of the 98th ~~96th~~ General Assembly.

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

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

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

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

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

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

1 continues in service after the expiration date and did not
2 apply and qualify for the affected benefit while the new
3 benefit increase was in effect.

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

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

6 Sec. 15-106. Employer. "Employer": The University of
7 Illinois, Southern Illinois University, Chicago State
8 University, Eastern Illinois University, Governors State
9 University, Illinois State University, Northeastern Illinois
10 University, Northern Illinois University, Western Illinois
11 University, the State Board of Higher Education, the Illinois
12 Mathematics and Science Academy, the University Civil Service
13 Merit Board, the Board of Trustees of the State Universities
14 Retirement System, the Illinois Community College Board,
15 community college boards, any association of community college
16 boards organized under Section 3-55 of the Public Community
17 College Act, the Board of Examiners established under the
18 Illinois Public Accounting Act, and, only during the period for
19 which employer contributions required under Section 15-155 are
20 paid, the following organizations: the alumni associations,
21 the foundations and the athletic associations which are
22 affiliated with the universities and colleges included in this
23 Section as employers. An individual that begins employment
24 after the effective date of this amendatory Act of the 98th
25 General Assembly with an entity not defined as an employer in

1 this Section shall not be deemed an employee for the purposes
2 of this Article with respect to that employment and shall not
3 be eligible to participate in the System with respect to that
4 employment; provided, however, that those individuals who are
5 both employed and already participants in the System on the
6 effective date of this amendatory Act of the 98th General
7 Assembly shall be entitled to remain participants in the System
8 for the duration of that employment and continue to earn
9 service credit.

10 Notwithstanding any provision of law to the contrary, an
11 individual who begins employment with any of the following
12 employers on or after the effective date of this amendatory Act
13 of the 98th General Assembly shall not be deemed an employee
14 and shall not be eligible to participate in the System with
15 respect to that employment: any association of community
16 college boards organized under Section 3-55 of the Public
17 Community College Act, the Association of Illinois
18 Middle-Grade Schools, the Illinois Association of School
19 Administrators, the Illinois Association for Supervision and
20 Curriculum Development, the Illinois Principals Association,
21 the Illinois Association of School Business Officials, or the
22 Illinois Special Olympics; provided, however, that those
23 individuals who are both employed and already participants in
24 the System on the effective date of this amendatory Act of the
25 98th General Assembly shall be entitled to remain participants
26 in the System for the duration of that employment and continue

1 to earn service credit.

2 A department as defined in Section 14-103.04 is an employer
3 for any person appointed by the Governor under the Civil
4 Administrative Code of Illinois who is a participating employee
5 as defined in Section 15-109. The Department of Central
6 Management Services is an employer with respect to persons
7 employed by the State Board of Higher Education in positions
8 with the Illinois Century Network as of June 30, 2004 who
9 remain continuously employed after that date by the Department
10 of Central Management Services in positions with the Illinois
11 Century Network, the Bureau of Communication and Computer
12 Services, or, if applicable, any successor bureau.

13 The cities of Champaign and Urbana shall be considered
14 employers, but only during the period for which contributions
15 are required to be made under subsection (b-1) of Section
16 15-155 and only with respect to individuals described in
17 subsection (h) of Section 15-107.

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

20 (40 ILCS 5/15-107) (from Ch. 108 1/2, par. 15-107)

21 Sec. 15-107. Employee.

22 (a) "Employee" means any member of the educational,
23 administrative, secretarial, clerical, mechanical, labor or
24 other staff of an employer whose employment is permanent and
25 continuous or who is employed in a position in which services

1 are expected to be rendered on a continuous basis for at least
2 4 months or one academic term, whichever is less, who (A)
3 receives payment for personal services on a warrant issued
4 pursuant to a payroll voucher certified by an employer and
5 drawn by the State Comptroller upon the State Treasurer or by
6 an employer upon trust, federal or other funds, or (B) is on a
7 leave of absence without pay. Employment which is irregular,
8 intermittent or temporary shall not be considered continuous
9 for purposes of this paragraph.

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

11 (1) is a student enrolled in and regularly attending
12 classes in a college or university which is an employer,
13 and is employed on a temporary basis at less than full
14 time;

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

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

19 (4) is eligible to participate in the Federal Civil
20 Service Retirement System and is currently making
21 contributions to that system based upon earnings paid by an
22 employer;

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

26 (6) is hired after June 30, 1979 as a public service

1 employment program participant under the Federal
2 Comprehensive Employment and Training Act and receives
3 earnings in whole or in part from funds provided under that
4 Act; or

5 (7) is employed on or after July 1, 1991 to perform
6 services that are excluded by subdivision (a)(7)(f) or
7 (a)(19) of Section 210 of the federal Social Security Act
8 from the definition of employment given in that Section (42
9 U.S.C. 410).

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

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

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

26 (e) A participant is considered an employee during (1) the

1 first 60 days of disability leave, (2) the period, not to
2 exceed one year, in which his or her eligibility for disability
3 benefits is being considered by the board or reviewed by the
4 courts, and (3) the period he or she receives disability
5 benefits under the provisions of Section 15-152, workers'
6 compensation or occupational disease benefits, or disability
7 income under an insurance contract financed wholly or partially
8 by the employer.

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

15 (g) A staff member whose employment contract requires
16 services during an academic term is to be considered an
17 employee during the summer and other vacation periods, unless
18 he or she declines an employment contract for the succeeding
19 academic term or his or her employment status is otherwise
20 terminated, and he or she receives no earnings during these
21 periods.

22 (h) An individual who was a participating employee employed
23 in the fire department of the University of Illinois's
24 Champaign-Urbana campus immediately prior to the elimination
25 of that fire department and who immediately after the
26 elimination of that fire department became employed by the fire

1 department of the City of Urbana or the City of Champaign shall
2 continue to be considered as an employee for purposes of this
3 Article for so long as the individual remains employed as a
4 firefighter by the City of Urbana or the City of Champaign. The
5 individual shall cease to be considered an employee under this
6 subsection (h) upon the first termination of the individual's
7 employment as a firefighter by the City of Urbana or the City
8 of Champaign.

9 (i) An individual who is employed on a full-time basis as
10 an officer or employee of a statewide teacher organization that
11 serves System participants or an officer of a national teacher
12 organization that serves System participants may participate
13 in the System and shall be deemed an employee, provided that
14 (1) the individual has previously earned creditable service
15 under this Article, (2) the individual files with the System an
16 irrevocable election to become a participant before the
17 effective date of this amendatory Act of the 97th General
18 Assembly, (3) the individual does not receive credit for that
19 employment under any other Article of this Code, and (4) the
20 individual first became a full-time employee of the teacher
21 organization and becomes a participant before the effective
22 date of this amendatory Act of the 97th General Assembly. An
23 employee under this subsection (i) is responsible for paying to
24 the System both (A) employee contributions based on the actual
25 compensation received for service with the teacher
26 organization and (B) employer contributions equal to the normal

1 costs (as defined in Section 15-155) resulting from that
2 service; all or any part of these contributions may be paid on
3 the employee's behalf or picked up for tax purposes (if
4 authorized under federal law) by the teacher organization.

5 A person who is an employee as defined in this subsection
6 (i) may establish service credit for similar employment prior
7 to becoming an employee under this subsection by paying to the
8 System for that employment the contributions specified in this
9 subsection, plus interest at the effective rate from the date
10 of service to the date of payment. However, credit shall not be
11 granted under this subsection for any such prior employment for
12 which the applicant received credit under any other provision
13 of this Code, or during which the applicant was on a leave of
14 absence under Section 15-113.2.

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

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

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

1 (40 ILCS 5/15-108.1 new)

2 Sec. 15-108.1. Tier I employee. "Tier I employee": An
3 employee under this Article, other than a participant in the
4 self-managed plan under Section 15-158.2, who first became a
5 member or participant before January 1, 2011 under any
6 reciprocal retirement system or pension fund established under
7 this Code other than a retirement system or pension fund
8 established under Article 2, 3, 4, 5, 6, or 18 of this Code.
9 However, for the purposes of the election under Section
10 15-132.9 and the consequences arising from that election, "Tier
11 I employee" does not include a participant under this Article
12 who would qualify as a Tier I employee but who has made an
13 irrevocable election on or before January 1, 2013 to retire
14 from service pursuant to the terms of a collective bargaining
15 agreement in effect on January 1, 2013, excluding any
16 extension, amendment, or renewal of that agreement on or after
17 that date, and has notified the System of that election.

18 (40 ILCS 5/15-108.2 new)

19 Sec. 15-108.2. Tier I retiree. "Tier I retiree": A former
20 Tier I employee who is receiving a retirement annuity. However,
21 for the purposes of the election under Section 15-132.9 and the
22 consequences arising from that election, "Tier I retiree" also
23 includes a participant under this Article who would qualify as
24 a Tier I employee but who has made an irrevocable election on

1 or before January 1, 2013 to retire from service pursuant to
2 the terms of a collective bargaining agreement in effect on
3 January 1, 2013, excluding any extension, amendment, or renewal
4 of that agreement on or after that date, and has notified the
5 System of that election.

6 A person does not become a Tier I retiree by virtue of
7 receiving a reversionary, survivors, beneficiary or disability
8 annuity.

9 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

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

21 With respect to transition pay paid by the University of
22 Illinois to a person who was a participating employee employed
23 in the fire department of the University of Illinois's
24 Champaign-Urbana campus immediately prior to the elimination
25 of that fire department:

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

4 (2) "Earnings" includes transition pay paid to the
5 employee before the effective date of this amendatory Act
6 of the 91st General Assembly only if (i) employee
7 contributions under Section 15-157 have been withheld from
8 that transition pay or (ii) the employee pays to the System
9 before January 1, 2001 an amount representing employee
10 contributions under Section 15-157 on that transition pay.
11 Employee contributions under item (ii) may be paid in a
12 lump sum, by withholding from additional transition pay
13 accruing before January 1, 2001, or in any other manner
14 approved by the System. Upon payment of the employee
15 contributions on transition pay, the corresponding
16 employer contributions become an obligation of the State.

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

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

1 Sec. 15-112.1. Future increase in income. "Future increase
2 in income": Any increase in income in any form offered by an
3 employer to an employee under this Article after June 30, 2014
4 that would qualify as "earnings", as defined in Section 15-111,
5 but for the fact that the employer offered the increase in
6 income to the employee on the condition that it not qualify as
7 earnings and the employee accepted the increase in income
8 subject to that condition. The term "future increase in income"
9 does not include an increase in income in any form that is paid
10 to a Tier I employee under an employment contract or collective
11 bargaining agreement that is in effect on the effective date of
12 this Section but does include an increase in income in any form
13 pursuant to an extension, amendment, or renewal of any such
14 employment contract or collective bargaining agreement on or
15 after the effective date of this amendatory Act of the 98th
16 General Assembly.

17 (40 ILCS 5/15-132.9 new)

18 Sec. 15-132.9. Election by Tier I employees and Tier I
19 retirees.

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
25 increases in his or her retirement annuity that are

1 otherwise provided for in this Article calculated,
2 instead, as provided in subsection (d-1) of Section
3 15-136, and to waive his or her eligibility for 2
4 automatic annual increases in retirement annuity as
5 provided in subsection (d-2) of Section 15-157; or

6 (ii) to waive his or her eligibility for 3
7 automatic annual increases in retirement annuity, as
8 provided in subsection (d-3) of Section 15-136, and to
9 make the contributions set forth in subsection (a-5) of
10 Section 15-157; or

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

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

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

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

25 (iii) a person who made the election under subsection
26 (a-5) as a Tier I retiree remains bound by that election

1 and shall not make a later election under this subsection
2 (a).

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

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

9 (1) to agree to the following:

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

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

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

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

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

26 (ii) a person who made the election under subsection

1 (a) as a Tier I employee remains bound by that election and
2 shall not make a later election under this subsection
3 (a-5).

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

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

14 (b) As adequate and legal consideration provided under this
15 amendatory Act of the 98th General Assembly for making an
16 election under paragraph (1) of subsection (a) of this Section,
17 any future increases in income offered by an employer under
18 this Article to a Tier I employee who has made an election
19 under paragraph (1) of subsection (a) of this Section shall be
20 offered expressly and irrevocably as constituting earnings
21 under Section 15-111. In addition, a Tier I employee who has
22 made an election under item (i) of paragraph (1) of subsection
23 (a) of this Section shall receive the right to also participate
24 in the optional cash balance plan established under Section
25 1-162.

26 As adequate and legal consideration provided under this

1 amendatory Act of the 98th General Assembly for making an
2 election under paragraph (1) of subsection (a-5) of this
3 Section, any future increases in income offered by an employer
4 under this Article to a Tier I retiree who returns to active
5 service after having made the election under paragraph (1) of
6 subsection (a-5) of this Section shall be offered expressly and
7 irrevocably as constituting earnings under Section 15-111.

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

22 A Tier I retiree who makes the election under paragraph (2)
23 of subsection (a-5) of this Section shall not be subject to
24 either item (i) or (ii) set forth in paragraph (1) of
25 subsection (a-5) of this Section. However, any future increases
26 in income offered by an employer under this Article to a Tier I

1 retiree who returns to active service and has made the election
2 under paragraph (2) of subsection (a-5) of this Section shall
3 be offered by the employer expressly and irrevocably as not
4 constituting earnings under Section 15-111, and the employee
5 may not accept any future increase in income that is offered in
6 violation of this requirement. In addition, a Tier I retiree
7 who returns to active service and has made the election under
8 paragraph (2) of subsection (a-5) of this Section shall not
9 receive the right to participate in the optional cash balance
10 plan established under Section 1-162.

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 consist of
3 video materials, group presentations, individual consultation
4 with a member or authorized representative of the System in
5 person or by telephone or other electronic means, or any
6 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, an employer
2 under this Article is required to offer any future increases in
3 income expressly and irrevocably as not constituting
4 "earnings" under Section 15-111 to any Tier I employee, or Tier
5 I retiree returning to active service, who has made an election
6 under paragraph (2) of subsection (a) or (a-5) of this Section.
7 A Tier I employee, or Tier I retiree returning to active
8 service, who has made an election under paragraph (2) of
9 subsection (a) or (a-5) of this Section shall not accept any
10 future increase in income that is offered by an employer under
11 this Article in violation of the requirement set forth in this
12 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) An employee who has made the election under item (i) of
17 paragraph (1) of subsection (a) of this Section may elect to
18 participate in the optional cash balance plan under Section
19 1-162.

20 The election to participate in the optional cash balance
21 plan shall be made in writing, in the manner provided by the
22 applicable retirement system.

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

26 (i) If this Section is determined to be unconstitutional or

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

8 (j) 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 retirees but not as applied to Tier I employees, 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 retirees but shall remain in full effect for Tier I
15 employees.

16 (k) If an election created by this amendatory Act in any
17 other Article of this Code or any change deriving from that
18 election is determined to be unconstitutional or otherwise
19 invalid by a final unappealable decision of an Illinois court
20 or a court of competent jurisdiction, the invalidity of that
21 provision shall not in any way affect the validity of this
22 Section or the changes deriving from the election required
23 under this Section.

24 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

25 Sec. 15-136. Retirement annuities - Amount. The provisions

1 of this Section 15-136 apply only to those participants who are
2 participating in the traditional benefit package or the
3 portable benefit package and do not apply to participants who
4 are participating in the self-managed plan.

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

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

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

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

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

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

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

8 For the purpose of calculating an annuity under this Rule
9 2, neither the contribution required under subsection (a-1) of
10 Section 15-157 nor the contribution required under subsection
11 (a-5) of that Section shall be considered when determining the
12 participant's accumulated normal contributions under clause
13 (i) or the employer contribution under clause (ii).

14 With respect to a police officer or firefighter who retires
15 on or after August 14, 1998, the accumulated normal
16 contributions taken into account under clauses (i) and (ii) of
17 this Rule 2 shall include the additional normal contributions
18 made by the police officer or firefighter under Section
19 15-157(a).

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

1 this Rule 2.

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

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

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

26 Rule 4: A participant who is at least age 50 and has 25 or

1 more years of service as a police officer or firefighter, and a
2 participant who is age 55 or over and has at least 20 but less
3 than 25 years of service as a police officer or firefighter,
4 shall be entitled to a retirement annuity of 2 1/4% of the
5 final rate of earnings for each of the first 10 years of
6 service as a police officer or firefighter, 2 1/2% for each of
7 the next 10 years of service as a police officer or
8 firefighter, and 2 3/4% for each year of service as a police
9 officer or firefighter in excess of 20. The retirement annuity
10 for all other service shall be computed under Rule 1.

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

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

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

26 Rule 5: The retirement annuity of a participant who elected

1 early retirement under the provisions of Section 15-136.2 and
2 who, on or before February 16, 1995, brought administrative
3 proceedings pursuant to the administrative rules adopted by the
4 System to challenge the calculation of his or her retirement
5 annuity shall be the sum of the following, determined from
6 amounts credited to the participant in accordance with the
7 actuarial tables and the prescribed rate of interest in effect
8 at the time the retirement annuity begins:

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

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

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

26 In no event shall a retirement annuity under this Rule 5 be

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

9 With respect to a participant who is qualified for a
10 retirement annuity under this Rule 5 whose retirement annuity
11 began before the effective date of this amendatory Act of the
12 91st General Assembly, and for whom an employee contribution
13 was made under Section 15-136.2, the System shall recalculate
14 the retirement annuity under this Rule 5 and shall pay any
15 additional amounts due in the manner provided in Section
16 15-186.1 for benefits mistakenly set too low.

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

25 The General Assembly has adopted the changes set forth in
26 Section 25 of this amendatory Act of the 91st General Assembly

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

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

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

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

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

24 (3) For that portion of a retirement annuity which has
25 been provided on account of service of the participant
26 during periods when he or she performed the duties of a

1 police officer or firefighter, if these duties were
2 performed for at least 5 years immediately preceding the
3 date the retirement annuity is to begin.

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

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

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

1 the date the retirement annuity payments began, whichever is
2 later, to the effective date of the increase.

3 The annuitant shall receive an increase in his or her
4 monthly retirement annuity on each January 1 thereafter during
5 the annuitant's life of 3% of the monthly annuity provided
6 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in
7 this Section. The change made under this subsection by P.A.
8 81-970 is effective January 1, 1980 and applies to each
9 annuitant whose status as an employee terminates before or
10 after that date.

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

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

19 (d-1) 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, the amount
22 of each automatic annual increase in retirement annuity
23 occurring on or after the effective date of that election,
24 other than the initial increase, shall be 3% of the originally
25 granted retirement annuity.

26 (d-2) Notwithstanding any other provision of this Article,

1 for a Tier I employee who made the election under item (i) of
2 paragraph (1) of subsection (a) of Section 15-132.9, once the
3 first annual increase under this Section has been granted, the
4 next 2 scheduled annual increases shall be skipped, and
5 thereafter all annual increases shall be granted.

6 (d-3) Notwithstanding any other provision of this Article,
7 for a Tier I employee who made the election under item (ii) of
8 paragraph (1) of subsection (a) of Section 15-132.9, once the
9 first annual increase under this Section has been granted, the
10 next 3 scheduled annual increases shall be skipped, and
11 thereafter all annual increases shall be granted.

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

15 (1) if the Tier I retiree has not received the first
16 annual increase under this Section as of the effective date
17 of this amendatory Act of the 98th General Assembly, then
18 once the first annual increase under this Section has been
19 granted, the next scheduled annual increase 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; and

23 (2) if the Tier I retiree has received the first annual
24 increase under this Section as of the effective date of
25 this amendatory Act of the 98th General Assembly, then the
26 next annual increase after that effective date shall be

1 skipped, the following annual increase shall be granted,
2 the next annual increase shall be skipped, and thereafter
3 all annual increases shall be granted.

4 (e) If, on January 1, 1987, or the date the retirement
5 annuity payment period begins, whichever is later, the sum of
6 the retirement annuity provided under Rule 1 or Rule 2 of this
7 Section and the automatic annual increases provided under the
8 preceding subsection or Section 15-136.1, amounts to less than
9 the retirement annuity which would be provided by Rule 3, the
10 retirement annuity shall be increased as of January 1, 1987, or
11 the date the retirement annuity payment period begins,
12 whichever is later, to the amount which would be provided by
13 Rule 3 of this Section. Such increased amount shall be
14 considered as the retirement annuity in determining benefits
15 provided under other Sections of this Article. This paragraph
16 applies without regard to whether status as an employee
17 terminated before the effective date of this amendatory Act of
18 1987, provided that the annuitant was employed at least
19 one-half time during the period on which the final rate of
20 earnings was based.

21 (f) A participant is entitled to such additional annuity as
22 may be provided on an actuarially equivalent basis, by any
23 accumulated additional contributions to his or her credit.
24 However, the additional contributions made by the participant
25 toward the automatic increases in annuity provided under this
26 Section shall not be taken into account in determining the

1 amount of such additional annuity.

2 (g) If, (1) by law, a function of a governmental unit, as
3 defined by Section 20-107 of this Code, is transferred in whole
4 or in part to an employer, and (2) a participant transfers
5 employment from such governmental unit to such employer within
6 6 months after the transfer of the function, and (3) the sum of
7 (A) the annuity payable to the participant under Rule 1, 2, or
8 3 of this Section (B) all proportional annuities payable to the
9 participant by all other retirement systems covered by Article
10 20, and (C) the initial primary insurance amount to which the
11 participant is entitled under the Social Security Act, is less
12 than the retirement annuity which would have been payable if
13 all of the participant's pension credits validated under
14 Section 20-109 had been validated under this system, a
15 supplemental annuity equal to the difference in such amounts
16 shall be payable to the participant.

17 (h) On January 1, 1981, an annuitant who was receiving a
18 retirement annuity on or before January 1, 1971 shall have his
19 or her retirement annuity then being paid increased \$1 per
20 month for each year of creditable service. On January 1, 1982,
21 an annuitant whose retirement annuity began on or before
22 January 1, 1977, shall have his or her retirement annuity then
23 being paid increased \$1 per month for each year of creditable
24 service.

25 (i) On January 1, 1987, any annuitant whose retirement
26 annuity began on or before January 1, 1977, shall have the

1 monthly retirement annuity increased by an amount equal to 8¢
2 per year of creditable service times the number of years that
3 have elapsed since the annuity began.

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

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

6 Sec. 15-156. Obligations of State.

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

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

20 The obligations created under this subsection (b) are
21 contractual obligations protected and enforceable under
22 Article I, Section 16 and Article XIII, Section 5 of the
23 Illinois Constitution.

24 Notwithstanding any other provision of law, if the State
25 fails to pay in a State fiscal year the amount guaranteed under

1 this subsection (b), the System may bring a mandamus action in
2 the Circuit Court of Champaign County to compel the State to
3 make that payment, irrespective of other remedies that may be
4 available to the System. It shall be the mandatory fiduciary
5 obligation of the Board of the System to bring that action if
6 the State fails to pay in the fiscal year the amount guaranteed
7 under this subsection (b). Before commencing that action, the
8 Board shall submit a voucher for contributions required under
9 Section 15-155. If the State fails to pay a vouchered amount
10 within 90 days after receiving a voucher for that amount, then
11 the Board shall submit a written request to the Comptroller
12 seeking payment of that amount. A copy of the request shall be
13 filed with the Secretary of State, and the Secretary of State
14 shall provide copies of the request to the Governor and General
15 Assembly. No earlier than the 16th day after filing a request
16 with the Secretary, but no later than the 21st day after filing
17 that request, the Board may commence such an action in the
18 Circuit Court. If the Board fails to commence such action on or
19 before the 21st day after filing the request with the Secretary
20 of State, then any Tier I employee or Tier I retiree who made
21 the election under paragraph (1) of subsection (a) or (a-5) of
22 Section 15-132.9 may file a mandamus action against the Board
23 to compel the Board to commence its mandamus action against the
24 State. This subsection (b) constitutes an express waiver of the
25 State's sovereign immunity. In ordering the State to make the
26 required payment, the court may order a reasonable payment

1 schedule to enable the State to make the required payment. The
2 obligations and causes of action created under this subsection
3 (b) shall be in addition to any other right or remedy otherwise
4 accorded by common law, or State or federal law, and nothing in
5 this subsection shall be construed to deny, abrogate, impair,
6 or waive any such common law or statutory right or remedy.

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

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

22 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

23 Sec. 15-157. Employee Contributions.

24 (a) Each participating employee shall make contributions
25 towards the retirement benefits payable under the retirement

1 program applicable to the employee from each payment of
2 earnings applicable to employment under this system on and
3 after the date of becoming a participant as follows: Prior to
4 September 1, 1949, 3 1/2% of earnings; from September 1, 1949
5 to August 31, 1955, 5%; from September 1, 1955 to August 31,
6 1969, 6%; from September 1, 1969, 6 1/2%. These contributions
7 are to be considered as normal contributions for purposes of
8 this Article.

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

1 15-136. While performing service described in clause (i) or
2 (ii) of Rule 4 of Section 15-136, a participating employee
3 shall be deemed to be employed as a firefighter for the purpose
4 of determining the rate of employee contributions under this
5 Section.

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

15 (a-5) In addition to the contributions otherwise required
16 under this Article, each Tier I participant who made the
17 election under item (ii) of paragraph (1) of subsection (a) of
18 Section 15-132.9 shall also make the following contributions
19 toward the retirement benefits payable under the retirement
20 program applicable to the employee from each payment of
21 earnings applicable to employment under this system:

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

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

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

1 Article.

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

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

25 (d) If the board by board rule so permits and subject to
26 such conditions and limitations as may be specified in its

1 rules, a participant may make other additional contributions of
2 such percentage of earnings or amounts as the participant shall
3 elect in a written notice thereof received by the board.

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

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

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

22 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,
23 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;
24 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

1 Sec. 15-163. To consider applications and authorize
2 payments.

3 To consider and pass on all certifications of employment
4 and applications for annuities and benefits; to authorize the
5 granting of annuities and benefits; and to limit or suspend any
6 payment or payments, all in accordance with this Article.

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

8 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

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

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

25 On or before July 1, 2005, 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 2006, taking
3 into account the changes in required State contributions made
4 by this amendatory Act of the 94th General Assembly.

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

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

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

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

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

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

1 the State Comptroller and Treasurer by warrants drawn on the
2 funds appropriated to the System for that fiscal year.

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

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

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

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

6 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
7 97-694, eff. 6-18-12.)

8 (40 ILCS 5/15-198)

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

11 (a) As used in this Section, "new benefit increase" means
12 an increase in the amount of any benefit provided under this
13 Article, or an expansion of the conditions of eligibility for
14 any benefit under this Article or Article 1, that results from
15 an amendment to this Code that takes effect after the effective
16 date of this amendatory Act of the 94th General Assembly. "New
17 benefit increase", however, does not include any benefit
18 increase resulting from the changes made to this Article or
19 Article 1 by this amendatory Act of the 98th General Assembly.

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

25 (c) The Public Act enacting a new benefit increase must

1 identify and provide for payment to the System of additional
2 funding at least sufficient to fund the resulting annual
3 increase in cost to the System as it accrues.

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

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

26 (e) Except as otherwise provided in the language creating

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

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

11 (40 ILCS 5/16-106) (from Ch. 108 1/2, par. 16-106)

12 Sec. 16-106. Teacher. "Teacher": The following
13 individuals, provided that, for employment prior to July 1,
14 1990, they are employed on a full-time basis, or if not
15 full-time, on a permanent and continuous basis in a position in
16 which services are expected to be rendered for at least one
17 school term:

18 (1) Any educational, administrative, professional or
19 other staff employed in the public common schools included
20 within this system in a position requiring certification
21 under the law governing the certification of teachers;

22 (2) Any educational, administrative, professional or
23 other staff employed in any facility of the Department of
24 Children and Family Services or the Department of Human
25 Services, in a position requiring certification under the

1 law governing the certification of teachers, and any person
2 who (i) works in such a position for the Department of
3 Corrections, (ii) was a member of this System on May 31,
4 1987, and (iii) did not elect to become a member of the
5 State Employees' Retirement System pursuant to Section
6 14-108.2 of this Code; except that "teacher" does not
7 include any person who (A) becomes a security employee of
8 the Department of Human Services, as defined in Section
9 14-110, after June 28, 2001 (the effective date of Public
10 Act 92-14), or (B) becomes a member of the State Employees'
11 Retirement System pursuant to Section 14-108.2c of this
12 Code;

13 (3) Any regional superintendent of schools, assistant
14 regional superintendent of schools, State Superintendent
15 of Education; any person employed by the State Board of
16 Education as an executive; any executive of the boards
17 engaged in the service of public common school education in
18 school districts covered under this system of which the
19 State Superintendent of Education is an ex-officio member;

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

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

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

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

6 (6) Any educational, administrative, professional or
7 other staff employed by and under the supervision and
8 control of a regional superintendent of schools, provided
9 such employment position requires the person to be
10 certificated under the law governing the certification of
11 teachers and is in an educational program serving 2 or more
12 districts in accordance with a joint agreement authorized
13 by the School Code or by federal legislation;

14 (7) Any educational, administrative, professional or
15 other staff employed in an educational program serving 2 or
16 more school districts in accordance with a joint agreement
17 authorized by the School Code or by federal legislation and
18 in a position requiring certification under the laws
19 governing the certification of teachers;

20 (8) Any officer or employee of a statewide teacher
21 organization or officer of a national teacher organization
22 who is certified under the law governing certification of
23 teachers, provided: (i) the individual had previously
24 established creditable service under this Article, (ii)
25 the individual files with the system an irrevocable
26 election to become a member before January 5, 2012 (the

1 effective date of Public Act 97-651 ~~this amendatory Act of~~
2 ~~the 97th General Assembly~~, (iii) the individual does not
3 receive credit for such service under any other Article of
4 this Code, and (iv) the individual first became an officer
5 or employee of the teacher organization and becomes a
6 member before January 5, 2012 (the effective date of Public
7 Act 97-651) ~~this amendatory Act of the 97th General~~
8 ~~Assembly;~~

9 (9) Any educational, administrative, professional, or
10 other staff employed in a charter school operating in
11 compliance with the Charter Schools Law who is certificated
12 under the law governing the certification of teachers; ~~;~~

13 (10) Any person employed, on the effective date of this
14 amendatory Act of the 94th General Assembly, by the
15 Macon-Piatt Regional Office of Education in a
16 birth-through-age-three pilot program receiving funds
17 under Section 2-389 of the School Code who is required by
18 the Macon-Piatt Regional Office of Education to hold a
19 teaching certificate, provided that the Macon-Piatt
20 Regional Office of Education makes an election, within 6
21 months after the effective date of this amendatory Act of
22 the 94th General Assembly, to have the person participate
23 in the system. Any service established prior to the
24 effective date of this amendatory Act of the 94th General
25 Assembly for service as an employee of the Macon-Piatt
26 Regional Office of Education in a birth-through-age-three

1 pilot program receiving funds under Section 2-389 of the
2 School Code shall be considered service as a teacher if
3 employee and employer contributions have been received by
4 the system and the system has not refunded those
5 contributions.

6 An annuitant receiving a retirement annuity under this
7 Article or under Article 17 of this Code who is employed by a
8 board of education or other employer as permitted under Section
9 16-118 or 16-150.1 is not a "teacher" for purposes of this
10 Article. A person who has received a single-sum retirement
11 benefit under Section 16-136.4 of this Article is not a
12 "teacher" for purposes of this Article.

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

14 (40 ILCS 5/16-107.1 new)

15 Sec. 16-107.1. Tier I employee. "Tier I employee": A
16 teacher under this Article who first became a member or
17 participant before January 1, 2011 under any reciprocal
18 retirement system or pension fund established under this Code
19 other than a retirement system or pension fund established
20 under Article 2, 3, 4, 5, 6, or 18 of this Code. However, for
21 the purposes of the election under Section 16-122.9 and the
22 consequences arising from that election, "Tier I employee" does
23 not include a teacher under this Article who would qualify as a
24 Tier I employee but who has made an irrevocable election on or
25 before January 1, 2013 to retire from service pursuant to the

1 terms of a collective bargaining agreement in effect on January
2 1, 2013, excluding any extension, amendment, or renewal of that
3 agreement on or after that date, and has notified the System of
4 that election.

5 (40 ILCS 5/16-107.2 new)

6 Sec. 16-107.2. Tier I retiree. "Tier I retiree": A former
7 Tier I employee who is receiving a retirement annuity. However,
8 for the purposes of the election under Section 16-122.9 and the
9 consequences arising from that election, "Tier I retiree" also
10 includes a teacher under this Article who would qualify as a
11 Tier I employee but who has made an irrevocable election on or
12 before January 1, 2013 to retire from service pursuant to the
13 terms of a collective bargaining agreement in effect on January
14 1, 2013, excluding any extension, amendment, or renewal of that
15 agreement on or after that date, and has notified the System of
16 that election.

17 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

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

24 Notwithstanding any other provision of this Section,

1 "salary" does not include any future increase in income offered
2 by an employer under this Article pursuant to the requirements
3 of subsection (c) of Section 16-122.9 that is accepted by a
4 Tier I employee, or a Tier I retiree returning to active
5 service, who has made the election under paragraph (2) of
6 subsection (a) or (a-5) of Section 16-122.9.

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

8 (40 ILCS 5/16-121.1 new)

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

1 (40 ILCS 5/16-122.9 new)

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

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

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

7 (i) to have the amount of the automatic annual
8 increases in his or her retirement annuity that are
9 otherwise provided for in this Article calculated,
10 instead, as provided in subsection (a-1) of Section
11 16-133.1 or subsection (b-1) of Section 16-136.1,
12 whichever is applicable, and to waive his or her
13 eligibility for 2 automatic annual increases in
14 retirement annuity, as provided in subsection (a-2) of
15 Section 16-133.1 or subsection (b-2) of Section
16 16-136.1, whichever is applicable; or

17 (ii) to waive his or her eligibility for 3
18 automatic annual increases in retirement annuity, as
19 provided in subsection (a-3) of Section 16-133.1 or
20 subsection (b-3) of Section 16-136.1, whichever is
21 applicable, and to make the contributions set forth in
22 subsection (a-5) of Section 16-152; or

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

25 The election required under this subsection (a) shall be
26 made by each Tier I employee no earlier than February 1, 2014

1 and no later than May 31, 2014, except that:

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

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

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

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

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

21 (1) to agree to the following:

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

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

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

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

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

15 (ii) a person who made the election under subsection
16 (a) as a Tier I employee remains bound by that election and
17 shall not make a later election under this subsection
18 (a-5).

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

23 (a-10) All elections under subsection (a) that are made or
24 deemed to be made before June 1, 2014 shall take effect on July
25 1, 2014. Elections that are made or deemed to be made on or
26 after June 1, 2014 shall take effect on the first day of the

1 month following the month in which the election is made or
2 deemed to be made.

3 (b) As adequate and legal consideration provided under this
4 amendatory Act of the 98th General Assembly for making an
5 election under paragraph (1) of subsection (a) of this Section,
6 any future increases in income offered by an employer under
7 this Article to a Tier I employee who has made an election
8 under paragraph (1) of subsection (a) of this Section shall be
9 offered expressly and irrevocably as constituting salary under
10 Section 16-121. In addition, a Tier I employee who has made an
11 election under item (i) of paragraph (1) of subsection (a) of
12 this Section shall receive the right to also participate in the
13 optional cash balance plan established under Section 1-162.
14 Finally, a Tier I employee, other than a Tier I retiree
15 returning to active service as a Tier I employee, who has made
16 an election under item (i) of paragraph (1) of subsection (a)
17 of this Section shall receive the right to the early retirement
18 without discount option set forth in Section 16-133.6.

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 an election under paragraph (1) of
25 subsection (a-5) of this Section shall be offered expressly and
26 irrevocably as constituting salary under Section 16-121.

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 salary
9 under Section 16-121, and the employee may not accept any
10 future increase in income that is offered in violation of this
11 requirement. In addition, a Tier I employee who has made the
12 election under paragraph (2) of subsection (a) of this Section
13 shall not receive the right to participate in the optional cash
14 balance plan established under Section 1-162. Finally, a Tier I
15 employee who has made the election under paragraph (2) of
16 subsection (a) of this Section shall not receive the right to
17 the early retirement without discount option set forth in
18 Section 16-133.6.

19 A Tier I retiree who makes the election under paragraph (2)
20 of subsection (a-5) of this Section shall not be subject to
21 either item (i) or (ii) set forth in paragraph (1) of
22 subsection (a-5) of this Section. However, any future increases
23 in income offered by an employer under this Article to a Tier I
24 retiree who returns to active service and has made the election
25 under paragraph (2) of subsection (a-5) of this Section shall
26 be offered by the employer expressly and irrevocably as not

1 constituting salary under Section 16-121, and the employee may
2 not accept any future increase in income that is offered in
3 violation of this requirement. In addition, a Tier I retiree
4 who returns to active service and has made the election under
5 paragraph (2) of subsection (a) of this Section shall not
6 receive the right to participate in the optional cash balance
7 plan established under Section 1-162.

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

19 Tier I employees and Tier I retirees who are subject to
20 this Section shall be provided with an election packet
21 containing information regarding their options, as well as the
22 forms necessary to make the required election. Upon request,
23 the System shall offer Tier I employees and Tier I retirees an
24 opportunity to receive information from the System before
25 making the required election. The information may consist of
26 video materials, group presentations, individual consultation

1 with a member or authorized representative of the System in
2 person or by telephone or other electronic means, or any
3 combination of those methods. The System shall not provide
4 advice or counseling with respect to which election a Tier I
5 employee or Tier I retiree should make or specific to the legal
6 or tax circumstances of or consequences to the Tier I employee
7 or Tier I retiree.

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

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

24 (e) Notwithstanding any other provision of law, an employer
25 under this Article is required to offer any future increases in
26 income expressly and irrevocably as not constituting "salary"

1 under Section 16-121 to any Tier I employee, or Tier I retiree
2 returning to active service, who has made an election under
3 paragraph (2) of subsection (a) or (a-5) of Section 16-122.9. A
4 Tier I employee, or Tier I retiree returning to active service,
5 who has made an election under paragraph (2) of subsection (a)
6 or (a-5) of Section 16-122.9 shall not accept any future
7 increase in income that is offered by an employer under this
8 Article in violation of the requirement set forth in this
9 subsection.

10 (f) A member's election under this Section is not a
11 prohibited election under subdivision (j)(1) of Section 1-119
12 of this Code.

13 (g) An employee who has made the election under item (i) of
14 paragraph (1) of subsection (a) of this Section may elect to
15 participate in the optional cash balance plan under Section
16 1-162.

17 The election to participate in the optional cash balance
18 plan shall be made in writing, in the manner provided by the
19 applicable retirement system.

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

23 (i) If this Section is determined to be unconstitutional or
24 otherwise invalid by a final unappealable decision of an
25 Illinois court or a court of competent jurisdiction as applied
26 to Tier I employees but not as applied to Tier I retirees, then

1 this Section and the changes deriving from the election
2 required under this Section shall be null and void as applied
3 to Tier I employees but shall remain in full effect for Tier I
4 retirees.

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

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

21 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

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

23 (a) The amount of the retirement annuity shall be (i) in
24 the case of a person who first became a teacher under this
25 Article before July 1, 2005, the larger of the amounts

1 determined under paragraphs (A) and (B) below, or (ii) in the
2 case of a person who first becomes a teacher under this Article
3 on or after July 1, 2005, the amount determined under the
4 applicable provisions of paragraph (B):

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

6 (1) An amount that can be provided on an
7 actuarially equivalent basis by the member's
8 accumulated contributions at the time of retirement;
9 and

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

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

25 For the purpose of calculating an annuity under this Rule
26 2, neither the contribution required under subsection

1 (a-1) of Section 16-152 nor the contribution required under
2 subsection (a-5) of that Section shall be considered when
3 determining the participant's accumulated normal
4 contributions under clause (i) or the employer
5 contribution under clause (ii).

6 This paragraph (A) does not apply to a person who first
7 becomes a teacher under this Article on or after July 1,
8 2005.

9 (B) An amount consisting of the greater of the
10 following:

11 (1) For creditable service earned before July 1,
12 1998 that has not been augmented under Section
13 16-129.1: 1.67% of final average salary for each of the
14 first 10 years of creditable service, 1.90% of final
15 average salary for each year in excess of 10 but not
16 exceeding 20, 2.10% of final average salary for each
17 year in excess of 20 but not exceeding 30, and 2.30% of
18 final average salary for each year in excess of 30; and

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

1 of creditable service earned on or after July 1, 1998
2 and after the member reaches a total of 30 years of
3 creditable service; and

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

6 (2) 1.5% of final average salary for each year of
7 creditable service plus the sum \$7.50 for each of the
8 first 20 years of creditable service.

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

1 equivalents.

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

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

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

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

26 (e) The maximum retirement annuity provided under

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

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

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

10 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

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

12 (a) Each member with creditable service and retiring on or
13 after August 26, 1969 is entitled to the automatic annual
14 increases in annuity provided under this Section while
15 receiving a retirement annuity or disability retirement
16 annuity from the system.

17 An annuitant shall first be entitled to an initial increase
18 under this Section on the January 1 next following the first
19 anniversary of retirement, or January 1 of the year next
20 following attainment of age 61, whichever is later. At such
21 time, the system shall pay an initial increase determined as
22 follows:

23 (1) 1.5% of the originally granted retirement annuity
24 or disability retirement annuity multiplied by the number
25 of years elapsed, if any, from the date of retirement until

1 January 1, 1972, plus

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

6 (3) 3% of the originally granted annuity multiplied by
7 the number of years elapsed from the date of retirement or
8 January 1, 1978, whichever is later, until the effective
9 date of the initial increase.

10 However, the initial annual increase calculated under this
11 Section for the recipient of a disability retirement annuity
12 granted under Section 16-149.2 shall be reduced by an amount
13 equal to the total of all increases in that annuity received
14 under Section 16-149.5 (but not exceeding 100% of the amount of
15 the initial increase otherwise provided under this Section).

16 Except as otherwise provided in subsection (a-1), (a-2),
17 (a-3), or (a-4), if applicable, following ~~Following~~ the initial
18 increase, automatic annual increases in annuity shall be
19 payable on each January 1 thereafter during the lifetime of the
20 annuitant, determined as a percentage of the originally granted
21 retirement annuity or disability retirement annuity for
22 increases granted prior to January 1, 1990, and calculated as a
23 percentage of the total amount of annuity, including previous
24 increases under this Section, for increases granted on or after
25 January 1, 1990, as follows: 1.5% for periods prior to January
26 1, 1972, 2% for periods after December 31, 1971 and prior to

1 January 1, 1978, and 3% for periods after December 31, 1977.

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

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

26 (d) An annuitant receiving a retirement annuity or

1 disability retirement annuity on July 1, 1969, who subsequently
2 re-enters service as a teacher is eligible for the automatic
3 annual increases in annuity provided under this Section if he
4 or she renders at least one year of creditable service
5 following the latest re-entry.

6 (e) In addition to the automatic annual increases in
7 annuity provided under this Section, an annuitant who meets the
8 service requirements of this Section and whose retirement
9 annuity or disability retirement annuity began on or before
10 January 1, 1971 shall receive, on January 1, 1981, an increase
11 in the annuity then being paid of one dollar per month for each
12 year of creditable service. On January 1, 1982, an annuitant
13 whose retirement annuity or disability retirement annuity
14 began on or before January 1, 1977 shall receive an increase in
15 the annuity then being paid of one dollar per month for each
16 year of creditable service.

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

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

23 (40 ILCS 5/16-133.6 new)

24 Sec. 16-133.6. Optional teacher early retirement without
25 discount. A Tier I employee who makes an election under item

1 (i) of paragraph (1) of subsection (a) of Section 16-122.9,
2 retires on or after the beginning of the first State fiscal
3 year to occur after the end of the election period specified in
4 Section 16-122.9, and applies for a retirement annuity within 6
5 months of the last day of teaching for which retirement
6 contributions were required may elect, at the time of
7 application for a retirement annuity, to make a one-time member
8 contribution to the System and, thereby, avoid the reduction in
9 the retirement annuity for retirement before age 60 specified
10 in paragraph (B) of Section 16-133. The exercise of the
11 election shall also obligate the last employer to make a
12 one-time nonrefundable contribution to the System. Substitute
13 teachers wishing to exercise this election must teach 85 or
14 more days in one school term with one employer, who shall be
15 deemed the last employer for purposes of this Section. The last
16 day of teaching with that employer must be within 6 months of
17 the date of application for retirement. All substitute teaching
18 credit applied toward the required 85 days must be earned after
19 June 30, 1990.

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

1 benefits as determined by the System. The employer contribution
2 shall be at the rate of 50% of the cost of the benefits as
3 determined by the System.

4 Upon receipt of the application and election, the System
5 shall determine the one-time employee and employer
6 contributions required. The member contribution shall be
7 credited to the individual account of the member and the
8 employer contribution shall be credited to the Benefit Trust
9 Reserve. The avoidance of the reduction in retirement annuity
10 provided under this Section is not applicable until the
11 member's contribution, if any, has been received by the System;
12 however, the date that contribution is received shall not be
13 considered in determining the effective date of retirement.

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

20 (40 ILCS 5/16-136.1) (from Ch. 108 1/2, par. 16-136.1)

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

22 (a) Any annuitant receiving a retirement annuity on June
23 30, 1969 and any member retiring after June 30, 1969 shall be
24 eligible for the annual increases provided under this Section
25 provided the annuitant is ineligible for the automatic annual

1 increase in annuity provided under Section 16-133.1, and
2 provided further that (1) retirement occurred at age 55 or over
3 and was based on 5 or more years of creditable service or (2)
4 if retirement occurred prior to age 55, the retirement annuity
5 was based on 20 or more years of creditable service.

6 (b) An annuitant entitled to increases under this Section
7 shall be entitled to the initial increase as of the later of:
8 (1) January 1 following attainment of age 65, (2) January 1
9 following the first anniversary of retirement, or (3) the first
10 day of the month following receipt of the required qualifying
11 contribution from the annuitant. The initial monthly increase
12 shall be computed on the basis of the period elapsed between
13 the later of the date of last retirement or attainment of age
14 50 and the date of qualification for the initial increase, at
15 the rate of 1 1/2% of the original monthly retirement annuity
16 per year for periods prior to September 1, 1971, and at the
17 rate of 2% per year for periods between September 1, 1971 and
18 September 1, 1978, and at the rate of 3% per year for periods
19 thereafter.

20 Except as otherwise provided in subsection (b-1), (b-2),
21 (b-3), or (b-4), if applicable, an ~~An~~ annuitant who has
22 received an initial increase under this Section, shall be
23 entitled, on each January 1 following the granting of the
24 initial increase, to an increase of 3% of the original monthly
25 retirement annuity for increases granted prior to January 1,
26 1990, and equal to 3% of the total annuity, including previous

1 increases under this Section, for increases granted on or after
2 January 1, 1990. The original monthly retirement annuity for
3 computations under this subsection (b) shall be considered to
4 be \$83.34 for any annuitant entitled to benefits under Section
5 16-134. The minimum original disability retirement annuity for
6 computations under this subsection (b) shall be considered to
7 be \$33.34 per month for any annuitant retired on account of
8 disability.

9 (b-1) 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, the amount
12 of each automatic annual increase in retirement annuity
13 occurring on or after the effective date of that election,
14 other than the initial increase, shall be 3% of the originally
15 granted retirement annuity.

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

22 (b-3) Notwithstanding any other provision of this Article,
23 for a Tier I employee who made the election under item (ii) of
24 paragraph (1) of subsection (a) of Section 16-122.9, once the
25 first annual increase under this Section has been granted, the
26 next 3 scheduled annual increases shall be skipped, and

1 thereafter all annual increases shall be granted.

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

5 (1) if the Tier I retiree has not received the initial
6 annual increase under this Section as of the effective date
7 of this amendatory Act of the 98th General Assembly, then
8 once the initial annual increase under this Section has
9 been granted, the next scheduled annual increase 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; and

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

20 (c) An annuitant who otherwise qualifies for annual
21 increases under this Section must make a one-time payment of 1%
22 of the monthly final average salary for each full year of the
23 creditable service forming the basis of the retirement annuity
24 or, if the retirement annuity was not computed using final
25 average salary, 1% of the original monthly retirement annuity
26 for each full year of service forming the basis of the

1 retirement annuity.

2 (d) In addition to other increases which may be provided by
3 this Section, regardless of creditable service, annuitants not
4 meeting the service requirements of Section 16-133.1 and whose
5 retirement annuity began on or before January 1, 1971 shall
6 receive, on January 1, 1981, an increase in the retirement
7 annuity then being paid of one dollar per month for each year
8 of creditable service forming the basis of the retirement
9 allowance. On January 1, 1982, annuitants whose retirement
10 annuity began on or before January 1, 1977, shall receive an
11 increase in the retirement annuity then being paid of one
12 dollar per month for each year of creditable service.

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

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

19 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

20 Sec. 16-152. Contributions by members.

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

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

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

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

9 (4) Effective July 1, 2005, contributions of 0.40% of
10 salary toward the cost of the early retirement without
11 discount option provided under Section 16-133.2. This
12 contribution shall cease upon termination of the early
13 retirement without discount option as provided in Section
14 16-176.

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

24 (a-5) In addition to the contributions otherwise required
25 under this Article, each Tier I member who made the election
26 under item (ii) of paragraph (1) of subsection (a) of Section

1 16-122.9 shall also make the following contributions toward the
2 cost of the retirement annuity from each payment of salary:

3 (1) beginning July 1, 2014 and through June 30, 2015,
4 1% of salary; and

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

6 Except as otherwise specified, these contributions are to
7 be considered as normal contributions for purposes of this
8 Article.

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

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

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

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

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

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

11 (2) The contributions shall be included, without
12 interest, in any refund claimed by the member under Section
13 16-151.

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

19 (4) The contributions shall be refunded to the member,
20 without interest, within 120 days after the early
21 retirement without discount option provided under Section
22 16-133.2 is terminated under Section 16-176.

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

24 (40 ILCS 5/16-158.2 new)

25 Sec. 16-158.2. Obligations of State; funding guarantee.

1 The State shall be contractually obligated to contribute to the
2 System in each State fiscal year an amount not less than the
3 sum required in Section 16-158 as that Section existed prior to
4 the effective date of this amendatory Act of the 98th General
5 Assembly.

6 The obligations created under this Section are contractual
7 obligations protected and enforceable under Article I, Section
8 16 and Article XIII, Section 5 of the Illinois Constitution.

9 Notwithstanding any other provision of law, if the State
10 fails to pay in a State fiscal year the amount guaranteed under
11 this Section, the System may bring a mandamus action in the
12 Circuit Court of Sangamon County to compel the State to make
13 that payment, irrespective of other remedies that may be
14 available to the System. It shall be the mandatory fiduciary
15 obligation of the Board of the System to bring that action if
16 the State fails to pay in the fiscal year the amount guaranteed
17 under this Section. Before commencing that action, the Board
18 shall submit a voucher for contributions required under Section
19 16-158. If the State fails to pay a vouchered amount within 90
20 days after receiving a voucher for that amount, then the Board
21 shall submit a written request to the Comptroller seeking
22 payment of that amount. A copy of the request shall be filed
23 with the Secretary of State, and the Secretary of State shall
24 provide copies of the request to the Governor and General
25 Assembly. No earlier than the 16th day after filing a request
26 with the Secretary, but no later than the 21st day after filing

1 that request, the Board may commence such an action in the
2 Circuit Court. If the Board fails to commence such action on or
3 before the 21st day after filing the request with the Secretary
4 of State, then any Tier I employee or Tier I retiree who has
5 made the election under paragraph (1) of subsection (a) or
6 (a-5) of Section 16-122.9 may file a mandamus action against
7 the Board to compel the Board to commence its mandamus action
8 against the State. This Section constitutes an express waiver
9 of the State's sovereign immunity. In ordering the State to
10 make the required payment, the court may order a reasonable
11 payment schedule to enable the State to make the required
12 payment. The obligations and causes of action created under
13 this subsection (b) shall be in addition to any other right or
14 remedy otherwise accorded by common law, or State or federal
15 law, and nothing in this subsection (b) shall be construed to
16 deny, abrogate, impair, or waive any such common law or
17 statutory right or remedy.

18 Any payments required to be made by the State pursuant to
19 this Section are expressly subordinated to the payment of the
20 principal, interest, and premium, if any, on any bonded debt
21 obligation of the State or any other State-created entity,
22 either currently outstanding or to be issued, for which the
23 source of repayment or security thereon is derived directly or
24 indirectly from tax revenues collected by the State or any
25 other State-created entity. Payments on such bonded
26 obligations include any statutory fund transfers or other

1 prefunding mechanisms or formulas set forth, now or hereafter,
2 in State law or bond indentures, into debt service funds or
3 accounts of the State related to such bonded obligations,
4 consistent with the payment schedules associated with such
5 obligations.

6 (40 ILCS 5/16-203)

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

9 (a) As used in this Section, "new benefit increase" means
10 an increase in the amount of any benefit provided under this
11 Article, or an expansion of the conditions of eligibility for
12 any benefit under this Article, that results from an amendment
13 to this Code that takes effect after June 1, 2005 (the
14 effective date of Public Act 94-4). "New benefit increase",
15 however, does not include any benefit increase resulting from
16 the changes made to this Article by Public Act 95-910 or this
17 amendatory Act of the 98th ~~95th~~ General Assembly.

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

23 (c) The Public Act enacting a new benefit increase must
24 identify and provide for payment to the System of additional
25 funding at least sufficient to fund the resulting annual

1 increase in cost to the System as it accrues.

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

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

24 (e) Except as otherwise provided in the language creating
25 the new benefit increase, a new benefit increase that expires
26 under this Section continues to apply to persons who applied

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

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

9 Section 35. The School Code is amended by changing Sections
10 24-1 and 24-8 as follows:

11 (105 ILCS 5/24-1) (from Ch. 122, par. 24-1)

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

1 equivalent professional educational experiences, and one or
2 two days at the beginning of the school term when used as a
3 teachers' workshop.

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

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

6 Sec. 24-8. Minimum salary. In fixing the salaries of
7 teachers, school boards shall pay those who serve on a
8 full-time basis not less than a rate for the school year that
9 is based upon training completed in a recognized institution of
10 higher learning, as follows: for the school year beginning July
11 1, 1980 and thereafter, less than a bachelor's degree, \$9,000;
12 120 semester hours or more and a bachelor's degree, \$10,000;
13 150 semester hours or more and a master's degree, \$11,000.

14 Based upon previous public school experience in this State
15 or any other State, territory, dependency or possession of the
16 United States, or in schools operated by or under the auspices
17 of the United States, teachers who serve on a full-time basis
18 shall have their salaries increased to at least the following
19 amounts above the starting salary for a teacher in such
20 district in the same classification: with less than a
21 bachelor's degree, \$750 after 5 years; with 120 semester hours
22 or more and a bachelor's degree, \$1,000 after 5 years and
23 \$1,600 after 8 years; with 150 semester hours or more and a
24 master's degree, \$1,250 after 5 years, \$2,000 after 8 years and
25 \$2,750 after 13 years. However, any salary increase is subject

1 to any applicable restrictions in Section 14-106.5, 15-132.9,
2 or 16-122.9 of the Illinois Pension Code.

3 For the purpose of this Section a teacher's salary shall
4 include any amount paid by the school district on behalf of the
5 teacher, as teacher contributions, to the Teachers' Retirement
6 System of the State of Illinois.

7 If a school board establishes a schedule for teachers'
8 salaries based on education and experience, not inconsistent
9 with this Section, all certificated nurses employed by that
10 board shall be paid in accordance with the provisions of such
11 schedule (subject to any applicable restrictions in Section
12 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code).

13 For purposes of this Section, a teacher who submits a
14 certificate of completion to the school office prior to the
15 first day of the school term shall be considered to have the
16 degree stated in such certificate.

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

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

20 (110 ILCS 70/36d) (from Ch. 24 1/2, par. 38b3)

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

22 The Merit Board shall have the power and duty-

23 (1) To approve a classification plan prepared under its
24 direction, assigning to each class positions of substantially

1 similar duties. The Merit Board shall have power to delegate to
2 its Director the duty of assigning each position in the
3 classified service to the appropriate class in the
4 classification plan approved by the Merit Board.

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

7 (3) To prescribe the range of compensation for each class
8 or to fix a single rate of compensation for employees in a
9 particular class; and to establish other conditions of
10 employment which an employer and employee representatives have
11 agreed upon as fair and equitable. The Merit Board shall direct
12 the payment of the "prevailing rate of wages" in those
13 classifications in which, on January 1, 1952, any employer is
14 paying such prevailing rate and in such other classes as the
15 Merit Board may thereafter determine. "Prevailing rate of
16 wages" as used herein shall be the wages paid generally in the
17 locality in which the work is being performed to employees
18 engaged in work of a similar character. Subject to any
19 applicable restrictions in Section 14-106.5, 15-132.9, or
20 16-122.9 of the Illinois Pension Code, each ~~Each~~ employer
21 covered by the University System shall be authorized to
22 negotiate with representatives of employees to determine
23 appropriate ranges or rates of compensation or other conditions
24 of employment and may recommend to the Merit Board for
25 establishment the rates or ranges or other conditions of
26 employment which the employer and employee representatives

1 have agreed upon as fair and equitable, but excluding the
2 changes, the impact of changes, and the implementation of the
3 changes set forth in this amendatory Act of the 98th General
4 Assembly. Any rates or ranges established prior to January 1,
5 1952, and hereafter, shall not be changed except in accordance
6 with the procedures herein provided.

7 (4) To recommend to the institutions and agencies specified
8 in Section 36e standards for hours of work, holidays, sick
9 leave, overtime compensation and vacation for the purpose of
10 improving conditions of employment covered therein and for the
11 purpose of insuring conformity with the prevailing rate
12 principal.

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

25 (6) To authorize the continuous recruitment of personnel
26 and to that end, to delegate to the Director and his staff the

1 power and the duty to conduct open and continuous competitive
2 examinations for all classifications of employment.

3 (7) To cause to be established from the results of
4 examinations registers for each class of positions in the
5 classified service of the State Universities Civil Service
6 System, of the persons who shall attain the minimum mark fixed
7 by the Merit Board for the examination; and such persons shall
8 take rank upon the registers as candidates in the order of
9 their relative excellence as determined by examination,
10 without reference to priority of time of examination.

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

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

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

24 (11) To make and publish rules, to carry out the purpose of
25 the State Universities Civil Service System and for
26 examination, appointments, transfers and removals and for

1 maintaining and keeping records of the efficiency of officers
2 and employees and groups of officers and employees in
3 accordance with the provisions of Sections 36b to 36q,
4 inclusive, and said Merit Board may from time to time make
5 changes in such rules.

6 (12) To appoint a Director and such assistants and other
7 clerical and technical help as may be necessary efficiently to
8 administer Sections 36b to 36q, inclusive. To authorize the
9 Director to appoint an assistant resident at the place of
10 employment of each employer specified in Section 36e and this
11 assistant may be authorized to give examinations and to certify
12 names from the regional registers provided in Section 36k.

13 (13) To submit to the Governor of this state on or before
14 November 1 of each year prior to the regular session of the
15 General Assembly a report of the University System's business
16 and an estimate of the amount of appropriation from state funds
17 required for the purpose of administering the University
18 System.

19 (Source: P.A. 82-524.)

20 Section 45. The University of Illinois Act is amended by
21 adding Section 85 as follows:

22 (110 ILCS 305/85 new)

23 Sec. 85. Future increases in income. The University of
24 Illinois must not pay, offer, or agree to pay any future

1 increase in income, as that term is defined in Section
2 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code,
3 to any person in a manner that violates any of those Sections.

4 Section 50. The Southern Illinois University Management
5 Act is amended by adding Section 70 as follows:

6 (110 ILCS 520/70 new)

7 Sec. 70. Future increases in income. Southern Illinois
8 University must not pay, offer, or agree to pay any future
9 increase in income, as that term is defined in Section
10 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code,
11 to any person in a manner that violates any of those Sections.

12 Section 55. The Chicago State University Law is amended by
13 adding Section 5-180 as follows:

14 (110 ILCS 660/5-180 new)

15 Sec. 5-180. Future increases in income. Chicago State
16 University must not pay, offer, or agree to pay any future
17 increase in income, as that term is defined in Section
18 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code,
19 to any person in a manner that violates any of those Sections.

20 Section 60. The Eastern Illinois University Law is amended
21 by adding Section 10-180 as follows:

1 (110 ILCS 665/10-180 new)

2 Sec. 10-180. Future increases in income. Eastern 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 65. The Governors State University Law is amended
8 by adding Section 15-180 as follows:

9 (110 ILCS 670/15-180 new)

10 Sec. 15-180. Future increases in income. Governors 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 70. The Illinois State University Law is amended by
16 adding Section 20-185 as follows:

17 (110 ILCS 675/20-185 new)

18 Sec. 20-185. Future increases in income. Illinois State
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,

1 to any person in a manner that violates any of those Sections.

2 Section 75. The Northeastern Illinois University Law is
3 amended by adding Section 25-180 as follows:

4 (110 ILCS 680/25-180 new)

5 Sec. 25-180. Future increases in income. Northeastern
6 Illinois University must not pay, offer, or agree to pay any
7 future increase in income, as that term is defined in Section
8 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code,
9 to any person in a manner that violates any of those Sections.

10 Section 80. The Northern Illinois University Law is amended
11 by adding Section 30-190 as follows:

12 (110 ILCS 685/30-190 new)

13 Sec. 30-190. Future increases in income. Northern Illinois
14 University must not pay, offer, or agree to pay any future
15 increase in income, as that term is defined in Section
16 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code,
17 to any person in a manner that violates any of those Sections.

18 Section 85. The Western Illinois University Law is amended
19 by adding Section 35-185 as follows:

20 (110 ILCS 690/35-185 new)

1 Sec. 35-185. Future increases in income. Western Illinois
2 University must not pay, offer, or agree to pay any future
3 increase in income, as that term is defined in Section
4 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code,
5 to any person in a manner that violates any of those Sections.

6 Section 90. The Public Community College Act is amended by
7 changing Sections 3-26 and 3-42 as follows:

8 (110 ILCS 805/3-26) (from Ch. 122, par. 103-26)

9 Sec. 3-26. (a) To make appointments and fix the salaries of
10 a chief administrative officer, who shall be the executive
11 officer of the board, other administrative personnel, and all
12 teachers, but subject to any applicable restrictions in Section
13 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code.

14 In making these appointments and fixing the salaries, the board
15 may make no discrimination on account of sex, race, creed,
16 color or national origin.

17 (b) Upon the written request of an employee, to withhold
18 from the compensation of that employee the membership dues of
19 such employee payable to any specified labor organization as
20 defined in the Illinois Educational Labor Relations Act. Under
21 such arrangement, an amount shall be withheld for each regular
22 payroll period which is equal to the prorata share of the
23 annual membership dues plus any payments or contributions and
24 the board shall pay such withholding to the specified labor

1 organization within 10 working days from the time of the
2 withholding.

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

4 (110 ILCS 805/3-42) (from Ch. 122, par. 103-42)

5 Sec. 3-42. To employ such personnel as may be needed, to
6 establish policies governing their employment and dismissal,
7 and to fix the amount of their compensation, subject to any
8 applicable restrictions in Section 14-106.5, 15-132.9, or
9 16-122.9 of the Illinois Pension Code. In the employment,
10 establishment of policies and fixing of compensation the board
11 may make no discrimination on account of sex, race, creed,
12 color or national origin.

13 Residence within any community college district or outside
14 any community college district shall not be considered:

15 (a) in determining whether to retain or not retain any
16 employee of a community college employed prior to July 1,
17 1977 or prior to the adoption by the community college
18 board of a resolution making residency within the community
19 college district of some or all employees a condition of
20 employment, whichever is later;

21 (b) in assigning, promoting or transferring any
22 employee of a community college to an office or position
23 employed prior to July 1, 1977 or prior to the adoption by
24 the community college board of a resolution making
25 residency within the community college district of some or

1 all employees a condition of employment, whichever is
2 later; or

3 (c) in determining the salary or other compensation of
4 any employee of a community college.

5 (Source: P.A. 80-248.)

6 Section 95. The Illinois Educational Labor Relations Act is
7 amended by changing Section 4 as follows:

8 (115 ILCS 5/4) (from Ch. 48, par. 1704)

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

1 limitations included as part of the elections under those
2 Sections. 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 an 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 (Source: P.A. 83-1014.)

19 Section 100. The State Mandates Act is amended by adding
20 Section 8.37 as follows:

21 (30 ILCS 805/8.37 new)

22 Sec. 8.37. Exempt mandate. Notwithstanding Sections 6 and 8
23 of this Act, no reimbursement by the State is required for the
24 implementation of any mandate created by this amendatory Act of

1 the 98th General Assembly.

2 Section 197. Severability. The provisions of this Act are
3 severable under Section 1.31 of the Statute on Statutes.

4 Section 999. Effective date. This Act takes effect upon
5 becoming law.".