



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

HB2540

Introduced 2/4/2025, by Rep. Stephanie A. Kifowit

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the Budget Stabilization Act. Provides a transfer of specified amounts from the General Revenue Fund to the Pension Stabilization Fund for fiscal years 2031 through 2041. Amends the Illinois Pension Code. With regard to each of the 5 State-funded retirement systems, provides that for State fiscal years 2027 through 2035, the minimum contribution to the System to be made by the State for each State fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 100% of the total actuarial liabilities of the System by the end of State fiscal year 2049. Makes conforming and other changes to the funding formulas. Provides that any person who earned service as a Tier 1 member or participant in any retirement system or pension fund established under this Code shall continue to earn service as a Tier 1 member and shall remain a Tier 1 member in any other retirement system or pension fund. Makes changes to the Tier 2 calculation of final average salary; the Tier 2 retirement age; and the amount of the automatic annual increases to Tier 2 annuities. Provides that, for a person who has reached the maximum percentage of salary allowed under the applicable system and who is within 5 years of the normal retirement age applicable for that member or participant, the reduction under provisions that reduce the retirement annuity due to age shall be 0%. Makes other changes. Amends the State Mandates Act to require implementation without reimbursement. Provides that the Act takes effect January 1, 2028, except that certain provisions take effect upon becoming law.

LRB104 10779 RPS 20859 b

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Administrative Procedure Act is  
5 amended by adding Section 5-45.65 as follows:

6 (5 ILCS 100/5-45.65 new)

7 Sec. 5-45.65. Emergency rulemaking; accelerated pension  
8 benefit payments. To provide for the expeditious and timely  
9 implementation of accelerated pension benefit payments under  
10 Articles 2 and 18 of the Illinois Pension Code, emergency  
11 rules implementing the accelerated pension benefit payments  
12 under Article 2 may be adopted in accordance with Section 5-45  
13 by the Board of Trustees established under Article 2 of the  
14 Illinois Pension Code and emergency rules implementing the  
15 accelerated pension benefit payments under Article 18 may be  
16 adopted in accordance with Section 5-45 by the Board of  
17 Trustees established under Article 18 of the Illinois Pension  
18 Code. The adoption of emergency rules authorized by Section  
19 5-45 and this Section is deemed to be necessary for the public  
20 interest, safety, and welfare.

21 This Section is repealed one year after the effective date  
22 of this amendatory Act of the 104th General Assembly.

1 Section 7. The Budget Stabilization Act is amended by  
2 changing Section 20 as follows:

3 (30 ILCS 122/20)

4 (Text of Section WITHOUT the changes made by P.A. 98-599,  
5 which has been held unconstitutional)

6 Sec. 20. Pension Stabilization Fund.

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

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

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

1 Fund.

2 (c-5) In addition to any other transfers that may be  
3 provided by law, the Comptroller shall transfer from the  
4 General Revenue Fund to the Pension Stabilization Fund the  
5 amount set forth as follows for each of the specified fiscal  
6 years:

7 <u>Fiscal Year</u>	<u>Amount</u>
8 <u>2031</u>	<u>\$175,000,000</u>
9 <u>2032 through 2034</u>	<u>\$250,000,000</u>
10 <u>2035 through 2041</u>	<u>\$750,000,000</u>

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

18 Before the final transfer for a fiscal year is made, the  
19 Comptroller shall reconcile the estimated general funds  
20 revenues used in calculating the other transfers under this  
21 Section for that fiscal year with the actual general funds  
22 revenues for that fiscal year. The final transfer for the  
23 fiscal year shall be adjusted so that the total amount  
24 transferred under this Section for that fiscal year is equal  
25 to the percentage specified in subsection (b) or (c) of this  
26 Section, whichever is applicable, of the actual general funds

1 revenues for that fiscal year. The actual general funds  
2 revenues for the fiscal year shall be calculated in a manner  
3 consistent with subsection (c) of Section 10 of this Act.

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

5 Section 10. The State Mandates Act is amended by adding  
6 Section 8.49 as follows:

7 (30 ILCS 805/8.49 new)

8 Sec. 8.49. Exempt mandate. Notwithstanding Sections 6 and  
9 8 of this Act, no reimbursement by the State is required for  
10 the implementation of any mandate created by this amendatory  
11 Act of the 104th General Assembly.

12 Section 15. The Illinois Pension Code is amended by  
13 changing Section 1-160, 2-108.1, 2-119, 2-124, 2-154.5,  
14 2-154.6, 2-162, 3-111, 3-111.1, 3-144.3, 4-109, 4-109.1,  
15 4-138.15, 5-167.1, 5-238, 5-240, 6-164, 6-229, 6-232, 7-114,  
16 7-116, 7-142, 7-142.1, 14-110, 14-131, 14-152.1, 15-111,  
17 15-112, 15-135, 15-136, 15-155, 15-198, 16-158, 16-203,  
18 17-156.10, 17-156.11, 18-124, 18-125, 18-131, 18-161.5,  
19 18-161.6, 18-169, and 24-104.1 and by adding Section 1-168 as  
20 follows:

21 (40 ILCS 5/1-160)

22 (Text of Section from P.A. 102-719)

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

2           (a) The provisions of this Section apply to a person who,  
3 on or after January 1, 2011, first becomes a member or a  
4 participant under any reciprocal retirement system or pension  
5 fund established under this Code, other than a retirement  
6 system or pension fund established under Article 2, 3, 4, 5, 6,  
7 7, 15, or 18 of this Code, notwithstanding any other provision  
8 of this Code to the contrary, but do not apply to any  
9 self-managed plan established under this Code or to any  
10 participant of the retirement plan established under Section  
11 22-101; except that this Section applies to a person who  
12 elected to establish alternative credits by electing in  
13 writing after January 1, 2011, but before August 8, 2011,  
14 under Section 7-145.1 of this Code. Notwithstanding anything  
15 to the contrary in this Section, for purposes of this Section,  
16 a person who is a Tier 1 regular employee as defined in Section  
17 7-109.4 of this Code or who participated in a retirement  
18 system under Article 15 prior to January 1, 2011 shall be  
19 deemed a person who first became a member or participant prior  
20 to January 1, 2011 under any retirement system or pension fund  
21 subject to this Section. The changes made to this Section by  
22 Public Act 98-596 are a clarification of existing law and are  
23 intended to be retroactive to January 1, 2011 (the effective  
24 date of Public Act 96-889), notwithstanding the provisions of  
25 Section 1-103.1 of this Code.

26           This Section does not apply to a person who first becomes a

1 noncovered employee under Article 14 on or after the  
2 implementation date of the plan created under Section 1-161  
3 for that Article, unless that person elects under subsection  
4 (b) of Section 1-161 to instead receive the benefits provided  
5 under this Section and the applicable provisions of that  
6 Article.

7 This Section does not apply to a person who first becomes a  
8 member or participant under Article 16 on or after the  
9 implementation date of the plan created under Section 1-161  
10 for that Article, unless that person elects under subsection  
11 (b) of Section 1-161 to instead receive the benefits provided  
12 under this Section and the applicable provisions of that  
13 Article.

14 This Section does not apply to a person who elects under  
15 subsection (c-5) of Section 1-161 to receive the benefits  
16 under Section 1-161.

17 This Section does not apply to a person who first becomes a  
18 member or participant of an affected pension fund on or after 6  
19 months after the resolution or ordinance date, as defined in  
20 Section 1-162, unless that person elects under subsection (c)  
21 of Section 1-162 to receive the benefits provided under this  
22 Section and the applicable provisions of the Article under  
23 which he or she is a member or participant.

24 (b) "Final average salary" means, except as otherwise  
25 provided in this subsection, the average monthly (or annual)  
26 salary obtained by dividing the total salary or earnings

1 calculated under the Article applicable to the member or  
2 participant during the 96 consecutive months (or 8 consecutive  
3 years) of service within the last 120 months (or 10 years) of  
4 service in which the total salary or earnings calculated under  
5 the applicable Article was the highest by the number of months  
6 (or years) of service in that period. For benefits calculated  
7 after the effective date of this amendatory Act of the 104th  
8 General Assembly, "final average salary" means the average  
9 monthly or annual salary obtained by dividing the total salary  
10 or earnings calculated under the Article applicable to the  
11 member or participant during the 72 consecutive months or 6  
12 consecutive years of service with the last 120 months or 10  
13 years of service in which the total salary or earnings  
14 calculated under the applicable Article was the highest by the  
15 number of months or years of service in that period; unless  
16 such a calculation results in a lower benefit in which case the  
17 definition immediately preceding this definition shall be  
18 used. For the purposes of a person who first becomes a member  
19 or participant of any retirement system or pension fund to  
20 which this Section applies on or after January 1, 2011, in this  
21 Code, "final average salary" shall be substituted for the  
22 following:

23 (1) (Blank).

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

1 withdrawal".

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

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

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

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

7 A member of the Teachers' Retirement System of the State  
8 of Illinois who retires on or after June 1, 2021 and for whom  
9 the 2020-2021 school year is used in the calculation of the  
10 member's final average salary shall use the higher of the  
11 following for the purpose of determining the member's final  
12 average salary:

13 (A) the amount otherwise calculated under the first  
14 paragraph of this subsection, as amended by this  
15 amendatory Act of the 104th General Assembly; or

16 (B) an amount calculated by the Teachers' Retirement  
17 System of the State of Illinois using the average of the  
18 monthly (or annual) salary obtained by dividing the total  
19 salary or earnings calculated under Article 16 applicable  
20 to the member or participant during the 96 months (or 8  
21 years) of service within the last 120 months (or 10 years)  
22 of service in which the total salary or earnings  
23 calculated under the Article was the highest by the number  
24 of months (or years) of service in that period.

25 (b-5) Except as otherwise provided in this subsection,  
26 beginning ~~Beginning~~ on January 1, 2011, for all purposes under

1 this Code (including without limitation the calculation of  
2 benefits and employee contributions), the annual earnings,  
3 salary, or wages (based on the plan year) of a member or  
4 participant to whom this Section applies shall not exceed  
5 \$106,800; however, that amount shall annually thereafter be  
6 increased by the lesser of (i) 3% of that amount, including all  
7 previous adjustments, or (ii) one-half the annual unadjusted  
8 percentage increase (but not less than zero) in the consumer  
9 price index-u for the 12 months ending with the September  
10 preceding each November 1, including all previous adjustments.  
11 For all benefits or annuities payable after the effective date  
12 of this amendatory Act of the 104th General Assembly,  
13 calculations of maximum annual earnings, maximum salary, or  
14 maximum wages based on the plan year of a member or participant  
15 to whom this Section applies for any year shall not be less  
16 than the annual contribution and benefit base established for  
17 the applicable year by the Commissioner of the Social Security  
18 Administration under the federal Social Security Act for the  
19 given year.

20 Nothing in this subsection shall cause or otherwise result  
21 in any retroactive adjustment of any employee or employer  
22 contributions. Nothing in this subsection shall cause or  
23 otherwise result in any retroactive adjustment of disability  
24 or other payments made between January 1, 2011 and January 1,  
25 2028. Nothing in this subsection shall require the  
26 recalculation of a benefit or annuity the member or

1 participant began receiving prior to the effective date of  
2 this amendatory Act of the 104th General Assembly.

3 For the purposes of this Section, "consumer price index-u"  
4 means the index published by the Bureau of Labor Statistics of  
5 the United States Department of Labor that measures the  
6 average change in prices of goods and services purchased by  
7 all urban consumers, United States city average, all items,  
8 1982-84 = 100. Prior to the effective date of this amendatory  
9 Act of the 104th General Assembly, the ~~The~~ new amount  
10 resulting from each annual adjustment shall be determined by  
11 the Public Pension Division of the Department of Insurance and  
12 made available to the boards of the retirement systems and  
13 pension funds by November 1 of each year.

14 (b-10) Beginning on January 1, 2024, and prior to the  
15 effective date of this amendatory Act of the 104th General  
16 Assembly, for all purposes under this Code (including, without  
17 limitation, the calculation of benefits and employee  
18 contributions), the annual earnings, salary, or wages (based  
19 on the plan year) of a member or participant under Article 9 to  
20 whom this Section applies shall include an annual earnings,  
21 salary, or wage cap that tracks the Social Security wage base.  
22 Maximum annual earnings, wages, or salary shall be the annual  
23 contribution and benefit base established for the applicable  
24 year by the Commissioner of the Social Security Administration  
25 under the federal Social Security Act.

26 However, in no event shall the annual earnings, salary, or

1 wages for the purposes of this Article and Article 9 exceed any  
2 limitation imposed on annual earnings, salary, or wages under  
3 Section 1-117. Under no circumstances shall the maximum amount  
4 of annual earnings, salary, or wages be greater than the  
5 amount set forth in this subsection (b-10) as a result of  
6 reciprocal service or any provisions regarding reciprocal  
7 services, nor shall the Fund under Article 9 be required to pay  
8 any refund as a result of the application of this maximum  
9 annual earnings, salary, and wage cap.

10 Nothing in this subsection (b-10) shall cause or otherwise  
11 result in any retroactive adjustment of any employee  
12 contributions. Nothing in this subsection (b-10) shall cause  
13 or otherwise result in any retroactive adjustment of  
14 disability or other payments made between January 1, 2011 and  
15 January 1, 2024.

16 (c) A member or participant is entitled to a retirement  
17 annuity upon written application if he or she has attained age  
18 65 ~~67~~ (age 65, with respect to service under Article 12 that is  
19 subject to this Section, for a member or participant under  
20 Article 12 who first becomes a member or participant under  
21 Article 12 on or after January 1, 2022 or who makes the  
22 election under item (i) of subsection (d-15) of this Section)  
23 and has at least 10 years of service credit and is otherwise  
24 eligible under the requirements of the applicable Article.

25 A member or participant who has attained age 62, or who is  
26 within 5 years of the normal retirement age established for

1 that member or participant (age 60, with respect to service  
2 under Article 12 that is subject to this Section, for a member  
3 or participant under Article 12 who first becomes a member or  
4 participant under Article 12 on or after January 1, 2022 or who  
5 makes the election under item (i) of subsection (d-15) of this  
6 Section) and has at least 10 years of service credit and is  
7 otherwise eligible under the requirements of the applicable  
8 Article may elect to receive the lower retirement annuity  
9 provided in subsection (d) of this Section. None of the  
10 changes made in this Section shall allow for a retroactive  
11 retirement calculation for any purposes under this Code, nor  
12 shall it allow for a recalculation of benefits or a refund of  
13 any contributions otherwise legally made.

14 (c-5) A person who first becomes a member or a participant  
15 subject to this Section on or after July 6, 2017 (the effective  
16 date of Public Act 100-23), notwithstanding any other  
17 provision of this Code to the contrary, is entitled to a  
18 retirement annuity under Article 8 or Article 11 upon written  
19 application if he or she has attained age 65 and has at least  
20 10 years of service credit and is otherwise eligible under the  
21 requirements of Article 8 or Article 11 of this Code,  
22 whichever is applicable.

23 (c-10) Notwithstanding any other provision of this Code to  
24 the contrary, a participant under Article 9 who is (i) subject  
25 to this Section, (ii) a deputy sheriff, and (iii) a member of  
26 the Cook County Police Department is entitled to a retirement

1 annuity upon written application if he or she has attained age  
2 55, has at least 20 years of service credit for service in the  
3 position of deputy sheriff, and is otherwise eligible under  
4 Article 9.

5 (d) The retirement annuity of a member or participant who  
6 is retiring after attaining age 62, or who is within 5 years of  
7 the normal retirement age applicable for that member or  
8 participant (age 60, with respect to service under Article 12  
9 that is subject to this Section, for a member or participant  
10 under Article 12 who first becomes a member or participant  
11 under Article 12 on or after January 1, 2022 or who makes the  
12 election under item (i) of subsection (d-15) of this Section)  
13 with at least 10 years of service credit shall be reduced by  
14 one-half of 1% for each full month that the member's age is  
15 under age 67 (age 65, with respect to service under Article 12  
16 that is subject to this Section, for a member or participant  
17 under Article 12 who first becomes a member or participant  
18 under Article 12 on or after January 1, 2022 or who makes the  
19 election under item (i) of subsection (d-15) of this Section).  
20 For a person who has reached the maximum percentage of salary  
21 allowed under the applicable system and who is within 5 years  
22 of the normal retirement age applicable for that member or  
23 participant, the reduction under this subsection shall be 0%.

24 (d-5) The retirement annuity payable under Article 8 or  
25 Article 11 to an eligible person subject to subsection (c-5)  
26 of this Section who is retiring at age 60 with at least 10

1 years of service credit shall be reduced by one-half of 1% for  
2 each full month that the member's age is under age 65 unless  
3 that person has reached the maximum percentage of salary  
4 allowed under Article 8 or Article 11 in which case the annuity  
5 shall not be reduced.

6 (d-10) Each person who first became a member or  
7 participant under Article 8 or Article 11 of this Code on or  
8 after January 1, 2011 and prior to July 6, 2017 (the effective  
9 date of Public Act 100-23) shall make an irrevocable election  
10 either:

11 (i) to be eligible for the reduced retirement age  
12 provided in subsections (c-5) and (d-5) of this Section,  
13 the eligibility for which is conditioned upon the member  
14 or participant agreeing to the increases in employee  
15 contributions for age and service annuities provided in  
16 subsection (a-5) of Section 8-174 of this Code (for  
17 service under Article 8) or subsection (a-5) of Section  
18 11-170 of this Code (for service under Article 11); or

19 (ii) to not agree to item (i) of this subsection  
20 (d-10), in which case the member or participant shall  
21 continue to be subject to the retirement age provisions in  
22 subsections (c) and (d) of this Section and the employee  
23 contributions for age and service annuity as provided in  
24 subsection (a) of Section 8-174 of this Code (for service  
25 under Article 8) or subsection (a) of Section 11-170 of  
26 this Code (for service under Article 11).

1           The election provided for in this subsection shall be made  
2 between October 1, 2017 and November 15, 2017. A person  
3 subject to this subsection who makes the required election  
4 shall remain bound by that election. A person subject to this  
5 subsection who fails for any reason to make the required  
6 election within the time specified in this subsection shall be  
7 deemed to have made the election under item (ii).

8           (d-15) Each person who first becomes a member or  
9 participant under Article 12 on or after January 1, 2011 and  
10 prior to January 1, 2022 shall make an irrevocable election  
11 either:

12           (i) to be eligible for the reduced retirement age  
13 specified in subsections (c) and (d) of this Section, the  
14 eligibility for which is conditioned upon the member or  
15 participant agreeing to the increase in employee  
16 contributions for service annuities specified in  
17 subsection (b) of Section 12-150; or

18           (ii) to not agree to item (i) of this subsection  
19 (d-15), in which case the member or participant shall not  
20 be eligible for the reduced retirement age specified in  
21 subsections (c) and (d) of this Section and shall not be  
22 subject to the increase in employee contributions for  
23 service annuities specified in subsection (b) of Section  
24 12-150.

25           The election provided for in this subsection shall be made  
26 between January 1, 2022 and April 1, 2022. A person subject to

1 this subsection who makes the required election shall remain  
2 bound by that election. A person subject to this subsection  
3 who fails for any reason to make the required election within  
4 the time specified in this subsection shall be deemed to have  
5 made the election under item (ii).

6 (e) Any retirement annuity or supplemental annuity shall  
7 be subject to annual increases on the January 1 occurring  
8 either on or after (1) the attainment of age 67, or age 65 with  
9 at least 20 years of creditable service, (age 65, with respect  
10 to service under Article 12 that is subject to this Section,  
11 for a member or participant under Article 12 who first becomes  
12 a member or participant under Article 12 on or after January 1,  
13 2022 or who makes the election under item (i) of subsection  
14 (d-15); and beginning on July 6, 2017 (the effective date of  
15 Public Act 100-23), age 65 with respect to service under  
16 Article 8 or Article 11 for eligible persons who: (i) are  
17 subject to subsection (c-5) of this Section; or (ii) made the  
18 election under item (i) of subsection (d-10) of this Section)  
19 or the January 1 occurring on or after the attainment of the  
20 full and unreduced retirement age or (2) the first anniversary  
21 of the annuity start date, whichever is later. After the  
22 effective date of this amendatory Act of the 104th General  
23 Assembly, each annual increase shall be calculated at 3% of  
24 the originally granted annuity. Prior to the effective date of  
25 this amendatory Act of the 104th General Assembly, each ~~Each~~  
26 annual increase shall be calculated at 3% or one-half the

1 annual unadjusted percentage increase (but not less than zero)  
2 in the consumer price index-u for the 12 months ending with the  
3 September preceding each November 1, whichever is less, of the  
4 originally granted retirement annuity. If the annual  
5 unadjusted percentage change in the consumer price index-u for  
6 the 12 months ending with the September preceding each  
7 November 1 is zero or there is a decrease, then the annuity  
8 shall not be increased.

9 Notwithstanding any other provision of this Code to the  
10 contrary, the retirement annuity of a participant to whom  
11 subsection (c-10) applies shall be subject to annual increases  
12 on the January 1 following the first anniversary of the  
13 annuity start date. Each annual increase shall be calculated  
14 at 3% or one-half the annual unadjusted percentage increase  
15 (but not less than zero) in the consumer price index-u for the  
16 12 months ending with the September preceding each November 1,  
17 whichever is less, of the originally granted retirement  
18 annuity. If the annual unadjusted percentage change in the  
19 consumer price index-u for the 12 months ending with the  
20 September preceding each November 1 is zero or there is a  
21 decrease, then the annuity shall not be increased.

22 For the purposes of Section 1-103.1 of this Code, the  
23 changes made to this Section by Public Act 102-263 are  
24 applicable without regard to whether the employee was in  
25 active service on or after August 6, 2021 (the effective date  
26 of Public Act 102-263).

1 For the purposes of Section 1-103.1 of this Code, the  
2 changes made to this Section by Public Act 100-23 are  
3 applicable without regard to whether the employee was in  
4 active service on or after July 6, 2017 (the effective date of  
5 Public Act 100-23).

6 The changes in this amendatory Act of the 104th General  
7 Assembly shall not result in any recalculation of any  
8 automatic annual increase granted prior to the effective date  
9 of this amendatory Act of the 104th General Assembly; however,  
10 all automatic annual increases becoming payable after the  
11 effective date of this amendatory Act of the 104th General  
12 Assembly shall comply with these changes.

13 (f) The initial survivor's or widow's annuity of an  
14 otherwise eligible survivor or widow of a retired member or  
15 participant who first became a member or participant on or  
16 after January 1, 2011 shall be in the amount of 66 2/3% of the  
17 retired member's or participant's retirement annuity at the  
18 date of death. In the case of the death of a member or  
19 participant who has not retired and who first became a member  
20 or participant on or after January 1, 2011, eligibility for a  
21 survivor's or widow's annuity shall be determined by the  
22 applicable Article of this Code. The initial benefit shall be  
23 66 2/3% of the earned annuity without a reduction due to age. A  
24 child's annuity of an otherwise eligible child shall be in the  
25 amount prescribed under each Article if applicable. Any  
26 survivor's or widow's annuity shall be increased (1) on each

1 January 1 occurring on or after the commencement of the  
2 annuity if the deceased member died while receiving a  
3 retirement annuity or (2) in other cases, on each January 1  
4 occurring after the first anniversary of the commencement of  
5 the annuity. Each annual increase shall be calculated at 3% or  
6 one-half the annual unadjusted percentage increase (but not  
7 less than zero) in the consumer price index-u for the 12 months  
8 ending with the September preceding each November 1, whichever  
9 is less, of the originally granted survivor's annuity. If the  
10 annual unadjusted percentage change in the consumer price  
11 index-u for the 12 months ending with the September preceding  
12 each November 1 is zero or there is a decrease, then the  
13 annuity shall not be increased.

14 (g) The benefits in Section 14-110 apply if the person is a  
15 fire fighter in the fire protection service of a department, a  
16 security employee of the Department of Corrections or the  
17 Department of Juvenile Justice, a security employee of the  
18 Department of Innovation and Technology, a security employee  
19 of the Department of Human Services, an investigator for the  
20 Department of the Lottery, a State policeman, an investigator  
21 for the Secretary of State, a conservation police officer, an  
22 investigator for the Department of Revenue or the Illinois  
23 Gaming Board, an investigator for the Office of the Attorney  
24 General, a Commerce Commission police officer, an arson  
25 investigator, or a State highway maintenance worker ~~a fire~~  
26 ~~fighter in the fire protection service of a department, a~~

1 ~~security employee of the Department of Corrections or the~~  
2 ~~Department of Juvenile Justice, or a security employee of the~~  
3 ~~Department of Innovation and Technology, as those terms are~~  
4 defined in subsection (b) and subsection (c) of Section  
5 14-110. A person who meets the requirements of this Section is  
6 entitled to an annuity calculated under the provisions of  
7 Section 14-110, in lieu of the regular or minimum retirement  
8 annuity, only if (i) the person has withdrawn from service  
9 with not less than 25 ~~20~~ years of eligible creditable service  
10 and has attained age 50 ~~60~~, regardless of whether the  
11 attainment of age 50 ~~60~~ occurs while the person is still in  
12 service or (ii) the person has withdrawn from service with not  
13 less than 20 years of eligible creditable service and has  
14 attained age 55, regardless of whether the attainment of age  
15 55 occurs while the person is still in service.

16 (g-5) (Blank). ~~The benefits in Section 14-110 apply if the~~  
17 ~~person is a State policeman, investigator for the Secretary of~~  
18 ~~State, conservation police officer, investigator for the~~  
19 ~~Department of Revenue or the Illinois Gaming Board,~~  
20 ~~investigator for the Office of the Attorney General, Commerce~~  
21 ~~Commission police officer, or arson investigator, as those~~  
22 ~~terms are defined in subsection (b) and subsection (c) of~~  
23 ~~Section 14-110. A person who meets the requirements of this~~  
24 ~~Section is entitled to an annuity calculated under the~~  
25 ~~provisions of Section 14-110, in lieu of the regular or~~  
26 ~~minimum retirement annuity, only if the person has withdrawn~~

1 ~~from service with not less than 20 years of eligible~~  
2 ~~creditable service and has attained age 55, regardless of~~  
3 ~~whether the attainment of age 55 occurs while the person is~~  
4 ~~still in service.~~

5 (h) If a person who first becomes a member or a participant  
6 of a retirement system or pension fund subject to this Section  
7 on or after January 1, 2011 is receiving a retirement annuity  
8 or retirement pension under that system or fund and becomes a  
9 member or participant under any other system or fund created  
10 by this Code and is employed on a full-time basis, except for  
11 those members or participants exempted from the provisions of  
12 this Section under subsection (a) of this Section, then the  
13 person's retirement annuity or retirement pension under that  
14 system or fund shall be suspended during that employment. Upon  
15 termination of that employment, the person's retirement  
16 annuity or retirement pension payments shall resume and be  
17 recalculated if recalculation is provided for under the  
18 applicable Article of this Code.

19 If a person who first becomes a member of a retirement  
20 system or pension fund subject to this Section on or after  
21 January 1, 2012 and is receiving a retirement annuity or  
22 retirement pension under that system or fund and accepts on a  
23 contractual basis a position to provide services to a  
24 governmental entity from which he or she has retired, then  
25 that person's annuity or retirement pension earned as an  
26 active employee of the employer shall be suspended during that

1 contractual service. A person receiving an annuity or  
2 retirement pension under this Code shall notify the pension  
3 fund or retirement system from which he or she is receiving an  
4 annuity or retirement pension, as well as his or her  
5 contractual employer, of his or her retirement status before  
6 accepting contractual employment. A person who fails to submit  
7 such notification shall be guilty of a Class A misdemeanor and  
8 required to pay a fine of \$1,000. Upon termination of that  
9 contractual employment, the person's retirement annuity or  
10 retirement pension payments shall resume and, if appropriate,  
11 be recalculated under the applicable provisions of this Code.

12 (i) (Blank).

13 (j) In the case of a conflict between the provisions of  
14 this Section and any other provision of this Code, the  
15 provisions of this Section shall control.

16 (Source: P.A. 101-610, eff. 1-1-20; 102-16, eff. 6-17-21;  
17 102-210, eff. 1-1-22; 102-263, eff. 8-6-21; 102-719, eff.  
18 5-6-22; 103-529, eff. 8-11-23.)

19 (Text of Section from P.A. 102-813)

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

21 (a) The provisions of this Section apply to a person who,  
22 on or after January 1, 2011, first becomes a member or a  
23 participant under any reciprocal retirement system or pension  
24 fund established under this Code, other than a retirement  
25 system or pension fund established under Article 2, 3, 4, 5, 6,

1 7, 15, or 18 of this Code, notwithstanding any other provision  
2 of this Code to the contrary, but do not apply to any  
3 self-managed plan established under this Code or to any  
4 participant of the retirement plan established under Section  
5 22-101; except that this Section applies to a person who  
6 elected to establish alternative credits by electing in  
7 writing after January 1, 2011, but before August 8, 2011,  
8 under Section 7-145.1 of this Code. Notwithstanding anything  
9 to the contrary in this Section, for purposes of this Section,  
10 a person who is a Tier 1 regular employee as defined in Section  
11 7-109.4 of this Code or who participated in a retirement  
12 system under Article 15 prior to January 1, 2011 shall be  
13 deemed a person who first became a member or participant prior  
14 to January 1, 2011 under any retirement system or pension fund  
15 subject to this Section. The changes made to this Section by  
16 Public Act 98-596 are a clarification of existing law and are  
17 intended to be retroactive to January 1, 2011 (the effective  
18 date of Public Act 96-889), notwithstanding the provisions of  
19 Section 1-103.1 of this Code.

20 This Section does not apply to a person who first becomes a  
21 noncovered employee under Article 14 on or after the  
22 implementation date of the plan created under Section 1-161  
23 for that Article, unless that person elects under subsection  
24 (b) of Section 1-161 to instead receive the benefits provided  
25 under this Section and the applicable provisions of that  
26 Article.

1           This Section does not apply to a person who first becomes a  
2 member or participant under Article 16 on or after the  
3 implementation date of the plan created under Section 1-161  
4 for that Article, unless that person elects under subsection  
5 (b) of Section 1-161 to instead receive the benefits provided  
6 under this Section and the applicable provisions of that  
7 Article.

8           This Section does not apply to a person who elects under  
9 subsection (c-5) of Section 1-161 to receive the benefits  
10 under Section 1-161.

11           This Section does not apply to a person who first becomes a  
12 member or participant of an affected pension fund on or after 6  
13 months after the resolution or ordinance date, as defined in  
14 Section 1-162, unless that person elects under subsection (c)  
15 of Section 1-162 to receive the benefits provided under this  
16 Section and the applicable provisions of the Article under  
17 which he or she is a member or participant.

18           (b) "Final average salary" means, except as otherwise  
19 provided in this subsection, the average monthly (or annual)  
20 salary obtained by dividing the total salary or earnings  
21 calculated under the Article applicable to the member or  
22 participant during the 96 consecutive months (or 8 consecutive  
23 years) of service within the last 120 months (or 10 years) of  
24 service in which the total salary or earnings calculated under  
25 the applicable Article was the highest by the number of months  
26 (or years) of service in that period. For benefits calculated

1 after the effective date of this amendatory Act of the 104th  
2 General Assembly, "final average salary" means the average  
3 monthly or annual salary obtained by dividing the total salary  
4 or earnings calculated under the Article applicable to the  
5 member or participant during the 72 consecutive months or 6  
6 consecutive years of service with the last 120 months or 10  
7 years of service in which the total salary or earnings  
8 calculated under the applicable Article was the highest by the  
9 number of months or years of service in that period; unless  
10 such a calculation results in a lower benefit in which case the  
11 definition immediately preceding this definition shall be  
12 used. For the purposes of a person who first becomes a member  
13 or participant of any retirement system or pension fund to  
14 which this Section applies on or after January 1, 2011, in this  
15 Code, "final average salary" shall be substituted for the  
16 following:

17 (1) (Blank).

18 (2) In Articles 8, 9, 10, 11, and 12, "highest average  
19 annual salary for any 4 consecutive years within the last  
20 10 years of service immediately preceding the date of  
21 withdrawal".

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

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

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

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

1 A member of the Teachers' Retirement System of the State  
2 of Illinois who retires on or after June 1, 2021 and for whom  
3 the 2020-2021 school year is used in the calculation of the  
4 member's final average salary shall use the higher of the  
5 following for the purpose of determining the member's final  
6 average salary:

7 (A) the amount otherwise calculated under the first  
8 paragraph of this subsection, as amended by this  
9 amendatory Act of the 104th General Assembly; or

10 (B) an amount calculated by the Teachers' Retirement  
11 System of the State of Illinois using the average of the  
12 monthly (or annual) salary obtained by dividing the total  
13 salary or earnings calculated under Article 16 applicable  
14 to the member or participant during the 96 months (or 8  
15 years) of service within the last 120 months (or 10 years)  
16 of service in which the total salary or earnings  
17 calculated under the Article was the highest by the number  
18 of months (or years) of service in that period.

19 (b-5) Except as otherwise provided in this subsection,  
20 beginning ~~Beginning~~ on January 1, 2011, for all purposes under  
21 this Code (including without limitation the calculation of  
22 benefits and employee contributions), the annual earnings,  
23 salary, or wages (based on the plan year) of a member or  
24 participant to whom this Section applies shall not exceed  
25 \$106,800; however, that amount shall annually thereafter be  
26 increased by the lesser of (i) 3% of that amount, including all

1 previous adjustments, or (ii) one-half the annual unadjusted  
2 percentage increase (but not less than zero) in the consumer  
3 price index-u for the 12 months ending with the September  
4 preceding each November 1, including all previous adjustments.  
5 For all benefits or annuities payable after the effective date  
6 of this amendatory Act of the 104th General Assembly,  
7 calculations of annual earnings, salary, or wages based on the  
8 plan year of a member or participant to whom this Section  
9 applies for any year shall not be less than the annual  
10 contribution and benefit base established for the applicable  
11 year by the Commissioner of the Social Security Administration  
12 under the federal Social Security Act for the given year.

13 Nothing in this subsection shall cause or otherwise result  
14 in any retroactive adjustment of any employee or employer  
15 contributions. Nothing in this subsection shall cause or  
16 otherwise result in any retroactive adjustment of disability  
17 or other payments made between January 1, 2011 and January 1,  
18 2028. Nothing in this subsection shall require the  
19 recalculation of a benefit or annuity the member or  
20 participant began receiving prior to the effective date of  
21 this amendatory Act of the 104th General Assembly.

22 For the purposes of this Section, "consumer price index-u"  
23 means the index published by the Bureau of Labor Statistics of  
24 the United States Department of Labor that measures the  
25 average change in prices of goods and services purchased by  
26 all urban consumers, United States city average, all items,

1 1982-84 = 100. Prior to the effective date of this amendatory  
2 Act of the 104th General Assembly, the ~~The~~ new amount  
3 resulting from each annual adjustment shall be determined by  
4 the Public Pension Division of the Department of Insurance and  
5 made available to the boards of the retirement systems and  
6 pension funds by November 1 of each year.

7 (b-10) Beginning on January 1, 2024, and prior to the  
8 effective date of this amendatory Act of the 104th General  
9 Assembly, for all purposes under this Code (including, without  
10 limitation, the calculation of benefits and employee  
11 contributions), the annual earnings, salary, or wages (based  
12 on the plan year) of a member or participant under Article 9 to  
13 whom this Section applies shall include an annual earnings,  
14 salary, or wage cap that tracks the Social Security wage base.  
15 Maximum annual earnings, wages, or salary shall be the annual  
16 contribution and benefit base established for the applicable  
17 year by the Commissioner of the Social Security Administration  
18 under the federal Social Security Act.

19 However, in no event shall the annual earnings, salary, or  
20 wages for the purposes of this Article and Article 9 exceed any  
21 limitation imposed on annual earnings, salary, or wages under  
22 Section 1-117. Under no circumstances shall the maximum amount  
23 of annual earnings, salary, or wages be greater than the  
24 amount set forth in this subsection (b-10) as a result of  
25 reciprocal service or any provisions regarding reciprocal  
26 services, nor shall the Fund under Article 9 be required to pay

1 any refund as a result of the application of this maximum  
2 annual earnings, salary, and wage cap.

3 Nothing in this subsection (b-10) shall cause or otherwise  
4 result in any retroactive adjustment of any employee  
5 contributions. Nothing in this subsection (b-10) shall cause  
6 or otherwise result in any retroactive adjustment of  
7 disability or other payments made between January 1, 2011 and  
8 January 1, 2024.

9 (c) A member or participant is entitled to a retirement  
10 annuity upon written application if he or she has attained age  
11 65 ~~67~~ (age 65, with respect to service under Article 12 that is  
12 subject to this Section, for a member or participant under  
13 Article 12 who first becomes a member or participant under  
14 Article 12 on or after January 1, 2022 or who makes the  
15 election under item (i) of subsection (d-15) of this Section)  
16 and has at least 10 years of service credit and is otherwise  
17 eligible under the requirements of the applicable Article.

18 A member or participant who has attained age 62, or who is  
19 within 5 years of the normal retirement age established for  
20 that member or participant (age 60, with respect to service  
21 under Article 12 that is subject to this Section, for a member  
22 or participant under Article 12 who first becomes a member or  
23 participant under Article 12 on or after January 1, 2022 or who  
24 makes the election under item (i) of subsection (d-15) of this  
25 Section) and has at least 10 years of service credit and is  
26 otherwise eligible under the requirements of the applicable

1 Article may elect to receive the lower retirement annuity  
2 provided in subsection (d) of this Section. None of the  
3 changes made in this Section shall allow for a retroactive  
4 retirement calculation for any purposes under this Code, nor  
5 shall it allow for a recalculation of benefits or a refund of  
6 any contributions otherwise legally made.

7 (c-5) A person who first becomes a member or a participant  
8 subject to this Section on or after July 6, 2017 (the effective  
9 date of Public Act 100-23), notwithstanding any other  
10 provision of this Code to the contrary, is entitled to a  
11 retirement annuity under Article 8 or Article 11 upon written  
12 application if he or she has attained age 65 and has at least  
13 10 years of service credit and is otherwise eligible under the  
14 requirements of Article 8 or Article 11 of this Code,  
15 whichever is applicable.

16 (c-10) Notwithstanding any other provision of this Code to  
17 the contrary, a participant under Article 9 who is (i) subject  
18 to this Section, (ii) a deputy sheriff, and (iii) a member of  
19 the Cook County Police Department is entitled to a retirement  
20 annuity upon written application if he or she has attained age  
21 55, has at least 20 years of service credit for service in the  
22 position of deputy sheriff, and is otherwise eligible under  
23 Article 9.

24 (d) The retirement annuity of a member or participant who  
25 is retiring after attaining age 62, or who is within 5 years of  
26 the normal retirement age established for that member or

1 participant (age 60, with respect to service under Article 12  
2 that is subject to this Section, for a member or participant  
3 under Article 12 who first becomes a member or participant  
4 under Article 12 on or after January 1, 2022 or who makes the  
5 election under item (i) of subsection (d-15) of this Section)  
6 with at least 10 years of service credit shall be reduced by  
7 one-half of 1% for each full month that the member's age is  
8 under age 67 (age 65, with respect to service under Article 12  
9 that is subject to this Section, for a member or participant  
10 under Article 12 who first becomes a member or participant  
11 under Article 12 on or after January 1, 2022 or who makes the  
12 election under item (i) of subsection (d-15) of this Section).  
13 For a person who has reached the maximum percentage of salary  
14 allowed under the applicable system and who is within 5 years  
15 of the normal retirement age applicable for that member or  
16 participant, the reduction under this subsection shall be 0%.

17 (d-5) The retirement annuity payable under Article 8 or  
18 Article 11 to an eligible person subject to subsection (c-5)  
19 of this Section who is retiring at age 60 with at least 10  
20 years of service credit shall be reduced by one-half of 1% for  
21 each full month that the member's age is under age 65 unless  
22 that person has reached the maximum percentage of salary  
23 allowed under Article 8 or Article 11 in which case the annuity  
24 shall not be reduced.

25 (d-10) Each person who first became a member or  
26 participant under Article 8 or Article 11 of this Code on or

1 after January 1, 2011 and prior to July 6, 2017 (the effective  
2 date of Public Act 100-23) shall make an irrevocable election  
3 either:

4 (i) to be eligible for the reduced retirement age  
5 provided in subsections (c-5) and (d-5) of this Section,  
6 the eligibility for which is conditioned upon the member  
7 or participant agreeing to the increases in employee  
8 contributions for age and service annuities provided in  
9 subsection (a-5) of Section 8-174 of this Code (for  
10 service under Article 8) or subsection (a-5) of Section  
11 11-170 of this Code (for service under Article 11); or

12 (ii) to not agree to item (i) of this subsection  
13 (d-10), in which case the member or participant shall  
14 continue to be subject to the retirement age provisions in  
15 subsections (c) and (d) of this Section and the employee  
16 contributions for age and service annuity as provided in  
17 subsection (a) of Section 8-174 of this Code (for service  
18 under Article 8) or subsection (a) of Section 11-170 of  
19 this Code (for service under Article 11).

20 The election provided for in this subsection shall be made  
21 between October 1, 2017 and November 15, 2017. A person  
22 subject to this subsection who makes the required election  
23 shall remain bound by that election. A person subject to this  
24 subsection who fails for any reason to make the required  
25 election within the time specified in this subsection shall be  
26 deemed to have made the election under item (ii).

1 (d-15) Each person who first becomes a member or  
2 participant under Article 12 on or after January 1, 2011 and  
3 prior to January 1, 2022 shall make an irrevocable election  
4 either:

5 (i) to be eligible for the reduced retirement age  
6 specified in subsections (c) and (d) of this Section, the  
7 eligibility for which is conditioned upon the member or  
8 participant agreeing to the increase in employee  
9 contributions for service annuities specified in  
10 subsection (b) of Section 12-150; or

11 (ii) to not agree to item (i) of this subsection  
12 (d-15), in which case the member or participant shall not  
13 be eligible for the reduced retirement age specified in  
14 subsections (c) and (d) of this Section and shall not be  
15 subject to the increase in employee contributions for  
16 service annuities specified in subsection (b) of Section  
17 12-150.

18 The election provided for in this subsection shall be made  
19 between January 1, 2022 and April 1, 2022. A person subject to  
20 this subsection who makes the required election shall remain  
21 bound by that election. A person subject to this subsection  
22 who fails for any reason to make the required election within  
23 the time specified in this subsection shall be deemed to have  
24 made the election under item (ii).

25 (e) Any retirement annuity or supplemental annuity shall  
26 be subject to annual increases on the January 1 occurring

1 either on or after (1) the attainment of age 67, or age 65 with  
2 at least 20 years of creditable service, (age 65, with respect  
3 to service under Article 12 that is subject to this Section,  
4 for a member or participant under Article 12 who first becomes  
5 a member or participant under Article 12 on or after January 1,  
6 2022 or who makes the election under item (i) of subsection  
7 (d-15); and beginning on July 6, 2017 (the effective date of  
8 Public Act 100-23), age 65 with respect to service under  
9 Article 8 or Article 11 for eligible persons who: (i) are  
10 subject to subsection (c-5) of this Section; or (ii) made the  
11 election under item (i) of subsection (d-10) of this Section)  
12 or the January 1 occurring on or after the attainment of the  
13 full and unreduced retirement age or the first anniversary of  
14 the annuity start date, whichever is later. After the  
15 effective date of this amendatory Act of the 104th General  
16 Assembly, each annual increase shall be calculated at 3% of  
17 the originally granted annuity. Prior to the effective date of  
18 this amendatory Act of the 104th General Assembly, each ~~Each~~  
19 annual increase shall be calculated at 3% or one-half the  
20 annual unadjusted percentage increase (but not less than zero)  
21 in the consumer price index-u for the 12 months ending with the  
22 September preceding each November 1, whichever is less, of the  
23 originally granted retirement annuity. If the annual  
24 unadjusted percentage change in the consumer price index-u for  
25 the 12 months ending with the September preceding each  
26 November 1 is zero or there is a decrease, then the annuity

1 shall not be increased.

2 Notwithstanding any other provision of this Code to the  
3 contrary, the retirement annuity of a participant to whom  
4 subsection (c-10) applies shall be subject to annual increases  
5 on the January 1 following the first anniversary of the  
6 annuity start date. Each annual increase shall be calculated  
7 at 3% or one-half the annual unadjusted percentage increase  
8 (but not less than zero) in the consumer price index-u for the  
9 12 months ending with the September preceding each November 1,  
10 whichever is less, of the originally granted retirement  
11 annuity. If the annual unadjusted percentage change in the  
12 consumer price index-u for the 12 months ending with the  
13 September preceding each November 1 is zero or there is a  
14 decrease, then the annuity shall not be increased.

15 For the purposes of Section 1-103.1 of this Code, the  
16 changes made to this Section by Public Act 102-263 are  
17 applicable without regard to whether the employee was in  
18 active service on or after August 6, 2021 (the effective date  
19 of Public Act 102-263).

20 For the purposes of Section 1-103.1 of this Code, the  
21 changes made to this Section by Public Act 100-23 are  
22 applicable without regard to whether the employee was in  
23 active service on or after July 6, 2017 (the effective date of  
24 Public Act 100-23).

25 The changes in this amendatory Act of the 104th General  
26 Assembly shall not result in any recalculation of any

1 automatic annual increase granted prior to the effective date  
2 of this amendatory Act of the 104th General Assembly; however,  
3 all automatic annual increases becoming payable after the  
4 effective date of this amendatory Act of the 104th General  
5 Assembly shall comply with these changes.

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

1 ending with the September preceding each November 1, whichever  
2 is less, of the originally granted survivor's annuity. If the  
3 annual unadjusted percentage change in the consumer price  
4 index-u for the 12 months ending with the September preceding  
5 each November 1 is zero or there is a decrease, then the  
6 annuity shall not be increased.

7 (g) The benefits in Section 14-110 apply only if the  
8 person is a fire fighter in the fire protection service of a  
9 department, a security employee of the Department of  
10 Corrections or the Department of Juvenile Justice, a security  
11 employee of the Department of Innovation and Technology, a  
12 security employee of the Department of Human Services, an  
13 investigator for the Department of the Lottery, a State  
14 policeman, an investigator for the Secretary of State, a  
15 conservation police officer, an investigator for the  
16 Department of Revenue or the Illinois Gaming Board, an  
17 investigator for the Office of the Attorney General, a  
18 Commerce Commission police officer, an arson investigator, or  
19 a State highway maintenance worker ~~a State policeman, a fire~~  
20 ~~fighter in the fire protection service of a department, a~~  
21 ~~conservation police officer, an investigator for the Secretary~~  
22 ~~of State, an arson investigator, a Commerce Commission police~~  
23 ~~officer, investigator for the Department of Revenue or the~~  
24 ~~Illinois Gaming Board, a security employee of the Department~~  
25 ~~of Corrections or the Department of Juvenile Justice, or a~~  
26 ~~security employee of the Department of Innovation and~~

1 ~~Technology~~, as those terms are defined in subsection (b) and  
2 subsection (c) of Section 14-110. A person who meets the  
3 requirements of this Section is entitled to an annuity  
4 calculated under the provisions of Section 14-110, in lieu of  
5 the regular or minimum retirement annuity, only if (i) the  
6 person has withdrawn from service with not less than 25 ~~20~~  
7 years of eligible creditable service and has attained age 50  
8 ~~60~~, regardless of whether the attainment of age 50 ~~60~~ occurs  
9 while the person is still in service, or (ii) the person has  
10 withdrawn from service with not less than 20 years of eligible  
11 creditable service and has attained age 55, regardless of  
12 whether the attainment of age 55 occurs while the person is  
13 still in service.

14 (g-5) The benefits in Section 14-110 apply if the person  
15 is a State policeman, investigator for the Secretary of State,  
16 conservation police officer, investigator for the Department  
17 of Revenue or the Illinois Gaming Board, investigator for the  
18 Office of the Attorney General, Commerce Commission police  
19 officer, or arson investigator, as those terms are defined in  
20 subsection (b) and subsection (c) of Section 14-110. A person  
21 who meets the requirements of this Section is entitled to an  
22 annuity calculated under the provisions of Section 14-110, in  
23 lieu of the regular or minimum retirement annuity, only if the  
24 person has withdrawn from service with not less than 20 years  
25 of eligible creditable service and has attained age 55,  
26 regardless of whether the attainment of age 55 occurs while

1 the person is still in service.

2 (h) If a person who first becomes a member or a participant  
3 of a retirement system or pension fund subject to this Section  
4 on or after January 1, 2011 is receiving a retirement annuity  
5 or retirement pension under that system or fund and becomes a  
6 member or participant under any other system or fund created  
7 by this Code and is employed on a full-time basis, except for  
8 those members or participants exempted from the provisions of  
9 this Section under subsection (a) of this Section, then the  
10 person's retirement annuity or retirement pension under that  
11 system or fund shall be suspended during that employment. Upon  
12 termination of that employment, the person's retirement  
13 annuity or retirement pension payments shall resume and be  
14 recalculated if recalculation is provided for under the  
15 applicable Article of this Code.

16 If a person who first becomes a member of a retirement  
17 system or pension fund subject to this Section on or after  
18 January 1, 2012 and is receiving a retirement annuity or  
19 retirement pension under that system or fund and accepts on a  
20 contractual basis a position to provide services to a  
21 governmental entity from which he or she has retired, then  
22 that person's annuity or retirement pension earned as an  
23 active employee of the employer shall be suspended during that  
24 contractual service. A person receiving an annuity or  
25 retirement pension under this Code shall notify the pension  
26 fund or retirement system from which he or she is receiving an

1 annuity or retirement pension, as well as his or her  
2 contractual employer, of his or her retirement status before  
3 accepting contractual employment. A person who fails to submit  
4 such notification shall be guilty of a Class A misdemeanor and  
5 required to pay a fine of \$1,000. Upon termination of that  
6 contractual employment, the person's retirement annuity or  
7 retirement pension payments shall resume and, if appropriate,  
8 be recalculated under the applicable provisions of this Code.

9 (i) (Blank).

10 (j) In the case of a conflict between the provisions of  
11 this Section and any other provision of this Code, the  
12 provisions of this Section shall control.

13 (Source: P.A. 101-610, eff. 1-1-20; 102-16, eff. 6-17-21;  
14 102-210, eff. 1-1-22; 102-263, eff. 8-6-21; 102-813, eff.  
15 5-13-22; 103-529, eff. 8-11-23.)

16 (Text of Section from P.A. 102-956)

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

18 (a) The provisions of this Section apply to a person who,  
19 on or after January 1, 2011, first becomes a member or a  
20 participant under any reciprocal retirement system or pension  
21 fund established under this Code, other than a retirement  
22 system or pension fund established under Article 2, 3, 4, 5, 6,  
23 7, 15, or 18 of this Code, notwithstanding any other provision  
24 of this Code to the contrary, but do not apply to any  
25 self-managed plan established under this Code or to any

1 participant of the retirement plan established under Section  
2 22-101; except that this Section applies to a person who  
3 elected to establish alternative credits by electing in  
4 writing after January 1, 2011, but before August 8, 2011,  
5 under Section 7-145.1 of this Code. Notwithstanding anything  
6 to the contrary in this Section, for purposes of this Section,  
7 a person who is a Tier 1 regular employee as defined in Section  
8 7-109.4 of this Code or who participated in a retirement  
9 system under Article 15 prior to January 1, 2011 shall be  
10 deemed a person who first became a member or participant prior  
11 to January 1, 2011 under any retirement system or pension fund  
12 subject to this Section. The changes made to this Section by  
13 Public Act 98-596 are a clarification of existing law and are  
14 intended to be retroactive to January 1, 2011 (the effective  
15 date of Public Act 96-889), notwithstanding the provisions of  
16 Section 1-103.1 of this Code.

17 This Section does not apply to a person who first becomes a  
18 noncovered employee under Article 14 on or after the  
19 implementation date of the plan created under Section 1-161  
20 for that Article, unless that person elects under subsection  
21 (b) of Section 1-161 to instead receive the benefits provided  
22 under this Section and the applicable provisions of that  
23 Article.

24 This Section does not apply to a person who first becomes a  
25 member or participant under Article 16 on or after the  
26 implementation date of the plan created under Section 1-161

1 for that Article, unless that person elects under subsection  
2 (b) of Section 1-161 to instead receive the benefits provided  
3 under this Section and the applicable provisions of that  
4 Article.

5 This Section does not apply to a person who elects under  
6 subsection (c-5) of Section 1-161 to receive the benefits  
7 under Section 1-161.

8 This Section does not apply to a person who first becomes a  
9 member or participant of an affected pension fund on or after 6  
10 months after the resolution or ordinance date, as defined in  
11 Section 1-162, unless that person elects under subsection (c)  
12 of Section 1-162 to receive the benefits provided under this  
13 Section and the applicable provisions of the Article under  
14 which he or she is a member or participant.

15 (b) "Final average salary" means, except as otherwise  
16 provided in this subsection, the average monthly (or annual)  
17 salary obtained by dividing the total salary or earnings  
18 calculated under the Article applicable to the member or  
19 participant during the 96 consecutive months (or 8 consecutive  
20 years) of service within the last 120 months (or 10 years) of  
21 service in which the total salary or earnings calculated under  
22 the applicable Article was the highest by the number of months  
23 (or years) of service in that period. For benefits calculated  
24 after the effective date of this amendatory Act of the 104th  
25 General Assembly, "final average salary" means the average  
26 monthly or annual salary obtained by dividing the total salary

1 or earnings calculated under the Article applicable to the  
2 member or participant during the 72 consecutive months or 6  
3 consecutive years of service with the last 120 months or 10  
4 years of service in which the total salary or earnings  
5 calculated under the applicable Article was the highest by the  
6 number of months or years of service in that period; unless  
7 such a calculation results in a lower benefit in which case the  
8 definition immediately preceding this definition shall be  
9 used. For the purposes of a person who first becomes a member

10 or participant of any retirement system or pension fund to  
11 which this Section applies on or after January 1, 2011, in this  
12 Code, "final average salary" shall be substituted for the  
13 following:

14 (1) (Blank).

15 (2) In Articles 8, 9, 10, 11, and 12, "highest average  
16 annual salary for any 4 consecutive years within the last  
17 10 years of service immediately preceding the date of  
18 withdrawal".

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

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

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

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

24 A member of the Teachers' Retirement System of the State  
25 of Illinois who retires on or after June 1, 2021 and for whom  
26 the 2020-2021 school year is used in the calculation of the

1 member's final average salary shall use the higher of the  
2 following for the purpose of determining the member's final  
3 average salary:

4 (A) the amount otherwise calculated under the first  
5 paragraph of this subsection, as amended by this  
6 amendatory Act of the 104th General Assembly; or

7 (B) an amount calculated by the Teachers' Retirement  
8 System of the State of Illinois using the average of the  
9 monthly (or annual) salary obtained by dividing the total  
10 salary or earnings calculated under Article 16 applicable  
11 to the member or participant during the 96 months (or 8  
12 years) of service within the last 120 months (or 10 years)  
13 of service in which the total salary or earnings  
14 calculated under the Article was the highest by the number  
15 of months (or years) of service in that period.

16 (b-5) Except as otherwise provided in this subsection,  
17 beginning ~~Beginning~~ on January 1, 2011, for all purposes under  
18 this Code (including without limitation the calculation of  
19 benefits and employee contributions), the annual earnings,  
20 salary, or wages (based on the plan year) of a member or  
21 participant to whom this Section applies shall not exceed  
22 \$106,800; however, that amount shall annually thereafter be  
23 increased by the lesser of (i) 3% of that amount, including all  
24 previous adjustments, or (ii) one-half the annual unadjusted  
25 percentage increase (but not less than zero) in the consumer  
26 price index-u for the 12 months ending with the September

1 preceding each November 1, including all previous adjustments.  
2 For all benefits or annuities payable after the effective date  
3 of this amendatory Act of the 104th General Assembly,  
4 calculations of maximum annual earnings, maximum salary, or  
5 maximum wages based on the plan year of a member or participant  
6 to whom this Section applies for any year shall not be less  
7 than the annual contribution and benefit base established for  
8 the applicable year by the Commissioner of the Social Security  
9 Administration under the federal Social Security Act for the  
10 given year.

11 Nothing in this subsection shall cause or otherwise result  
12 in any retroactive adjustment of any employee or employer  
13 contributions. Nothing in this subsection shall cause or  
14 otherwise result in any retroactive adjustment of disability  
15 or other payments made between January 1, 2011 and January 1,  
16 2028. Nothing in this subsection shall require the  
17 recalculation of a benefit or annuity the member or  
18 participant began receiving prior to the effective date of  
19 this amendatory Act of the 104th General Assembly.

20 For the purposes of this Section, "consumer price index-u"  
21 means the index published by the Bureau of Labor Statistics of  
22 the United States Department of Labor that measures the  
23 average change in prices of goods and services purchased by  
24 all urban consumers, United States city average, all items,  
25 1982-84 = 100. Prior to the effective date of this amendatory  
26 Act of the 104th General Assembly, the ~~The~~ new amount

1 resulting from each annual adjustment shall be determined by  
2 the Public Pension Division of the Department of Insurance and  
3 made available to the boards of the retirement systems and  
4 pension funds by November 1 of each year.

5 (b-10) Beginning on January 1, 2024, and prior to the  
6 effective date of this amendatory Act of the 104th General  
7 Assembly, for all purposes under this Code (including, without  
8 limitation, the calculation of benefits and employee  
9 contributions), the annual earnings, salary, or wages (based  
10 on the plan year) of a member or participant under Article 9 to  
11 whom this Section applies shall include an annual earnings,  
12 salary, or wage cap that tracks the Social Security wage base.  
13 Maximum annual earnings, wages, or salary shall be the annual  
14 contribution and benefit base established for the applicable  
15 year by the Commissioner of the Social Security Administration  
16 under the federal Social Security Act.

17 However, in no event shall the annual earnings, salary, or  
18 wages for the purposes of this Article and Article 9 exceed any  
19 limitation imposed on annual earnings, salary, or wages under  
20 Section 1-117. Under no circumstances shall the maximum amount  
21 of annual earnings, salary, or wages be greater than the  
22 amount set forth in this subsection (b-10) as a result of  
23 reciprocal service or any provisions regarding reciprocal  
24 services, nor shall the Fund under Article 9 be required to pay  
25 any refund as a result of the application of this maximum  
26 annual earnings, salary, and wage cap.

1           Nothing in this subsection (b-10) shall cause or otherwise  
2 result in any retroactive adjustment of any employee  
3 contributions. Nothing in this subsection (b-10) shall cause  
4 or otherwise result in any retroactive adjustment of  
5 disability or other payments made between January 1, 2011 and  
6 January 1, 2024.

7           (c) A member or participant is entitled to a retirement  
8 annuity upon written application if he or she has attained age  
9 65 ~~67~~ (age 65, with respect to service under Article 12 that is  
10 subject to this Section, for a member or participant under  
11 Article 12 who first becomes a member or participant under  
12 Article 12 on or after January 1, 2022 or who makes the  
13 election under item (i) of subsection (d-15) of this Section)  
14 and has at least 10 years of service credit and is otherwise  
15 eligible under the requirements of the applicable Article.

16           A member or participant who has attained age 62, or who is  
17 within 5 years of the normal retirement age established for  
18 that member or participant (age 60, with respect to service  
19 under Article 12 that is subject to this Section, for a member  
20 or participant under Article 12 who first becomes a member or  
21 participant under Article 12 on or after January 1, 2022 or who  
22 makes the election under item (i) of subsection (d-15) of this  
23 Section) and has at least 10 years of service credit and is  
24 otherwise eligible under the requirements of the applicable  
25 Article may elect to receive the lower retirement annuity  
26 provided in subsection (d) of this Section. None of the

1 changes made in this Section shall allow for a retroactive  
2 retirement calculation for any purposes under this Code, nor  
3 shall it allow for a recalculation of benefits or a refund of  
4 any contributions otherwise legally made.

5 (c-5) A person who first becomes a member or a participant  
6 subject to this Section on or after July 6, 2017 (the effective  
7 date of Public Act 100-23), notwithstanding any other  
8 provision of this Code to the contrary, is entitled to a  
9 retirement annuity under Article 8 or Article 11 upon written  
10 application if he or she has attained age 65 and has at least  
11 10 years of service credit and is otherwise eligible under the  
12 requirements of Article 8 or Article 11 of this Code,  
13 whichever is applicable.

14 (c-10) Notwithstanding any other provision of this Code to  
15 the contrary, a participant under Article 9 who is (i) subject  
16 to this Section, (ii) a deputy sheriff, and (iii) a member of  
17 the Cook County Police Department is entitled to a retirement  
18 annuity upon written application if he or she has attained age  
19 55, has at least 20 years of service credit for service in the  
20 position of deputy sheriff, and is otherwise eligible under  
21 Article 9.

22 (d) The retirement annuity of a member or participant who  
23 is retiring after attaining age 62, or who is within 5 years of  
24 the normal retirement age established for that member or  
25 participant (age 60, with respect to service under Article 12  
26 that is subject to this Section, for a member or participant

1 under Article 12 who first becomes a member or participant  
2 under Article 12 on or after January 1, 2022 or who makes the  
3 election under item (i) of subsection (d-15) of this Section)  
4 with at least 10 years of service credit shall be reduced by  
5 one-half of 1% for each full month that the member's age is  
6 under age 67 (age 65, with respect to service under Article 12  
7 that is subject to this Section, for a member or participant  
8 under Article 12 who first becomes a member or participant  
9 under Article 12 on or after January 1, 2022 or who makes the  
10 election under item (i) of subsection (d-15) of this Section).  
11 For a person who has reached the maximum percentage of salary  
12 allowed under the applicable system and who is within 5 years  
13 of the normal retirement age applicable for that member or  
14 participant, the reduction under this subsection shall be 0%.

15 (d-5) The retirement annuity payable under Article 8 or  
16 Article 11 to an eligible person subject to subsection (c-5)  
17 of this Section who is retiring at age 60 with at least 10  
18 years of service credit shall be reduced by one-half of 1% for  
19 each full month that the member's age is under age 65 unless  
20 that person has reached the maximum percentage of salary  
21 allowed under Article 8 or Article 11 in which case the annuity  
22 shall not be reduced.

23 (d-10) Each person who first became a member or  
24 participant under Article 8 or Article 11 of this Code on or  
25 after January 1, 2011 and prior to July 6, 2017 (the effective  
26 date of Public Act 100-23) shall make an irrevocable election

1 either:

2 (i) to be eligible for the reduced retirement age  
3 provided in subsections (c-5) and (d-5) of this Section,  
4 the eligibility for which is conditioned upon the member  
5 or participant agreeing to the increases in employee  
6 contributions for age and service annuities provided in  
7 subsection (a-5) of Section 8-174 of this Code (for  
8 service under Article 8) or subsection (a-5) of Section  
9 11-170 of this Code (for service under Article 11); or

10 (ii) to not agree to item (i) of this subsection  
11 (d-10), in which case the member or participant shall  
12 continue to be subject to the retirement age provisions in  
13 subsections (c) and (d) of this Section and the employee  
14 contributions for age and service annuity as provided in  
15 subsection (a) of Section 8-174 of this Code (for service  
16 under Article 8) or subsection (a) of Section 11-170 of  
17 this Code (for service under Article 11).

18 The election provided for in this subsection shall be made  
19 between October 1, 2017 and November 15, 2017. A person  
20 subject to this subsection who makes the required election  
21 shall remain bound by that election. A person subject to this  
22 subsection who fails for any reason to make the required  
23 election within the time specified in this subsection shall be  
24 deemed to have made the election under item (ii).

25 (d-15) Each person who first becomes a member or  
26 participant under Article 12 on or after January 1, 2011 and

1 prior to January 1, 2022 shall make an irrevocable election  
2 either:

3 (i) to be eligible for the reduced retirement age  
4 specified in subsections (c) and (d) of this Section, the  
5 eligibility for which is conditioned upon the member or  
6 participant agreeing to the increase in employee  
7 contributions for service annuities specified in  
8 subsection (b) of Section 12-150; or

9 (ii) to not agree to item (i) of this subsection  
10 (d-15), in which case the member or participant shall not  
11 be eligible for the reduced retirement age specified in  
12 subsections (c) and (d) of this Section and shall not be  
13 subject to the increase in employee contributions for  
14 service annuities specified in subsection (b) of Section  
15 12-150.

16 The election provided for in this subsection shall be made  
17 between January 1, 2022 and April 1, 2022. A person subject to  
18 this subsection who makes the required election shall remain  
19 bound by that election. A person subject to this subsection  
20 who fails for any reason to make the required election within  
21 the time specified in this subsection shall be deemed to have  
22 made the election under item (ii).

23 (e) Any retirement annuity or supplemental annuity shall  
24 be subject to annual increases on the January 1 occurring  
25 either on or after (1) the attainment of age 67, or age 65 with  
26 at least 20 years of creditable service, (age 65, with respect

1 to service under Article 12 that is subject to this Section,  
2 for a member or participant under Article 12 who first becomes  
3 a member or participant under Article 12 on or after January 1,  
4 2022 or who makes the election under item (i) of subsection  
5 (d-15); and beginning on July 6, 2017 (the effective date of  
6 Public Act 100-23), age 65 with respect to service under  
7 Article 8 or Article 11 for eligible persons who: (i) are  
8 subject to subsection (c-5) of this Section; or (ii) made the  
9 election under item (i) of subsection (d-10) of this Section)  
10 or the January 1 occurring on or after the attainment of the  
11 full and unreduced retirement age or (2) the first anniversary  
12 of the annuity start date, whichever is later. After the  
13 effective date of this amendatory Act of the 104th General  
14 Assembly, each annual increase shall be calculated at 3% of  
15 the originally granted annuity. Prior to the effective date of  
16 this amendatory Act of the 104th General Assembly, each ~~Each~~  
17 annual increase shall be calculated at 3% or one-half the  
18 annual unadjusted percentage increase (but not less than zero)  
19 in the consumer price index-u for the 12 months ending with the  
20 September preceding each November 1, whichever is less, of the  
21 originally granted retirement annuity. If the annual  
22 unadjusted percentage change in the consumer price index-u for  
23 the 12 months ending with the September preceding each  
24 November 1 is zero or there is a decrease, then the annuity  
25 shall not be increased.

26 Notwithstanding any other provision of this Code to the

1 contrary, the retirement annuity of a participant to whom  
2 subsection (c-10) applies shall be subject to annual increases  
3 on the January 1 following the first anniversary of the  
4 annuity start date. Each annual increase shall be calculated  
5 at 3% or one-half the annual unadjusted percentage increase  
6 (but not less than zero) in the consumer price index-u for the  
7 12 months ending with the September preceding each November 1,  
8 whichever is less, of the originally granted retirement  
9 annuity. If the annual unadjusted percentage change in the  
10 consumer price index-u for the 12 months ending with the  
11 September preceding each November 1 is zero or there is a  
12 decrease, then the annuity shall not be increased.

13 For the purposes of Section 1-103.1 of this Code, the  
14 changes made to this Section by Public Act 102-263 are  
15 applicable without regard to whether the employee was in  
16 active service on or after August 6, 2021 (the effective date  
17 of Public Act 102-263).

18 For the purposes of Section 1-103.1 of this Code, the  
19 changes made to this Section by Public Act 100-23 are  
20 applicable without regard to whether the employee was in  
21 active service on or after July 6, 2017 (the effective date of  
22 Public Act 100-23).

23 The changes in this amendatory Act of the 104th General  
24 Assembly shall not result in any recalculation of any  
25 automatic annual increase granted prior to the effective date  
26 of this amendatory Act of the 104th General Assembly; however,

1 all automatic annual increases becoming payable after the  
2 effective date of this amendatory Act of the 104th General  
3 Assembly shall comply with these changes.

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

1 annual unadjusted percentage change in the consumer price  
2 index-u for the 12 months ending with the September preceding  
3 each November 1 is zero or there is a decrease, then the  
4 annuity shall not be increased.

5 (g) The benefits in Section 14-110 apply only if the  
6 person is a fire fighter in the fire protection service of a  
7 department, a security employee of the Department of  
8 Corrections or the Department of Juvenile Justice, a security  
9 employee of the Department of Innovation and Technology, a  
10 security employee of the Department of Human Services, an  
11 investigator for the Department of the Lottery, a State  
12 policeman, an investigator for the Secretary of State, a  
13 conservation police officer, an investigator for the  
14 Department of Revenue or the Illinois Gaming Board, an  
15 investigator for the Office of the Attorney General, a  
16 Commerce Commission police officer, an arson investigator, or  
17 a State highway maintenance worker ~~a State policeman, a fire~~  
18 ~~fighter in the fire protection service of a department, a~~  
19 ~~conservation police officer, an investigator for the Secretary~~  
20 ~~of State, an investigator for the Office of the Attorney~~  
21 ~~General, an arson investigator, a Commerce Commission police~~  
22 ~~officer, investigator for the Department of Revenue or the~~  
23 ~~Illinois Gaming Board, a security employee of the Department~~  
24 ~~of Corrections or the Department of Juvenile Justice, or a~~  
25 ~~security employee of the Department of Innovation and~~  
26 ~~Technology, as those terms are defined in subsection (b) and~~

1 subsection (c) of Section 14-110. A person who meets the  
2 requirements of this Section is entitled to an annuity  
3 calculated under the provisions of Section 14-110, in lieu of  
4 the regular or minimum retirement annuity, only if (i) the  
5 person has withdrawn from service with not less than 25 ~~20~~  
6 years of eligible creditable service and has attained age 50  
7 ~~60~~, regardless of whether the attainment of age 50 ~~60~~ occurs  
8 while the person is still in service, or (ii) the person has  
9 withdrawn from service with not less than 20 years of eligible  
10 creditable service and has attained age 55, regardless of  
11 whether the attainment of age 55 occurs while the person is  
12 still in service.

13 (g-5) The benefits in Section 14-110 apply if the person  
14 is a State policeman, investigator for the Secretary of State,  
15 conservation police officer, investigator for the Department  
16 of Revenue or the Illinois Gaming Board, investigator for the  
17 Office of the Attorney General, Commerce Commission police  
18 officer, or arson investigator, as those terms are defined in  
19 subsection (b) and subsection (c) of Section 14-110. A person  
20 who meets the requirements of this Section is entitled to an  
21 annuity calculated under the provisions of Section 14-110, in  
22 lieu of the regular or minimum retirement annuity, only if the  
23 person has withdrawn from service with not less than 20 years  
24 of eligible creditable service and has attained age 55,  
25 regardless of whether the attainment of age 55 occurs while  
26 the person is still in service.

1           (h) If a person who first becomes a member or a participant  
2 of a retirement system or pension fund subject to this Section  
3 on or after January 1, 2011 is receiving a retirement annuity  
4 or retirement pension under that system or fund and becomes a  
5 member or participant under any other system or fund created  
6 by this Code and is employed on a full-time basis, except for  
7 those members or participants exempted from the provisions of  
8 this Section under subsection (a) of this Section, then the  
9 person's retirement annuity or retirement pension under that  
10 system or fund shall be suspended during that employment. Upon  
11 termination of that employment, the person's retirement  
12 annuity or retirement pension payments shall resume and be  
13 recalculated if recalculation is provided for under the  
14 applicable Article of this Code.

15           If a person who first becomes a member of a retirement  
16 system or pension fund subject to this Section on or after  
17 January 1, 2012 and is receiving a retirement annuity or  
18 retirement pension under that system or fund and accepts on a  
19 contractual basis a position to provide services to a  
20 governmental entity from which he or she has retired, then  
21 that person's annuity or retirement pension earned as an  
22 active employee of the employer shall be suspended during that  
23 contractual service. A person receiving an annuity or  
24 retirement pension under this Code shall notify the pension  
25 fund or retirement system from which he or she is receiving an  
26 annuity or retirement pension, as well as his or her

1 contractual employer, of his or her retirement status before  
2 accepting contractual employment. A person who fails to submit  
3 such notification shall be guilty of a Class A misdemeanor and  
4 required to pay a fine of \$1,000. Upon termination of that  
5 contractual employment, the person's retirement annuity or  
6 retirement pension payments shall resume and, if appropriate,  
7 be recalculated under the applicable provisions of this Code.

8 (i) (Blank).

9 (j) In the case of a conflict between the provisions of  
10 this Section and any other provision of this Code, the  
11 provisions of this Section shall control.

12 (Source: P.A. 102-16, eff. 6-17-21; 102-210, eff. 1-1-22;  
13 102-263, eff. 8-6-21; 102-956, eff. 5-27-22; 103-529, eff.  
14 8-11-23.)

15 (40 ILCS 5/1-168 new)

16 Sec. 1-168. Repayment of refund; Tier 1 status.

17 (a) A member or participant of a retirement system  
18 established under this Code may repay a refund or establish  
19 service under the relevant pension system if the member or  
20 participant:

21 (1) is an active participant in any retirement system  
22 under this Code, regardless of whether that pension fund  
23 or retirement system is the pension fund or retirement  
24 system where service is being reestablished, or is  
25 employed in a position that would otherwise allow the

1 member or participant to participate in a pension fund or  
2 retirement system had the member or participant not opted  
3 out of coverage of the retirement system or pension fund;

4 (2) makes a payment established by the pension fund or  
5 retirement system to equal the employee and employer  
6 contributions that would have been required or, in the  
7 case of a refund, the repayment of the refund plus  
8 interest on the amount under item (2) established by the  
9 pension fund or retirement system from the time of refund  
10 or the time the member or participant would have been  
11 enrolled in the pension fund or retirement system had the  
12 member or participant not opted out;

13 (3) completes all forms reasonably required by the  
14 pension fund or retirement system; and

15 (4) meets these requirements within one year of the  
16 effective date of this amendatory Act of the 104th General  
17 Assembly; except that, for a pension fund or retirement  
18 system that allows periodic payments of the amounts  
19 established under item (2), the individual shall be deemed  
20 to have completed this item (4) by entering into a payment  
21 plan established by the pension fund or retirement plan.

22 (b) Any person who earned service as a Tier 1 member or  
23 participant in any retirement system or pension fund  
24 established under this Code shall continue to earn service as  
25 a Tier 1 member and shall remain a Tier 1 member in any  
26 retirement system or pension fund established under this Code

1 that the member or participant participates in thereafter. If  
2 there is conflict between this paragraph and any Section of  
3 this Code, this Section shall prevail. This paragraph is  
4 intended to clarify existing law and any benefit or credit  
5 awarded inconsistently with this Section shall be changed to  
6 become compliant with this Section; however, nothing in this  
7 Section shall require a pension fund or retirement system to  
8 recalculate a final determined retirement annuity or benefit  
9 that the member or participant is in receipt of, except for a  
10 member or participant who has a pending action against a  
11 pension fund or retirement system regarding a final determined  
12 retirement annuity or benefit as of the date this amendatory  
13 Act of the 104th General Assembly becomes law.

14 (40 ILCS 5/2-108.1) (from Ch. 108 1/2, par. 2-108.1)

15 (Text of Section WITHOUT the changes made by P.A. 98-599,  
16 which has been held unconstitutional)

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

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

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

23 (1) For a participant who is a member of the General  
24 Assembly on his or her last day of service: the highest  
25 salary that is prescribed by law, on the participant's

1 last day of service, for a member of the General Assembly  
2 who is not an officer; plus, if the participant was  
3 elected or appointed to serve as an officer of the General  
4 Assembly for 2 or more years and has made contributions as  
5 required under subsection (d) of Section 2-126, the  
6 highest additional amount of compensation prescribed by  
7 law, at the time of the participant's service as an  
8 officer, for members of the General Assembly who serve in  
9 that office.

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

15 (3) For a participant who is Clerk or Assistant Clerk  
16 of the House of Representatives or Secretary or Assistant  
17 Secretary of the Senate on his or her last day of service:  
18 the salary received for service in that capacity on the  
19 last day of service, but not to exceed the highest salary  
20 (including additional compensation for service as an  
21 officer) that is prescribed by law on the participant's  
22 last day of service for the highest paid officer of the  
23 General Assembly.

24 (4) For a participant who is a continuing participant  
25 under Section 2-117.1 on his or her last day of service:  
26 the salary received for service in that capacity on the

1 last day of service, but not to exceed the highest salary  
2 (including additional compensation for service as an  
3 officer) that is prescribed by law on the participant's  
4 last day of service for the highest paid officer of the  
5 General Assembly.

6 For a participant who first becomes a participant of this  
7 System on or after August 10, 2009 (the effective date of  
8 Public Act 96-207) and before January 1, 2011 (the effective  
9 date of Public Act 96-889), the average monthly salary  
10 obtained by dividing the total salary of the participant  
11 during the period of: (1) the 48 consecutive months of service  
12 within the last 120 months of service in which the total  
13 compensation was the highest, or (2) the total period of  
14 service, if less than 48 months, by the number of months of  
15 service in that period.

16 Except as otherwise provided in this subsection, for ~~For~~ a  
17 participant who first becomes a participant of this System on  
18 or after January 1, 2011 (the effective date of Public Act  
19 96-889), the average monthly salary obtained by dividing the  
20 total salary of the participant during the 96 consecutive  
21 months of service within the last 120 months of service in  
22 which the total compensation was the highest by the number of  
23 months of service in that period; however, beginning January  
24 1, 2011, the highest salary for annuity purposes may not  
25 exceed \$106,800, except that that amount shall annually  
26 thereafter be increased by the lesser of (i) 3% of that amount,

1 including all previous adjustments, or (ii) the annual  
2 unadjusted percentage increase (but not less than zero) in the  
3 consumer price index-u for the 12 months ending with the  
4 September preceding each November 1. "Consumer price index-u"  
5 means the index published by the Bureau of Labor Statistics of  
6 the United States Department of Labor that measures the  
7 average change in prices of goods and services purchased by  
8 all urban consumers, United States city average, all items,  
9 1982-84 = 100. Prior to the effective date of this amendatory  
10 Act of the 104th General Assembly, the ~~The~~ new amount  
11 resulting from each annual adjustment shall be determined by  
12 the Public Pension Division of the Department of Insurance and  
13 made available to the Board by November 1 of each year. For all  
14 benefits or annuities payable after the effective date of this  
15 amendatory Act of the 104th General Assembly, calculations of  
16 maximum annual earnings, maximum salary, or maximum wages  
17 based on the plan year of a member or participant to whom this  
18 Section applies for any year shall not be less than the annual  
19 contribution and benefit base established for the applicable  
20 year by the Commissioner of the Social Security Administration  
21 under the federal Social Security Act for the given year.

22 With regard to a participant who first becomes a  
23 participant of this System on or after January 1, 2011  
24 benefits calculated after the effective date of this  
25 amendatory Act of the 104th General Assembly, "highest salary  
26 for annuity purposes" means the average monthly salary

1 obtained by dividing the total salary calculated under this  
2 Article during the 72 consecutive months or 6 consecutive  
3 years of service with the last 120 months or 10 years of  
4 service in which the total salary or earnings calculated under  
5 the applicable Article was the highest by the number of months  
6 or years of service in that period; unless such a calculation  
7 results in a lower benefit in which case the definition  
8 immediately preceding this definition shall be used.

9 Nothing in this subsection shall cause or otherwise result  
10 in any retroactive adjustment of any employee or employer  
11 contributions. Nothing in this subsection shall cause or  
12 otherwise result in any retroactive adjustment of disability  
13 or other payments made between January 1, 2011 and January 1,  
14 2028. Nothing in this subsection shall require the  
15 recalculation of a benefit or annuity the participant began  
16 receiving prior to the effective date of this amendatory Act  
17 of the 104th General Assembly.

18 (b) The earnings limitations of subsection (a) apply to  
19 earnings under any other participating system under the  
20 Retirement Systems Reciprocal Act that are considered in  
21 calculating a proportional annuity under this Article, except  
22 in the case of a person who first became a member of this  
23 System before August 22, 1994 and has not, on or after the  
24 effective date of this amendatory Act of the 97th General  
25 Assembly, irrevocably elected to have those limitations apply.  
26 The limitations of subsection (a) shall apply, however, to

1 earnings under any other participating system under the  
2 Retirement Systems Reciprocal Act that are considered in  
3 calculating the proportional annuity of a person who first  
4 became a member of this System before August 22, 1994 if, on or  
5 after the effective date of this amendatory Act of the 97th  
6 General Assembly, that member irrevocably elects to have those  
7 limitations apply.

8 (c) In calculating the subsection (a) earnings limitation  
9 to be applied to earnings under any other participating system  
10 under the Retirement Systems Reciprocal Act for the purpose of  
11 calculating a proportional annuity under this Article, the  
12 participant's last day of service shall be deemed to mean the  
13 last day of service in any participating system from which the  
14 person has applied for a proportional annuity under the  
15 Retirement Systems Reciprocal Act.

16 (Source: P.A. 96-207, eff. 8-10-09; 96-889, eff. 1-1-11;  
17 96-1490, eff. 1-1-11; 97-967, eff. 8-16-12.)

18 (40 ILCS 5/2-119) (from Ch. 108 1/2, par. 2-119)

19 (Text of Section WITHOUT the changes made by P.A. 98-599,  
20 which has been held unconstitutional)

21 Sec. 2-119. Retirement annuity - conditions for  
22 eligibility.

23 (a) A participant whose service as a member is terminated,  
24 regardless of age or cause, is entitled to a retirement  
25 annuity beginning on the date specified by the participant in

1 a written application subject to the following conditions:

2 1. The date the annuity begins does not precede the  
3 date of final termination of service, or is not more than  
4 30 days before the receipt of the application by the board  
5 in the case of annuities based on disability or one year  
6 before the receipt of the application in the case of  
7 annuities based on attained age;

8 2. The participant meets one of the following  
9 eligibility requirements:

10 For a participant who first becomes a participant of  
11 this System before January 1, 2011 (the effective date of  
12 Public Act 96-889):

13 (A) He or she has attained age 55 and has at least  
14 8 years of service credit;

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

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

21 For a participant who first becomes a participant of  
22 this System on or after January 1, 2011 (the effective  
23 date of Public Act 96-889), he or she has attained age 65  
24 ~~67~~ and has at least 8 years of service credit.

25 (a-5) A participant who first becomes a participant of  
26 this System on or after January 1, 2011 (the effective date of

1 Public Act 96-889) who (i) has attained age 62 or is within 5  
2 years of the normal retirement age established for that  
3 participant and (ii) has at least 8 years of service credit may  
4 elect to receive the lower retirement annuity provided in  
5 paragraph (c) of Section 2-119.01 of this Code. For a person  
6 who has reached the maximum percentage of salary allowed under  
7 the applicable system and who is within 5 years of the normal  
8 retirement age applicable for that member or participant, the  
9 reduction under this subsection shall be 0%.

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

17 (c) None of the changes made to this Section by this  
18 amendatory Act of the 104th General Assembly shall allow for a  
19 retroactive retirement calculation for any purposes under this  
20 Code, nor shall it allow for a recalculation of benefits or a  
21 refund of any contributions otherwise legally made.

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

23 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

24 Sec. 2-124. Contributions by State.

25 (a) The State shall make contributions to the System by

1 appropriations of amounts which, together with the  
2 contributions of participants, interest earned on investments,  
3 and other income will meet the cost of maintaining and  
4 administering the System on a 100% ~~90%~~ funded basis by the end  
5 of State fiscal year 2049 in accordance with actuarial  
6 recommendations.

7 (b) The Board shall determine the amount of State  
8 contributions required for each fiscal year on the basis of  
9 the actuarial tables and other assumptions adopted by the  
10 Board and the prescribed rate of interest, using the formula  
11 in subsection (c). In making its determination, the Board  
12 shall disregard any contributions scheduled to be received in  
13 a future State fiscal year under the Budget Stabilization Act.

14 (c) Beginning in State fiscal year 2050, the minimum  
15 contribution to the System to be made by the State for each  
16 State fiscal year shall be the contribution amount for the  
17 upcoming State fiscal year estimated in the previous year's  
18 actuarial valuation required by Section 2-134 plus the amounts  
19 required under subsection (c-5), such that the total assets of  
20 the System equal 100% of the total actuarial liabilities of  
21 the System 20 years after the State fiscal year during which  
22 the contribution is made. The required State contribution  
23 shall be determined under the entry age normal actuarial cost  
24 method.

25 For State fiscal years 2036 through 2049, the minimum  
26 contribution to the System to be made by the State for each

1 State fiscal year shall be the contribution amount for the  
2 upcoming State fiscal year estimated in the previous year's  
3 actuarial valuation required by Section 2-134 plus the amounts  
4 required under subsection (c-5), such that the total assets of  
5 the System equal 100% of the total actuarial liabilities of  
6 the System 20 years after the State fiscal year during which  
7 the contribution is made. In making these determinations, the  
8 required State contribution shall be calculated each year as a  
9 level percentage of payroll over the years remaining to and  
10 including fiscal year 2049 and shall be determined under the  
11 projected unit credit actuarial cost method.

12 For State fiscal years 2027 through 2035, the minimum  
13 contribution to the System to be made by the State for each  
14 State fiscal year shall be an amount determined by the System  
15 to be sufficient to bring the total assets of the System up to  
16 100% of the total actuarial liabilities of the System by the  
17 end of State fiscal year 2049. In making these determinations,  
18 the required State contribution shall be calculated each year  
19 as a level percentage of payroll over the years remaining to  
20 and including fiscal year 2049 and shall be determined under  
21 the projected unit credit actuarial cost method.

22 For State fiscal years 2012 through ~~2026~~ 2045, the minimum  
23 contribution to the System to be made by the State for each  
24 fiscal year shall be an amount determined by the System to be  
25 sufficient to bring the total assets of the System up to 90% of  
26 the total actuarial liabilities of the System by the end of

1 State fiscal year 2045. In making these determinations, the  
2 required State contribution shall be calculated each year as a  
3 level percentage of payroll over the years remaining to and  
4 including fiscal year 2045 and shall be determined under the  
5 projected unit credit actuarial cost method.

6 A change in an actuarial or investment assumption that  
7 increases or decreases the required State contribution and  
8 first applies in State fiscal year 2018 and before State  
9 fiscal year 2036 ~~or thereafter~~ shall be implemented in equal  
10 annual amounts over a 5-year period beginning in the State  
11 fiscal year in which the actuarial change first applies to the  
12 required State contribution.

13 A change in an actuarial or investment assumption that  
14 increases or decreases the required State contribution and  
15 first applied to the State contribution in fiscal year 2014,  
16 2015, 2016, or 2017 shall be implemented:

17 (i) as already applied in State fiscal years before  
18 2018; and

19 (ii) in the portion of the 5-year period beginning in  
20 the State fiscal year in which the actuarial change first  
21 applied that occurs in State fiscal year 2018 or  
22 thereafter, by calculating the change in equal annual  
23 amounts over that 5-year period and then implementing it  
24 at the resulting annual rate in each of the remaining  
25 fiscal years in that 5-year period.

26 For State fiscal years 1996 through 2005, the State

1 contribution to the System, as a percentage of the applicable  
2 employee payroll, shall be increased in equal annual  
3 increments so that by State fiscal year 2011, the State is  
4 contributing at the rate required under this Section.

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

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

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

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

1 applicable.

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

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

17 Amounts received by the System pursuant to Section 25 of  
18 the Budget Stabilization Act or Section 8.12 of the State  
19 Finance Act in any fiscal year do not reduce and do not  
20 constitute payment of any portion of the minimum State  
21 contribution required under this Article in that fiscal year.  
22 Such amounts shall not reduce, and shall not be included in the  
23 calculation of, the required State contributions under this  
24 Article in any future year until the System has reached a  
25 funding ratio of at least 90%. A reference in this Article to  
26 the "required State contribution" or any substantially similar

1 term does not include or apply to any amounts payable to the  
2 System under Section 25 of the Budget Stabilization Act.

3 Notwithstanding any other provision of this Section, the  
4 required State contribution for State fiscal year 2005 and for  
5 fiscal year 2008 and each fiscal year thereafter, as  
6 calculated under this Section and certified under Section  
7 2-134, shall not exceed an amount equal to (i) the amount of  
8 the required State contribution that would have been  
9 calculated under this Section for that fiscal year if the  
10 System had not received any payments under subsection (d) of  
11 Section 7.2 of the General Obligation Bond Act, minus (ii) the  
12 portion of the State's total debt service payments for that  
13 fiscal year on the bonds issued in fiscal year 2003 for the  
14 purposes of that Section 7.2, as determined and certified by  
15 the Comptroller, that is the same as the System's portion of  
16 the total moneys distributed under subsection (d) of Section  
17 7.2 of the General Obligation Bond Act. In determining this  
18 maximum for State fiscal years 2008 through 2010, however, the  
19 amount referred to in item (i) shall be increased, as a  
20 percentage of the applicable employee payroll, in equal  
21 increments calculated from the sum of the required State  
22 contribution for State fiscal year 2007 plus the applicable  
23 portion of the State's total debt service payments for fiscal  
24 year 2007 on the bonds issued in fiscal year 2003 for the  
25 purposes of Section 7.2 of the General Obligation Bond Act, so  
26 that, by State fiscal year 2011, the State is contributing at

1 the rate otherwise required under this Section.

2 (c-5) For State fiscal year 2036 and each State fiscal  
3 year thereafter, the contribution to the System to be made by  
4 the State shall include an adjustment for differences between  
5 the unfunded liability reported in the current actuarial  
6 valuation and the unfunded liability reported in the previous  
7 year's actuarial valuation required by Section 2-134. The  
8 adjustment shall be implemented in equal annual amounts over a  
9 20-year period beginning in the State fiscal year in which the  
10 current actuarial valuation is used to determine the required  
11 State contribution under subsection (c).

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

16 As of June 30, 2008, the actuarial value of the System's  
17 assets shall be equal to the market value of the assets as of  
18 that date. In determining the actuarial value of the System's  
19 assets for fiscal years after June 30, 2008, any actuarial  
20 gains or losses from investment return incurred in a fiscal  
21 year shall be recognized in equal annual amounts over the  
22 5-year period following that fiscal year.

23 This subsection is inoperative on and after July 1, 2035.

24 (e) For purposes of determining the required State  
25 contribution to the system for a particular year, the  
26 actuarial value of assets shall be assumed to earn a rate of

1 return equal to the system's actuarially assumed rate of  
2 return.

3 (Source: P.A. 100-23, eff. 7-6-17.)

4 (40 ILCS 5/2-154.5 new)

5 Sec. 2-154.5. Accelerated pension benefit payment in lieu  
6 of any pension benefit.

7 (a) As used in this Section:

8 "Eligible person" means a person who:

9 (1) has terminated service;

10 (2) has accrued sufficient service credit to be  
11 eligible to receive a retirement annuity under this  
12 Article;

13 (3) has not received any retirement annuity under this  
14 Article; and

15 (4) has not made the election under Section 2-154.6.

16 "Pension benefit" means the benefits under this Article,  
17 including any anticipated annual increases, that an eligible  
18 person is entitled to upon attainment of the applicable  
19 retirement age. "Pension benefit" also includes applicable  
20 survivor's or disability benefits.

21 (b) As soon as practical after the effective date of this  
22 amendatory Act of the 104th General Assembly, the System shall  
23 calculate, using actuarial tables and other assumptions  
24 adopted by the Board, the present value of pension benefits  
25 for each eligible person who requests that information and

1 shall offer each eligible person the opportunity to  
2 irrevocably elect to receive an amount determined by the  
3 System to be equal to 60% of the present value of his or her  
4 pension benefits in lieu of receiving any pension benefit. The  
5 offer shall specify the dollar amount that the eligible person  
6 will receive if he or she so elects and shall expire when a  
7 subsequent offer is made to an eligible person. An eligible  
8 person is limited to one calculation and offer per calendar  
9 year. The System shall make a good faith effort to contact  
10 every eligible person to notify him or her of the election.  
11 Until January 1, 2031, an eligible person may irrevocably  
12 elect to receive an accelerated pension benefit payment in the  
13 amount that the System offers under this subsection in lieu of  
14 receiving any pension benefit. A person who elects to receive  
15 an accelerated pension benefit payment under this Section may  
16 not elect to proceed under the Retirement Systems Reciprocal  
17 Act with respect to service under this Article.

18 (c) A person's creditable service under this Article shall  
19 be terminated upon the person's receipt of an accelerated  
20 pension benefit payment under this Section, and no other  
21 benefit shall be paid under this Article based on the  
22 terminated creditable service, including any retirement,  
23 survivor, or other benefit; except that to the extent that  
24 participation, benefits, or premiums under the State Employees  
25 Group Insurance Act of 1971 are based on the amount of service  
26 credit, the terminated service credit shall be used for that

1 purpose.

2 (d) If a person who has received an accelerated pension  
3 benefit payment under this Section returns to active service  
4 under this Article, then:

5 (1) Any benefits under the System earned as a result  
6 of that return to active service shall be based solely on  
7 the person's creditable service arising from the return to  
8 active service.

9 (2) The accelerated pension benefit payment may not be  
10 repaid to the System, and the terminated creditable  
11 service may not under any circumstances be reinstated.

12 (e) As a condition of receiving an accelerated pension  
13 benefit payment, the accelerated pension benefit payment must  
14 be transferred into a tax qualified retirement plan or  
15 account. The accelerated pension benefit payment under this  
16 Section may be subject to withholding or payment of applicable  
17 taxes, but to the extent permitted by federal law, a person who  
18 receives an accelerated pension benefit payment under this  
19 Section must direct the System to pay all of that payment as a  
20 rollover into another retirement plan or account qualified  
21 under the Internal Revenue Code of 1986, as amended.

22 (f) Upon receipt of a member's irrevocable election to  
23 receive an accelerated pension benefit payment under this  
24 Section, the System shall submit a voucher to the Comptroller  
25 for payment of the member's accelerated pension benefit  
26 payment. The Comptroller shall transfer the amount of the

1 voucher from the General Revenue Fund to the System, and the  
2 System shall transfer the amount into the member's eligible  
3 retirement plan or qualified account.

4 (g) The Board shall adopt any rules, including emergency  
5 rules, necessary to implement this Section.

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

9 (40 ILCS 5/2-154.6 new)

10 Sec. 2-154.6. Accelerated pension benefit payment for a  
11 reduction in annual retirement annuity and survivor's annuity  
12 increases.

13 (a) As used in this Section:

14 "Accelerated pension benefit payment" means a lump sum  
15 payment equal to 70% of the difference of the present value of  
16 the automatic annual increases to a Tier 1 participant's  
17 retirement annuity and survivor's annuity using the formula  
18 applicable to the Tier 1 participant and the present value of  
19 the automatic annual increases to the Tier 1 participant's  
20 retirement annuity using the formula provided under subsection  
21 (b-5) and survivor's annuity using the formula provided under  
22 subsection (b-6).

23 "Eligible person" means a person who:

24 (1) is a Tier 1 participant;

25 (2) has submitted an application for a retirement

1 annuity under this Article;

2 (3) meets the age and service requirements for  
3 receiving a retirement annuity under this Article;

4 (4) has not received any retirement annuity under this  
5 Article; and

6 (5) has not made the election under Section 2-154.5.

7 (b) As soon as practical after the effective date of this  
8 amendatory Act of the 104th General Assembly and until January  
9 1, 2031, the System shall implement an accelerated pension  
10 benefit payment option for eligible persons. Upon the request  
11 of an eligible person, the System shall calculate, using  
12 actuarial tables and other assumptions adopted by the Board,  
13 an accelerated pension benefit payment amount and shall offer  
14 that eligible person the opportunity to irrevocably elect to  
15 have his or her automatic annual increases in retirement  
16 annuity calculated in accordance with the formula provided  
17 under subsection (b-5) and any increases in survivor's annuity  
18 payable to his or her survivor's annuity beneficiary  
19 calculated in accordance with the formula provided under  
20 subsection (b-6) in exchange for the accelerated pension  
21 benefit payment. The election under this subsection must be  
22 made before the eligible person receives the first payment of  
23 a retirement annuity otherwise payable under this Article.

24 (b-5) Notwithstanding any other provision of law, the  
25 retirement annuity of a person who made the election under  
26 subsection (b) shall be subject to annual increases on the

1 January 1 occurring either on or after the attainment of age 67  
2 or the first anniversary of the annuity start date, whichever  
3 is later. Each annual increase shall be calculated at 1.5% of  
4 the originally granted retirement annuity.

5 (b-6) Notwithstanding any other provision of law, a  
6 survivor's annuity payable to a survivor's annuity beneficiary  
7 of a person who made the election under subsection (b) shall be  
8 subject to annual increases on the January 1 occurring on or  
9 after the first anniversary of the commencement of the  
10 annuity. Each annual increase shall be calculated at 1.5% of  
11 the originally granted survivor's annuity.

12 (c) If a person who has received an accelerated pension  
13 benefit payment returns to active service under this Article,  
14 then:

15 (1) the calculation of any future automatic annual  
16 increase in retirement annuity shall be calculated in  
17 accordance with the formula provided under subsection  
18 (b-5); and

19 (2) the accelerated pension benefit payment may not be  
20 repaid to the System.

21 (d) As a condition of receiving an accelerated pension  
22 benefit payment, the accelerated pension benefit payment must  
23 be transferred into a tax qualified retirement plan or  
24 account. The accelerated pension benefit payment under this  
25 Section may be subject to withholding or payment of applicable  
26 taxes, but to the extent permitted by federal law, a person who

1 receives an accelerated pension benefit payment under this  
2 Section must direct the System to pay all of that payment as a  
3 rollover into another retirement plan or account qualified  
4 under the Internal Revenue Code of 1986, as amended.

5 (d-5) Upon receipt of a participant's irrevocable election  
6 to receive an accelerated pension benefit payment under this  
7 Section, the System shall submit a voucher to the Comptroller  
8 for payment of the participant's accelerated pension benefit  
9 payment. The Comptroller shall transfer the amount of the  
10 voucher from the General Revenue Fund to the System, and the  
11 System shall transfer the amount into the member's eligible  
12 retirement plan or qualified account.

13 (e) The Board shall adopt any rules, including emergency  
14 rules, necessary to implement this Section.

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

18 (40 ILCS 5/2-162)

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

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

1 amendatory Act of the 94th General Assembly. "New benefit  
2 increase", however, does not include any benefit increase  
3 resulting from the changes made by this amendatory Act of the  
4 104th General Assembly.

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

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

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

1 by the General Assembly, the new benefit increase shall expire  
2 at the end of the fiscal year in which the certification is  
3 made.

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

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

20 (Source: P.A. 103-426, eff. 8-4-23.)

21 (40 ILCS 5/3-111) (from Ch. 108 1/2, par. 3-111)

22 Sec. 3-111. Pension.

23 (a) A police officer age 50 or more with 20 or more years  
24 of creditable service, who is not a participant in the  
25 self-managed plan under Section 3-109.3 and who is no longer

1 in service as a police officer, shall receive a pension of 1/2  
2 of the salary attached to the rank held by the officer on the  
3 police force for one year immediately prior to retirement or,  
4 beginning July 1, 1987 for persons terminating service on or  
5 after that date, the salary attached to the rank held on the  
6 last day of service or for one year prior to the last day,  
7 whichever is greater. The pension shall be increased by 2.5%  
8 of such salary for each additional year of service over 20  
9 years of service through 30 years of service, to a maximum of  
10 75% of such salary.

11 The changes made to this subsection (a) by this amendatory  
12 Act of the 91st General Assembly apply to all pensions that  
13 become payable under this subsection on or after January 1,  
14 1999. All pensions payable under this subsection that began on  
15 or after January 1, 1999 and before the effective date of this  
16 amendatory Act shall be recalculated, and the amount of the  
17 increase accruing for that period shall be payable to the  
18 pensioner in a lump sum.

19 (a-5) No pension in effect on or granted after June 30,  
20 1973 shall be less than \$200 per month. Beginning July 1, 1987,  
21 the minimum retirement pension for a police officer having at  
22 least 20 years of creditable service shall be \$400 per month,  
23 without regard to whether or not retirement occurred prior to  
24 that date. If the minimum pension established in Section  
25 3-113.1 is greater than the minimum provided in this  
26 subsection, the Section 3-113.1 minimum controls.

1 (b) A police officer mandatorily retired from service due  
2 to age by operation of law, having at least 8 but less than 20  
3 years of creditable service, shall receive a pension equal to  
4 2 1/2% of the salary attached to the rank he or she held on the  
5 police force for one year immediately prior to retirement or,  
6 beginning July 1, 1987 for persons terminating service on or  
7 after that date, the salary attached to the rank held on the  
8 last day of service or for one year prior to the last day,  
9 whichever is greater, for each year of creditable service.

10 A police officer who retires or is separated from service  
11 having at least 8 years but less than 20 years of creditable  
12 service, who is not mandatorily retired due to age by  
13 operation of law, and who does not apply for a refund of  
14 contributions at his or her last separation from police  
15 service, shall receive a pension upon attaining age 60 equal  
16 to 2.5% of the salary attached to the rank held by the police  
17 officer on the police force for one year immediately prior to  
18 retirement or, beginning July 1, 1987 for persons terminating  
19 service on or after that date, the salary attached to the rank  
20 held on the last day of service or for one year prior to the  
21 last day, whichever is greater, for each year of creditable  
22 service.

23 (c) A police officer no longer in service who has at least  
24 one but less than 8 years of creditable service in a police  
25 pension fund but meets the requirements of this subsection (c)  
26 shall be eligible to receive a pension from that fund equal to

1 2.5% of the salary attached to the rank held on the last day of  
2 service under that fund or for one year prior to that last day,  
3 whichever is greater, for each year of creditable service in  
4 that fund. The pension shall begin no earlier than upon  
5 attainment of age 60 (or upon mandatory retirement from the  
6 fund by operation of law due to age, if that occurs before age  
7 60) and in no event before the effective date of this  
8 amendatory Act of 1997.

9 In order to be eligible for a pension under this  
10 subsection (c), the police officer must have at least 8 years  
11 of creditable service in a second police pension fund under  
12 this Article and be receiving a pension under subsection (a)  
13 or (b) of this Section from that second fund. The police  
14 officer need not be in service on or after the effective date  
15 of this amendatory Act of 1997.

16 (d) Notwithstanding any other provision of this Article,  
17 the provisions of this subsection (d) apply to a person who is  
18 not a participant in the self-managed plan under Section  
19 3-109.3 and who first becomes a police officer under this  
20 Article on or after January 1, 2011.

21 A police officer age 55 or more who has 10 or more years of  
22 service in that capacity shall be entitled at his option to  
23 receive a monthly pension for his service as a police officer  
24 computed by multiplying 2.5% for each year of such service by  
25 his or her final average salary.

26 The pension of a police officer who is retiring after

1 attaining age 50 with 10 or more years of creditable service  
2 shall be reduced by one-half of 1% for each month that the  
3 police officer's age is under age 55. For a person who has  
4 reached the maximum percentage of salary allowed under this  
5 Article and who is within 5 years of the normal retirement age  
6 applicable for that member, the reduction under this  
7 subsection shall be 0%.

8 The maximum pension under this subsection (d) shall be 75%  
9 of final average salary.

10 For the purposes of this subsection (d), "final average  
11 salary" means the greater of: (i) the average monthly salary  
12 obtained by dividing the total salary of the police officer  
13 during the 48 consecutive months of service within the last 60  
14 months of service in which the total salary was the highest by  
15 the number of months of service in that period; or (ii) the  
16 average monthly salary obtained by dividing the total salary  
17 of the police officer during the 96 consecutive months of  
18 service within the last 120 months of service in which the  
19 total salary was the highest by the number of months of service  
20 in that period.

21 Beginning on January 1, 2011, for all purposes under this  
22 Code (including without limitation the calculation of benefits  
23 and employee contributions), the annual salary based on the  
24 plan year of a member or participant to whom this Section  
25 applies shall not exceed \$106,800; however, that amount shall  
26 annually thereafter be increased by the lesser of (i) 3% of

1 that amount, including all previous adjustments, or (ii) the  
2 annual unadjusted percentage increase (but not less than zero)  
3 in the consumer price index-u for the 12 months ending with the  
4 September preceding each November 1, including all previous  
5 adjustments.

6 For all benefits or annuities payable after the effective  
7 date of this amendatory Act of the 104th General Assembly, the  
8 maximum annual salary based on the plan year of a police  
9 officer to whom this subsection applies for any year shall not  
10 be less than the annual contribution and benefit base  
11 established for the applicable year by the Commissioner of the  
12 Social Security Administration under the federal Social  
13 Security Act for the given year.

14 Nothing in this subsection shall cause or otherwise result  
15 in any retroactive adjustment of any employee or employer  
16 contributions. Nothing in this subsection shall cause or  
17 otherwise result in any retroactive adjustment of disability  
18 or other payments made between January 1, 2011 and January 1,  
19 2028. Nothing in this subsection shall require the  
20 recalculation of a benefit or annuity the member or  
21 participant began receiving prior to the effective date of  
22 this amendatory Act of the 104th General Assembly.

23 Nothing in this amendatory Act of the 101st General  
24 Assembly shall cause or otherwise result in any retroactive  
25 adjustment of any employee contributions.

26 (Source: P.A. 101-610, eff. 1-1-20.)

1 (40 ILCS 5/3-111.1) (from Ch. 108 1/2, par. 3-111.1)

2 Sec. 3-111.1. Increase in pension.

3 (a) Except as provided in subsection (e), the monthly  
4 pension of a police officer who retires after July 1, 1971, and  
5 prior to January 1, 1986, shall be increased, upon either the  
6 first of the month following the first anniversary of the date  
7 of retirement if the officer is 60 years of age or over at  
8 retirement date, or upon the first day of the month following  
9 attainment of age 60 if it occurs after the first anniversary  
10 of retirement, by 3% of the originally granted pension and by  
11 an additional 3% of the originally granted pension in January  
12 of each year thereafter.

13 (b) The monthly pension of a police officer who retired  
14 from service with 20 or more years of service, on or before  
15 July 1, 1971, shall be increased in January of the year  
16 following the year of attaining age 65 or in January of 1972,  
17 if then over age 65, by 3% of the originally granted pension  
18 for each year the police officer received pension payments. In  
19 each January thereafter, he or she shall receive an additional  
20 increase of 3% of the original pension.

21 (c) The monthly pension of a police officer who retires on  
22 disability or is retired for disability shall be increased in  
23 January of the year following the year of attaining age 60, by  
24 3% of the original grant of pension for each year he or she  
25 received pension payments. In each January thereafter, the

1 police officer shall receive an additional increase of 3% of  
2 the original pension.

3 (d) The monthly pension of a police officer who retires  
4 after January 1, 1986, shall be increased, upon either the  
5 first of the month following the first anniversary of the date  
6 of retirement if the officer is 55 years of age or over, or  
7 upon the first day of the month following attainment of age 55  
8 if it occurs after the first anniversary of retirement, by  
9 1/12 of 3% of the originally granted pension for each full  
10 month that has elapsed since the pension began, and by an  
11 additional 3% of the originally granted pension in January of  
12 each year thereafter.

13 The changes made to this subsection (d) by this amendatory  
14 Act of the 91st General Assembly apply to all initial  
15 increases that become payable under this subsection on or  
16 after January 1, 1999. All initial increases that became  
17 payable under this subsection on or after January 1, 1999 and  
18 before the effective date of this amendatory Act shall be  
19 recalculated and the additional amount accruing for that  
20 period, if any, shall be payable to the pensioner in a lump  
21 sum.

22 (e) Notwithstanding the provisions of subsection (a), upon  
23 the first day of the month following (1) the first anniversary  
24 of the date of retirement, or (2) the attainment of age 55, or  
25 (3) July 1, 1987, whichever occurs latest, the monthly pension  
26 of a police officer who retired on or after January 1, 1977 and

1 on or before January 1, 1986, and did not receive an increase  
2 under subsection (a) before July 1, 1987, shall be increased  
3 by 3% of the originally granted monthly pension for each full  
4 year that has elapsed since the pension began, and by an  
5 additional 3% of the originally granted pension in each  
6 January thereafter. The increases provided under this  
7 subsection are in lieu of the increases provided in subsection  
8 (a).

9 (f) Notwithstanding the other provisions of this Section,  
10 beginning with increases granted on or after July 1, 1993, the  
11 second and all subsequent automatic annual increases granted  
12 under subsection (a), (b), (d), or (e) of this Section shall be  
13 calculated as 3% of the amount of pension payable at the time  
14 of the increase, including any increases previously granted  
15 under this Section, rather than 3% of the originally granted  
16 pension amount. Section 1-103.1 does not apply to this  
17 subsection (f).

18 (g) Notwithstanding any other provision of this Article,  
19 the monthly pension of a person who first becomes a police  
20 officer under this Article on or after January 1, 2011 shall be  
21 increased on the January 1 occurring either on or after the  
22 attainment of age 60, the January 1 occurring on or after the  
23 attainment of the full and unreduced retirement age, or the  
24 first anniversary of the pension start date, whichever is  
25 later. After the effective date of this amendatory Act of the  
26 104th General Assembly, each annual increase shall be

1 calculated at 3% of the originally granted annuity. Prior to  
2 the effective date of this amendatory Act of the 104th General  
3 Assembly, each ~~Each~~ annual increase shall be calculated at 3%  
4 or one-half the annual unadjusted percentage increase (but not  
5 less than zero) in the consumer price index-u for the 12 months  
6 ending with the September preceding each November 1, whichever  
7 is less, of the originally granted pension. If the annual  
8 unadjusted percentage change in the consumer price index-u for  
9 a 12-month period ending in September is zero or, when  
10 compared with the preceding period, decreases, then the  
11 pension shall not be increased.

12 For the purposes of this subsection (g), "consumer price  
13 index-u" means the index published by the Bureau of Labor  
14 Statistics of the United States Department of Labor that  
15 measures the average change in prices of goods and services  
16 purchased by all urban consumers, United States city average,  
17 all items, 1982-84 = 100. The new amount resulting from each  
18 annual adjustment shall be determined by the Public Pension  
19 Division of the Department of Insurance and made available to  
20 the boards of the pension funds.

21 (Source: P.A. 96-1495, eff. 1-1-11.)

22 (40 ILCS 5/3-144.3 new)

23 Sec. 3-144.3. Retirement Systems Reciprocal Act. The  
24 Retirement Systems Reciprocal Act, Article 20 of this Code, is  
25 adopted and made a part of this Article, but only with respect

1 to a person who, on or after the effective date of this  
2 amendatory Act of the 104th General Assembly, is entitled  
3 under this Article or through a participating system under the  
4 Retirement Systems Reciprocal Act, as defined in Section  
5 20-108, to begin receiving a retirement annuity or survivor's  
6 annuity (as those terms are defined in Article 20) and who  
7 elects to proceed under the Retirement Systems Reciprocal Act.

8 (40 ILCS 5/4-109) (from Ch. 108 1/2, par. 4-109)

9 Sec. 4-109. Pension.

10 (a) A firefighter age 50 or more with 20 or more years of  
11 creditable service, who is no longer in service as a  
12 firefighter, shall receive a monthly pension of 1/2 the  
13 monthly salary attached to the rank held by him or her in the  
14 fire service at the date of retirement.

15 The monthly pension shall be increased by 1/12 of 2.5% of  
16 such monthly salary for each additional month over 20 years of  
17 service through 30 years of service, to a maximum of 75% of  
18 such monthly salary.

19 The changes made to this subsection (a) by this amendatory  
20 Act of the 91st General Assembly apply to all pensions that  
21 become payable under this subsection on or after January 1,  
22 1999. All pensions payable under this subsection that began on  
23 or after January 1, 1999 and before the effective date of this  
24 amendatory Act shall be recalculated, and the amount of the  
25 increase accruing for that period shall be payable to the

1 pensioner in a lump sum.

2 (b) A firefighter who retires or is separated from service  
3 having at least 10 but less than 20 years of creditable  
4 service, who is not entitled to receive a disability pension,  
5 and who did not apply for a refund of contributions at his or  
6 her last separation from service shall receive a monthly  
7 pension upon attainment of age 60 based on the monthly salary  
8 attached to his or her rank in the fire service on the date of  
9 retirement or separation from service according to the  
10 following schedule:

11 For 10 years of service, 15% of salary;  
12 For 11 years of service, 17.6% of salary;  
13 For 12 years of service, 20.4% of salary;  
14 For 13 years of service, 23.4% of salary;  
15 For 14 years of service, 26.6% of salary;  
16 For 15 years of service, 30% of salary;  
17 For 16 years of service, 33.6% of salary;  
18 For 17 years of service, 37.4% of salary;  
19 For 18 years of service, 41.4% of salary;  
20 For 19 years of service, 45.6% of salary.

21 (c) Notwithstanding any other provision of this Article,  
22 the provisions of this subsection (c) apply to a person who  
23 first becomes a firefighter under this Article on or after  
24 January 1, 2011.

25 A firefighter age 55 or more who has 10 or more years of  
26 service in that capacity shall be entitled at his option to

1 receive a monthly pension for his service as a firefighter  
2 computed by multiplying 2.5% for each year of such service by  
3 his or her final average salary.

4 The pension of a firefighter who is retiring after  
5 attaining age 50 with 10 or more years of creditable service  
6 shall be reduced by one-half of 1% for each month that the  
7 firefighter's age is under age 55. For a person who has reached  
8 the maximum percentage of salary allowed under this Article  
9 and who is within 5 years of the normal retirement age  
10 applicable for that member, the reduction under this  
11 subsection shall be 0%.

12 The maximum pension under this subsection (c) shall be 75%  
13 of final average salary.

14 For the purposes of this subsection (c), "final average  
15 salary" means the greater of: (i) the average monthly salary  
16 obtained by dividing the total salary of the firefighter  
17 during the 48 consecutive months of service within the last 60  
18 months of service in which the total salary was the highest by  
19 the number of months of service in that period; or (ii) the  
20 average monthly salary obtained by dividing the total salary  
21 of the firefighter during the 96 consecutive months of service  
22 within the last 120 months of service in which the total salary  
23 was the highest by the number of months of service in that  
24 period.

25 Beginning on January 1, 2011, for all purposes under this  
26 Code (including without limitation the calculation of benefits

1 and employee contributions), the annual salary based on the  
2 plan year of a member or participant to whom this Section  
3 applies shall not exceed \$106,800; however, that amount shall  
4 annually thereafter be increased by the lesser of (i) 3% of  
5 that amount, including all previous adjustments, or (ii) the  
6 annual unadjusted percentage increase (but not less than zero)  
7 in the consumer price index-u for the 12 months ending with the  
8 September preceding each November 1, including all previous  
9 adjustments.

10 For all benefits or annuities payable after the effective  
11 date of this amendatory Act of the 104th General Assembly,  
12 calculations of maximum annual earnings, maximum salary, or  
13 maximum wages based on the plan year of a firefighter to whom  
14 this subsection applies for any year shall not be less than the  
15 annual contribution and benefit base established for the  
16 applicable year by the Commissioner of the Social Security  
17 Administration under the federal Social Security Act for the  
18 given year.

19 Nothing in this subsection shall cause or otherwise result  
20 in any retroactive adjustment of any employee or employer  
21 contributions. Nothing in this subsection shall cause or  
22 otherwise result in any retroactive adjustment of disability  
23 or other payments made between January 1, 2011 and January 1,  
24 2028. Nothing in this subsection shall require the  
25 recalculation of a benefit or annuity the member or  
26 participant began receiving prior to the effective date of

1 this amendatory Act of the 104th General Assembly.

2 Nothing in this amendatory Act of the 101st General  
3 Assembly shall cause or otherwise result in any retroactive  
4 adjustment of any employee contributions.

5 (Source: P.A. 101-610, eff. 1-1-20.)

6 (40 ILCS 5/4-109.1) (from Ch. 108 1/2, par. 4-109.1)

7 Sec. 4-109.1. Increase in pension.

8 (a) Except as provided in subsection (e), the monthly  
9 pension of a firefighter who retires after July 1, 1971 and  
10 prior to January 1, 1986, shall, upon either the first of the  
11 month following the first anniversary of the date of  
12 retirement if 60 years of age or over at retirement date, or  
13 upon the first day of the month following attainment of age 60  
14 if it occurs after the first anniversary of retirement, be  
15 increased by 2% of the originally granted monthly pension and  
16 by an additional 2% in each January thereafter. Effective  
17 January 1976, the rate of the annual increase shall be 3% of  
18 the originally granted monthly pension.

19 (b) The monthly pension of a firefighter who retired from  
20 service with 20 or more years of service, on or before July 1,  
21 1971, shall be increased, in January of the year following the  
22 year of attaining age 65 or in January 1972, if then over age  
23 65, by 2% of the originally granted monthly pension, for each  
24 year the firefighter received pension payments. In each  
25 January thereafter, he or she shall receive an additional

1 increase of 2% of the original monthly pension. Effective  
2 January 1976, the rate of the annual increase shall be 3%.

3 (c) The monthly pension of a firefighter who is receiving  
4 a disability pension under this Article shall be increased, in  
5 January of the year following the year the firefighter attains  
6 age 60, or in January 1974, if then over age 60, by 2% of the  
7 originally granted monthly pension for each year he or she  
8 received pension payments. In each January thereafter, the  
9 firefighter shall receive an additional increase of 2% of the  
10 original monthly pension. Effective January 1976, the rate of  
11 the annual increase shall be 3%.

12 (c-1) On January 1, 1998, every child's disability benefit  
13 payable on that date under Section 4-110 or 4-110.1 shall be  
14 increased by an amount equal to 1/12 of 3% of the amount of the  
15 benefit, multiplied by the number of months for which the  
16 benefit has been payable. On each January 1 thereafter, every  
17 child's disability benefit payable under Section 4-110 or  
18 4-110.1 shall be increased by 3% of the amount of the benefit  
19 then being paid, including any previous increases received  
20 under this Article. These increases are not subject to any  
21 limitation on the maximum benefit amount included in Section  
22 4-110 or 4-110.1.

23 (c-2) On July 1, 2004, every pension payable to or on  
24 behalf of a minor or disabled surviving child that is payable  
25 on that date under Section 4-114 shall be increased by an  
26 amount equal to 1/12 of 3% of the amount of the pension,

1 multiplied by the number of months for which the benefit has  
2 been payable. On July 1, 2005, July 1, 2006, July 1, 2007, and  
3 July 1, 2008, every pension payable to or on behalf of a minor  
4 or disabled surviving child that is payable under Section  
5 4-114 shall be increased by 3% of the amount of the pension  
6 then being paid, including any previous increases received  
7 under this Article. These increases are not subject to any  
8 limitation on the maximum benefit amount included in Section  
9 4-114.

10 (d) The monthly pension of a firefighter who retires after  
11 January 1, 1986, shall, upon either the first of the month  
12 following the first anniversary of the date of retirement if  
13 55 years of age or over, or upon the first day of the month  
14 following attainment of age 55 if it occurs after the first  
15 anniversary of retirement, be increased by 1/12 of 3% of the  
16 originally granted monthly pension for each full month that  
17 has elapsed since the pension began, and by an additional 3% in  
18 each January thereafter.

19 The changes made to this subsection (d) by this amendatory  
20 Act of the 91st General Assembly apply to all initial  
21 increases that become payable under this subsection on or  
22 after January 1, 1999. All initial increases that became  
23 payable under this subsection on or after January 1, 1999 and  
24 before the effective date of this amendatory Act shall be  
25 recalculated and the additional amount accruing for that  
26 period, if any, shall be payable to the pensioner in a lump

1 sum.

2 (e) Notwithstanding the provisions of subsection (a), upon  
3 the first day of the month following (1) the first anniversary  
4 of the date of retirement, or (2) the attainment of age 55, or  
5 (3) July 1, 1987, whichever occurs latest, the monthly pension  
6 of a firefighter who retired on or after January 1, 1977 and on  
7 or before January 1, 1986 and did not receive an increase under  
8 subsection (a) before July 1, 1987, shall be increased by 3% of  
9 the originally granted monthly pension for each full year that  
10 has elapsed since the pension began, and by an additional 3% in  
11 each January thereafter. The increases provided under this  
12 subsection are in lieu of the increases provided in subsection  
13 (a).

14 (f) In July 2009, the monthly pension of a firefighter who  
15 retired before July 1, 1977 shall be recalculated and  
16 increased to reflect the amount that the firefighter would  
17 have received in July 2009 had the firefighter been receiving  
18 a 3% compounded increase for each year he or she received  
19 pension payments after January 1, 1986, plus any increases in  
20 pension received for each year prior to January 1, 1986. In  
21 each January thereafter, he or she shall receive an additional  
22 increase of 3% of the amount of the pension then being paid.  
23 The changes made to this Section by this amendatory Act of the  
24 96th General Assembly apply without regard to whether the  
25 firefighter was in service on or after its effective date.

26 (g) Notwithstanding any other provision of this Article,

1 the monthly pension of a person who first becomes a  
2 firefighter under this Article on or after January 1, 2011  
3 shall be increased on the January 1 occurring either on or  
4 after the attainment of age 60, the January 1 occurring on or  
5 after the attainment of the full and unreduced retirement age,  
6 or the first anniversary of the pension start date, whichever  
7 is later. Each annual increase shall be calculated at 3% ~~or~~  
8 ~~one half the annual unadjusted percentage increase (but not~~  
9 ~~less than zero) in the consumer price index u for the 12 months~~  
10 ~~ending with the September preceding each November 1, whichever~~  
11 ~~is less,~~ of the originally granted pension. If the annual  
12 unadjusted percentage change in the consumer price index-u for  
13 a 12-month period ending in September is zero or, when  
14 compared with the preceding period, decreases, then the  
15 pension shall not be increased.

16 For the purposes of this subsection (g), "consumer price  
17 index-u" means the index published by the Bureau of Labor  
18 Statistics of the United States Department of Labor that  
19 measures the average change in prices of goods and services  
20 purchased by all urban consumers, United States city average,  
21 all items, 1982-84 = 100. The new amount resulting from each  
22 annual adjustment shall be determined by the Public Pension  
23 Division of the Department of Insurance and made available to  
24 the boards of the pension funds.

25 The changes in this amendatory Act of the 104th General  
26 Assembly shall not result in any recalculation of any

1 automatic annual increase granted prior to the effective date  
2 of this amendatory Act of the 104th General Assembly; however,  
3 all automatic annual increases becoming payable after the  
4 effective date of this amendatory Act of the 104th General  
5 Assembly shall comply with these changes.

6 (Source: P.A. 96-775, eff. 8-28-09; 96-1495, eff. 1-1-11.)

7 (40 ILCS 5/4-138.15 new)

8 Sec. 4-138.15. Retirement Systems Reciprocal Act. The  
9 Retirement Systems Reciprocal Act, Article 20 of this Code, is  
10 adopted and made a part of this Article, but only with respect  
11 to a person who, on or after the effective date of this  
12 amendatory Act of the 104th General Assembly, is entitled  
13 under this Article or through a participating system under the  
14 Retirement Systems Reciprocal Act, as defined in Section  
15 20-108, to begin receiving a retirement annuity or survivor's  
16 annuity (as those terms are defined in Article 20) and who  
17 elects to proceed under the Retirement Systems Reciprocal Act.

18 (40 ILCS 5/5-167.1) (from Ch. 108 1/2, par. 5-167.1)

19 Sec. 5-167.1. Automatic increase in annuity; retirement  
20 from service after September 1, 1967.

21 (a) A policeman who retires from service after September  
22 1, 1967 with at least 20 years of service credit shall, upon  
23 either the first of the month following the first anniversary  
24 of his date of retirement if he is age 55 or over on that

1 anniversary date, or upon the first of the month following his  
2 attainment of age 55 if it occurs after the first anniversary  
3 of his retirement date, have his then fixed and payable  
4 monthly annuity increased by 3% and such first fixed annuity  
5 as granted at retirement increased by an additional 3% in  
6 January of each year thereafter.

7 Any policeman born before January 1, 1945 who qualifies  
8 for a minimum annuity and retires after September 1, 1967 but  
9 has not received the initial increase under this subsection  
10 before January 1, 1996 is entitled to receive the initial  
11 increase under this subsection on (1) January 1, 1996, (2) the  
12 first anniversary of the date of retirement, or (3) attainment  
13 of age 55, whichever occurs last. The changes to this Section  
14 made by Public Act 89-12 apply beginning January 1, 1996 and  
15 without regard to whether the policeman or annuitant  
16 terminated service before the effective date of that Act.

17 Any policeman born before January 1, 1950 who qualifies  
18 for a minimum annuity and retires after September 1, 1967 but  
19 has not received the initial increase under this subsection  
20 before January 1, 2000 is entitled to receive the initial  
21 increase under this subsection on (1) January 1, 2000, (2) the  
22 first anniversary of the date of retirement, or (3) attainment  
23 of age 55, whichever occurs last. The changes to this Section  
24 made by this amendatory Act of the 92nd General Assembly apply  
25 without regard to whether the policeman or annuitant  
26 terminated service before the effective date of this

1 amendatory Act.

2 Any policeman born before January 1, 1955 who qualifies  
3 for a minimum annuity and retires after September 1, 1967 but  
4 has not received the initial increase under this subsection  
5 before January 1, 2005 is entitled to receive the initial  
6 increase under this subsection on (1) January 1, 2005, (2) the  
7 first anniversary of the date of retirement, or (3) attainment  
8 of age 55, whichever occurs last. The changes to this Section  
9 made by this amendatory Act of the 94th General Assembly apply  
10 without regard to whether the policeman or annuitant  
11 terminated service before the effective date of this  
12 amendatory Act.

13 Any policeman born before January 1, 1966 who qualifies  
14 for a minimum annuity and retires after September 1, 1967 but  
15 has not received the initial increase under this subsection  
16 before January 1, 2017 is entitled to receive an initial  
17 increase under this subsection on (1) January 1, 2017, (2) the  
18 first anniversary of the date of retirement, or (3) attainment  
19 of age 55, whichever occurs last, in an amount equal to 3% for  
20 each complete year following the date of retirement or  
21 attainment of age 55, whichever occurs later. The changes to  
22 this subsection made by this amendatory Act of the 99th  
23 General Assembly apply without regard to whether the policeman  
24 or annuitant terminated service before the effective date of  
25 this amendatory Act.

26 Any policeman born on or after January 1, 1966 who

1 qualifies for a minimum annuity and retires after September 1,  
2 1967 but has not received the initial increase under this  
3 subsection before January 1, 2023 is entitled to receive the  
4 initial increase under this subsection on (1) January 1, 2023,  
5 (2) the first anniversary of the date of retirement, or (3)  
6 attainment of age 55, whichever occurs last. The changes to  
7 this Section made by this amendatory Act of the 103rd General  
8 Assembly apply without regard to whether the policeman or  
9 annuitant terminated service before the effective date of this  
10 amendatory Act of the 103rd General Assembly.

11 (b) Subsection (a) of this Section is not applicable to an  
12 employee receiving a term annuity.

13 (c) To help defray the cost of such increases in annuity,  
14 there shall be deducted, beginning September 1, 1967, from  
15 each payment of salary to a policeman, 1/2 of 1% of each salary  
16 payment concurrently with and in addition to the salary  
17 deductions otherwise made for annuity purposes.

18 The city, in addition to the contributions otherwise made  
19 by it for annuity purposes under other provisions of this  
20 Article, shall make matching contributions concurrently with  
21 such salary deductions.

22 Each such 1/2 of 1% deduction from salary and each such  
23 contribution by the city of 1/2 of 1% of salary shall be  
24 credited to the Automatic Increase Reserve, to be used to  
25 defray the cost of the annuity increase provided by this  
26 Section. Any balance in such reserve as of the beginning of

1 each calendar year shall be credited with interest at the rate  
2 of 3% per annum.

3 Such deductions from salary and city contributions shall  
4 continue while the policeman is in service.

5 The salary deductions provided in this Section are not  
6 subject to refund, except to the policeman himself, in any  
7 case in which: (i) the policeman withdraws prior to  
8 qualification for minimum annuity or Tier 2 monthly retirement  
9 annuity and applies for refund, (ii) the policeman applies for  
10 an annuity of a type that is not subject to annual increases  
11 under this Section, or (iii) a term annuity becomes payable.  
12 In such cases, the total of such salary deductions shall be  
13 refunded to the policeman, without interest, and charged to  
14 the Automatic Increase Reserve.

15 (d) Notwithstanding any other provision of this Article,  
16 the Tier 2 monthly retirement annuity of a person who first  
17 becomes a policeman under this Article on or after the  
18 effective date of this amendatory Act of the 97th General  
19 Assembly shall be increased on the January 1 occurring either  
20 on or after (i) the attainment of age 60, (ii) the January 1  
21 occurring on or after the attainment of the full and unreduced  
22 retirement age, or (iii) ~~(ii)~~ the first anniversary of the  
23 annuity start date, whichever is later. After the effective  
24 date of this amendatory Act of the 104th General Assembly,  
25 each annual increase shall be calculated at 3% of the  
26 originally granted annuity. Prior to the effective date of

1 this amendatory Act of the 104th General Assembly, each ~~Each~~  
2 annual increase shall be calculated at 3% or one-half the  
3 annual unadjusted percentage increase (but not less than zero)  
4 in the consumer price index-u for the 12 months ending with the  
5 September preceding each November 1, whichever is less, of the  
6 originally granted retirement annuity. If the annual  
7 unadjusted percentage change in the consumer price index-u for  
8 a 12-month period ending in September is zero or, when  
9 compared with the preceding period, decreases, then the  
10 annuity shall not be increased.

11 For the purposes of this subsection (d), "consumer price  
12 index-u" means the index published by the Bureau of Labor  
13 Statistics of the United States Department of Labor that  
14 measures the average change in prices of goods and services  
15 purchased by all urban consumers, United States city average,  
16 all items, 1982-84 = 100. The new amount resulting from each  
17 annual adjustment shall be determined by the Public Pension  
18 Division of the Department of Insurance and made available to  
19 the boards of the pension funds by November 1 of each year.

20 The changes in this amendatory Act of the 104th General  
21 Assembly shall not result in any recalculation of any  
22 automatic annual increase granted prior to the effective date  
23 of this amendatory Act of the 104th General Assembly; however,  
24 all automatic annual increases becoming payable after the  
25 effective date of this amendatory Act of the 104th General  
26 Assembly shall comply with these changes.

1 (Source: P.A. 103-582, eff. 12-8-23.)

2 (40 ILCS 5/5-238)

3 Sec. 5-238. Provisions applicable to new hires; Tier 2.

4 (a) Notwithstanding any other provision of this Article,  
5 the provisions of this Section apply to a person who first  
6 becomes a policeman under this Article on or after January 1,  
7 2011, and to certain qualified survivors of such a policeman.  
8 Such persons, and the benefits and restrictions that apply  
9 specifically to them under this Article, may be referred to as  
10 "Tier 2".

11 (b) A policeman who has withdrawn from service, has  
12 attained age 50 or more, and has 10 or more years of service in  
13 that capacity shall be entitled, upon proper application being  
14 received by the Fund, to receive a Tier 2 monthly retirement  
15 annuity for his service as a police officer. The Tier 2 monthly  
16 retirement annuity shall be computed by multiplying 2.5% for  
17 each year of such service by his or her final average salary,  
18 subject to an annuity reduction factor of one-half of 1% for  
19 each month that the police officer's age at retirement is  
20 under age 55. For a person who has reached the maximum  
21 percentage of salary allowed under this Article and who is  
22 within 5 years of the normal retirement age applicable for  
23 that member, the reduction under this subsection shall be 0%.  
24 The Tier 2 monthly retirement annuity is in lieu of any age and  
25 service annuity or other form of retirement annuity under this

1 Article.

2 The maximum retirement annuity under this subsection (b)  
3 shall be 75% of final average salary.

4 For the purposes of this subsection (b), "final average  
5 salary" means the average monthly salary obtained by dividing  
6 the total salary of the policeman during the 96 consecutive  
7 months of service within the last 120 months of service in  
8 which the total salary was the highest by the number of months  
9 of service in that period. For benefits calculated after the  
10 effective date of this amendatory Act of the 104th General  
11 Assembly, "final average salary" means the average monthly  
12 salary obtained by dividing the total salary calculated under  
13 this Article applicable to the policeman during the 72  
14 consecutive months or 6 consecutive years of service with the  
15 last 120 months or 10 years of service in which the total  
16 salary or earnings calculated under this Article was the  
17 highest by the number of months or years of service in that  
18 period; unless such a calculation results in a lower benefit,  
19 in which case the definition immediately preceding this  
20 definition shall be used.

21 Beginning on January 1, 2011, for all purposes under this  
22 Code (including without limitation the calculation of benefits  
23 and employee contributions), the annual salary based on the  
24 plan year of a member or participant to whom this Section  
25 applies shall not exceed \$106,800; however, that amount shall  
26 annually thereafter be increased by the lesser of (i) 3% of

1 that amount, including all previous adjustments, or (ii)  
2 one-half the annual unadjusted percentage increase (but not  
3 less than zero) in the consumer price index-u for the 12 months  
4 ending with the September preceding each November 1, including  
5 all previous adjustments.

6 For all benefits or annuities payable after the effective  
7 date of this amendatory Act of the 104th General Assembly,  
8 calculations of annual earnings, salary, or wages based on the  
9 plan year of a policeman to whom this Section applies for any  
10 year shall not be less than the annual contribution and  
11 benefit base established for the applicable year by the  
12 Commissioner of the Social Security Administration under the  
13 federal Social Security Act for the given year.

14 Nothing in this subsection shall cause or otherwise result  
15 in any retroactive adjustment of any employee or employer  
16 contributions. Nothing in this subsection shall cause or  
17 otherwise result in any retroactive adjustment of disability  
18 or other payments made between January 1, 2011 and January 1,  
19 2028. Nothing in this subsection shall require the  
20 recalculation of a benefit or annuity the member or  
21 participant began receiving prior to the effective date of  
22 this amendatory Act of the 104th General Assembly.

23 (c) Notwithstanding any other provision of this Article,  
24 for a person who first becomes a policeman under this Article  
25 on or after January 1, 2011, eligibility for and the amount of  
26 the annuity to which the qualified surviving spouse, children,

1 and parents are entitled under this subsection (c) shall be  
2 determined as follows:

3 (1) The surviving spouse of a deceased policeman to  
4 whom this Section applies shall be deemed qualified to  
5 receive a Tier 2 surviving spouse's annuity under this  
6 paragraph (1) if: (i) the deceased policeman meets the  
7 requirements specified under subdivision (A), (B), (C), or  
8 (D) of this paragraph (1); and (ii) the surviving spouse  
9 would not otherwise be excluded from receiving a widow's  
10 annuity under the eligibility requirements for a widow's  
11 annuity set forth in Section 5-146. The Tier 2 surviving  
12 spouse's annuity is in lieu of the widow's annuity  
13 determined under any other Section of this Article and is  
14 subject to the requirements of Section 5-147.1.

15 As used in this subsection (c), "earned annuity" means  
16 a Tier 2 monthly retirement annuity determined under  
17 subsection (b) of this Section, including any increases  
18 the policeman had received pursuant to Section 5-167.1.

19 (A) If the deceased policeman was receiving an  
20 earned annuity at the date of his or her death, the  
21 Tier 2 surviving spouse's annuity under this paragraph  
22 (1) shall be in the amount of 66 2/3% of the  
23 policeman's earned annuity at the date of death.

24 (B) If the deceased policeman was not receiving an  
25 earned annuity but had at least 10 years of service at  
26 the time of death, the Tier 2 surviving spouse's

1 annuity under this paragraph (1) shall be the greater  
2 of: (i) 30% of the annual maximum salary attached to  
3 the classified civil service position of a first class  
4 patrolman at the time of his death; or (ii) 66 2/3% of  
5 the Tier 2 monthly retirement annuity that the  
6 deceased policeman would have been eligible to receive  
7 under subsection (b) of this Section, based upon the  
8 actual service accrued through the day before the  
9 policeman's death, but determined as though the  
10 policeman was at least age 55 on the day before his or  
11 her death and retired on that day.

12 (C) If the deceased policeman was an active  
13 policeman with at least 1 1/2 but less than 10 years of  
14 service at the time of death, the Tier 2 surviving  
15 spouse's annuity under this paragraph (1) shall be in  
16 the amount of 30% of the annual maximum salary  
17 attached to the classified civil service position of a  
18 first class patrolman at the time of his death.

19 (D) If the performance of an act or acts of duty  
20 results directly in the death of a policeman subject  
21 to this Section, or prevents him from subsequently  
22 resuming active service in the police department, and  
23 if the policeman's Tier 2 surviving spouse would  
24 otherwise meet the eligibility requirements for a  
25 compensation annuity or supplemental annuity granted  
26 under Section 5-144, then in addition to the Tier 2

1 surviving spouse's annuity provided under subdivision  
2 (A), (B), or (C) of this paragraph (1), whichever  
3 applies, the Tier 2 surviving spouse shall be  
4 qualified to receive compensation annuity or  
5 supplemental annuity, as would be provided under  
6 Section 5-144, in order to bring the total benefit up  
7 to the applicable 75% salary limitation provided in  
8 that Section, but subject to the Tier 2 salary cap  
9 provided under subsection (b) of this Section; except  
10 that no such annuity shall be paid to the surviving  
11 spouse of a policeman who dies while in receipt of  
12 disability benefits when the policeman's death was  
13 caused by an intervening illness or injury unrelated  
14 to the illness or injury that had prevented him from  
15 subsequently resuming active service in the police  
16 department.

17 (E) Notwithstanding any other provision of this  
18 Article, the monthly Tier 2 surviving spouse's annuity  
19 under subdivision (A) or (B) of this paragraph (1)  
20 shall be increased on the January 1 next occurring  
21 after (i) attainment of age 60 by the recipient of the  
22 Tier 2 surviving spouse's annuity or (ii) the first  
23 anniversary of the Tier 2 surviving spouse's annuity  
24 start date, whichever is later, and on each January 1  
25 thereafter, by 3% or one-half the annual unadjusted  
26 percentage increase (but not less than zero) in the

1 consumer price index-u for the 12 months ending with  
2 the September preceding each November 1, whichever is  
3 less, of the originally granted Tier 2 surviving  
4 spouse's annuity. If the unadjusted percentage change  
5 in the consumer price index-u for a 12-month period  
6 ending in September is zero or, when compared with the  
7 preceding period, decreases, then the annuity shall  
8 not be increased.

9 For the purposes of this Section, "consumer price  
10 index-u" means the index published by the Bureau of  
11 Labor Statistics of the United States Department of  
12 Labor that measures the average change in prices of  
13 goods and services purchased by all urban consumers,  
14 United States city average, all items, 1982-84 = 100.  
15 The new amount resulting from each annual adjustment  
16 shall be determined by the Public Pension Division of  
17 the Department of Insurance and made available to the  
18 boards of the pension funds.

19 (F) Notwithstanding the other provisions of this  
20 paragraph (1), for a qualified surviving spouse who is  
21 entitled to a Tier 2 surviving spouse's annuity under  
22 subdivision (A), (B), (C), or (D) of this paragraph  
23 (1), that Tier 2 surviving spouse's annuity shall not  
24 be less than the amount of the minimum widow's annuity  
25 established from time to time under Section 5-167.4.

26 (2) Surviving children of a deceased policeman subject

1 to this Section who would otherwise meet the eligibility  
2 requirements for a child's annuity set forth in Sections  
3 5-151 and 5-152 shall be deemed qualified to receive a  
4 Tier 2 child's annuity under this subsection (c), which  
5 shall be in lieu of, but in the same amount and paid in the  
6 same manner as, the child's annuity provided under those  
7 Sections; except that any salary used for computing a Tier  
8 2 child's annuity shall be subject to the Tier 2 salary cap  
9 provided under subsection (b) of this Section. For  
10 purposes of determining any pro rata reduction in child's  
11 annuities under this subsection (c), references in Section  
12 5-152 to the combined annuities of the family shall be  
13 deemed to refer to the combined Tier 2 surviving spouse's  
14 annuity, if any, and the Tier 2 child's annuities payable  
15 under this subsection (c).

16 (3) Surviving parents of a deceased policeman subject  
17 to this Section who would otherwise meet the eligibility  
18 requirements for a parent's annuity set forth in Section  
19 5-152 shall be deemed qualified to receive a Tier 2  
20 parent's annuity under this subsection (c), which shall be  
21 in lieu of, but in the same amount and paid in the same  
22 manner as, the parent's annuity provided under Section  
23 5-152.1; except that any salary used for computing a Tier  
24 2 parent's annuity shall be subject to the Tier 2 salary  
25 cap provided under subsection (b) of this Section. For the  
26 purposes of this Section, a reference to "annuity" in

1 Section 5-152.1 includes: (i) in the context of a widow, a  
2 Tier 2 surviving spouse's annuity and (ii) in the context  
3 of a child, a Tier 2 child's annuity.

4 (d) The General Assembly finds and declares that the  
5 provisions of this Section, as enacted by Public Act 96-1495,  
6 require clarification relating to necessary eligibility  
7 standards and the manner of determining and paying the  
8 intended Tier 2 benefits and contributions in order to enable  
9 the Fund to unambiguously implement and administer benefits  
10 for Tier 2 members. The changes to this Section and the  
11 conforming changes to Sections 5-153, 5-155, 5-163, 5-167.1  
12 (except for the changes to subsection (a) of that Section),  
13 5-169, and 5-170 made by this amendatory Act of the 99th  
14 General Assembly are enacted to clarify the provisions of this  
15 Section as enacted by Public Act 96-1495, and are hereby  
16 declared to represent and be consistent with the original and  
17 continuing intent of this Section and Public Act 96-1495.

18 (e) The changes to Sections 5-153, 5-155, 5-163, 5-167.1  
19 (except for the changes to subsection (a) of that Section),  
20 5-169, and 5-170 made by this amendatory Act of the 99th  
21 General Assembly are intended to be retroactive to January 1,  
22 2011 (the effective date of Public Act 96-1495) and, for the  
23 purposes of Section 1-103.1 of this Code, they apply without  
24 regard to whether the relevant policeman was in service on or  
25 after the effective date of this amendatory Act of the 99th  
26 General Assembly.

1 (Source: P.A. 99-905, eff. 11-29-16.)

2 (40 ILCS 5/5-240 new)

3 Sec. 5-240. Retirement Systems Reciprocal Act. The  
4 Retirement Systems Reciprocal Act, Article 20 of this Code, is  
5 adopted and made a part of this Article, but only with respect  
6 to a person who, on or after the effective date of this  
7 amendatory Act of the 104th General Assembly, is entitled  
8 under this Article or through a participating system under the  
9 Retirement Systems Reciprocal Act, as defined in Section  
10 20-108, to begin receiving a retirement annuity or survivor's  
11 annuity (as those terms are defined in Article 20) and who  
12 elects to proceed under the Retirement Systems Reciprocal Act.

13 (40 ILCS 5/6-164) (from Ch. 108 1/2, par. 6-164)

14 Sec. 6-164. Automatic annual increase; retirement after  
15 September 1, 1959.

16 (a) A fireman qualifying for a minimum annuity who retires  
17 from service after September 1, 1959 shall, upon either the  
18 first of the month following the first anniversary of his date  
19 of retirement if he is age 55 or over on that anniversary date,  
20 or upon the first of the month following his attainment of age  
21 55 if that occurs after the first anniversary of his  
22 retirement date, have his then fixed and payable monthly  
23 annuity increased by 1 1/2%, and such first fixed annuity as  
24 granted at retirement increased by an additional 1 1/2% in

1 January of each year thereafter up to a maximum increase of  
2 30%. Beginning July 1, 1982 for firemen born before January 1,  
3 1930, and beginning January 1, 1990 for firemen born after  
4 December 31, 1929 and before January 1, 1940, and beginning  
5 January 1, 1996 for firemen born after December 31, 1939 but  
6 before January 1, 1945, and beginning January 1, 2004, for  
7 firemen born after December 31, 1944 but before January 1,  
8 1955, and beginning January 1, 2017, for firemen born after  
9 December 31, 1954, such increases shall be 3% and such firemen  
10 shall not be subject to the 30% maximum increase.

11 Any fireman born before January 1, 1945 who qualifies for  
12 a minimum annuity and retires after September 1, 1967 but has  
13 not received the initial increase under this subsection before  
14 January 1, 1996 is entitled to receive the initial increase  
15 under this subsection on (1) January 1, 1996, (2) the first  
16 anniversary of the date of retirement, or (3) attainment of  
17 age 55, whichever occurs last. The changes to this Section  
18 made by this amendatory Act of 1995 apply beginning January 1,  
19 1996 and apply without regard to whether the fireman or  
20 annuitant terminated service before the effective date of this  
21 amendatory Act of 1995.

22 Any fireman born before January 1, 1955 who qualifies for  
23 a minimum annuity and retires after September 1, 1967 but has  
24 not received the initial increase under this subsection before  
25 January 1, 2004 is entitled to receive the initial increase  
26 under this subsection on (1) January 1, 2004, (2) the first

1 anniversary of the date of retirement, or (3) attainment of  
2 age 55, whichever occurs last. The changes to this Section  
3 made by this amendatory Act of the 93rd General Assembly apply  
4 without regard to whether the fireman or annuitant terminated  
5 service before the effective date of this amendatory Act.

6 Any fireman born after December 31, 1954 but before  
7 January 1, 1966 who qualifies for a minimum annuity and  
8 retires after September 1, 1967 is entitled to receive an  
9 increase under this subsection on (1) January 1, 2017, (2) the  
10 first anniversary of the date of retirement, or (3) attainment  
11 of age 55, whichever occurs last, in an amount equal to an  
12 increase of 3% of his then fixed and payable monthly annuity  
13 upon the first of the month following the first anniversary of  
14 his date of retirement if he is age 55 or over on that  
15 anniversary date or upon the first of the month following his  
16 attainment of age 55 if that date occurs after the first  
17 anniversary of his retirement date and such first fixed  
18 annuity as granted at retirement shall be increased by an  
19 additional 3% in January of each year thereafter. In the case  
20 of a fireman born after December 31, 1954 but before January 1,  
21 1966 who received an increase in any year of 1.5%, that fireman  
22 shall receive an increase for any such year so that the total  
23 increase is equal to 3% for each year the fireman would have  
24 been otherwise eligible had the fireman not received any  
25 increase. The changes to this subsection made by this  
26 amendatory Act of the 99th General Assembly apply without

1 regard to whether the fireman or annuitant terminated service  
2 before the effective date of this amendatory Act. The changes  
3 to this subsection made by this amendatory Act of the 100th  
4 General Assembly are a declaration of existing law and shall  
5 not be construed as a new enactment.

6 Any fireman who qualifies for a minimum annuity and  
7 retires after September 1, 1967 is entitled to receive an  
8 increase under this subsection on (1) January 1, 2020, (2) the  
9 first anniversary of the date of retirement, or (3) attainment  
10 of age 55, whichever occurs last, in an amount equal to an  
11 increase of 3% of his or her then fixed and payable monthly  
12 annuity upon the first of the month following the first  
13 anniversary of his or her date of retirement if he or she is  
14 age 55 or over on that anniversary date or upon the first of  
15 the month following his or her attainment of age 55 if that  
16 date occurs after the first anniversary of his or her  
17 retirement date and such first fixed annuity as granted at  
18 retirement shall be increased by an additional 3% in January  
19 of each year thereafter. In the case of a fireman who received  
20 an increase in any year of 1.5%, that fireman shall receive an  
21 increase for any such year so that the total increase is equal  
22 to 3% for each year the fireman would have been otherwise  
23 eligible had the fireman not received any increase. The  
24 changes to this subsection made by this amendatory Act of the  
25 101st General Assembly apply without regard to whether the  
26 fireman or annuitant terminated service before the effective

1 date of this amendatory Act of the 101st General Assembly.

2 (b) Subsection (a) of this Section is not applicable to an  
3 employee receiving a term annuity.

4 (c) To help defray the cost of such increases in annuity,  
5 there shall be deducted, beginning September 1, 1959, from  
6 each payment of salary to a fireman, 1/8 of 1% of each such  
7 salary payment and an additional 1/8 of 1% beginning on  
8 September 1, 1961, and September 1, 1963, respectively,  
9 concurrently with and in addition to the salary deductions  
10 otherwise made for annuity purposes.

11 Each such additional 1/8 of 1% deduction from salary which  
12 shall, on September 1, 1963, result in a total increase of 3/8  
13 of 1% of salary, shall be credited to the Automatic Increase  
14 Reserve, to be used, together with city contributions as  
15 provided in this Article, to defray the cost of the annuity  
16 increments specified in this Section. Any balance in such  
17 reserve as of the beginning of each calendar year shall be  
18 credited with interest at the rate of 3% per annum.

19 The salary deductions provided in this Section are not  
20 subject to refund, except to the fireman himself in any case in  
21 which: (i) the fireman withdraws prior to qualification for  
22 minimum annuity or Tier 2 monthly retirement annuity and  
23 applies for refund, (ii) the fireman applies for an annuity of  
24 a type that is not subject to annual increases under this  
25 Section, or (iii) a term annuity becomes payable. In such  
26 cases, the total of such salary deductions shall be refunded

1 to the fireman, without interest, and charged to the  
2 aforementioned reserve.

3 (d) Notwithstanding any other provision of this Article,  
4 the Tier 2 monthly retirement annuity of a person who first  
5 becomes a fireman under this Article on or after January 1,  
6 2011 shall be increased on the January 1 occurring either on or  
7 after (i) the attainment of age 60 , (ii) the January 1  
8 occurring on or after the attainment of the full and unreduced  
9 retirement age, or (iii) ~~(ii)~~ the first anniversary of the  
10 annuity start date, whichever is later. Each annual increase  
11 shall be calculated at 3% or one-half the annual unadjusted  
12 percentage increase (but not less than zero) in the consumer  
13 price index-u for the 12 months ending with the September  
14 preceding each November 1, whichever is less, of the  
15 originally granted retirement annuity. If the annual  
16 unadjusted percentage change in the consumer price index-u for  
17 a 12-month period ending in September is zero or, when  
18 compared with the preceding period, decreases, then the  
19 annuity shall not be increased.

20 For the purposes of this subsection (d), "consumer price  
21 index-u" means the index published by the Bureau of Labor  
22 Statistics of the United States Department of Labor that  
23 measures the average change in prices of goods and services  
24 purchased by all urban consumers, United States city average,  
25 all items, 1982-84 = 100. The new amount resulting from each  
26 annual adjustment shall be determined by the Public Pension

1 Division of the Department of Insurance and made available to  
2 the boards of the pension funds by November 1 of each year.

3 The changes in this amendatory Act of the 104th General  
4 Assembly shall not result in any recalculation of any  
5 automatic annual increase granted prior to the effective date  
6 of this amendatory Act of the 104th General Assembly; however,  
7 all automatic annual increases becoming payable after the  
8 effective date of this amendatory Act of the 104th General  
9 Assembly shall comply with these changes.

10 (Source: P.A. 100-23, eff. 7-6-17; 100-539, eff. 11-7-17;  
11 101-673, eff. 4-5-21.)

12 (40 ILCS 5/6-229)

13 Sec. 6-229. Provisions applicable to new hires; Tier 2.

14 (a) Notwithstanding any other provision of this Article,  
15 the provisions of this Section apply to a person who first  
16 becomes a fireman under this Article on or after January 1,  
17 2011, and to certain qualified survivors of such a fireman.  
18 Such persons, and the benefits and restrictions that apply  
19 specifically to them under this Article, may be referred to as  
20 "Tier 2".

21 (b) A fireman who has withdrawn from service, has attained  
22 age 50 or more, and has 10 or more years of service in that  
23 capacity shall be entitled, upon proper application being  
24 received by the Fund, to receive a Tier 2 monthly retirement  
25 annuity for his service as a fireman. The Tier 2 monthly

1 retirement annuity shall be computed by multiplying 2.5% for  
2 each year of such service by his or her final average salary,  
3 subject to an annuity reduction factor of one-half of 1% for  
4 each month that the fireman's age at retirement is under age  
5 55. For a person who has reached the maximum percentage of  
6 salary allowed under this Article and who is within 5 years of  
7 the normal retirement age applicable for that member, the  
8 reduction under this subsection shall be 0%. The Tier 2  
9 monthly retirement annuity is in lieu of any age and service  
10 annuity or other form of retirement annuity under this  
11 Article.

12 The maximum retirement annuity under this subsection (b)  
13 shall be 75% of final average salary.

14 For the purposes of this subsection (b), "final average  
15 salary" means the greater of (1) the average monthly salary  
16 obtained by dividing the total salary of the fireman during  
17 the 96 consecutive months of service within the last 120  
18 months of service in which the total salary was the highest by  
19 the number of months of service in that period or (2) the  
20 average monthly salary obtained by dividing the total salary  
21 of the fireman during the 48 consecutive months of service  
22 within the last 60 months of service in which the total salary  
23 was the highest by the number of months of service in that  
24 period. For benefits calculated after the effective date of  
25 this amendatory Act of the 104th General Assembly, "final  
26 average salary" means the average monthly salary obtained by

1 dividing the total salary calculated under this Article  
2 applicable to the fireman during the 72 consecutive months or  
3 6 consecutive years of service with the last 120 months or 10  
4 years of service in which the total salary or earnings  
5 calculated under this Article was the highest by the number of  
6 months or years of service in that period; unless such a  
7 calculation results in a lower benefit, in which case the  
8 definition immediately preceding this definition shall be  
9 used.

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

21 For all benefits or annuities payable after the effective  
22 date of this amendatory Act of the 104th General Assembly,  
23 calculations of annual earnings, salary, or wages based on the  
24 plan year of a fireman to whom this Section applies for any  
25 year shall not be less than the annual contribution and  
26 benefit base established for the applicable year by the

1 Commissioner of the Social Security Administration under the  
2 federal Social Security Act for the given year.

3 Nothing in this subsection shall cause or otherwise result  
4 in any retroactive adjustment of any employee or employer  
5 contributions. Nothing in this subsection shall cause or  
6 otherwise result in any retroactive adjustment of disability  
7 or other payments made between January 1, 2011 and January 1,  
8 2028. Nothing in this subsection shall require the  
9 recalculation of a benefit or annuity the member or  
10 participant began receiving prior to the effective date of  
11 this amendatory Act of the 104th General Assembly.

12 (b-5) For the purposes of this Section, "consumer price  
13 index-u" means the index published by the Bureau of Labor  
14 Statistics of the United States Department of Labor that  
15 measures the average change in prices of goods and services  
16 purchased by all urban consumers, United States city average,  
17 all items, 1982-84 = 100. The new amount resulting from each  
18 annual adjustment shall be determined by the Public Pension  
19 Division of the Department of Insurance and made available to  
20 the boards of the retirement systems and pension funds by  
21 November 1 of each year.

22 (c) Notwithstanding any other provision of this Article,  
23 for a person who first becomes a fireman under this Article on  
24 or after January 1, 2011, eligibility for and the amount of the  
25 annuity to which the qualified surviving spouse, children, and  
26 parents of the fireman are entitled under this subsection (c)

1 shall be determined as follows:

2 (1) The surviving spouse of a deceased fireman to whom  
3 this Section applies shall be deemed qualified to receive  
4 a Tier 2 surviving spouse's annuity under this paragraph  
5 (1) if: (i) the deceased fireman meets the requirements  
6 specified under subdivision (A), (B), (C), or (D) of this  
7 paragraph (1); and (ii) the surviving spouse would not  
8 otherwise be excluded from receiving a widow's annuity  
9 under the eligibility requirements for a widow's annuity  
10 set forth in Section 6-142. The Tier 2 surviving spouse's  
11 annuity is in lieu of the widow's annuity determined under  
12 any other Section of this Article and is subject to the  
13 requirements of Section 6-143.2.

14 As used in this subsection (c), "earned pension" means  
15 a Tier 2 monthly retirement annuity determined under  
16 subsection (b) of this Section, including any increases  
17 the fireman had received pursuant to Section 6-164.

18 (A) If the deceased fireman was receiving an  
19 earned pension at the date of his or her death, the  
20 Tier 2 surviving spouse's annuity under this paragraph  
21 (1) shall be in the amount of 66 2/3% of the fireman's  
22 earned pension at the date of death.

23 (B) If the deceased fireman was not receiving an  
24 earned pension but had at least 10 years of service at  
25 the time of death, the Tier 2 surviving spouse's  
26 annuity under this paragraph (1) shall be the greater

1 of: (i) 30% of the salary attached to the rank of first  
2 class firefighter in the classified career service at  
3 the time of the fireman's death; or (ii) 66 2/3% of the  
4 Tier 2 monthly retirement annuity that the deceased  
5 fireman would have been eligible to receive under  
6 subsection (b) of this Section, based upon the actual  
7 service accrued through the day before the fireman's  
8 death, but determined as though the fireman was at  
9 least age 55 on the day before his or her death and  
10 retired on that day.

11 (C) If the deceased fireman was an active fireman  
12 with at least 1 1/2 but less than 10 years of service  
13 at the time of death, the Tier 2 surviving spouse's  
14 annuity under this paragraph (1) shall be in the  
15 amount of 30% of the salary attached to the rank of  
16 first class firefighter in the classified career  
17 service at the time of the fireman's death.

18 (D) Notwithstanding subdivisions (A), (B), and (C)  
19 of this paragraph (1), if the performance of an act or  
20 acts of duty results directly in the death of a fireman  
21 subject to this Section, or prevents him from  
22 subsequently resuming active service in the fire  
23 department, then a surviving spouse who would  
24 otherwise meet the eligibility requirements for a  
25 death in the line of duty widow's annuity granted  
26 under Section 6-140 shall be deemed to be qualified

1 for a Tier 2 surviving spouse's annuity under this  
2 subdivision (D); except that no such annuity shall be  
3 paid to the surviving spouse of a fireman who dies  
4 while in receipt of disability benefits when the  
5 fireman's death was caused by an intervening illness  
6 or injury unrelated to the illness or injury that had  
7 prevented him from subsequently resuming active  
8 service in the fire department. The Tier 2 surviving  
9 spouse's annuity calculated under this subdivision (D)  
10 shall be in lieu of, but in the same amount and paid in  
11 the same manner as, the widow's annuity provided under  
12 Section 6-140; except that the salary used for  
13 computing a Tier 2 surviving spouse's annuity under  
14 this subdivision (D) shall be subject to the Tier 2  
15 salary cap provided under subsection (b) of this  
16 Section.

17 (E) Notwithstanding any other provision of this  
18 Article, the monthly Tier 2 surviving spouse's annuity  
19 under subdivision (A) or (B) of this paragraph (1)  
20 shall be increased on the January 1 next occurring  
21 after (i) attainment of age 60 by the recipient of the  
22 Tier 2 surviving spouse's annuity or (ii) the first  
23 anniversary of the Tier 2 surviving spouse's annuity  
24 start date, whichever is later, and on each January 1  
25 thereafter, by 3% or one-half the annual unadjusted  
26 percentage increase in the consumer price index-u for

1           the 12 months ending with September preceding each  
2           November 1, whichever is less, of the originally  
3           granted Tier 2 surviving spouse's annuity. If the  
4           annual unadjusted percentage change in the consumer  
5           price index-u for a 12-month period ending in  
6           September is zero or, when compared with the preceding  
7           period, decreases, then the annuity shall not be  
8           increased.

9           (F) Notwithstanding the other provisions of this  
10          paragraph (1), for a qualified surviving spouse who is  
11          entitled to a Tier 2 surviving spouse's annuity under  
12          subdivision (A), (B), (C), or (D) of this paragraph  
13          (1), that Tier 2 surviving spouse's annuity shall not  
14          be less than the amount of the minimum widow's annuity  
15          established from time to time under Section 6-128.4.

16          (2) Surviving children of a deceased fireman subject  
17          to this Section who would otherwise meet the eligibility  
18          requirements for a child's annuity set forth in Sections  
19          6-147 and 6-148 shall be deemed qualified to receive a  
20          Tier 2 child's annuity under this subsection (c), which  
21          shall be in lieu of, but in the same amount and paid in the  
22          same manner as, the child's annuity provided under those  
23          Sections; except that any salary used for computing a Tier  
24          2 child's annuity shall be subject to the Tier 2 salary cap  
25          provided under subsection (b) of this Section. For  
26          purposes of determining any pro rata reduction in child's

1 annuities under this subsection (c), references in Section  
2 6-148 to the combined annuities of the family shall be  
3 deemed to refer to the combined Tier 2 surviving spouse's  
4 annuity, if any, and the Tier 2 child's annuities payable  
5 under this subsection (c).

6 (3) Surviving parents of a deceased fireman subject to  
7 this Section who would otherwise meet the eligibility  
8 requirements for a parent's annuity set forth in Section  
9 6-149 shall be deemed qualified to receive a Tier 2  
10 parent's annuity under this subsection (c), which shall be  
11 in lieu of, but in the same amount and paid in the same  
12 manner as, the parent's annuity provided under Section  
13 6-149; except that any salary used for computing a Tier 2  
14 parent's annuity shall be subject to the Tier 2 salary cap  
15 provided under subsection (b) of this Section. For the  
16 purposes of this Section, a reference to "annuity" in  
17 Section 6-149 includes: (i) in the context of a widow, a  
18 Tier 2 surviving spouse's annuity and (ii) in the context  
19 of a child, a Tier 2 child's annuity.

20 (d) The General Assembly finds and declares that the  
21 provisions of this Section, as enacted by Public Act 96-1495,  
22 require clarification relating to necessary eligibility  
23 standards and the manner of determining and paying the  
24 intended Tier 2 benefits and contributions in order to enable  
25 the Fund to unambiguously implement and administer benefits  
26 for Tier 2 members. The changes to this Section and the

1 conforming changes to Sections 6-150, 6-158, 6-164 (except for  
2 the changes to subsection (a) of that Section), 6-166, and  
3 6-167 made by this amendatory Act of the 99th General Assembly  
4 are enacted to clarify the provisions of this Section as  
5 enacted by Public Act 96-1495, and are hereby declared to  
6 represent and be consistent with the original and continuing  
7 intent of this Section and Public Act 96-1495.

8 (e) The changes to Sections 6-150, 6-158, 6-164 (except  
9 for the changes to subsection (a) of that Section), 6-166, and  
10 6-167 made by this amendatory Act of the 99th General Assembly  
11 are intended to be retroactive to January 1, 2011 (the  
12 effective date of Public Act 96-1495) and, for the purposes of  
13 Section 1-103.1 of this Code, they apply without regard to  
14 whether the relevant fireman was in service on or after the  
15 effective date of this amendatory Act of the 99th General  
16 Assembly.

17 (Source: P.A. 103-579, eff. 12-8-23.)

18 (40 ILCS 5/6-232 new)

19 Sec. 6-232. Retirement Systems Reciprocal Act. The  
20 Retirement Systems Reciprocal Act, Article 20 of this Code, is  
21 adopted and made a part of this Article, but only with respect  
22 to a person who, on or after the effective date of this  
23 amendatory Act of the 104th General Assembly, is entitled  
24 under this Article or through a participating system under the  
25 Retirement Systems Reciprocal Act, as defined in Section

1 20-108, to begin receiving a retirement annuity or survivor's  
2 annuity (as those terms are defined in Article 20) and who  
3 elects to proceed under the Retirement Systems Reciprocal Act.

4 (40 ILCS 5/7-114) (from Ch. 108 1/2, par. 7-114)

5 Sec. 7-114. Earnings. "Earnings":

6 (a) An amount to be determined by the board, equal to the  
7 sum of:

8 1. The total amount of money paid to an employee for  
9 personal services or official duties as an employee  
10 (except those employed as independent contractors) paid  
11 out of the general fund, or out of any special funds  
12 controlled by the municipality, or by any instrumentality  
13 thereof, or participating instrumentality, including  
14 compensation, fees, allowances (but not including amounts  
15 associated with a vehicle allowance payable to an employee  
16 who first becomes a participating employee on or after the  
17 effective date of this amendatory Act of the 100th General  
18 Assembly), or other emolument paid for official duties  
19 (but not including automobile maintenance, travel expense,  
20 or reimbursements for expenditures incurred in the  
21 performance of duties) and, for fee offices, the fees or  
22 earnings of the offices to the extent such fees are paid  
23 out of funds controlled by the municipality, or  
24 instrumentality or participating instrumentality; and

25 2. The money value, as determined by rules prescribed

1 by the governing body of the municipality, or  
2 instrumentality thereof, of any board, lodging, fuel,  
3 laundry, and other allowances provided an employee in lieu  
4 of money.

5 (b) For purposes of determining benefits payable under  
6 this fund payments to a person who is engaged in an  
7 independently established trade, occupation, profession or  
8 business and who is paid for his service on a basis other than  
9 a monthly or other regular salary, are not earnings.

10 (c) If a disabled participating employee is eligible to  
11 receive Workers' Compensation for an accidental injury and the  
12 participating municipality or instrumentality which employed  
13 the participating employee when injured continues to pay the  
14 participating employee regular salary or other compensation or  
15 pays the employee an amount in excess of the Workers'  
16 Compensation amount, then earnings shall be deemed to be the  
17 total payments, including an amount equal to the Workers'  
18 Compensation payments. These payments shall be subject to  
19 employee contributions and allocated as if paid to the  
20 participating employee when the regular payroll amounts would  
21 have been paid if the participating employee had continued  
22 working, and creditable service shall be awarded for this  
23 period.

24 (d) If an elected official who is a participating employee  
25 becomes disabled but does not resign and is not removed from  
26 office, then earnings shall include all salary payments made

1 for the remainder of that term of office and the official shall  
2 be awarded creditable service for the term of office.

3 (e) If a participating employee is paid pursuant to "An  
4 Act to provide for the continuation of compensation for law  
5 enforcement officers, correctional officers and firemen who  
6 suffer disabling injury in the line of duty", approved  
7 September 6, 1973, as amended, the payments shall be deemed  
8 earnings, and the participating employee shall be awarded  
9 creditable service for this period.

10 (f) Additional compensation received by a person while  
11 serving as a supervisor of assessments, assessor, deputy  
12 assessor or member of a board of review from the State of  
13 Illinois pursuant to Section 4-10 or 4-15 of the Property Tax  
14 Code shall not be earnings for purposes of this Article and  
15 shall not be included in the contribution formula or  
16 calculation of benefits for such person pursuant to this  
17 Article.

18 (g) Notwithstanding any other provision of this Article,  
19 calendar year earnings for Tier 2 regular employees to whom  
20 this Section applies shall not exceed the amount determined by  
21 the Public Pension Division of the Department of Insurance as  
22 required in this subsection; however, that amount shall  
23 annually thereafter be increased by the lesser of (i) 3% of  
24 that amount, including all previous adjustments, or (ii)  
25 one-half the annual unadjusted percentage increase (but not  
26 less than zero) in the consumer price index-u for the 12 months

1 ending with the September preceding each November 1, including  
2 all previous adjustments.

3 For all benefits or annuities payable after the effective  
4 date of this amendatory Act of the 104th General Assembly,  
5 calculations of maximum annual earnings, maximum salary, or  
6 maximum wages based on the plan year of a Tier 2 regular  
7 employee for any year shall not be less than the annual  
8 contribution and benefit base established for the applicable  
9 year by the Commissioner of the Social Security Administration  
10 under the federal Social Security Act for the given year.

11 Nothing in this subsection shall cause or otherwise result  
12 in any retroactive adjustment of any employee or employer  
13 contributions. Nothing in this subsection shall cause or  
14 otherwise result in any retroactive adjustment of disability  
15 or other payments made between January 1, 2011 and January 1,  
16 2028. Nothing in this subsection shall require the  
17 recalculation of a benefit or annuity the member or  
18 participant began receiving prior to the effective date of  
19 this amendatory Act of the 104th General Assembly.

20 For the purposes of this Section, "consumer price index-u"  
21 means the index published by the Bureau of Labor Statistics of  
22 the United States Department of Labor that measures the  
23 average change in prices of goods and services purchased by  
24 all urban consumers, United States city average, all items,  
25 1982-84 = 100. The new amount resulting from each annual  
26 adjustment shall be determined by the Public Pension Division

1 of the Department of Insurance and made available to the Fund  
2 by November 1 of each year.

3 (Source: P.A. 102-210, eff. 1-1-22.)

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

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

6 (a) For retirement and survivor annuities, the monthly  
7 earnings obtained by dividing the total earnings received by  
8 the employee during the period of either (1) for Tier 1 regular  
9 employees, the 48 consecutive months of service within the  
10 last 120 months of service in which his total earnings were the  
11 highest, (2) for Tier 2 regular employees' annuities  
12 ~~employees~~, the 96 consecutive months of service within the  
13 last 120 months of service in which his total earnings were the  
14 highest, (3) for Tier 2 regular employees' annuities, the  
15 monthly earnings obtained by dividing the total earnings  
16 calculated under this Article applicable to the Tier 2 regular  
17 employee during the 72 consecutive months or 6 consecutive  
18 years of service with the last 120 months or 10 years of  
19 service in which the total earnings calculated under this  
20 Article was the highest by the number of months or years of  
21 service in that period; unless such a calculation results in a  
22 lower benefit, in which case the definition in item (2) of this  
23 subsection shall be used, or (4) ~~(3)~~ the employee's total  
24 period of service, by the number of months of service in such  
25 period.

1       Nothing in this subsection shall cause or otherwise result  
2 in any retroactive adjustment of any employee or employer  
3 contributions. Nothing in this subsection shall cause or  
4 otherwise result in any retroactive adjustment of disability  
5 or other payments made between January 1, 2011 and January 1,  
6 2028. Nothing in this subsection shall require the  
7 recalculation of a benefit or annuity the member or  
8 participant began receiving prior to the effective date of  
9 this amendatory Act of the 104th General Assembly.

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

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

19       (d) In computing the final rate of earnings: (1) the  
20 earnings rate for all periods of prior service shall be  
21 considered equal to the average earnings rate for the last 3  
22 calendar years of prior service for which creditable service  
23 is received under Section 7-139 or, if there is less than 3  
24 years of creditable prior service, the average for the total  
25 prior service period for which creditable service is received  
26 under Section 7-139; (2) for out of state service and

1 authorized leave, the earnings rate shall be the rate upon  
2 which service credits are granted; (3) periods of military  
3 leave shall not be considered; (4) the earnings rate for all  
4 periods of disability shall be considered equal to the rate of  
5 earnings upon which the employee's disability benefits are  
6 computed for such periods; (5) the earnings to be considered  
7 for each of the final three months of the final earnings period  
8 for persons who first became participants before January 1,  
9 2012 and the earnings to be considered for each of the final 24  
10 months for participants who first become participants on or  
11 after January 1, 2012 shall not exceed 125% of the highest  
12 earnings of any other month in the final earnings period; and  
13 (6) the annual amount of final rate of earnings shall be the  
14 monthly amount multiplied by the number of months of service  
15 normally required by the position in a year.

16 (Source: P.A. 102-210, eff. 1-1-22.)

17 (40 ILCS 5/7-142) (from Ch. 108 1/2, par. 7-142)

18 Sec. 7-142. Retirement annuities - Amount.

19 (a) The amount of a retirement annuity shall be the sum of  
20 the following, determined in accordance with the actuarial  
21 tables in effect at the time of the grant of the annuity:

22 1. For Tier 1 regular employees with 8 or more years of  
23 service or for Tier 2 regular employees, an annuity  
24 computed pursuant to subparagraphs a or b of this  
25 subparagraph 1, whichever is the higher, and for employees

1 with less than 8 or 10 years of service, respectively, the  
2 annuity computed pursuant to subparagraph a:

3 a. The monthly annuity which can be provided from  
4 the total accumulated normal, municipality and prior  
5 service credits, as of the attained age of the  
6 employee on the date the annuity begins provided that  
7 such annuity shall not exceed 75% of the final rate of  
8 earnings of the employee.

9 b. (i) The monthly annuity amount determined as  
10 follows by multiplying (a)  $1\frac{2}{3}\%$  for annuitants with  
11 not more than 15 years or (b)  $1\frac{2}{3}\%$  for the first 15  
12 years and 2% for each year in excess of 15 years for  
13 annuitants with more than 15 years by the number of  
14 years plus fractional years, prorated on a basis of  
15 months, of creditable service and multiply the product  
16 thereof by the employee's final rate of earnings.

17 (ii) For the sole purpose of computing the formula  
18 (and not for the purposes of the limitations  
19 hereinafter stated) \$125 shall be considered the final  
20 rate of earnings in all cases where the final rate of  
21 earnings is less than such amount.

22 (iii) The monthly annuity computed in accordance  
23 with this subparagraph b, shall not exceed an amount  
24 equal to 75% of the final rate of earnings.

25 (iv) For employees who have less than 35 years of  
26 service, the annuity computed in accordance with this

1           subparagraph b (as reduced by application of  
2           subparagraph (iii) above) shall be reduced by 0.25%  
3           thereof (0.5% if service was terminated before January  
4           1, 1988 or if the employee is a Tier 2 regular  
5           employee) for each month or fraction thereof (1) that  
6           the employee's age is less than 60 years for Tier 1  
7           regular employees, (2) that the employee's age is less  
8           than 67 years for Tier 2 regular employees except that  
9           for Tier 2 regular employees who have reached the  
10          maximum pension under subparagraph (iii), the  
11          reduction is 0%, or (3) if the employee has at least 30  
12          years of service credit, that the employee's service  
13          credit is less than 35 years, whichever is less, on the  
14          date the annuity begins.

15           2. The annuity which can be provided from the total  
16          accumulated additional credits as of the attained age of  
17          the employee on the date the annuity begins.

18           (b) If payment of an annuity begins prior to the earliest  
19          age at which the employee will become eligible for an old age  
20          insurance benefit under the Federal Social Security Act, he  
21          may elect that the annuity payments from this fund shall  
22          exceed those payable after his attaining such age by an  
23          amount, computed as determined by rules of the Board, but not  
24          in excess of his estimated Social Security Benefit, determined  
25          as of the effective date of the annuity, provided that in no  
26          case shall the total annuity payments made by this fund exceed

1 in actuarial value the annuity which would have been payable  
2 had no such election been made.

3 (c) Beginning January 1, 1984 and each January 1  
4 thereafter, the retirement annuity of a Tier 1 regular  
5 employee shall be increased by 3% each year, not compounded.  
6 This increase shall be computed from the effective date of the  
7 retirement annuity, the first increase being 0.25% of the  
8 monthly amount times the number of months from the effective  
9 date to January 1. This increase shall not be applicable to  
10 annuitants who are not in service on or after September 8,  
11 1971.

12 A retirement annuity of a Tier 2 regular employee shall  
13 receive annual increases on the January 1 occurring either on  
14 or after the attainment of (i) age 65, (ii) the January 1  
15 occurring on or after the attainment of the full and unreduced  
16 retirement age, 67 or (iii) the first anniversary of the  
17 annuity start date, whichever is later. After the effective  
18 date of this amendatory Act of the 104th General Assembly,  
19 each annual increase shall be calculated at 3% of the  
20 originally granted annuity. Prior to the effective date of  
21 this amendatory Act of the 104th General Assembly, each ~~Each~~  
22 annual increase shall be calculated at the lesser of 3% or  
23 one-half the annual unadjusted percentage increase (but not  
24 less than zero) in the consumer price index-u for the 12 months  
25 ending with the September preceding each November 1 of the  
26 originally granted retirement annuity. If the annual

1 unadjusted percentage change in the consumer price index-u for  
2 the 12 months ending with the September preceding each  
3 November 1 is zero or there is a decrease, then the annuity  
4 shall not be increased.

5 The changes in this amendatory Act of the 104th General  
6 Assembly shall not result in any recalculation of any  
7 automatic annual increase granted prior to the effective date  
8 of this amendatory Act of the 104th General Assembly; however,  
9 all automatic annual increases becoming payable after the  
10 effective date of this amendatory Act of the 104th General  
11 Assembly shall comply with these changes.

12 (d) Any elected county officer who was entitled to receive  
13 a stipend from the State on or after July 1, 2009 and on or  
14 before June 30, 2010 may establish earnings credit for the  
15 amount of stipend not received, if the elected county official  
16 applies in writing to the fund within 6 months after the  
17 effective date of this amendatory Act of the 96th General  
18 Assembly and pays to the fund an amount equal to (i) employee  
19 contributions on the amount of stipend not received, (ii)  
20 employer contributions determined by the Board equal to the  
21 employer's normal cost of the benefit on the amount of stipend  
22 not received, plus (iii) interest on items (i) and (ii) at the  
23 actuarially assumed rate.

24 (Source: P.A. 102-210, eff. 1-1-22.)

25 (40 ILCS 5/7-142.1) (from Ch. 108 1/2, par. 7-142.1)

1           Sec. 7-142.1. Sheriff's law enforcement employees.

2           (a) In lieu of the retirement annuity provided by  
3 subparagraph 1 of paragraph (a) of Section 7-142:

4           Any sheriff's law enforcement employee who has 20 or more  
5 years of service in that capacity and who terminates service  
6 prior to January 1, 1988 shall be entitled at his option to  
7 receive a monthly retirement annuity for his service as a  
8 sheriff's law enforcement employee computed by multiplying 2%  
9 for each year of such service up to 10 years, 2 1/4% for each  
10 year of such service above 10 years and up to 20 years, and 2  
11 1/2% for each year of such service above 20 years, by his  
12 annual final rate of earnings and dividing by 12.

13           Any sheriff's law enforcement employee who has 20 or more  
14 years of service in that capacity and who terminates service  
15 on or after January 1, 1988 and before July 1, 2004 shall be  
16 entitled at his option to receive a monthly retirement annuity  
17 for his service as a sheriff's law enforcement employee  
18 computed by multiplying 2.5% for each year of such service up  
19 to 20 years, 2% for each year of such service above 20 years  
20 and up to 30 years, and 1% for each year of such service above  
21 30 years, by his annual final rate of earnings and dividing by  
22 12.

23           Any sheriff's law enforcement employee who has 20 or more  
24 years of service in that capacity and who terminates service  
25 on or after July 1, 2004 shall be entitled at his or her option  
26 to receive a monthly retirement annuity for service as a

1 sheriff's law enforcement employee computed by multiplying  
2 2.5% for each year of such service by his annual final rate of  
3 earnings and dividing by 12.

4 If a sheriff's law enforcement employee has service in any  
5 other capacity, his retirement annuity for service as a  
6 sheriff's law enforcement employee may be computed under this  
7 Section and the retirement annuity for his other service under  
8 Section 7-142.

9 In no case shall the total monthly retirement annuity for  
10 persons who retire before July 1, 2004 exceed 75% of the  
11 monthly final rate of earnings. In no case shall the total  
12 monthly retirement annuity for persons who retire on or after  
13 July 1, 2004 exceed 80% of the monthly final rate of earnings.

14 (b) Whenever continued group insurance coverage is elected  
15 in accordance with the provisions of Section 367h of the  
16 Illinois Insurance Code, as now or hereafter amended, the  
17 total monthly premium for such continued group insurance  
18 coverage or such portion thereof as is not paid by the  
19 municipality shall, upon request of the person electing such  
20 continued group insurance coverage, be deducted from any  
21 monthly pension benefit otherwise payable to such person  
22 pursuant to this Section, to be remitted by the Fund to the  
23 insurance company or other entity providing the group  
24 insurance coverage.

25 (c) A sheriff's law enforcement employee who began service  
26 in that capacity prior to the effective date of this

1       amendatory Act of the 97th General Assembly and who has  
2       service in any other capacity may convert up to 10 years of  
3       that service into service as a sheriff's law enforcement  
4       employee by paying to the Fund an amount equal to (1) the  
5       additional employee contribution required under Section  
6       7-173.1, plus (2) the additional employer contribution  
7       required under Section 7-172, plus (3) interest on items (1)  
8       and (2) at the prescribed rate from the date of the service to  
9       the date of payment. Application must be received by the Board  
10      while the employee is an active participant in the Fund.  
11      Payment must be received while the member is an active  
12      participant, except that one payment will be permitted after  
13      termination of participation.

14           (d) The changes to subsections (a) and (b) of this Section  
15      made by this amendatory Act of the 94th General Assembly apply  
16      only to persons in service on or after July 1, 2004. In the  
17      case of such a person who begins to receive a retirement  
18      annuity before the effective date of this amendatory Act of  
19      the 94th General Assembly, the annuity shall be recalculated  
20      prospectively to reflect those changes, with the resulting  
21      increase beginning to accrue on the first annuity payment date  
22      following the effective date of this amendatory Act.

23           (e) Any elected county officer who was entitled to receive  
24      a stipend from the State on or after July 1, 2009 and on or  
25      before June 30, 2010 may establish earnings credit for the  
26      amount of stipend not received, if the elected county official

1 applies in writing to the fund within 6 months after the  
2 effective date of this amendatory Act of the 96th General  
3 Assembly and pays to the fund an amount equal to (i) employee  
4 contributions on the amount of stipend not received, (ii)  
5 employer contributions determined by the Board equal to the  
6 employer's normal cost of the benefit on the amount of stipend  
7 not received, plus (iii) interest on items (i) and (ii) at the  
8 actuarially assumed rate.

9 (f) Notwithstanding any other provision of this Article,  
10 the provisions of this subsection (f) apply to a person who  
11 first becomes a sheriff's law enforcement employee under this  
12 Article on or after January 1, 2011.

13 A sheriff's law enforcement employee age 55 or more who  
14 has 10 or more years of service in that capacity shall be  
15 entitled at his option to receive a monthly retirement annuity  
16 for his or her service as a sheriff's law enforcement employee  
17 computed by multiplying 2.5% for each year of such service by  
18 his or her final rate of earnings.

19 The retirement annuity of a sheriff's law enforcement  
20 employee who is retiring after attaining age 50 with 10 or more  
21 years of creditable service shall be reduced by one-half of 1%  
22 for each month that the sheriff's law enforcement employee's  
23 age is under age 55. For a person who has reached the maximum  
24 percentage of salary allowed under this Article and who is  
25 within 5 years of the normal retirement age applicable for  
26 that member, the reduction under this subsection shall be 0%.

1           The maximum retirement annuity under this subsection (f)  
2 shall be 75% of final rate of earnings.

3           For the purposes of this subsection (f), "final rate of  
4 earnings" means the average monthly earnings obtained by  
5 dividing the total salary of the sheriff's law enforcement  
6 employee during the 96 consecutive months of service within  
7 the last 120 months of service in which the total earnings was  
8 the highest by the number of months of service in that period.  
9 For benefits calculated after the effective date of this  
10 amendatory Act of the 104th General Assembly, "final average  
11 salary" means the average monthly earnings obtained by  
12 dividing the total salary calculated under this Article  
13 applicable to the sheriff's law enforcement employee during  
14 the 72 consecutive months or 6 consecutive years of service  
15 with the last 120 months or 10 years of service in which the  
16 total earnings calculated under this Article was the highest  
17 by the number of months or years of service in that period;  
18 unless such a calculation results in a lower benefit, in which  
19 case the definition immediately preceding this definition  
20 shall be used.

21           Notwithstanding any other provision of this Article,  
22 beginning on January 1, 2011, for all purposes under this Code  
23 (including without limitation the calculation of benefits and  
24 employee contributions), the annual earnings of a sheriff's  
25 law enforcement employee to whom this Section applies shall  
26 not include overtime and shall not exceed \$106,800; however,

1 that amount shall annually thereafter be increased by the  
2 lesser of (i) 3% of that amount, including all previous  
3 adjustments, or (ii) one-half the annual unadjusted percentage  
4 increase (but not less than zero) in the consumer price  
5 index-u for the 12 months ending with the September preceding  
6 each November 1, including all previous adjustments.

7 (g) Notwithstanding any other provision of this Article,  
8 the monthly annuity of a person who first becomes a sheriff's  
9 law enforcement employee under this Article on or after  
10 January 1, 2011 shall be increased on the January 1 occurring  
11 either on or after the attainment of (i) age 60, (ii) the  
12 January 1 occurring on or after the attainment of the full and  
13 unreduced retirement age, or (iii) the first anniversary of  
14 the annuity start date, whichever is later. After the  
15 effective date of this amendatory Act of the 104th General  
16 Assembly, each annual increase shall be calculated at 3% of  
17 the originally granted annuity. Prior to the effective date of  
18 this amendatory Act of the 104th General Assembly, each ~~Each~~  
19 annual increase shall be calculated at 3% or one-half the  
20 annual unadjusted percentage increase (but not less than zero)  
21 in the consumer price index-u for the 12 months ending with the  
22 September preceding each November 1, whichever is less, of the  
23 originally granted retirement annuity. If the annual  
24 unadjusted percentage change in the consumer price index-u for  
25 a 12-month period ending in September is zero or, when  
26 compared with the preceding period, decreases, then the

1 annuity shall not be increased.

2 The changes in this amendatory Act of the 104th General  
3 Assembly shall not result in any recalculation of any  
4 automatic annual increase granted prior to the effective date  
5 of this amendatory Act of the 104th General Assembly; however,  
6 all automatic annual increases becoming payable after the  
7 effective date of this amendatory Act of the 104th General  
8 Assembly shall comply with these changes.

9 (h) Notwithstanding any other provision of this Article,  
10 for a person who first becomes a sheriff's law enforcement  
11 employee under this Article on or after January 1, 2011, the  
12 annuity to which the surviving spouse, children, or parents  
13 are entitled under this subsection (h) shall be in the amount  
14 of 66 2/3% of the sheriff's law enforcement employee's earned  
15 annuity at the date of death.

16 (i) Notwithstanding any other provision of this Article,  
17 the monthly annuity of a survivor of a person who first becomes  
18 a sheriff's law enforcement employee under this Article on or  
19 after January 1, 2011 shall be increased on the January 1 after  
20 attainment of age 60 by the recipient of the survivor's  
21 annuity and each January 1 thereafter by 3% or one-half the  
22 annual unadjusted percentage increase in the consumer price  
23 index-u for the 12 months ending with the September preceding  
24 each November 1, whichever is less, of the originally granted  
25 pension. If the annual unadjusted percentage change in the  
26 consumer price index-u for a 12-month period ending in

1 September is zero or, when compared with the preceding period,  
2 decreases, then the annuity shall not be increased.

3 (j) For the purposes of this Section, "consumer price  
4 index-u" means the index published by the Bureau of Labor  
5 Statistics of the United States Department of Labor that  
6 measures the average change in prices of goods and services  
7 purchased by all urban consumers, United States city average,  
8 all items, 1982-84 = 100. The new amount resulting from each  
9 annual adjustment shall be determined by the Public Pension  
10 Division of the Department of Insurance and made available to  
11 the boards of the pension funds.

12 (Source: P.A. 100-148, eff. 8-18-17.)

13 (40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)

14 (Text of Section from P.A. 102-813 and 103-34)

15 Sec. 14-110. Alternative retirement annuity.

16 (a) Any member who has withdrawn from service with not  
17 less than 20 years of eligible creditable service and has  
18 attained age 55, and any member who has withdrawn from service  
19 with not less than 25 years of eligible creditable service and  
20 has attained age 50, regardless of whether the attainment of  
21 either of the specified ages occurs while the member is still  
22 in service, shall be entitled to receive at the option of the  
23 member, in lieu of the regular or minimum retirement annuity,  
24 a retirement annuity computed as follows:

25 (i) for periods of service as a noncovered employee:

1 if retirement occurs on or after January 1, 2001, 3% of  
2 final average compensation for each year of creditable  
3 service; if retirement occurs before January 1, 2001, 2  
4 1/4% of final average compensation for each of the first  
5 10 years of creditable service, 2 1/2% for each year above  
6 10 years to and including 20 years of creditable service,  
7 and 2 3/4% for each year of creditable service above 20  
8 years; and

9 (ii) for periods of eligible creditable service as a  
10 covered employee: if retirement occurs on or after January  
11 1, 2001, 2.5% of final average compensation for each year  
12 of creditable service; if retirement occurs before January  
13 1, 2001, 1.67% of final average compensation for each of  
14 the first 10 years of such service, 1.90% for each of the  
15 next 10 years of such service, 2.10% for each year of such  
16 service in excess of 20 but not exceeding 30, and 2.30% for  
17 each year in excess of 30.

18 Such annuity shall be subject to a maximum of 75% of final  
19 average compensation if retirement occurs before January 1,  
20 2001 or to a maximum of 80% of final average compensation if  
21 retirement occurs on or after January 1, 2001.

22 These rates shall not be applicable to any service  
23 performed by a member as a covered employee which is not  
24 eligible creditable service. Service as a covered employee  
25 which is not eligible creditable service shall be subject to  
26 the rates and provisions of Section 14-108.

1       (a-5) A member who is eligible to receive an alternative  
2       retirement annuity under this Section may elect to receive an  
3       estimated payment that shall commence no later than 30 days  
4       after the later of either the member's last day of employment  
5       or 30 days after the member files for the retirement benefit  
6       with the System. The estimated payment shall be the best  
7       estimate by the System of the total monthly amount due to the  
8       member based on the information that the System possesses at  
9       the time of the estimate. If the amount of the estimate is  
10       greater or less than the actual amount of the monthly annuity,  
11       the System shall pay or recover the difference within 6 months  
12       after the start of the monthly annuity.

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

- 16               (1) State policeman;
- 17               (2) fire fighter in the fire protection service of a  
18       department;
- 19               (3) air pilot;
- 20               (4) special agent;
- 21               (5) investigator for the Secretary of State;
- 22               (6) conservation police officer;
- 23               (7) investigator for the Department of Revenue or the  
24       Illinois Gaming Board;
- 25               (8) security employee of the Department of Human  
26       Services;

1 (9) Central Management Services security police  
2 officer;

3 (10) security employee of the Department of  
4 Corrections or the Department of Juvenile Justice;

5 (11) dangerous drugs investigator;

6 (12) investigator for the Illinois State Police;

7 (13) investigator for the Office of the Attorney  
8 General;

9 (14) controlled substance inspector;

10 (15) investigator for the Office of the State's  
11 Attorneys Appellate Prosecutor;

12 (16) Commerce Commission police officer;

13 (17) arson investigator;

14 (18) State highway maintenance worker;

15 (19) security employee of the Department of Innovation  
16 and Technology; ~~or~~

17 (20) transferred employee; or;

18 (21) investigator for the Department of the Lottery.

19 A person employed in one of the positions specified in  
20 this subsection is entitled to eligible creditable service for  
21 service credit earned under this Article while undergoing the  
22 basic police training course approved by the Illinois Law  
23 Enforcement Training Standards Board, if completion of that  
24 training is required of persons serving in that position. For  
25 the purposes of this Code, service during the required basic  
26 police training course shall be deemed performance of the

1 duties of the specified position, even though the person is  
2 not a sworn peace officer at the time of the training.

3 A person under paragraph (20) is entitled to eligible  
4 creditable service for service credit earned under this  
5 Article on and after his or her transfer by Executive Order No.  
6 2003-10, Executive Order No. 2004-2, or Executive Order No.  
7 2016-1.

8 (c) For the purposes of this Section:

9 (1) The term "State policeman" includes any title or  
10 position in the Illinois State Police that is held by an  
11 individual employed under the Illinois State Police Act.

12 (2) The term "fire fighter in the fire protection  
13 service of a department" includes all officers in such  
14 fire protection service including fire chiefs and  
15 assistant fire chiefs.

16 (3) The term "air pilot" includes any employee whose  
17 official job description on file in the Department of  
18 Central Management Services, or in the department by which  
19 he is employed if that department is not covered by the  
20 Personnel Code, states that his principal duty is the  
21 operation of aircraft, and who possesses a pilot's  
22 license; however, the change in this definition made by  
23 Public Act 83-842 shall not operate to exclude any  
24 noncovered employee who was an "air pilot" for the  
25 purposes of this Section on January 1, 1984.

26 (4) The term "special agent" means any person who by

1 reason of employment by the Division of Narcotic Control,  
2 the Bureau of Investigation or, after July 1, 1977, the  
3 Division of Criminal Investigation, the Division of  
4 Internal Investigation, the Division of Operations, the  
5 Division of Patrol, or any other Division or  
6 organizational entity in the Illinois State Police is  
7 vested by law with duties to maintain public order,  
8 investigate violations of the criminal law of this State,  
9 enforce the laws of this State, make arrests and recover  
10 property. The term "special agent" includes any title or  
11 position in the Illinois State Police that is held by an  
12 individual employed under the Illinois State Police Act.

13 (5) The term "investigator for the Secretary of State"  
14 means any person employed by the Office of the Secretary  
15 of State and vested with such investigative duties as  
16 render him ineligible for coverage under the Social  
17 Security Act by reason of Sections 218(d)(5)(A),  
18 218(d)(8)(D) and 218(1)(1) of that Act.

19 A person who became employed as an investigator for  
20 the Secretary of State between January 1, 1967 and  
21 December 31, 1975, and who has served as such until  
22 attainment of age 60, either continuously or with a single  
23 break in service of not more than 3 years duration, which  
24 break terminated before January 1, 1976, shall be entitled  
25 to have his retirement annuity calculated in accordance  
26 with subsection (a), notwithstanding that he has less than

1 20 years of credit for such service.

2 (6) The term "Conservation Police Officer" means any  
3 person employed by the Division of Law Enforcement of the  
4 Department of Natural Resources and vested with such law  
5 enforcement duties as render him ineligible for coverage  
6 under the Social Security Act by reason of Sections  
7 218(d)(5)(A), 218(d)(8)(D), and 218(1)(1) of that Act. The  
8 term "Conservation Police Officer" includes the positions  
9 of Chief Conservation Police Administrator and Assistant  
10 Conservation Police Administrator.

11 (7) The term "investigator for the Department of  
12 Revenue" means any person employed by the Department of  
13 Revenue and vested with such investigative duties as  
14 render him ineligible for coverage under the Social  
15 Security Act by reason of Sections 218(d)(5)(A),  
16 218(d)(8)(D) and 218(1)(1) of that Act.

17 The term "investigator for the Illinois Gaming Board"  
18 means any person employed as such by the Illinois Gaming  
19 Board and vested with such peace officer duties as render  
20 the person ineligible for coverage under the Social  
21 Security Act by reason of Sections 218(d)(5)(A),  
22 218(d)(8)(D), and 218(1)(1) of that Act.

23 (8) The term "security employee of the Department of  
24 Human Services" means any person employed by the  
25 Department of Human Services who (i) is employed at the  
26 Chester Mental Health Center and has daily contact with

1 the residents thereof, (ii) is employed within a security  
2 unit at a facility operated by the Department and has  
3 daily contact with the residents of the security unit,  
4 (iii) is employed at a facility operated by the Department  
5 that includes a security unit and is regularly scheduled  
6 to work at least 50% of his or her working hours within  
7 that security unit, or (iv) is a mental health police  
8 officer. "Mental health police officer" means any person  
9 employed by the Department of Human Services in a position  
10 pertaining to the Department's mental health and  
11 developmental disabilities functions who is vested with  
12 such law enforcement duties as render the person  
13 ineligible for coverage under the Social Security Act by  
14 reason of Sections 218(d)(5)(A), 218(d)(8)(D) and  
15 218(1)(1) of that Act. "Security unit" means that portion  
16 of a facility that is devoted to the care, containment,  
17 and treatment of persons committed to the Department of  
18 Human Services as sexually violent persons, persons unfit  
19 to stand trial, or persons not guilty by reason of  
20 insanity. With respect to past employment, references to  
21 the Department of Human Services include its predecessor,  
22 the Department of Mental Health and Developmental  
23 Disabilities.

24 The changes made to this subdivision (c)(8) by Public  
25 Act 92-14 apply to persons who retire on or after January  
26 1, 2001, notwithstanding Section 1-103.1.

1           (9) "Central Management Services security police  
2 officer" means any person employed by the Department of  
3 Central Management Services who is vested with such law  
4 enforcement duties as render him ineligible for coverage  
5 under the Social Security Act by reason of Sections  
6 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act.

7           (10) For a member who first became an employee under  
8 this Article before July 1, 2005, the term "security  
9 employee of the Department of Corrections or the  
10 Department of Juvenile Justice" means any employee of the  
11 Department of Corrections or the Department of Juvenile  
12 Justice or the former Department of Personnel, and any  
13 member or employee of the Prisoner Review Board, who has  
14 daily contact with inmates or youth by working within a  
15 correctional facility or Juvenile facility operated by the  
16 Department of Juvenile Justice or who is a parole officer  
17 or an employee who has direct contact with committed  
18 persons in the performance of his or her job duties. For a  
19 member who first becomes an employee under this Article on  
20 or after July 1, 2005, the term means an employee of the  
21 Department of Corrections or the Department of Juvenile  
22 Justice who is any of the following: (i) officially  
23 headquartered at a correctional facility or Juvenile  
24 facility operated by the Department of Juvenile Justice,  
25 (ii) a parole officer, (iii) a member of the apprehension  
26 unit, (iv) a member of the intelligence unit, (v) a member

1 of the sort team, or (vi) an investigator.

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

5 (12) The term "investigator for the Illinois State  
6 Police" means a person employed by the Illinois State  
7 Police who is vested under Section 4 of the Narcotic  
8 Control Division Abolition Act with such law enforcement  
9 powers as render him ineligible for coverage under the  
10 Social Security Act by reason of Sections 218(d)(5)(A),  
11 218(d)(8)(D) and 218(1)(1) of that Act.

12 (13) "Investigator for the Office of the Attorney  
13 General" means any person who is employed as such by the  
14 Office of the Attorney General and is vested with such  
15 investigative duties as render him ineligible for coverage  
16 under the Social Security Act by reason of Sections  
17 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act. For  
18 the period before January 1, 1989, the term includes all  
19 persons who were employed as investigators by the Office  
20 of the Attorney General, without regard to social security  
21 status.

22 (14) "Controlled substance inspector" means any person  
23 who is employed as such by the Department of Professional  
24 Regulation and is vested with such law enforcement duties  
25 as render him ineligible for coverage under the Social  
26 Security Act by reason of Sections 218(d)(5)(A),

1           218(d)(8)(D) and 218(1)(1) of that Act. The term  
2           "controlled substance inspector" includes the Program  
3           Executive of Enforcement and the Assistant Program  
4           Executive of Enforcement.

5           (15) The term "investigator for the Office of the  
6           State's Attorneys Appellate Prosecutor" means a person  
7           employed in that capacity on a full-time basis under the  
8           authority of Section 7.06 of the State's Attorneys  
9           Appellate Prosecutor's Act.

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

16           (17) "Arson investigator" means any person who is  
17           employed as such by the Office of the State Fire Marshal  
18           and is vested with such law enforcement duties as render  
19           the person ineligible for coverage under the Social  
20           Security Act by reason of Sections 218(d)(5)(A),  
21           218(d)(8)(D), and 218(1)(1) of that Act. A person who was  
22           employed as an arson investigator on January 1, 1995 and  
23           is no longer in service but not yet receiving a retirement  
24           annuity may convert his or her creditable service for  
25           employment as an arson investigator into eligible  
26           creditable service by paying to the System the difference

1 between the employee contributions actually paid for that  
2 service and the amounts that would have been contributed  
3 if the applicant were contributing at the rate applicable  
4 to persons with the same social security status earning  
5 eligible creditable service on the date of application.

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

8 (i) A person employed on a full-time basis by the  
9 Illinois Department of Transportation in the position  
10 of highway maintainer, highway maintenance lead  
11 worker, highway maintenance lead/lead worker, heavy  
12 construction equipment operator, power shovel  
13 operator, or bridge mechanic; and whose principal  
14 responsibility is to perform, on the roadway, the  
15 actual maintenance necessary to keep the highways that  
16 form a part of the State highway system in serviceable  
17 condition for vehicular traffic.

18 (ii) A person employed on a full-time basis by the  
19 Illinois State Toll Highway Authority in the position  
20 of equipment operator/laborer H-4, equipment  
21 operator/laborer H-6, welder H-4, welder H-6,  
22 mechanical/electrical H-4, mechanical/electrical H-6,  
23 water/sewer H-4, water/sewer H-6, sign maker/hanger  
24 H-4, sign maker/hanger H-6, roadway lighting H-4,  
25 roadway lighting H-6, structural H-4, structural H-6,  
26 painter H-4, or painter H-6; and whose principal

1 responsibility is to perform, on the roadway, the  
2 actual maintenance necessary to keep the Authority's  
3 tollways in serviceable condition for vehicular  
4 traffic.

5 (19) The term "security employee of the Department of  
6 Innovation and Technology" means a person who was a  
7 security employee of the Department of Corrections or the  
8 Department of Juvenile Justice, was transferred to the  
9 Department of Innovation and Technology pursuant to  
10 Executive Order 2016-01, and continues to perform similar  
11 job functions under that Department.

12 (20) "Transferred employee" means an employee who was  
13 transferred to the Department of Central Management  
14 Services by Executive Order No. 2003-10 or Executive Order  
15 No. 2004-2 or transferred to the Department of Innovation  
16 and Technology by Executive Order No. 2016-1, or both, and  
17 was entitled to eligible creditable service for services  
18 immediately preceding the transfer.

19 (21) "Investigator for the Department of the Lottery"  
20 means any person who is employed by the Department of the  
21 Lottery and is vested with such investigative duties which  
22 render him or her ineligible for coverage under the Social  
23 Security Act by reason of Sections 218(d)(5)(A),  
24 218(d)(8)(D), and 218(1)(1) of that Act. An investigator  
25 for the Department of the Lottery who qualifies under this  
26 Section shall earn eligible creditable service and be

1       required to make contributions at the rate specified in  
2       paragraph (3) of subsection (a) of Section 14-133 for all  
3       periods of service as an investigator for the Department  
4       of the Lottery.

5       (d) A security employee of the Department of Corrections  
6       or the Department of Juvenile Justice, a security employee of  
7       the Department of Human Services who is not a mental health  
8       police officer, and a security employee of the Department of  
9       Innovation and Technology shall not be eligible for the  
10       alternative retirement annuity provided by this Section unless  
11       he or she meets the following minimum age and service  
12       requirements at the time of retirement:

13               (i) 25 years of eligible creditable service and age  
14               55; or

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

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

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

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

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

4           Persons who have service credit under Article 16 of this  
5           Code for service as a security employee of the Department of  
6           Corrections or the Department of Juvenile Justice, or the  
7           Department of Human Services in a position requiring  
8           certification as a teacher may count such service toward  
9           establishing their eligibility under the service requirements  
10          of this Section; but such service may be used only for  
11          establishing such eligibility, and not for the purpose of  
12          increasing or calculating any benefit.

13          (e) If a member enters military service while working in a  
14          position in which eligible creditable service may be earned,  
15          and returns to State service in the same or another such  
16          position, and fulfills in all other respects the conditions  
17          prescribed in this Article for credit for military service,  
18          such military service shall be credited as eligible creditable  
19          service for the purposes of the retirement annuity prescribed  
20          in this Section.

21          (f) For purposes of calculating retirement annuities under  
22          this Section, periods of service rendered after December 31,  
23          1968 and before October 1, 1975 as a covered employee in the  
24          position of special agent, conservation police officer, mental  
25          health police officer, or investigator for the Secretary of  
26          State, shall be deemed to have been service as a noncovered

1 employee, provided that the employee pays to the System prior  
2 to retirement an amount equal to (1) the difference between  
3 the employee contributions that would have been required for  
4 such service as a noncovered employee, and the amount of  
5 employee contributions actually paid, plus (2) if payment is  
6 made after July 31, 1987, regular interest on the amount  
7 specified in item (1) from the date of service to the date of  
8 payment.

9 For purposes of calculating retirement annuities under  
10 this Section, periods of service rendered after December 31,  
11 1968 and before January 1, 1982 as a covered employee in the  
12 position of investigator for the Department of Revenue shall  
13 be deemed to have been service as a noncovered employee,  
14 provided that the employee pays to the System prior to  
15 retirement an amount equal to (1) the difference between the  
16 employee contributions that would have been required for such  
17 service as a noncovered employee, and the amount of employee  
18 contributions actually paid, plus (2) if payment is made after  
19 January 1, 1990, regular interest on the amount specified in  
20 item (1) from the date of service to the date of payment.

21 (g) A State policeman may elect, not later than January 1,  
22 1990, to establish eligible creditable service for up to 10  
23 years of his service as a policeman under Article 3, by filing  
24 a written election with the Board, accompanied by payment of  
25 an amount to be determined by the Board, equal to (i) the  
26 difference between the amount of employee and employer

1 contributions transferred to the System under Section 3-110.5,  
2 and the amounts that would have been contributed had such  
3 contributions been made at the rates applicable to State  
4 policemen, plus (ii) interest thereon at the effective rate  
5 for each year, compounded annually, from the date of service  
6 to the date of payment.

7 Subject to the limitation in subsection (i), a State  
8 policeman may elect, not later than July 1, 1993, to establish  
9 eligible creditable service for up to 10 years of his service  
10 as a member of the County Police Department under Article 9, by  
11 filing a written election with the Board, accompanied by  
12 payment of an amount to be determined by the Board, equal to  
13 (i) the difference between the amount of employee and employer  
14 contributions transferred to the System under Section 9-121.10  
15 and the amounts that would have been contributed had those  
16 contributions been made at the rates applicable to State  
17 policemen, plus (ii) interest thereon at the effective rate  
18 for each year, compounded annually, from the date of service  
19 to the date of payment.

20 (h) Subject to the limitation in subsection (i), a State  
21 policeman or investigator for the Secretary of State may elect  
22 to establish eligible creditable service for up to 12 years of  
23 his service as a policeman under Article 5, by filing a written  
24 election with the Board on or before January 31, 1992, and  
25 paying to the System by January 31, 1994 an amount to be  
26 determined by the Board, equal to (i) the difference between

1 the amount of employee and employer contributions transferred  
2 to the System under Section 5-236, and the amounts that would  
3 have been contributed had such contributions been made at the  
4 rates applicable to State policemen, plus (ii) interest  
5 thereon at the effective rate for each year, compounded  
6 annually, from the date of service to the date of payment.

7 Subject to the limitation in subsection (i), a State  
8 policeman, conservation police officer, or investigator for  
9 the Secretary of State may elect to establish eligible  
10 creditable service for up to 10 years of service as a sheriff's  
11 law enforcement employee under Article 7, by filing a written  
12 election with the Board on or before January 31, 1993, and  
13 paying to the System by January 31, 1994 an amount to be  
14 determined by the Board, equal to (i) the difference between  
15 the amount of employee and employer contributions transferred  
16 to the System under Section 7-139.7, and the amounts that  
17 would have been contributed had such contributions been made  
18 at the rates applicable to State policemen, plus (ii) interest  
19 thereon at the effective rate for each year, compounded  
20 annually, from the date of service to the date of payment.

21 Subject to the limitation in subsection (i), a State  
22 policeman, conservation police officer, or investigator for  
23 the Secretary of State may elect to establish eligible  
24 creditable service for up to 5 years of service as a police  
25 officer under Article 3, a policeman under Article 5, a  
26 sheriff's law enforcement employee under Article 7, a member

1 of the county police department under Article 9, or a police  
2 officer under Article 15 by filing a written election with the  
3 Board and paying to the System an amount to be determined by  
4 the Board, equal to (i) the difference between the amount of  
5 employee and employer contributions transferred to the System  
6 under Section 3-110.6, 5-236, 7-139.8, 9-121.10, or 15-134.4  
7 and the amounts that would have been contributed had such  
8 contributions been made at the rates applicable to State  
9 policemen, plus (ii) interest thereon at the effective rate  
10 for each year, compounded annually, from the date of service  
11 to the date of payment.

12 Subject to the limitation in subsection (i), an  
13 investigator for the Office of the Attorney General, or an  
14 investigator for the Department of Revenue, may elect to  
15 establish eligible creditable service for up to 5 years of  
16 service as a police officer under Article 3, a policeman under  
17 Article 5, a sheriff's law enforcement employee under Article  
18 7, or a member of the county police department under Article 9  
19 by filing a written election with the Board within 6 months  
20 after August 25, 2009 (the effective date of Public Act  
21 96-745) and paying to the System an amount to be determined by  
22 the Board, equal to (i) the difference between the amount of  
23 employee and employer contributions transferred to the System  
24 under Section 3-110.6, 5-236, 7-139.8, or 9-121.10 and the  
25 amounts that would have been contributed had such  
26 contributions been made at the rates applicable to State

1 policemen, plus (ii) interest thereon at the actuarially  
2 assumed rate for each year, compounded annually, from the date  
3 of service to the date of payment.

4 Subject to the limitation in subsection (i), a State  
5 policeman, conservation police officer, investigator for the  
6 Office of the Attorney General, an investigator for the  
7 Department of Revenue, or investigator for the Secretary of  
8 State may elect to establish eligible creditable service for  
9 up to 5 years of service as a person employed by a  
10 participating municipality to perform police duties, or law  
11 enforcement officer employed on a full-time basis by a forest  
12 preserve district under Article 7, a county corrections  
13 officer, or a court services officer under Article 9, by  
14 filing a written election with the Board within 6 months after  
15 August 25, 2009 (the effective date of Public Act 96-745) and  
16 paying to the System an amount to be determined by the Board,  
17 equal to (i) the difference between the amount of employee and  
18 employer contributions transferred to the System under  
19 Sections 7-139.8 and 9-121.10 and the amounts that would have  
20 been contributed had such contributions been made at the rates  
21 applicable to State policemen, plus (ii) interest thereon at  
22 the actuarially assumed rate for each year, compounded  
23 annually, from the date of service to the date of payment.

24 Subject to the limitation in subsection (i), a State  
25 policeman, arson investigator, or Commerce Commission police  
26 officer may elect to establish eligible creditable service for

1 up to 5 years of service as a person employed by a  
2 participating municipality to perform police duties under  
3 Article 7, a county corrections officer, a court services  
4 officer under Article 9, or a firefighter under Article 4 by  
5 filing a written election with the Board within 6 months after  
6 July 30, 2021 (the effective date of Public Act 102-210) and  
7 paying to the System an amount to be determined by the Board  
8 equal to (i) the difference between the amount of employee and  
9 employer contributions transferred to the System under  
10 Sections 4-108.8, 7-139.8, and 9-121.10 and the amounts that  
11 would have been contributed had such contributions been made  
12 at the rates applicable to State policemen, plus (ii) interest  
13 thereon at the actuarially assumed rate for each year,  
14 compounded annually, from the date of service to the date of  
15 payment.

16 Subject to the limitation in subsection (i), a  
17 conservation police officer may elect to establish eligible  
18 creditable service for up to 5 years of service as a person  
19 employed by a participating municipality to perform police  
20 duties under Article 7, a county corrections officer, or a  
21 court services officer under Article 9 by filing a written  
22 election with the Board within 6 months after July 30, 2021  
23 (the effective date of Public Act 102-210) and paying to the  
24 System an amount to be determined by the Board equal to (i) the  
25 difference between the amount of employee and employer  
26 contributions transferred to the System under Sections 7-139.8

1 and 9-121.10 and the amounts that would have been contributed  
2 had such contributions been made at the rates applicable to  
3 State policemen, plus (ii) interest thereon at the actuarially  
4 assumed rate for each year, compounded annually, from the date  
5 of service to the date of payment.

6 Notwithstanding the limitation in subsection (i), a State  
7 policeman or conservation police officer may elect to convert  
8 service credit earned under this Article to eligible  
9 creditable service, as defined by this Section, by filing a  
10 written election with the board within 6 months after July 30,  
11 2021 (the effective date of Public Act 102-210) and paying to  
12 the System an amount to be determined by the Board equal to (i)  
13 the difference between the amount of employee contributions  
14 originally paid for that service and the amounts that would  
15 have been contributed had such contributions been made at the  
16 rates applicable to State policemen, plus (ii) the difference  
17 between the employer's normal cost of the credit prior to the  
18 conversion authorized by Public Act 102-210 and the employer's  
19 normal cost of the credit converted in accordance with Public  
20 Act 102-210, plus (iii) interest thereon at the actuarially  
21 assumed rate for each year, compounded annually, from the date  
22 of service to the date of payment.

23 (i) The total amount of eligible creditable service  
24 established by any person under subsections (g), (h), (j),  
25 (k), (l), (l-5), ~~and~~ (o), and (r) of this Section shall not  
26 exceed 12 years.

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

16           (k) Subject to the limitation in subsection (i) of this  
17 Section, an alternative formula employee may elect to  
18 establish eligible creditable service for periods spent as a  
19 full-time law enforcement officer or full-time corrections  
20 officer employed by the federal government or by a state or  
21 local government located outside of Illinois, for which credit  
22 is not held in any other public employee pension fund or  
23 retirement system. To obtain this credit, the applicant must  
24 file a written application with the Board by March 31, 1998,  
25 accompanied by evidence of eligibility acceptable to the Board  
26 and payment of an amount to be determined by the Board, equal

1 to (1) employee contributions for the credit being  
2 established, based upon the applicant's salary on the first  
3 day as an alternative formula employee after the employment  
4 for which credit is being established and the rates then  
5 applicable to alternative formula employees, plus (2) an  
6 amount determined by the Board to be the employer's normal  
7 cost of the benefits accrued for the credit being established,  
8 plus (3) regular interest on the amounts in items (1) and (2)  
9 from the first day as an alternative formula employee after  
10 the employment for which credit is being established to the  
11 date of payment.

12 (1) Subject to the limitation in subsection (i), a  
13 security employee of the Department of Corrections may elect,  
14 not later than July 1, 1998, to establish eligible creditable  
15 service for up to 10 years of his or her service as a policeman  
16 under Article 3, by filing a written election with the Board,  
17 accompanied by payment of an amount to be determined by the  
18 Board, equal to (i) the difference between the amount of  
19 employee and employer contributions transferred to the System  
20 under Section 3-110.5, and the amounts that would have been  
21 contributed had such contributions been made at the rates  
22 applicable to security employees of the Department of  
23 Corrections, plus (ii) interest thereon at the effective rate  
24 for each year, compounded annually, from the date of service  
25 to the date of payment.

26 (1-5) Subject to the limitation in subsection (i) of this

1 Section, a State policeman may elect to establish eligible  
2 creditable service for up to 5 years of service as a full-time  
3 law enforcement officer employed by the federal government or  
4 by a state or local government located outside of Illinois for  
5 which credit is not held in any other public employee pension  
6 fund or retirement system. To obtain this credit, the  
7 applicant must file a written application with the Board no  
8 later than 3 years after January 1, 2020 (the effective date of  
9 Public Act 101-610), accompanied by evidence of eligibility  
10 acceptable to the Board and payment of an amount to be  
11 determined by the Board, equal to (1) employee contributions  
12 for the credit being established, based upon the applicant's  
13 salary on the first day as an alternative formula employee  
14 after the employment for which credit is being established and  
15 the rates then applicable to alternative formula employees,  
16 plus (2) an amount determined by the Board to be the employer's  
17 normal cost of the benefits accrued for the credit being  
18 established, plus (3) regular interest on the amounts in items  
19 (1) and (2) from the first day as an alternative formula  
20 employee after the employment for which credit is being  
21 established to the date of payment.

22 (m) The amendatory changes to this Section made by Public  
23 Act 94-696 apply only to: (1) security employees of the  
24 Department of Juvenile Justice employed by the Department of  
25 Corrections before June 1, 2006 (the effective date of Public  
26 Act 94-696) and transferred to the Department of Juvenile

1 Justice by Public Act 94-696; and (2) persons employed by the  
2 Department of Juvenile Justice on or after June 1, 2006 (the  
3 effective date of Public Act 94-696) who are required by  
4 subsection (b) of Section 3-2.5-15 of the Unified Code of  
5 Corrections to have any bachelor's or advanced degree from an  
6 accredited college or university or, in the case of persons  
7 who provide vocational training, who are required to have  
8 adequate knowledge in the skill for which they are providing  
9 the vocational training.

10 Beginning with the pay period that immediately follows the  
11 effective date of this amendatory Act of the 104th General  
12 Assembly, the bachelor's or advanced degree requirement of  
13 subsection (b) of Section 3-2.5-15 of the Unified Code of  
14 Corrections shall no longer determine the eligibility to earn  
15 eligible creditable service for a person employed by the  
16 Department of Juvenile Justice.

17 An employee may elect to convert into eligible creditable  
18 service his or her creditable service earned with the  
19 Department of Juvenile Justice while employed in a position  
20 that required the employee to do any one or more of the  
21 following: (1) participate or assist in the rehabilitative and  
22 vocational training of delinquent youths; (2) supervise the  
23 daily activities and assume direct and continuing  
24 responsibility for the youth's security, welfare, and  
25 development; or (3) participate in the personal rehabilitation  
26 of delinquent youth by training, supervising, and assisting

1 lower-level personnel. To convert that creditable service to  
2 eligible creditable service, the employee must pay to the  
3 System the difference between the employee contributions  
4 actually paid for that service and the amounts that would have  
5 been contributed if the applicant were contributing at the  
6 rate applicable to persons with the same Social Security  
7 status earning eligible creditable service on the date of  
8 application.

9 (n) A person employed in a position under subsection (b)  
10 of this Section who has purchased service credit under  
11 subsection (j) of Section 14-104 or subsection (b) of Section  
12 14-105 in any other capacity under this Article may convert up  
13 to 5 years of that service credit into service credit covered  
14 under this Section by paying to the Fund an amount equal to (1)  
15 the additional employee contribution required under Section  
16 14-133, plus (2) the additional employer contribution required  
17 under Section 14-131, plus (3) interest on items (1) and (2) at  
18 the actuarially assumed rate from the date of the service to  
19 the date of payment.

20 (o) Subject to the limitation in subsection (i), a  
21 conservation police officer, investigator for the Secretary of  
22 State, Commerce Commission police officer, investigator for  
23 the Department of Revenue or the Illinois Gaming Board, or  
24 arson investigator subject to subsection (g) of Section 1-160  
25 may elect to convert up to 8 years of service credit  
26 established before January 1, 2020 (the effective date of

1 Public Act 101-610) as a conservation police officer,  
2 investigator for the Secretary of State, Commerce Commission  
3 police officer, investigator for the Department of Revenue or  
4 the Illinois Gaming Board, or arson investigator under this  
5 Article into eligible creditable service by filing a written  
6 election with the Board no later than one year after January 1,  
7 2020 (the effective date of Public Act 101-610), accompanied  
8 by payment of an amount to be determined by the Board equal to  
9 (i) the difference between the amount of the employee  
10 contributions actually paid for that service and the amount of  
11 the employee contributions that would have been paid had the  
12 employee contributions been made as a noncovered employee  
13 serving in a position in which eligible creditable service, as  
14 defined in this Section, may be earned, plus (ii) interest  
15 thereon at the effective rate for each year, compounded  
16 annually, from the date of service to the date of payment.

17 (g) A security employee of the Department of Human  
18 Services who is subject to subsection (g) of Section 1-160 may  
19 elect to convert up to 13 years of service credit established  
20 before the effective date of this amendatory Act of the 104th  
21 General Assembly as a security employee of the Department of  
22 Human Services to eligible creditable service by filing a  
23 written election with the Board no later than one year after  
24 the effective date of this amendatory Act of the 104th General  
25 Assembly, accompanied by payment of an amount, to be  
26 determined by the Board, equal to (i) the difference between

1 the amount of the employee contributions actually paid for  
2 that service and the amount of the employee contributions that  
3 would have been paid had the employee contributions been made  
4 as a covered employee serving in a position in which eligible  
5 creditable service, as defined in this Section, may be earned,  
6 plus (ii) interest thereon at the effective rate for each  
7 year, compounded annually, from the date of service to the  
8 date of payment.

9 (r) Subject to the limitation in subsection (i), a State  
10 highway maintenance worker subject to subsection (g) of  
11 Section 1-160 may elect to convert up to 8 years of service  
12 credit established before the effective date of this  
13 amendatory Act of the 104th General Assembly as a State  
14 highway maintenance work under this Article into eligible  
15 creditable service by filing a written election with the Board  
16 no later than one year after the effective date of this  
17 amendatory Act of the 104th General Assembly, accompanied by  
18 payment of an amount to be determined by the Board equal to (i)  
19 the difference between the amount of the employee  
20 contributions actually paid for that service and the amount of  
21 the employee contributions that would have been paid had the  
22 employee contributions been made as a noncovered employee  
23 serving in a position in which eligible creditable service, as  
24 defined in this Section, may be earned, plus (ii) interest  
25 thereon at the effective rate for each year, compounded  
26 annually, from the date of service to the date of payment.

1 (Source: P.A. 102-210, eff. 7-30-21; 102-538, eff. 8-20-21;  
2 102-813, eff. 5-13-22; 103-34, eff. 1-1-24.)

3 (Text of Section from P.A. 102-856 and 103-34)

4 Sec. 14-110. Alternative retirement annuity.

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

14 (i) for periods of service as a noncovered employee:  
15 if retirement occurs on or after January 1, 2001, 3% of  
16 final average compensation for each year of creditable  
17 service; if retirement occurs before January 1, 2001, 2  
18 1/4% of final average compensation for each of the first  
19 10 years of creditable service, 2 1/2% for each year above  
20 10 years to and including 20 years of creditable service,  
21 and 2 3/4% for each year of creditable service above 20  
22 years; and

23 (ii) for periods of eligible creditable service as a  
24 covered employee: if retirement occurs on or after January  
25 1, 2001, 2.5% of final average compensation for each year

1 of creditable service; if retirement occurs before January  
2 1, 2001, 1.67% of final average compensation for each of  
3 the first 10 years of such service, 1.90% for each of the  
4 next 10 years of such service, 2.10% for each year of such  
5 service in excess of 20 but not exceeding 30, and 2.30% for  
6 each year in excess of 30.

7 Such annuity shall be subject to a maximum of 75% of final  
8 average compensation if retirement occurs before January 1,  
9 2001 or to a maximum of 80% of final average compensation if  
10 retirement occurs on or after January 1, 2001.

11 These rates shall not be applicable to any service  
12 performed by a member as a covered employee which is not  
13 eligible creditable service. Service as a covered employee  
14 which is not eligible creditable service shall be subject to  
15 the rates and provisions of Section 14-108.

16 (a-5) A member who is eligible to receive an alternative  
17 retirement annuity under this Section may elect to receive an  
18 estimated payment that shall commence no later than 30 days  
19 after the later of either the member's last day of employment  
20 or 30 days after the member files for the retirement benefit  
21 with the System. The estimated payment shall be the best  
22 estimate by the System of the total monthly amount due to the  
23 member based on the information that the System possesses at  
24 the time of the estimate. If the amount of the estimate is  
25 greater or less than the actual amount of the monthly annuity,  
26 the System shall pay or recover the difference within 6 months

1 after the start of the monthly annuity.

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

5 (1) State policeman;

6 (2) fire fighter in the fire protection service of a  
7 department;

8 (3) air pilot;

9 (4) special agent;

10 (5) investigator for the Secretary of State;

11 (6) conservation police officer;

12 (7) investigator for the Department of Revenue or the  
13 Illinois Gaming Board;

14 (8) security employee of the Department of Human  
15 Services;

16 (9) Central Management Services security police  
17 officer;

18 (10) security employee of the Department of  
19 Corrections or the Department of Juvenile Justice;

20 (11) dangerous drugs investigator;

21 (12) investigator for the Illinois State Police;

22 (13) investigator for the Office of the Attorney  
23 General;

24 (14) controlled substance inspector;

25 (15) investigator for the Office of the State's  
26 Attorneys Appellate Prosecutor;

- 1 (16) Commerce Commission police officer;  
2 (17) arson investigator;  
3 (18) State highway maintenance worker;  
4 (19) security employee of the Department of Innovation  
5 and Technology; ~~or~~  
6 (20) transferred employee; or  
7 (21) investigator for the Department of the Lottery.

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

18 A person under paragraph (20) is entitled to eligible  
19 creditable service for service credit earned under this  
20 Article on and after his or her transfer by Executive Order No.  
21 2003-10, Executive Order No. 2004-2, or Executive Order No.  
22 2016-1.

23 (c) For the purposes of this Section:

24 (1) The term "State policeman" includes any title or  
25 position in the Illinois State Police that is held by an  
26 individual employed under the Illinois State Police Act.

1           (2) The term "fire fighter in the fire protection  
2 service of a department" includes all officers in such  
3 fire protection service including fire chiefs and  
4 assistant fire chiefs.

5           (3) The term "air pilot" includes any employee whose  
6 official job description on file in the Department of  
7 Central Management Services, or in the department by which  
8 he is employed if that department is not covered by the  
9 Personnel Code, states that his principal duty is the  
10 operation of aircraft, and who possesses a pilot's  
11 license; however, the change in this definition made by  
12 Public Act 83-842 shall not operate to exclude any  
13 noncovered employee who was an "air pilot" for the  
14 purposes of this Section on January 1, 1984.

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

1 individual employed under the Illinois State Police Act.

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

8 A person who became employed as an investigator for  
9 the Secretary of State between January 1, 1967 and  
10 December 31, 1975, and who has served as such until  
11 attainment of age 60, either continuously or with a single  
12 break in service of not more than 3 years duration, which  
13 break terminated before January 1, 1976, shall be entitled  
14 to have his retirement annuity calculated in accordance  
15 with subsection (a), notwithstanding that he has less than  
16 20 years of credit for such service.

17 (6) The term "Conservation Police Officer" means any  
18 person employed by the Division of Law Enforcement of the  
19 Department of Natural Resources and vested with such law  
20 enforcement duties as render him ineligible for coverage  
21 under the Social Security Act by reason of Sections  
22 218(d)(5)(A), 218(d)(8)(D), and 218(1)(1) of that Act. The  
23 term "Conservation Police Officer" includes the positions  
24 of Chief Conservation Police Administrator and Assistant  
25 Conservation Police Administrator.

26 (7) The term "investigator for the Department of

1 Revenue" means any person employed by the Department of  
2 Revenue and vested with such investigative duties as  
3 render him ineligible for coverage under the Social  
4 Security Act by reason of Sections 218(d)(5)(A),  
5 218(d)(8)(D) and 218(1)(1) of that Act.

6 The term "investigator for the Illinois Gaming Board"  
7 means any person employed as such by the Illinois Gaming  
8 Board and vested with such peace officer duties as render  
9 the person ineligible for coverage under the Social  
10 Security Act by reason of Sections 218(d)(5)(A),  
11 218(d)(8)(D), and 218(1)(1) of that Act.

12 (8) The term "security employee of the Department of  
13 Human Services" means any person employed by the  
14 Department of Human Services who (i) is employed at the  
15 Chester Mental Health Center and has daily contact with  
16 the residents thereof, (ii) is employed within a security  
17 unit at a facility operated by the Department and has  
18 daily contact with the residents of the security unit,  
19 (iii) is employed at a facility operated by the Department  
20 that includes a security unit and is regularly scheduled  
21 to work at least 50% of his or her working hours within  
22 that security unit, or (iv) is a mental health police  
23 officer. "Mental health police officer" means any person  
24 employed by the Department of Human Services in a position  
25 pertaining to the Department's mental health and  
26 developmental disabilities functions who is vested with

1 such law enforcement duties as render the person  
2 ineligible for coverage under the Social Security Act by  
3 reason of Sections 218(d)(5)(A), 218(d)(8)(D) and  
4 218(1)(1) of that Act. "Security unit" means that portion  
5 of a facility that is devoted to the care, containment,  
6 and treatment of persons committed to the Department of  
7 Human Services as sexually violent persons, persons unfit  
8 to stand trial, or persons not guilty by reason of  
9 insanity. With respect to past employment, references to  
10 the Department of Human Services include its predecessor,  
11 the Department of Mental Health and Developmental  
12 Disabilities.

13 The changes made to this subdivision (c)(8) by Public  
14 Act 92-14 apply to persons who retire on or after January  
15 1, 2001, notwithstanding Section 1-103.1.

16 (9) "Central Management Services security police  
17 officer" means any person employed by the Department of  
18 Central Management Services who is vested with such law  
19 enforcement duties as render him ineligible for coverage  
20 under the Social Security Act by reason of Sections  
21 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act.

22 (10) For a member who first became an employee under  
23 this Article before July 1, 2005, the term "security  
24 employee of the Department of Corrections or the  
25 Department of Juvenile Justice" means any employee of the  
26 Department of Corrections or the Department of Juvenile

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

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

20 (12) The term "investigator for the Illinois State  
21 Police" means a person employed by the Illinois State  
22 Police who is vested under Section 4 of the Narcotic  
23 Control Division Abolition Act with such law enforcement  
24 powers as render him ineligible for coverage under the  
25 Social Security Act by reason of Sections 218(d)(5)(A),  
26 218(d)(8)(D) and 218(1)(1) of that Act.

1           (13) "Investigator for the Office of the Attorney  
2           General" means any person who is employed as such by the  
3           Office of the Attorney General and is vested with such  
4           investigative duties as render him ineligible for coverage  
5           under the Social Security Act by reason of Sections  
6           218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act. For  
7           the period before January 1, 1989, the term includes all  
8           persons who were employed as investigators by the Office  
9           of the Attorney General, without regard to social security  
10          status.

11          (14) "Controlled substance inspector" means any person  
12          who is employed as such by the Department of Professional  
13          Regulation and is vested with such law enforcement duties  
14          as render him ineligible for coverage under the Social  
15          Security Act by reason of Sections 218(d)(5)(A),  
16          218(d)(8)(D) and 218(1)(1) of that Act. The term  
17          "controlled substance inspector" includes the Program  
18          Executive of Enforcement and the Assistant Program  
19          Executive of Enforcement.

20          (15) The term "investigator for the Office of the  
21          State's Attorneys Appellate Prosecutor" means a person  
22          employed in that capacity on a full-time basis under the  
23          authority of Section 7.06 of the State's Attorneys  
24          Appellate Prosecutor's Act.

25          (16) "Commerce Commission police officer" means any  
26          person employed by the Illinois Commerce Commission who is

1 vested with such law enforcement duties as render him  
2 ineligible for coverage under the Social Security Act by  
3 reason of Sections 218(d)(5)(A), 218(d)(8)(D), and  
4 218(1)(1) of that Act.

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

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

23 (i) A person employed on a full-time basis by the  
24 Illinois Department of Transportation in the position  
25 of highway maintainer, highway maintenance lead  
26 worker, highway maintenance lead/lead worker, heavy

1 construction equipment operator, power shovel  
2 operator, or bridge mechanic; and whose principal  
3 responsibility is to perform, on the roadway, the  
4 actual maintenance necessary to keep the highways that  
5 form a part of the State highway system in serviceable  
6 condition for vehicular traffic.

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

20 (19) The term "security employee of the Department of  
21 Innovation and Technology" means a person who was a  
22 security employee of the Department of Corrections or the  
23 Department of Juvenile Justice, was transferred to the  
24 Department of Innovation and Technology pursuant to  
25 Executive Order 2016-01, and continues to perform similar  
26 job functions under that Department.

1           (20) "Transferred employee" means an employee who was  
2 transferred to the Department of Central Management  
3 Services by Executive Order No. 2003-10 or Executive Order  
4 No. 2004-2 or transferred to the Department of Innovation  
5 and Technology by Executive Order No. 2016-1, or both, and  
6 was entitled to eligible creditable service for services  
7 immediately preceding the transfer.

8           (21) "Investigator for the Department of the Lottery"  
9 means any person who is employed by the Department of the  
10 Lottery and is vested with such investigative duties which  
11 render him or her ineligible for coverage under the Social  
12 Security Act by reason of Sections 218(d)(5)(A),  
13 218(d)(8)(D), and 218(1)(1) of that Act. An investigator  
14 for the Department of the Lottery who qualifies under this  
15 Section shall earn eligible creditable service and be  
16 required to make contributions at the rate specified in  
17 paragraph (3) of subsection (a) of Section 14-133 for all  
18 periods of service as an investigator for the Department  
19 of the Lottery.

20           (d) A security employee of the Department of Corrections  
21 or the Department of Juvenile Justice, a security employee of  
22 the Department of Human Services who is not a mental health  
23 police officer, and a security employee of the Department of  
24 Innovation and Technology shall not be eligible for the  
25 alternative retirement annuity provided by this Section unless  
26 he or she meets the following minimum age and service

1 requirements at the time of retirement:

2 (i) 25 years of eligible creditable service and age  
3 55; or

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

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

10 (iv) beginning January 1, 1989, 25 years of eligible  
11 creditable service and age 52, or 22 years of eligible  
12 creditable service and age 55; or

13 (v) beginning January 1, 1990, 25 years of eligible  
14 creditable service and age 51, or 21 years of eligible  
15 creditable service and age 55; or

16 (vi) beginning January 1, 1991, 25 years of eligible  
17 creditable service and age 50, or 20 years of eligible  
18 creditable service and age 55.

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

1 increasing or calculating any benefit.

2 (e) If a member enters military service while working in a  
3 position in which eligible creditable service may be earned,  
4 and returns to State service in the same or another such  
5 position, and fulfills in all other respects the conditions  
6 prescribed in this Article for credit for military service,  
7 such military service shall be credited as eligible creditable  
8 service for the purposes of the retirement annuity prescribed  
9 in this Section.

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

24 For purposes of calculating retirement annuities under  
25 this Section, periods of service rendered after December 31,  
26 1968 and before January 1, 1982 as a covered employee in the

1 position of investigator for the Department of Revenue shall  
2 be deemed to have been service as a noncovered employee,  
3 provided that the employee pays to the System prior to  
4 retirement an amount equal to (1) the difference between the  
5 employee contributions that would have been required for such  
6 service as a noncovered employee, and the amount of employee  
7 contributions actually paid, plus (2) if payment is made after  
8 January 1, 1990, regular interest on the amount specified in  
9 item (1) from the date of service to the date of payment.

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

22 Subject to the limitation in subsection (i), a State  
23 policeman may elect, not later than July 1, 1993, to establish  
24 eligible creditable service for up to 10 years of his service  
25 as a member of the County Police Department under Article 9, by  
26 filing a written election with the Board, accompanied by

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

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

22 Subject to the limitation in subsection (i), a State  
23 policeman, conservation police officer, or investigator for  
24 the Secretary of State may elect to establish eligible  
25 creditable service for up to 10 years of service as a sheriff's  
26 law enforcement employee under Article 7, by filing a written

1 election with the Board on or before January 31, 1993, and  
2 paying to the System by January 31, 1994 an amount to be  
3 determined by the Board, equal to (i) the difference between  
4 the amount of employee and employer contributions transferred  
5 to the System under Section 7-139.7, and the amounts that  
6 would have been contributed had such contributions been made  
7 at the rates applicable to State policemen, plus (ii) interest  
8 thereon at the effective rate for each year, compounded  
9 annually, from the date of service to the date of payment.

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

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

19          Subject to the limitation in subsection (i), a State  
20          policeman, conservation police officer, investigator for the  
21          Office of the Attorney General, an investigator for the  
22          Department of Revenue, or investigator for the Secretary of  
23          State may elect to establish eligible creditable service for  
24          up to 5 years of service as a person employed by a  
25          participating municipality to perform police duties, or law  
26          enforcement officer employed on a full-time basis by a forest

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

13 Subject to the limitation in subsection (i), a State  
14 policeman, arson investigator, or Commerce Commission police  
15 officer may elect to establish eligible creditable service for  
16 up to 5 years of service as a person employed by a  
17 participating municipality to perform police duties under  
18 Article 7, a county corrections officer, a court services  
19 officer under Article 9, or a firefighter under Article 4 by  
20 filing a written election with the Board within 6 months after  
21 July 30, 2021 (the effective date of Public Act 102-210) and  
22 paying to the System an amount to be determined by the Board  
23 equal to (i) the difference between the amount of employee and  
24 employer contributions transferred to the System under  
25 Sections 4-108.8, 7-139.8, and 9-121.10 and the amounts that  
26 would have been contributed had such contributions been made

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

5 Subject to the limitation in subsection (i), a  
6 conservation police officer may elect to establish eligible  
7 creditable service for up to 5 years of service as a person  
8 employed by a participating municipality to perform police  
9 duties under Article 7, a county corrections officer, or a  
10 court services officer under Article 9 by filing a written  
11 election with the Board within 6 months after July 30, 2021  
12 (the effective date of Public Act 102-210) and paying to the  
13 System an amount to be determined by the Board equal to (i) the  
14 difference between the amount of employee and employer  
15 contributions transferred to the System under Sections 7-139.8  
16 and 9-121.10 and the amounts that would have been contributed  
17 had such contributions been made at the rates applicable to  
18 State policemen, plus (ii) interest thereon at the actuarially  
19 assumed rate for each year, compounded annually, from the date  
20 of service to the date of payment.

21 Subject to the limitation in subsection (i), an  
22 investigator for the Department of Revenue, investigator for  
23 the Illinois Gaming Board, investigator for the Secretary of  
24 State, or arson investigator may elect to establish eligible  
25 creditable service for up to 5 years of service as a person  
26 employed by a participating municipality to perform police

1 duties under Article 7, a county corrections officer, a court  
2 services officer under Article 9, or a firefighter under  
3 Article 4 by filing a written election with the Board within 6  
4 months after the effective date of this amendatory Act of the  
5 102nd General Assembly and paying to the System an amount to be  
6 determined by the Board equal to (i) the difference between  
7 the amount of employee and employer contributions transferred  
8 to the System under Sections 4-108.8, 7-139.8, and 9-121.10  
9 and the amounts that would have been contributed had such  
10 contributions been made at the rates applicable to State  
11 policemen, plus (ii) interest thereon at the actuarially  
12 assumed rate for each year, compounded annually, from the date  
13 of service to the date of payment.

14 Notwithstanding the limitation in subsection (i), a State  
15 policeman or conservation police officer may elect to convert  
16 service credit earned under this Article to eligible  
17 creditable service, as defined by this Section, by filing a  
18 written election with the board within 6 months after July 30,  
19 2021 (the effective date of Public Act 102-210) and paying to  
20 the System an amount to be determined by the Board equal to (i)  
21 the difference between the amount of employee contributions  
22 originally paid for that service and the amounts that would  
23 have been contributed had such contributions been made at the  
24 rates applicable to State policemen, plus (ii) the difference  
25 between the employer's normal cost of the credit prior to the  
26 conversion authorized by Public Act 102-210 and the employer's

1 normal cost of the credit converted in accordance with Public  
2 Act 102-210, plus (iii) interest thereon at the actuarially  
3 assumed rate for each year, compounded annually, from the date  
4 of service to the date of payment.

5 Notwithstanding the limitation in subsection (i), an  
6 investigator for the Department of Revenue, investigator for  
7 the Illinois Gaming Board, investigator for the Secretary of  
8 State, or arson investigator may elect to convert service  
9 credit earned under this Article to eligible creditable  
10 service, as defined by this Section, by filing a written  
11 election with the Board within 6 months after the effective  
12 date of this amendatory Act of the 102nd General Assembly and  
13 paying to the System an amount to be determined by the Board  
14 equal to (i) the difference between the amount of employee  
15 contributions originally paid for that service and the amounts  
16 that would have been contributed had such contributions been  
17 made at the rates applicable to investigators for the  
18 Department of Revenue, investigators for the Illinois Gaming  
19 Board, investigators for the Secretary of State, or arson  
20 investigators, plus (ii) the difference between the employer's  
21 normal cost of the credit prior to the conversion authorized  
22 by this amendatory Act of the 102nd General Assembly and the  
23 employer's normal cost of the credit converted in accordance  
24 with this amendatory Act of the 102nd General Assembly, plus  
25 (iii) interest thereon at the actuarially assumed rate for  
26 each year, compounded annually, from the date of service to

1 the date of payment.

2 (i) The total amount of eligible creditable service  
3 established by any person under subsections (g), (h), (j),  
4 (k), (l), (l-5), ~~and (o)~~, and (r) of this Section shall not  
5 exceed 12 years.

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

21 (k) Subject to the limitation in subsection (i) of this  
22 Section, an alternative formula employee may elect to  
23 establish eligible creditable service for periods spent as a  
24 full-time law enforcement officer or full-time corrections  
25 officer employed by the federal government or by a state or  
26 local government located outside of Illinois, for which credit

1 is not held in any other public employee pension fund or  
2 retirement system. To obtain this credit, the applicant must  
3 file a written application with the Board by March 31, 1998,  
4 accompanied by evidence of eligibility acceptable to the Board  
5 and payment of an amount to be determined by the Board, equal  
6 to (1) employee contributions for the credit being  
7 established, based upon the applicant's salary on the first  
8 day as an alternative formula employee after the employment  
9 for which credit is being established and the rates then  
10 applicable to alternative formula employees, plus (2) an  
11 amount determined by the Board to be the employer's normal  
12 cost of the benefits accrued for the credit being established,  
13 plus (3) regular interest on the amounts in items (1) and (2)  
14 from the first day as an alternative formula employee after  
15 the employment for which credit is being established to the  
16 date of payment.

17 (1) Subject to the limitation in subsection (i), a  
18 security employee of the Department of Corrections may elect,  
19 not later than July 1, 1998, to establish eligible creditable  
20 service for up to 10 years of his or her service as a policeman  
21 under Article 3, by filing a written election with the Board,  
22 accompanied by payment of an amount to be determined by the  
23 Board, equal to (i) the difference between the amount of  
24 employee and employer contributions transferred to the System  
25 under Section 3-110.5, and the amounts that would have been  
26 contributed had such contributions been made at the rates

1 applicable to security employees of the Department of  
2 Corrections, plus (ii) interest thereon at the effective rate  
3 for each year, compounded annually, from the date of service  
4 to the date of payment.

5 (1-5) Subject to the limitation in subsection (i) of this  
6 Section, a State policeman may elect to establish eligible  
7 creditable service for up to 5 years of service as a full-time  
8 law enforcement officer employed by the federal government or  
9 by a state or local government located outside of Illinois for  
10 which credit is not held in any other public employee pension  
11 fund or retirement system. To obtain this credit, the  
12 applicant must file a written application with the Board no  
13 later than 3 years after January 1, 2020 (the effective date of  
14 Public Act 101-610), accompanied by evidence of eligibility  
15 acceptable to the Board and payment of an amount to be  
16 determined by the Board, equal to (1) employee contributions  
17 for the credit being established, based upon the applicant's  
18 salary on the first day as an alternative formula employee  
19 after the employment for which credit is being established and  
20 the rates then applicable to alternative formula employees,  
21 plus (2) an amount determined by the Board to be the employer's  
22 normal cost of the benefits accrued for the credit being  
23 established, plus (3) regular interest on the amounts in items  
24 (1) and (2) from the first day as an alternative formula  
25 employee after the employment for which credit is being  
26 established to the date of payment.

1 (m) The amendatory changes to this Section made by Public  
2 Act 94-696 apply only to: (1) security employees of the  
3 Department of Juvenile Justice employed by the Department of  
4 Corrections before June 1, 2006 (the effective date of Public  
5 Act 94-696) and transferred to the Department of Juvenile  
6 Justice by Public Act 94-696; and (2) persons employed by the  
7 Department of Juvenile Justice on or after June 1, 2006 (the  
8 effective date of Public Act 94-696) who are required by  
9 subsection (b) of Section 3-2.5-15 of the Unified Code of  
10 Corrections to have any bachelor's or advanced degree from an  
11 accredited college or university or, in the case of persons  
12 who provide vocational training, who are required to have  
13 adequate knowledge in the skill for which they are providing  
14 the vocational training.

15 Beginning with the pay period that immediately follows the  
16 effective date of this amendatory Act of the 104th General  
17 Assembly, the bachelor's or advanced degree requirement of  
18 subsection (b) of Section 3-2.5-15 of the Unified Code of  
19 Corrections shall no longer determine the eligibility to earn  
20 eligible creditable service for a person employed by the  
21 Department of Juvenile Justice.

22 An employee may elect to convert into eligible creditable  
23 service his or her creditable service earned with the  
24 Department of Juvenile Justice while employed in a position  
25 that required the employee to do any one or more of the  
26 following: (1) participate or assist in the rehabilitative and

1 vocational training of delinquent youths; (2) supervise the  
2 daily activities and assume direct and continuing  
3 responsibility for the youth's security, welfare, and  
4 development; or (3) participate in the personal rehabilitation  
5 of delinquent youth by training, supervising, and assisting  
6 lower-level personnel. To convert that creditable service to  
7 eligible creditable service, the employee must pay to the  
8 System the difference between the employee contributions  
9 actually paid for that service and the amounts that would have  
10 been contributed if the applicant were contributing at the  
11 rate applicable to persons with the same Social Security  
12 status earning eligible creditable service on the date of  
13 application.

14 (n) A person employed in a position under subsection (b)  
15 of this Section who has purchased service credit under  
16 subsection (j) of Section 14-104 or subsection (b) of Section  
17 14-105 in any other capacity under this Article may convert up  
18 to 5 years of that service credit into service credit covered  
19 under this Section by paying to the Fund an amount equal to (1)  
20 the additional employee contribution required under Section  
21 14-133, plus (2) the additional employer contribution required  
22 under Section 14-131, plus (3) interest on items (1) and (2) at  
23 the actuarially assumed rate from the date of the service to  
24 the date of payment.

25 (o) Subject to the limitation in subsection (i), a  
26 conservation police officer, investigator for the Secretary of

1 State, Commerce Commission police officer, investigator for  
2 the Department of Revenue or the Illinois Gaming Board, or  
3 arson investigator subject to subsection (g) of Section 1-160  
4 may elect to convert up to 8 years of service credit  
5 established before January 1, 2020 (the effective date of  
6 Public Act 101-610) as a conservation police officer,  
7 investigator for the Secretary of State, Commerce Commission  
8 police officer, investigator for the Department of Revenue or  
9 the Illinois Gaming Board, or arson investigator under this  
10 Article into eligible creditable service by filing a written  
11 election with the Board no later than one year after January 1,  
12 2020 (the effective date of Public Act 101-610), accompanied  
13 by payment of an amount to be determined by the Board equal to  
14 (i) the difference between the amount of the employee  
15 contributions actually paid for that service and the amount of  
16 the employee contributions that would have been paid had the  
17 employee contributions been made as a noncovered employee  
18 serving in a position in which eligible creditable service, as  
19 defined in this Section, may be earned, plus (ii) interest  
20 thereon at the effective rate for each year, compounded  
21 annually, from the date of service to the date of payment.

22 (g) A security employee of the Department of Human  
23 Services who is subject to subsection (g) of Section 1-160 may  
24 elect to convert up to 13 years of service credit established  
25 before the effective date of this amendatory Act of the 104th  
26 General Assembly as a security employee of the Department of

1 Human Services to eligible creditable service by filing a  
2 written election with the Board no later than one year after  
3 the effective date of this amendatory Act of the 104th General  
4 Assembly, accompanied by payment of an amount, to be  
5 determined by the Board, equal to (i) the difference between  
6 the amount of the employee contributions actually paid for  
7 that service and the amount of the employee contributions that  
8 would have been paid had the employee contributions been made  
9 as a covered employee serving in a position in which eligible  
10 creditable service, as defined in this Section, may be earned,  
11 plus (ii) interest thereon at the effective rate for each  
12 year, compounded annually, from the date of service to the  
13 date of payment.

14 (r) Subject to the limitation in subsection (i), a State  
15 highway maintenance worker subject to subsection (g) of  
16 Section 1-160 may elect to convert up to 8 years of service  
17 credit established before the effective date of this  
18 amendatory Act of the 104th General Assembly as a State  
19 highway maintenance work under this Article into eligible  
20 creditable service by filing a written election with the Board  
21 no later than one year after the effective date of this  
22 amendatory Act of the 104th General Assembly, accompanied by  
23 payment of an amount to be determined by the Board equal to (i)  
24 the difference between the amount of the employee  
25 contributions actually paid for that service and the amount of  
26 the employee contributions that would have been paid had the

1 employee contributions been made as a noncovered employee  
2 serving in a position in which eligible creditable service, as  
3 defined in this Section, may be earned, plus (ii) interest  
4 thereon at the effective rate for each year, compounded  
5 annually, from the date of service to the date of payment.

6 (Source: P.A. 102-210, eff. 7-30-21; 102-538, eff. 8-20-21;  
7 102-856, eff. 1-1-23; 103-34, eff. 1-1-24.)

8 (Text of Section from P.A. 102-956 and 103-34)

9 Sec. 14-110. Alternative retirement annuity.

10 (a) Any member who has withdrawn from service with not  
11 less than 20 years of eligible creditable service and has  
12 attained age 55, and any member who has withdrawn from service  
13 with not less than 25 years of eligible creditable service and  
14 has attained age 50, regardless of whether the attainment of  
15 either of the specified ages occurs while the member is still  
16 in service, shall be entitled to receive at the option of the  
17 member, in lieu of the regular or minimum retirement annuity,  
18 a retirement annuity computed as follows:

19 (i) for periods of service as a noncovered employee:  
20 if retirement occurs on or after January 1, 2001, 3% of  
21 final average compensation for each year of creditable  
22 service; if retirement occurs before January 1, 2001, 2  
23 1/4% of final average compensation for each of the first  
24 10 years of creditable service, 2 1/2% for each year above  
25 10 years to and including 20 years of creditable service,

1 and 2 3/4% for each year of creditable service above 20  
2 years; and

3 (ii) for periods of eligible creditable service as a  
4 covered employee: if retirement occurs on or after January  
5 1, 2001, 2.5% of final average compensation for each year  
6 of creditable service; if retirement occurs before January  
7 1, 2001, 1.67% of final average compensation for each of  
8 the first 10 years of such service, 1.90% for each of the  
9 next 10 years of such service, 2.10% for each year of such  
10 service in excess of 20 but not exceeding 30, and 2.30% for  
11 each year in excess of 30.

12 Such annuity shall be subject to a maximum of 75% of final  
13 average compensation if retirement occurs before January 1,  
14 2001 or to a maximum of 80% of final average compensation if  
15 retirement occurs on or after January 1, 2001.

16 These rates shall not be applicable to any service  
17 performed by a member as a covered employee which is not  
18 eligible creditable service. Service as a covered employee  
19 which is not eligible creditable service shall be subject to  
20 the rates and provisions of Section 14-108.

21 (a-5) A member who is eligible to receive an alternative  
22 retirement annuity under this Section may elect to receive an  
23 estimated payment that shall commence no later than 30 days  
24 after the later of either the member's last day of employment  
25 or 30 days after the member files for the retirement benefit  
26 with the System. The estimated payment shall be the best

1 estimate by the System of the total monthly amount due to the  
2 member based on the information that the System possesses at  
3 the time of the estimate. If the amount of the estimate is  
4 greater or less than the actual amount of the monthly annuity,  
5 the System shall pay or recover the difference within 6 months  
6 after the start of the monthly annuity.

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

10 (1) State policeman;

11 (2) fire fighter in the fire protection service of a  
12 department;

13 (3) air pilot;

14 (4) special agent;

15 (5) investigator for the Secretary of State;

16 (6) conservation police officer;

17 (7) investigator for the Department of Revenue or the  
18 Illinois Gaming Board;

19 (8) security employee of the Department of Human  
20 Services;

21 (9) Central Management Services security police  
22 officer;

23 (10) security employee of the Department of  
24 Corrections or the Department of Juvenile Justice;

25 (11) dangerous drugs investigator;

26 (12) investigator for the Illinois State Police;

1 (13) investigator for the Office of the Attorney  
2 General;

3 (14) controlled substance inspector;

4 (15) investigator for the Office of the State's  
5 Attorneys Appellate Prosecutor;

6 (16) Commerce Commission police officer;

7 (17) arson investigator;

8 (18) State highway maintenance worker;

9 (19) security employee of the Department of Innovation  
10 and Technology; ~~or~~

11 (20) transferred employee; or

12 (21) investigator for the Department of the Lottery.

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

23 A person under paragraph (20) is entitled to eligible  
24 creditable service for service credit earned under this  
25 Article on and after his or her transfer by Executive Order No.  
26 2003-10, Executive Order No. 2004-2, or Executive Order No.

1 2016-1.

2 (c) For the purposes of this Section:

3 (1) The term "State policeman" includes any title or  
4 position in the Illinois State Police that is held by an  
5 individual employed under the Illinois State Police Act.

6 (2) The term "fire fighter in the fire protection  
7 service of a department" includes all officers in such  
8 fire protection service including fire chiefs and  
9 assistant fire chiefs.

10 (3) The term "air pilot" includes any employee whose  
11 official job description on file in the Department of  
12 Central Management Services, or in the department by which  
13 he is employed if that department is not covered by the  
14 Personnel Code, states that his principal duty is the  
15 operation of aircraft, and who possesses a pilot's  
16 license; however, the change in this definition made by  
17 Public Act 83-842 shall not operate to exclude any  
18 noncovered employee who was an "air pilot" for the  
19 purposes of this Section on January 1, 1984.

20 (4) The term "special agent" means any person who by  
21 reason of employment by the Division of Narcotic Control,  
22 the Bureau of Investigation or, after July 1, 1977, the  
23 Division of Criminal Investigation, the Division of  
24 Internal Investigation, the Division of Operations, the  
25 Division of Patrol, or any other Division or  
26 organizational entity in the Illinois State Police is

1 vested by law with duties to maintain public order,  
2 investigate violations of the criminal law of this State,  
3 enforce the laws of this State, make arrests and recover  
4 property. The term "special agent" includes any title or  
5 position in the Illinois State Police that is held by an  
6 individual employed under the Illinois State Police Act.

7 (5) The term "investigator for the Secretary of State"  
8 means any person employed by the Office of the Secretary  
9 of State and vested with such investigative duties as  
10 render him ineligible for coverage under the Social  
11 Security Act by reason of Sections 218(d)(5)(A),  
12 218(d)(8)(D) and 218(1)(1) of that Act.

13 A person who became employed as an investigator for  
14 the Secretary of State between January 1, 1967 and  
15 December 31, 1975, and who has served as such until  
16 attainment of age 60, either continuously or with a single  
17 break in service of not more than 3 years duration, which  
18 break terminated before January 1, 1976, shall be entitled  
19 to have his retirement annuity calculated in accordance  
20 with subsection (a), notwithstanding that he has less than  
21 20 years of credit for such service.

22 (6) The term "Conservation Police Officer" means any  
23 person employed by the Division of Law Enforcement of the  
24 Department of Natural Resources and vested with such law  
25 enforcement duties as render him ineligible for coverage  
26 under the Social Security Act by reason of Sections

1           218(d)(5)(A), 218(d)(8)(D), and 218(1)(1) of that Act. The  
2           term "Conservation Police Officer" includes the positions  
3           of Chief Conservation Police Administrator and Assistant  
4           Conservation Police Administrator.

5           (7) The term "investigator for the Department of  
6           Revenue" means any person employed by the Department of  
7           Revenue and vested with such investigative duties as  
8           render him ineligible for coverage under the Social  
9           Security Act by reason of Sections 218(d)(5)(A),  
10          218(d)(8)(D) and 218(1)(1) of that Act.

11          The term "investigator for the Illinois Gaming Board"  
12          means any person employed as such by the Illinois Gaming  
13          Board and vested with such peace officer duties as render  
14          the person ineligible for coverage under the Social  
15          Security Act by reason of Sections 218(d)(5)(A),  
16          218(d)(8)(D), and 218(1)(1) of that Act.

17          (8) The term "security employee of the Department of  
18          Human Services" means any person employed by the  
19          Department of Human Services who (i) is employed at the  
20          Chester Mental Health Center and has daily contact with  
21          the residents thereof, (ii) is employed within a security  
22          unit at a facility operated by the Department and has  
23          daily contact with the residents of the security unit,  
24          (iii) is employed at a facility operated by the Department  
25          that includes a security unit and is regularly scheduled  
26          to work at least 50% of his or her working hours within

1 that security unit, or (iv) is a mental health police  
2 officer. "Mental health police officer" means any person  
3 employed by the Department of Human Services in a position  
4 pertaining to the Department's mental health and  
5 developmental disabilities functions who is vested with  
6 such law enforcement duties as render the person  
7 ineligible for coverage under the Social Security Act by  
8 reason of Sections 218(d) (5) (A), 218(d) (8) (D) and  
9 218(1) (1) of that Act. "Security unit" means that portion  
10 of a facility that is devoted to the care, containment,  
11 and treatment of persons committed to the Department of  
12 Human Services as sexually violent persons, persons unfit  
13 to stand trial, or persons not guilty by reason of  
14 insanity. With respect to past employment, references to  
15 the Department of Human Services include its predecessor,  
16 the Department of Mental Health and Developmental  
17 Disabilities.

18 The changes made to this subdivision (c) (8) by Public  
19 Act 92-14 apply to persons who retire on or after January  
20 1, 2001, notwithstanding Section 1-103.1.

21 (9) "Central Management Services security police  
22 officer" means any person employed by the Department of  
23 Central Management Services who is vested with such law  
24 enforcement duties as render him ineligible for coverage  
25 under the Social Security Act by reason of Sections  
26 218(d) (5) (A), 218(d) (8) (D) and 218(1) (1) of that Act.

1           (10) For a member who first became an employee under  
2 this Article before July 1, 2005, the term "security  
3 employee of the Department of Corrections or the  
4 Department of Juvenile Justice" means any employee of the  
5 Department of Corrections or the Department of Juvenile  
6 Justice or the former Department of Personnel, and any  
7 member or employee of the Prisoner Review Board, who has  
8 daily contact with inmates or youth by working within a  
9 correctional facility or Juvenile facility operated by the  
10 Department of Juvenile Justice or who is a parole officer  
11 or an employee who has direct contact with committed  
12 persons in the performance of his or her job duties. For a  
13 member who first becomes an employee under this Article on  
14 or after July 1, 2005, the term means an employee of the  
15 Department of Corrections or the Department of Juvenile  
16 Justice who is any of the following: (i) officially  
17 headquartered at a correctional facility or Juvenile  
18 facility operated by the Department of Juvenile Justice,  
19 (ii) a parole officer, (iii) a member of the apprehension  
20 unit, (iv) a member of the intelligence unit, (v) a member  
21 of the sort team, or (vi) an investigator.

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

25           (12) The term "investigator for the Illinois State  
26 Police" means a person employed by the Illinois State

1 Police who is vested under Section 4 of the Narcotic  
2 Control Division Abolition Act with such law enforcement  
3 powers as render him ineligible for coverage under the  
4 Social Security Act by reason of Sections 218(d)(5)(A),  
5 218(d)(8)(D) and 218(1)(1) of that Act.

6 (13) "Investigator for the Office of the Attorney  
7 General" means any person who is employed as such by the  
8 Office of the Attorney General and is vested with such  
9 investigative duties as render him ineligible for coverage  
10 under the Social Security Act by reason of Sections  
11 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act. For  
12 the period before January 1, 1989, the term includes all  
13 persons who were employed as investigators by the Office  
14 of the Attorney General, without regard to social security  
15 status.

16 (14) "Controlled substance inspector" means any person  
17 who is employed as such by the Department of Professional  
18 Regulation and is vested with such law enforcement duties  
19 as render him ineligible for coverage under the Social  
20 Security Act by reason of Sections 218(d)(5)(A),  
21 218(d)(8)(D) and 218(1)(1) of that Act. The term  
22 "controlled substance inspector" includes the Program  
23 Executive of Enforcement and the Assistant Program  
24 Executive of Enforcement.

25 (15) The term "investigator for the Office of the  
26 State's Attorneys Appellate Prosecutor" means a person

1 employed in that capacity on a full-time basis under the  
2 authority of Section 7.06 of the State's Attorneys  
3 Appellate Prosecutor's Act.

4 (16) "Commerce Commission police officer" means any  
5 person employed by the Illinois Commerce Commission who is  
6 vested with such law enforcement duties as render him  
7 ineligible for coverage under the Social Security Act by  
8 reason of Sections 218(d)(5)(A), 218(d)(8)(D), and  
9 218(1)(1) of that Act.

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

26 (18) The term "State highway maintenance worker" means

1 a person who is either of the following:

2 (i) A person employed on a full-time basis by the  
3 Illinois Department of Transportation in the position  
4 of highway maintainer, highway maintenance lead  
5 worker, highway maintenance lead/lead worker, heavy  
6 construction equipment operator, power shovel  
7 operator, or bridge mechanic; and whose principal  
8 responsibility is to perform, on the roadway, the  
9 actual maintenance necessary to keep the highways that  
10 form a part of the State highway system in serviceable  
11 condition for vehicular traffic.

12 (ii) A person employed on a full-time basis by the  
13 Illinois State Toll Highway Authority in the position  
14 of equipment operator/laborer H-4, equipment  
15 operator/laborer H-6, welder H-4, welder H-6,  
16 mechanical/electrical H-4, mechanical/electrical H-6,  
17 water/sewer H-4, water/sewer H-6, sign maker/hanger  
18 H-4, sign maker/hanger H-6, roadway lighting H-4,  
19 roadway lighting H-6, structural H-4, structural H-6,  
20 painter H-4, or painter H-6; and whose principal  
21 responsibility is to perform, on the roadway, the  
22 actual maintenance necessary to keep the Authority's  
23 tollways in serviceable condition for vehicular  
24 traffic.

25 (19) The term "security employee of the Department of  
26 Innovation and Technology" means a person who was a

1 security employee of the Department of Corrections or the  
2 Department of Juvenile Justice, was transferred to the  
3 Department of Innovation and Technology pursuant to  
4 Executive Order 2016-01, and continues to perform similar  
5 job functions under that Department.

6 (20) "Transferred employee" means an employee who was  
7 transferred to the Department of Central Management  
8 Services by Executive Order No. 2003-10 or Executive Order  
9 No. 2004-2 or transferred to the Department of Innovation  
10 and Technology by Executive Order No. 2016-1, or both, and  
11 was entitled to eligible creditable service for services  
12 immediately preceding the transfer.

13 (21) "Investigator for the Department of the Lottery"  
14 means any person who is employed by the Department of the  
15 Lottery and is vested with such investigative duties which  
16 render him or her ineligible for coverage under the Social  
17 Security Act by reason of Sections 218(d)(5)(A),  
18 218(d)(8)(D), and 218(1)(1) of that Act. An investigator  
19 for the Department of the Lottery who qualifies under this  
20 Section shall earn eligible creditable service and be  
21 required to make contributions at the rate specified in  
22 paragraph (3) of subsection (a) of Section 14-133 for all  
23 periods of service as an investigator for the Department  
24 of the Lottery.

25 (d) A security employee of the Department of Corrections  
26 or the Department of Juvenile Justice, a security employee of

1 the Department of Human Services who is not a mental health  
2 police officer, and a security employee of the Department of  
3 Innovation and Technology shall not be eligible for the  
4 alternative retirement annuity provided by this Section unless  
5 he or she meets the following minimum age and service  
6 requirements at the time of retirement:

7 (i) 25 years of eligible creditable service and age  
8 55; or

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

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

15 (iv) beginning January 1, 1989, 25 years of eligible  
16 creditable service and age 52, or 22 years of eligible  
17 creditable service and age 55; or

18 (v) beginning January 1, 1990, 25 years of eligible  
19 creditable service and age 51, or 21 years of eligible  
20 creditable service and age 55; or

21 (vi) beginning January 1, 1991, 25 years of eligible  
22 creditable service and age 50, or 20 years of eligible  
23 creditable service and age 55.

24 Persons who have service credit under Article 16 of this  
25 Code for service as a security employee of the Department of  
26 Corrections or the Department of Juvenile Justice, or the

1 Department of Human Services in a position requiring  
2 certification as a teacher may count such service toward  
3 establishing their eligibility under the service requirements  
4 of this Section; but such service may be used only for  
5 establishing such eligibility, and not for the purpose of  
6 increasing or calculating any benefit.

7 (e) If a member enters military service while working in a  
8 position in which eligible creditable service may be earned,  
9 and returns to State service in the same or another such  
10 position, and fulfills in all other respects the conditions  
11 prescribed in this Article for credit for military service,  
12 such military service shall be credited as eligible creditable  
13 service for the purposes of the retirement annuity prescribed  
14 in this Section.

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

1 specified in item (1) from the date of service to the date of  
2 payment.

3 For purposes of calculating retirement annuities under  
4 this Section, periods of service rendered after December 31,  
5 1968 and before January 1, 1982 as a covered employee in the  
6 position of investigator for the Department of Revenue shall  
7 be deemed to have been service as a noncovered employee,  
8 provided that the employee pays to the System prior to  
9 retirement an amount equal to (1) the difference between the  
10 employee contributions that would have been required for such  
11 service as a noncovered employee, and the amount of employee  
12 contributions actually paid, plus (2) if payment is made after  
13 January 1, 1990, regular interest on the amount specified in  
14 item (1) from the date of service to the date of payment.

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

1           Subject to the limitation in subsection (i), a State  
2 policeman may elect, not later than July 1, 1993, to establish  
3 eligible creditable service for up to 10 years of his service  
4 as a member of the County Police Department under Article 9, by  
5 filing a written election with the Board, accompanied by  
6 payment of an amount to be determined by the Board, equal to  
7 (i) the difference between the amount of employee and employer  
8 contributions transferred to the System under Section 9-121.10  
9 and the amounts that would have been contributed had those  
10 contributions been made at the rates applicable to State  
11 policemen, plus (ii) interest thereon at the effective rate  
12 for each year, compounded annually, from the date of service  
13 to the date of payment.

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

1           Subject to the limitation in subsection (i), a State  
2 policeman, conservation police officer, or investigator for  
3 the Secretary of State may elect to establish eligible  
4 creditable service for up to 10 years of service as a sheriff's  
5 law enforcement employee under Article 7, by filing a written  
6 election with the Board on or before January 31, 1993, and  
7 paying to the System by January 31, 1994 an amount to be  
8 determined by the Board, equal to (i) the difference between  
9 the amount of employee and employer contributions transferred  
10 to the System under Section 7-139.7, and the amounts that  
11 would have been contributed had such contributions been made  
12 at the rates applicable to State policemen, plus (ii) interest  
13 thereon at the effective rate for each year, compounded  
14 annually, from the date of service to the date of payment.

15           Subject to the limitation in subsection (i), a State  
16 policeman, conservation police officer, or investigator for  
17 the Secretary of State may elect to establish eligible  
18 creditable service for up to 5 years of service as a police  
19 officer under Article 3, a policeman under Article 5, a  
20 sheriff's law enforcement employee under Article 7, a member  
21 of the county police department under Article 9, or a police  
22 officer under Article 15 by filing a written election with the  
23 Board and paying to the System an amount to be determined by  
24 the Board, equal to (i) the difference between the amount of  
25 employee and employer contributions transferred to the System  
26 under Section 3-110.6, 5-236, 7-139.8, 9-121.10, or 15-134.4

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

6 Subject to the limitation in subsection (i), an  
7 investigator for the Office of the Attorney General, or an  
8 investigator for the Department of Revenue, may elect to  
9 establish eligible creditable service for up to 5 years of  
10 service as a police officer under Article 3, a policeman under  
11 Article 5, a sheriff's law enforcement employee under Article  
12 7, or a member of the county police department under Article 9  
13 by filing a written election with the Board within 6 months  
14 after August 25, 2009 (the effective date of Public Act  
15 96-745) and paying to the System an amount to be determined by  
16 the Board, equal to (i) the difference between the amount of  
17 employee and employer contributions transferred to the System  
18 under Section 3-110.6, 5-236, 7-139.8, or 9-121.10 and the  
19 amounts that would have been contributed had such  
20 contributions been made at the rates applicable to State  
21 policemen, plus (ii) interest thereon at the actuarially  
22 assumed rate for each year, compounded annually, from the date  
23 of service to the date of payment.

24 Subject to the limitation in subsection (i), a State  
25 policeman, conservation police officer, investigator for the  
26 Office of the Attorney General, an investigator for the

1 Department of Revenue, or investigator for the Secretary of  
2 State may elect to establish eligible creditable service for  
3 up to 5 years of service as a person employed by a  
4 participating municipality to perform police duties, or law  
5 enforcement officer employed on a full-time basis by a forest  
6 preserve district under Article 7, a county corrections  
7 officer, or a court services officer under Article 9, by  
8 filing a written election with the Board within 6 months after  
9 August 25, 2009 (the effective date of Public Act 96-745) and  
10 paying to the System an amount to be determined by the Board,  
11 equal to (i) the difference between the amount of employee and  
12 employer contributions transferred to the System under  
13 Sections 7-139.8 and 9-121.10 and the amounts that would have  
14 been contributed had such contributions been made at the rates  
15 applicable to State policemen, plus (ii) interest thereon at  
16 the actuarially assumed rate for each year, compounded  
17 annually, from the date of service to the date of payment.

18 Subject to the limitation in subsection (i), a State  
19 policeman, arson investigator, or Commerce Commission police  
20 officer may elect to establish eligible creditable service for  
21 up to 5 years of service as a person employed by a  
22 participating municipality to perform police duties under  
23 Article 7, a county corrections officer, a court services  
24 officer under Article 9, or a firefighter under Article 4 by  
25 filing a written election with the Board within 6 months after  
26 July 30, 2021 (the effective date of Public Act 102-210) and

1 paying to the System an amount to be determined by the Board  
2 equal to (i) the difference between the amount of employee and  
3 employer contributions transferred to the System under  
4 Sections 4-108.8, 7-139.8, and 9-121.10 and the amounts that  
5 would have been contributed had such contributions been made  
6 at the rates applicable to State policemen, plus (ii) interest  
7 thereon at the actuarially assumed rate for each year,  
8 compounded annually, from the date of service to the date of  
9 payment.

10 Subject to the limitation in subsection (i), a  
11 conservation police officer may elect to establish eligible  
12 creditable service for up to 5 years of service as a person  
13 employed by a participating municipality to perform police  
14 duties under Article 7, a county corrections officer, or a  
15 court services officer under Article 9 by filing a written  
16 election with the Board within 6 months after July 30, 2021  
17 (the effective date of Public Act 102-210) and paying to the  
18 System an amount to be determined by the Board equal to (i) the  
19 difference between the amount of employee and employer  
20 contributions transferred to the System under Sections 7-139.8  
21 and 9-121.10 and the amounts that would have been contributed  
22 had such contributions been made at the rates applicable to  
23 State policemen, plus (ii) interest thereon at the actuarially  
24 assumed rate for each year, compounded annually, from the date  
25 of service to the date of payment.

26 Notwithstanding the limitation in subsection (i), a State

1 policeman or conservation police officer may elect to convert  
2 service credit earned under this Article to eligible  
3 creditable service, as defined by this Section, by filing a  
4 written election with the board within 6 months after July 30,  
5 2021 (the effective date of Public Act 102-210) and paying to  
6 the System an amount to be determined by the Board equal to (i)  
7 the difference between the amount of employee contributions  
8 originally paid for that service and the amounts that would  
9 have been contributed had such contributions been made at the  
10 rates applicable to State policemen, plus (ii) the difference  
11 between the employer's normal cost of the credit prior to the  
12 conversion authorized by Public Act 102-210 and the employer's  
13 normal cost of the credit converted in accordance with Public  
14 Act 102-210, plus (iii) interest thereon at the actuarially  
15 assumed rate for each year, compounded annually, from the date  
16 of service to the date of payment.

17 (i) The total amount of eligible creditable service  
18 established by any person under subsections (g), (h), (j),  
19 (k), (l), (l-5), (o), ~~and~~ (p), and (r) of this Section shall  
20 not exceed 12 years.

21 (j) Subject to the limitation in subsection (i), an  
22 investigator for the Office of the State's Attorneys Appellate  
23 Prosecutor or a controlled substance inspector may elect to  
24 establish eligible creditable service for up to 10 years of  
25 his service as a policeman under Article 3 or a sheriff's law  
26 enforcement employee under Article 7, by filing a written

1 election with the Board, accompanied by payment of an amount  
2 to be determined by the Board, equal to (1) the difference  
3 between the amount of employee and employer contributions  
4 transferred to the System under Section 3-110.6 or 7-139.8,  
5 and the amounts that would have been contributed had such  
6 contributions been made at the rates applicable to State  
7 policemen, plus (2) interest thereon at the effective rate for  
8 each year, compounded annually, from the date of service to  
9 the date of payment.

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

1 cost of the benefits accrued for the credit being established,  
2 plus (3) regular interest on the amounts in items (1) and (2)  
3 from the first day as an alternative formula employee after  
4 the employment for which credit is being established to the  
5 date of payment.

6 (1) Subject to the limitation in subsection (i), a  
7 security employee of the Department of Corrections may elect,  
8 not later than July 1, 1998, to establish eligible creditable  
9 service for up to 10 years of his or her service as a policeman  
10 under Article 3, by filing a written election with the Board,  
11 accompanied by payment of an amount to be determined by the  
12 Board, equal to (i) the difference between the amount of  
13 employee and employer contributions transferred to the System  
14 under Section 3-110.5, and the amounts that would have been  
15 contributed had such contributions been made at the rates  
16 applicable to security employees of the Department of  
17 Corrections, plus (ii) interest thereon at the effective rate  
18 for each year, compounded annually, from the date of service  
19 to the date of payment.

20 (1-5) Subject to the limitation in subsection (i) of this  
21 Section, a State policeman may elect to establish eligible  
22 creditable service for up to 5 years of service as a full-time  
23 law enforcement officer employed by the federal government or  
24 by a state or local government located outside of Illinois for  
25 which credit is not held in any other public employee pension  
26 fund or retirement system. To obtain this credit, the

1 applicant must file a written application with the Board no  
2 later than 3 years after January 1, 2020 (the effective date of  
3 Public Act 101-610), accompanied by evidence of eligibility  
4 acceptable to the Board and payment of an amount to be  
5 determined by the Board, equal to (1) employee contributions  
6 for the credit being established, based upon the applicant's  
7 salary on the first day as an alternative formula employee  
8 after the employment for which credit is being established and  
9 the rates then applicable to alternative formula employees,  
10 plus (2) an amount determined by the Board to be the employer's  
11 normal cost of the benefits accrued for the credit being  
12 established, plus (3) regular interest on the amounts in items  
13 (1) and (2) from the first day as an alternative formula  
14 employee after the employment for which credit is being  
15 established to the date of payment.

16 (m) The amendatory changes to this Section made by Public  
17 Act 94-696 apply only to: (1) security employees of the  
18 Department of Juvenile Justice employed by the Department of  
19 Corrections before June 1, 2006 (the effective date of Public  
20 Act 94-696) and transferred to the Department of Juvenile  
21 Justice by Public Act 94-696; and (2) persons employed by the  
22 Department of Juvenile Justice on or after June 1, 2006 (the  
23 effective date of Public Act 94-696) who are required by  
24 subsection (b) of Section 3-2.5-15 of the Unified Code of  
25 Corrections to have any bachelor's or advanced degree from an  
26 accredited college or university or, in the case of persons

1 who provide vocational training, who are required to have  
2 adequate knowledge in the skill for which they are providing  
3 the vocational training.

4 Beginning with the pay period that immediately follows the  
5 effective date of this amendatory Act of the 104th General  
6 Assembly, the bachelor's or advanced degree requirement of  
7 subsection (b) of Section 3-2.5-15 of the Unified Code of  
8 Corrections shall no longer determine the eligibility to earn  
9 eligible creditable service for a person employed by the  
10 Department of Juvenile Justice.

11 An employee may elect to convert into eligible creditable  
12 service his or her creditable service earned with the  
13 Department of Juvenile Justice while employed in a position  
14 that required the employee to do any one or more of the  
15 following: (1) participate or assist in the rehabilitative and  
16 vocational training of delinquent youths; (2) supervise the  
17 daily activities and assume direct and continuing  
18 responsibility for the youth's security, welfare, and  
19 development; or (3) participate in the personal rehabilitation  
20 of delinquent youth by training, supervising, and assisting  
21 lower-level personnel. To convert that creditable service to  
22 eligible creditable service, the employee must pay to the  
23 System the difference between the employee contributions  
24 actually paid for that service and the amounts that would have  
25 been contributed if the applicant were contributing at the  
26 rate applicable to persons with the same Social Security

1 status earning eligible creditable service on the date of  
2 application.

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

14 (o) Subject to the limitation in subsection (i), a  
15 conservation police officer, investigator for the Secretary of  
16 State, Commerce Commission police officer, investigator for  
17 the Department of Revenue or the Illinois Gaming Board, or  
18 arson investigator subject to subsection (g) of Section 1-160  
19 may elect to convert up to 8 years of service credit  
20 established before January 1, 2020 (the effective date of  
21 Public Act 101-610) as a conservation police officer,  
22 investigator for the Secretary of State, Commerce Commission  
23 police officer, investigator for the Department of Revenue or  
24 the Illinois Gaming Board, or arson investigator under this  
25 Article into eligible creditable service by filing a written  
26 election with the Board no later than one year after January 1,

1 2020 (the effective date of Public Act 101-610), accompanied  
2 by payment of an amount to be determined by the Board equal to  
3 (i) the difference between the amount of the employee  
4 contributions actually paid for that service and the amount of  
5 the employee contributions that would have been paid had the  
6 employee contributions been made as a noncovered employee  
7 serving in a position in which eligible creditable service, as  
8 defined in this Section, may be earned, plus (ii) interest  
9 thereon at the effective rate for each year, compounded  
10 annually, from the date of service to the date of payment.

11 (p) Subject to the limitation in subsection (i), an  
12 investigator for the Office of the Attorney General subject to  
13 subsection (g) of Section 1-160 may elect to convert up to 8  
14 years of service credit established before the effective date  
15 of this amendatory Act of the 102nd General Assembly as an  
16 investigator for the Office of the Attorney General under this  
17 Article into eligible creditable service by filing a written  
18 election with the Board no later than one year after the  
19 effective date of this amendatory Act of the 102nd General  
20 Assembly, accompanied by payment of an amount to be determined  
21 by the Board equal to (i) the difference between the amount of  
22 the employee contributions actually paid for that service and  
23 the amount of the employee contributions that would have been  
24 paid had the employee contributions been made as a noncovered  
25 employee serving in a position in which eligible creditable  
26 service, as defined in this Section, may be earned, plus (ii)

1 interest thereon at the effective rate for each year,  
2 compounded annually, from the date of service to the date of  
3 payment.

4 (g) A security employee of the Department of Human  
5 Services who is subject to subsection (g) of Section 1-160 may  
6 elect to convert up to 13 years of service credit established  
7 before the effective date of this amendatory Act of the 104th  
8 General Assembly as a security employee of the Department of  
9 Human Services to eligible creditable service by filing a  
10 written election with the Board no later than one year after  
11 the effective date of this amendatory Act of the 104th General  
12 Assembly, accompanied by payment of an amount, to be  
13 determined by the Board, equal to (i) the difference between  
14 the amount of the employee contributions actually paid for  
15 that service and the amount of the employee contributions that  
16 would have been paid had the employee contributions been made  
17 as a covered employee serving in a position in which eligible  
18 creditable service, as defined in this Section, may be earned,  
19 plus (ii) interest thereon at the effective rate for each  
20 year, compounded annually, from the date of service to the  
21 date of payment.

22 (r) Subject to the limitation in subsection (i), a State  
23 highway maintenance worker subject to subsection (g) of  
24 Section 1-160 may elect to convert up to 8 years of service  
25 credit established before the effective date of this  
26 amendatory Act of the 104th General Assembly as a State

1 highway maintenance work under this Article into eligible  
2 creditable service by filing a written election with the Board  
3 no later than one year after the effective date of this  
4 amendatory Act of the 104th General Assembly, accompanied by  
5 payment of an amount to be determined by the Board equal to (i)  
6 the difference between the amount of the employee  
7 contributions actually paid for that service and the amount of  
8 the employee contributions that would have been paid had the  
9 employee contributions been made as a noncovered employee  
10 serving in a position in which eligible creditable service, as  
11 defined in this Section, may be earned, plus (ii) interest  
12 thereon at the effective rate for each year, compounded  
13 annually, from the date of service to the date of payment.

14 (Source: P.A. 102-210, eff. 7-30-21; 102-538, eff. 8-20-21;  
15 102-956, eff. 5-27-22; 103-34, eff. 1-1-24.)

16 (40 ILCS 5/14-131)

17 Sec. 14-131. Contributions by State.

18 (a) The State shall make contributions to the System by  
19 appropriations of amounts which, together with other employer  
20 contributions from trust, federal, and other funds, employee  
21 contributions, investment income, and other income, will be  
22 sufficient to meet the cost of maintaining and administering  
23 the System on a 100% ~~90%~~ funded basis by the end of State  
24 fiscal year 2049 in accordance with actuarial recommendations.

25 For the purposes of this Section and Section 14-135.08,

1 references to State contributions refer only to employer  
2 contributions and do not include employee contributions that  
3 are picked up or otherwise paid by the State or a department on  
4 behalf of the employee.

5 (b) The Board shall determine the total amount of State  
6 contributions required for each fiscal year on the basis of  
7 the actuarial tables and other assumptions adopted by the  
8 Board, using the formula in subsection (e). In making its  
9 determination, the Board shall disregard any contributions  
10 scheduled to be received in a future State fiscal year under  
11 the Budget Stabilization Act.

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

23 For the purposes of this Section and Section 14.1 of the  
24 State Finance Act, the term "eligible employees" includes  
25 employees who participate in the System, persons who may elect  
26 to participate in the System but have not so elected, persons

1 who are serving a qualifying period that is required for  
2 participation, and annuitants employed by a department as  
3 described in subdivision (a) (1) or (a) (2) of Section 14-111.

4 (c) Contributions shall be made by the several departments  
5 for each pay period by warrants drawn by the State Comptroller  
6 against their respective funds or appropriations based upon  
7 vouchers stating the amount to be so contributed. These  
8 amounts shall be based on the full rate certified by the Board  
9 under Section 14-135.08 for that fiscal year. From March 5,  
10 2004 (the effective date of Public Act 93-665) through the  
11 payment of the final payroll from fiscal year 2004  
12 appropriations, the several departments shall not make  
13 contributions for the remainder of fiscal year 2004 but shall  
14 instead make payments as required under subsection (a-1) of  
15 Section 14.1 of the State Finance Act. The several departments  
16 shall resume those contributions at the commencement of fiscal  
17 year 2005.

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

25 (c-2) Unless otherwise directed by the Comptroller under  
26 subsection (c-3), the Board shall submit vouchers for payment

1 of State contributions to the System for the applicable month  
2 on the 15th day of each month, or as soon thereafter as may be  
3 practicable. The amount vouchered for a monthly payment shall  
4 total one-twelfth of the fiscal year General Revenue Fund  
5 contribution as certified by the System pursuant to Section  
6 14-135.08 of this Code.

7 (c-3) Beginning in State fiscal year 2025, if the  
8 Comptroller requests that the Board submit, during a State  
9 fiscal year, vouchers for multiple monthly payments for  
10 advance payment of State contributions due to the System for  
11 that State fiscal year, then the Board shall submit those  
12 additional vouchers as directed by the Comptroller,  
13 notwithstanding subsection (c-2). Unless an act of  
14 appropriations provides otherwise, nothing in this Section  
15 authorizes the Board to submit, in a State fiscal year,  
16 vouchers for the payment of State contributions to the System  
17 in an amount that exceeds the rate of payroll that is certified  
18 by the System under Section 14-135.08 for that State fiscal  
19 year.

20 (d) If an employee is paid from trust funds or federal  
21 funds, the department or other employer shall pay employer  
22 contributions from those funds to the System at the certified  
23 rate, unless the terms of the trust or the federal-State  
24 agreement preclude the use of the funds for that purpose, in  
25 which case the required employer contributions shall be paid  
26 by the State.

1           (e) Beginning in State fiscal year 2050, the minimum  
2 contribution to the System to be made by the State for each  
3 State fiscal year shall be the contribution amount for the  
4 upcoming State fiscal year estimated in the previous year's  
5 actuarial valuation required by Section 14-135.08 plus the  
6 amounts required under subsection (e-5), such that the total  
7 assets of the System equal 100% of the total actuarial  
8 liabilities of the System 20 years after the State fiscal year  
9 during which the contribution is made. The required State  
10 contribution shall be determined under the entry age normal  
11 actuarial cost method.

12           For State fiscal years 2036 through 2049, the minimum  
13 contribution to the System to be made by the State for each  
14 State fiscal year shall be the contribution amount for the  
15 upcoming State fiscal year estimated in the previous year's  
16 actuarial valuation required by Section 14-135.08 plus the  
17 amounts required under subsection (e-5), such that the total  
18 assets of the System equal 100% of the total actuarial  
19 liabilities of the System 20 years after the State fiscal year  
20 during which the contribution is made. In making these  
21 determinations, the required State contribution shall be  
22 calculated each year as a level percentage of payroll over the  
23 years remaining to and including fiscal year 2049 and shall be  
24 determined under the projected unit credit actuarial cost  
25 method.

26           For State fiscal years 2027 through 2035, the minimum

1 contribution to the System to be made by the State for each  
2 State fiscal year shall be an amount determined by the System  
3 to be sufficient to bring the total assets of the System up to  
4 100% of the total actuarial liabilities of the System by the  
5 end of State fiscal year 2049. In making these determinations,  
6 the required State contribution shall be calculated each year  
7 as a level percentage of payroll over the years remaining to  
8 and including fiscal year 2049 and shall be determined under  
9 the projected unit credit actuarial cost method.

10 For State fiscal years 2012 through 2026 ~~2045~~, the minimum  
11 contribution to the System to be made by the State for each  
12 fiscal year shall be an amount determined by the System to be  
13 sufficient to bring the total assets of the System up to 90% of  
14 the total actuarial liabilities of the System by the end of  
15 State fiscal year 2045. In making these determinations, the  
16 required State contribution shall be calculated each year as a  
17 level percentage of payroll over the years remaining to and  
18 including fiscal year 2045 and shall be determined under the  
19 projected unit credit actuarial cost method.

20 A change in an actuarial or investment assumption that  
21 increases or decreases the required State contribution and  
22 first applies in State fiscal year 2018 and before State  
23 fiscal year 2036 ~~or thereafter~~ shall be implemented in equal  
24 annual amounts over a 5-year period beginning in the State  
25 fiscal year in which the actuarial change first applies to the  
26 required State contribution.

1           A change in an actuarial or investment assumption that  
2 increases or decreases the required State contribution and  
3 first applied to the State contribution in fiscal year 2014,  
4 2015, 2016, or 2017 shall be implemented:

5           (i) as already applied in State fiscal years before  
6 2018; and

7           (ii) in the portion of the 5-year period beginning in  
8 the State fiscal year in which the actuarial change first  
9 applied that occurs in State fiscal year 2018 or  
10 thereafter, by calculating the change in equal annual  
11 amounts over that 5-year period and then implementing it  
12 at the resulting annual rate in each of the remaining  
13 fiscal years in that 5-year period.

14           For State fiscal years 1996 through 2005, the State  
15 contribution to the System, as a percentage of the applicable  
16 employee payroll, shall be increased in equal annual  
17 increments so that by State fiscal year 2011, the State is  
18 contributing at the rate required under this Section; except  
19 that (i) for State fiscal year 1998, for all purposes of this  
20 Code and any other law of this State, the certified percentage  
21 of the applicable employee payroll shall be 5.052% for  
22 employees earning eligible creditable service under Section  
23 14-110 and 6.500% for all other employees, notwithstanding any  
24 contrary certification made under Section 14-135.08 before  
25 July 7, 1997 (the effective date of Public Act 90-65), and (ii)  
26 in the following specified State fiscal years, the State

1 contribution to the System shall not be less than the  
2 following indicated percentages of the applicable employee  
3 payroll, even if the indicated percentage will produce a State  
4 contribution in excess of the amount otherwise required under  
5 this subsection and subsection (a): 9.8% in FY 1999; 10.0% in  
6 FY 2000; 10.2% in FY 2001; 10.4% in FY 2002; 10.6% in FY 2003;  
7 and 10.8% in FY 2004.

8 ~~Beginning in State fiscal year 2046, the minimum State~~  
9 ~~contribution for each fiscal year shall be the amount needed~~  
10 ~~to maintain the total assets of the System at 90% of the total~~  
11 ~~actuarial liabilities of the System.~~

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

24 Notwithstanding any other provision of this Section, the  
25 required State contribution for State fiscal year 2005 and for  
26 fiscal year 2008 and each fiscal year thereafter, as

1 calculated under this Section and certified under Section  
2 14-135.08, shall not exceed an amount equal to (i) the amount  
3 of the required State contribution that would have been  
4 calculated under this Section for that fiscal year if the  
5 System had not received any payments under subsection (d) of  
6 Section 7.2 of the General Obligation Bond Act, minus (ii) the  
7 portion of the State's total debt service payments for that  
8 fiscal year on the bonds issued in fiscal year 2003 for the  
9 purposes of that Section 7.2, as determined and certified by  
10 the Comptroller, that is the same as the System's portion of  
11 the total moneys distributed under subsection (d) of Section  
12 7.2 of the General Obligation Bond Act.

13 (e-5) For State fiscal year 2036 and each State fiscal  
14 year thereafter, the contribution to the System to be made by  
15 the State shall include an adjustment for differences between  
16 the unfunded liability reported in the current actuarial  
17 valuation and the unfunded liability reported in the previous  
18 year's actuarial valuation required by Section 14-135.08. The  
19 adjustment shall be implemented in equal annual amounts over a  
20 20-year period beginning in the State fiscal year in which the  
21 current actuarial valuation is used to determine the required  
22 State contribution under subsection (e).

23 (f) (Blank).

24 (g) For purposes of determining the required State  
25 contribution to the System, the value of the System's assets  
26 shall be equal to the actuarial value of the System's assets,

1 which shall be calculated as follows:

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

9 This subsection is inoperative on and after July 1, 2035.

10 (h) For purposes of determining the required State  
11 contribution to the System for a particular year, the  
12 actuarial value of assets shall be assumed to earn a rate of  
13 return equal to the System's actuarially assumed rate of  
14 return.

15 (i) (Blank).

16 (j) (Blank).

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

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

13 (Source: P.A. 103-588, eff. 6-5-24.)

14 (40 ILCS 5/14-152.1)

15 Sec. 14-152.1. Application and expiration of new benefit  
16 increases.

17 (a) As used in this Section, "new benefit increase" means  
18 an increase in the amount of any benefit provided under this  
19 Article, or an expansion of the conditions of eligibility for  
20 any benefit under this Article, that results from an amendment  
21 to this Code that takes effect after June 1, 2005 (the  
22 effective date of Public Act 94-4). "New benefit increase",  
23 however, does not include any benefit increase resulting from  
24 the changes made to Article 1 or this Article by Public Act  
25 96-37, Public Act 100-23, Public Act 100-587, Public Act

1 100-611, Public Act 101-10, Public Act 101-610, Public Act  
2 102-210, Public Act 102-856, Public Act 102-956, or this  
3 amendatory Act of the 104th General Assembly ~~this amendatory~~  
4 ~~Act of the 102nd General Assembly.~~

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

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

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

1 by the General Assembly, the new benefit increase shall expire  
2 at the end of the fiscal year in which the certification is  
3 made.

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

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

20 (Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19;  
21 101-610, eff. 1-1-20; 102-210, eff. 7-30-21; 102-856, eff.  
22 1-1-23; 102-956, eff. 5-27-22.)

23 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)  
24 Sec. 15-111. Earnings.

25 (a) "Earnings": Subject to Section 15-111.5, an amount

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

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

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

20 (2) "Earnings" includes transition pay paid to the  
21 employee before the effective date of this amendatory Act  
22 of the 91st General Assembly only if (i) employee  
23 contributions under Section 15-157 have been withheld from  
24 that transition pay or (ii) the employee pays to the  
25 System before January 1, 2001 an amount representing  
26 employee contributions under Section 15-157 on that

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

8 (b) For a Tier 2 member, except as otherwise provided in  
9 this subsection, the annual earnings shall not exceed  
10 \$106,800; however, that amount shall annually thereafter be  
11 increased by the lesser of (i) 3% of that amount, including all  
12 previous adjustments, or (ii) one half the annual unadjusted  
13 percentage increase (but not less than zero) in the consumer  
14 price index-u for the 12 months ending with the September  
15 preceding each November 1, including all previous adjustments.  
16 For all benefits or annuities payable after the effective date  
17 of this amendatory Act of the 104th General Assembly,  
18 calculations of maximum annual earnings, maximum salary, or  
19 maximum wages based on the plan year of a member or participant  
20 to whom this Section applies for any year shall not be less  
21 than the annual contribution and benefit base established for  
22 the applicable year by the Commissioner of the Social Security  
23 Administration under the federal Social Security Act for the  
24 given year. Nothing in this subsection shall cause or  
25 otherwise result in any retroactive adjustment of any employee  
26 or employer contributions. Nothing in this subsection shall

1 cause or otherwise result in any retroactive adjustment of  
2 disability or other payments made between January 1, 2011 and  
3 January 1, 2028. Nothing in this subsection shall require the  
4 recalculation of a benefit or annuity the member began  
5 receiving before the effective date of this amendatory Act of  
6 the 104th General Assembly.

7 For the purposes of this Section, "consumer price index u"  
8 means the index published by the Bureau of Labor Statistics of  
9 the United States Department of Labor that measures the  
10 average change in prices of goods and services purchased by  
11 all urban consumers, United States city average, all items,  
12 1982-84 = 100. Before the effective date of this amendatory  
13 Act of the 104th General Assembly ~~The~~ new amount resulting  
14 from each annual adjustment shall be determined by the Public  
15 Pension Division of the Department of Insurance and made  
16 available to the boards of the retirement systems and pension  
17 funds by November 1 of each year.

18 (c) With each submission of payroll information in the  
19 manner prescribed by the System, the employer shall certify  
20 that the payroll information is correct and complies with all  
21 applicable State and federal laws.

22 (Source: P.A. 98-92, eff. 7-16-13; 99-897, eff. 1-1-17.)

23 (40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)

24 Sec. 15-112. Final rate of earnings. "Final rate of  
25 earnings":

1 (a) This subsection (a) applies only to a Tier 1 member.

2 For an employee who is paid on an hourly basis or who  
3 receives an annual salary in installments during 12 months of  
4 each academic year, the average annual earnings during the 48  
5 consecutive calendar month period ending with the last day of  
6 final termination of employment or the 4 consecutive academic  
7 years of service in which the employee's earnings were the  
8 highest, whichever is greater. For any other employee, the  
9 average annual earnings during the 4 consecutive academic  
10 years of service in which his or her earnings were the highest.  
11 For an employee with less than 48 months or 4 consecutive  
12 academic years of service, the average earnings during his or  
13 her entire period of service. The earnings of an employee with  
14 more than 36 months of service under item (a) of Section  
15 15-113.1 prior to the date of becoming a participant are, for  
16 such period, considered equal to the average earnings during  
17 the last 36 months of such service.

18 (b) This subsection (b) applies to a Tier 2 member.

19 For benefits calculated on or before the effective date of  
20 this amendatory Act of the 104th General Assembly, for an  
21 employee who is paid on an hourly basis or who receives an  
22 annual salary in installments during 12 months of each  
23 academic year, the average annual earnings obtained by  
24 dividing by 8 the total earnings of the employee during the 96  
25 consecutive months in which the total earnings were the  
26 highest within the last 120 months prior to termination. For

1 benefits calculated after the effective date of this  
2 amendatory Act of the 104th General Assembly, for an employee  
3 who is paid on an hourly basis or who receives an annual salary  
4 in installments during 12 months of each academic year, the  
5 average annual earnings obtained by dividing by 6 the total  
6 earnings of the employee during the 72 consecutive months in  
7 which the total earnings were the highest within the last 120  
8 months prior to termination; unless such a calculation results  
9 in a lower benefit in which case the definition immediately  
10 preceding this definition shall be used.

11 For benefits calculated on or before the effective date of  
12 this amendatory Act of the 104th General Assembly, for any  
13 other employee, the average annual earnings during the 8  
14 consecutive academic years within the 10 years prior to  
15 termination in which the employee's earnings were the highest.  
16 For an employee with less than 96 consecutive months or 8  
17 consecutive academic years of service, whichever is necessary,  
18 the average earnings during his or her entire period of  
19 service. For benefits calculated on or before the effective  
20 date of this amendatory Act of the 104th General Assembly, for  
21 any other employee, the average annual earnings during the 6  
22 consecutive academic years within the 10 years prior to  
23 termination in which employees earnings were the highest;  
24 unless such a calculation results in a lower benefit in which  
25 case the definition immediately preceding this definition  
26 shall be used.

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

5           (d) For an employee on disability leave, earnings are  
6 assumed to be equal to the basic compensation on the date  
7 disability occurs or the average earnings during the 24 months  
8 immediately preceding the month in which disability occurs,  
9 whichever is greater.

10           (e) For a Tier 1 member who retires on or after August 22,  
11 1997 (the effective date of Public Act 90-511) ~~this amendatory~~  
12 ~~Act of 1997~~ with at least 20 years of service as a firefighter  
13 or police officer under this Article, the final rate of  
14 earnings shall be the annual rate of earnings received by the  
15 participant on his or her last day as a firefighter or police  
16 officer under this Article, if that is greater than the final  
17 rate of earnings as calculated under the other provisions of  
18 this Section.

19           (f) If a Tier 1 member is an employee for at least 6 months  
20 during the academic year in which his or her employment is  
21 terminated, the annual final rate of earnings shall be 25% of  
22 the sum of (1) the annual basic compensation for that year, and  
23 (2) the amount earned during the 36 months immediately  
24 preceding that year, if this is greater than the final rate of  
25 earnings as calculated under the other provisions of this  
26 Section.

1 (g) In the determination of the final rate of earnings for  
2 an employee, that part of an employee's earnings for any  
3 academic year beginning after June 30, 1997, which exceeds the  
4 employee's earnings with that employer for the preceding year  
5 by more than 20% ~~20 percent~~ shall be excluded; in the event  
6 that an employee has more than one employer this limitation  
7 shall be calculated separately for the earnings with each  
8 employer. In making such calculation, only the basic  
9 compensation of employees shall be considered, without regard  
10 to vacation or overtime or to contracts for summer employment.  
11 Beginning September 1, 2024, this subsection (g) also applies  
12 to an employee who has been employed at 1/2 time or less for 3  
13 or more years.

14 (h) The following are not considered as earnings in  
15 determining the final rate of earnings: (1) severance or  
16 separation pay, (2) retirement pay, (3) payment for unused  
17 sick leave, and (4) payments from an employer for the period  
18 used in determining the final rate of earnings for any purpose  
19 other than (i) services rendered, (ii) leave of absence or  
20 vacation granted during that period, and (iii) vacation of up  
21 to 56 work days allowed upon termination of employment; except  
22 that, if the benefit has been collectively bargained between  
23 the employer and the recognized collective bargaining agent  
24 pursuant to the Illinois Educational Labor Relations Act,  
25 payment received during a period of up to 2 academic years for  
26 unused sick leave may be considered as earnings in accordance

1 with the applicable collective bargaining agreement, subject  
2 to the 20% increase limitation of this Section. Any unused  
3 sick leave considered as earnings under this Section shall not  
4 be taken into account in calculating service credit under  
5 Section 15-113.4.

6 (i) Intermittent periods of service shall be considered as  
7 consecutive in determining the final rate of earnings.

8 (Source: P.A. 103-548, eff. 8-11-23; revised 7-18-24.)

9 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

10 Sec. 15-135. Retirement annuities; conditions.

11 (a) This subsection (a) applies only to a Tier 1 member. A  
12 participant who retires in one of the following specified  
13 years with the specified amount of service is entitled to a  
14 retirement annuity at any age under the retirement program  
15 applicable to the participant:

16 35 years if retirement is in 1997 or before;

17 34 years if retirement is in 1998;

18 33 years if retirement is in 1999;

19 32 years if retirement is in 2000;

20 31 years if retirement is in 2001;

21 30 years if retirement is in 2002 or later.

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

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

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

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

7 (a-5) A Tier 2 member is entitled to a retirement annuity  
8 upon written application if he or she has attained age 67 and  
9 has at least 10 years of service credit and is otherwise  
10 eligible under the requirements of this Article; except that,  
11 for a Tier 2 member who is in service on or after January 1,  
12 2028, the age and service eligibility requirements for a  
13 retirement annuity are the age and service eligibility  
14 requirements applicable to a Tier 1 member who first became a  
15 participant on December 31, 2010. A Tier 2 member who has  
16 attained age 62 and has at least 10 years of service credit and  
17 is otherwise eligible under the requirements of this Article  
18 may elect to receive the lower retirement annuity provided in  
19 subsection (b-5) of Section 15-136 of this Article; except  
20 that, a Tier 2 member who is in service on or after January 1,  
21 2028 may not elect to receive the lower retirement annuity  
22 provided in subsection (b-5) of Section 15-136.

23 (a-10) A Tier 2 member who was not in service on or after  
24 January 1, 2028 and has at least 20 years of service in this  
25 system as a police officer or firefighter is entitled to a  
26 retirement annuity upon written application on or after the

1 attainment of age 60 if Rule 4 of Section 15-136 is applicable  
2 to the participant. A Tier 2 member who has at least 20 years  
3 of service in this system as a police officer is entitled to a  
4 retirement annuity upon written application on or after the  
5 attainment of age 55 if Rule 4 of Section 15-136 is applicable  
6 to the participant. The changes made to this subsection by  
7 this amendatory Act of the 101st General Assembly apply  
8 retroactively to January 1, 2011.

9 (b) The annuity payment period shall begin on the date  
10 specified by the participant or the recipient of a disability  
11 retirement annuity submitting a written application. For a  
12 participant, the date on which the annuity payment period  
13 begins shall not be prior to termination of employment or more  
14 than one year before the application is received by the board;  
15 however, if the participant is not an employee of an employer  
16 participating in this System or in a participating system as  
17 defined in Article 20 of this Code on April 1 of the calendar  
18 year next following the calendar year in which the participant  
19 attains the age specified under Section 401(a)(9) of the  
20 Internal Revenue Code of 1986, as amended, the annuity payment  
21 period shall begin on that date regardless of whether an  
22 application has been filed. For a recipient of a disability  
23 retirement annuity, the date on which the annuity payment  
24 period begins shall not be prior to the discontinuation of the  
25 disability retirement annuity under Section 15-153.2.

26 (c) An annuity is not payable if the amount provided under

1 Section 15-136 is less than \$10 per month.

2 (Source: P.A. 101-610, eff. 1-1-20; 102-210, eff. 7-30-21.)

3 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

4 Sec. 15-136. Retirement annuities; amount ~~annuities—~~  
5 ~~Amount~~. The provisions of this Section 15-136 apply only to  
6 those participants who are participating in the traditional  
7 benefit package or the portable benefit package and do not  
8 apply to participants who are participating in the  
9 self-managed plan.

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

14 Rule 1: The retirement annuity shall be 1.67% of final  
15 rate of earnings for each of the first 10 years of service,  
16 1.90% for each of the next 10 years of service, 2.10% for each  
17 year of service in excess of 20 but not exceeding 30, and 2.30%  
18 for each year in excess of 30; or for persons who retire on or  
19 after January 1, 1998, 2.2% of the final rate of earnings for  
20 each year of service.

21 Rule 2: The retirement annuity shall be the sum of the  
22 following, determined from amounts credited to the participant  
23 in accordance with the actuarial tables and the effective rate  
24 of interest in effect at the time the retirement annuity  
25 begins:

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

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

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

14          With respect to a police officer or firefighter who  
15          retires 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  
24          employee or employer contribution for early retirement under  
25          Section 15-136.2 nor any other employer contribution shall be  
26          used in the calculation of the amount of a retirement annuity

1 under 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. A Tier 2  
11 member is eligible for a retirement annuity calculated under  
12 Rule 4 only if that Tier 2 member meets the service  
13 requirements for that benefit calculation as prescribed under  
14 this Rule 4 in addition to the applicable age requirement  
15 under subsection (a-10) of Section 15-135.

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

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

20 (ii) in the case of an individual who was a  
21 participating employee employed in the fire department of  
22 the University of Illinois's Champaign-Urbana campus  
23 immediately prior to the elimination of that fire  
24 department and who immediately after the elimination of  
25 that fire department transferred to another job with the  
26 University of Illinois, service performed as an employee

1 of the University of Illinois in a position other than  
2 police officer or firefighter, from the date of that  
3 transfer until the employee's next termination of service  
4 with the University of Illinois.

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

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

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

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

23 (b-5) The retirement annuity of a Tier 2 member who (i) is  
24 retiring under Rule 1 or 3 after attaining age 62 or is within  
25 5 years of the normal retirement age for that member and (ii)  
26 who has ~~with~~ at least 10 years of service credit shall be

1 reduced by 1/2 of 1% for each full month that the member's age  
2 is under age 65 ~~67~~. For a person who has reached the maximum  
3 percentage of salary allowed under this Article and who is  
4 within 5 years of the normal retirement age applicable for  
5 that member, the reduction under this subsection shall be 0%.

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

13 (d) A Tier 1 member whose status as an employee terminates  
14 after August 14, 1969 shall receive automatic increases in his  
15 or her retirement annuity as follows:

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

1 number of full months which elapsed from January 1, 1978, or  
2 the date the retirement annuity payments began, whichever is  
3 later, to the effective date of the increase.

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

12 Beginning January 1, 1990, all automatic annual increases  
13 payable under this Section shall be calculated as a percentage  
14 of the total annuity payable at the time of the increase,  
15 including all 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  
18 to whether status as an employee terminated before that date.

19 (d-5) A retirement annuity of a Tier 2 member shall  
20 receive annual increases on the January 1 occurring either on  
21 or after (1) the attainment of age 67, or age 65 with at least  
22 20 years of creditable service, or the January 1 occurring on  
23 or after the attainment of the full and unreduced retirement  
24 age; or (2) the first anniversary of the annuity start date,  
25 whichever is later. After the effective date of this  
26 amendatory Act of the 104th General Assembly, each annual

1 increase shall be calculated at 3% of the originally granted  
2 annuity. Prior to the effective date of this amendatory Act of  
3 the 104th General Assembly, each ~~Each~~ annual increase shall be  
4 calculated at 3% or one half the annual unadjusted percentage  
5 increase (but not less than zero) in the consumer price  
6 index-u for the 12 months ending with the September preceding  
7 each November 1, whichever is less, of the originally granted  
8 retirement annuity. If the annual unadjusted percentage change  
9 in the consumer price index-u for the 12 months ending with the  
10 September preceding each November 1 is zero or there is a  
11 decrease, then the annuity shall not be increased.

12 The changes made by this amendatory Act of the 104th  
13 General Assembly shall not result in any recalculation of any  
14 automatic annual increase granted before the effective date of  
15 this amendatory Act of the 104th General Assembly; however,  
16 all automatic annual increases becoming payable after the  
17 effective date of this amendatory Act of the 104th General  
18 Assembly shall comply with these changes.

19 (e) If, on January 1, 1987, or the date the retirement  
20 annuity payment period begins, whichever is later, the sum of  
21 the retirement annuity provided under Rule 1 or Rule 2 of this  
22 Section and the automatic annual increases provided under the  
23 preceding subsection or Section 15-136.1, amounts to less than  
24 the retirement annuity which would be provided by Rule 3, the  
25 retirement annuity shall be increased as of January 1, 1987,  
26 or the date the retirement annuity payment period begins,

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

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

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

1 the Social Security Act, is less than the retirement annuity  
2 which would have been payable if all of the participant's  
3 pension credits validated under Section 20-109 had been  
4 validated under this system, a supplemental annuity equal to  
5 the difference in such amounts shall be payable to the  
6 participant.

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

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

20 (j) The changes made to this Section by this amendatory  
21 Act of the 101st General Assembly apply retroactively to  
22 January 1, 2011.

23 (Source: P.A. 101-610, eff. 1-1-20.)

24 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)  
25 Sec. 15-155. Employer contributions.

1 (a) The State of Illinois shall make contributions by  
2 appropriations of amounts which, together with the other  
3 employer contributions from trust, federal, and other funds,  
4 employee contributions, income from investments, and other  
5 income of this System, will be sufficient to meet the cost of  
6 maintaining and administering the System on a 100% ~~90%~~ funded  
7 basis by the end of State fiscal year 2049 in accordance with  
8 actuarial recommendations.

9 The Board shall determine the amount of State  
10 contributions required for each fiscal year on the basis of  
11 the actuarial tables and other assumptions adopted by the  
12 Board and the recommendations of the actuary, using the  
13 formula in subsection (a-1). In making its determination, the  
14 Board shall disregard any contributions scheduled to be  
15 received in a future State fiscal year under the Budget  
16 Stabilization Act.

17 (a-1) Beginning in State fiscal year 2050, the minimum  
18 contribution to the System to be made by the State for each  
19 State fiscal year shall be the contribution amount for the  
20 upcoming State fiscal year estimated in the previous year's  
21 actuarial valuation required by subsection (a-5) of Section  
22 15-165 plus the amounts required under subsection (a-1.5),  
23 such that the total assets of the System equal 100% of the  
24 total actuarial liabilities of the System 20 years after the  
25 State fiscal year during which the contribution is made. The  
26 required State contribution shall be determined under the

1 entry age normal actuarial cost method.

2 For State fiscal years 2036 through 2049, the minimum  
3 contribution to the System to be made by the State for each  
4 State fiscal year shall be the contribution amount for the  
5 upcoming State fiscal year estimated in the previous year's  
6 actuarial valuation required by subsection (a-5) of Section  
7 15-165 plus the amounts required under subsection (a-1.5),  
8 such that the total assets of the System equal 100% of the  
9 total actuarial liabilities of the System 20 years after the  
10 State fiscal year during which the contribution is made. In  
11 making these determinations, the required State contribution  
12 shall be calculated each year as a level percentage of payroll  
13 over the years remaining to and including fiscal year 2049 and  
14 shall be determined under the projected unit credit actuarial  
15 cost method.

16 For State fiscal years 2027 through 2035, the minimum  
17 contribution to the System to be made by the State for each  
18 State fiscal year shall be an amount determined by the System  
19 to be sufficient to bring the total assets of the System up to  
20 100% of the total actuarial liabilities of the System by the  
21 end of State fiscal year 2049. In making these determinations,  
22 the required State contribution shall be calculated each year  
23 as a level percentage of payroll over the years remaining to  
24 and including fiscal year 2049 and shall be determined under  
25 the projected unit credit actuarial cost method.

26 For State fiscal years 2012 through ~~2026~~ 2045, the minimum

1 contribution to the System to be made by the State for each  
2 fiscal year shall be an amount determined by the System to be  
3 sufficient to bring the total assets of the System up to 90% of  
4 the total actuarial liabilities of the System by the end of  
5 State fiscal year 2045. In making these determinations, the  
6 required State contribution shall be calculated each year as a  
7 level percentage of payroll over the years remaining to and  
8 including fiscal year 2045 and shall be determined under the  
9 projected unit credit actuarial cost method.

10 For each of State fiscal years 2018, 2019, and 2020, the  
11 State shall make an additional contribution to the System  
12 equal to 2% of the total payroll of each employee who is deemed  
13 to have elected the benefits under Section 1-161 or who has  
14 made the election under subsection (c) of Section 1-161.

15 A change in an actuarial or investment assumption that  
16 increases or decreases the required State contribution and  
17 first applies in State fiscal year 2018 and before State  
18 fiscal year 2036 ~~or thereafter~~ shall be implemented in equal  
19 annual amounts over a 5-year period beginning in the State  
20 fiscal year in which the actuarial change first applies to the  
21 required State contribution.

22 A change in an actuarial or investment assumption that  
23 increases or decreases the required State contribution and  
24 first applied to the State contribution in fiscal year 2014,  
25 2015, 2016, or 2017 shall be implemented:

26 (i) as already applied in State fiscal years before

1           2018; and

2           (ii) in the portion of the 5-year period beginning in  
3           the State fiscal year in which the actuarial change first  
4           applied that occurs in State fiscal year 2018 or  
5           thereafter, by calculating the change in equal annual  
6           amounts over that 5-year period and then implementing it  
7           at the resulting annual rate in each of the remaining  
8           fiscal years in that 5-year period.

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

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

17          Notwithstanding any other provision of this Article, the  
18          total required State contribution for State fiscal year 2007  
19          is \$252,064,100.

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

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

11           Notwithstanding any other provision of this Article, the  
12 total required State contribution for State fiscal year 2011  
13 is the amount recertified by the System on or before April 1,  
14 2011 pursuant to Section 15-165 and shall be made from the  
15 State Pensions Fund and proceeds of bonds sold in fiscal year  
16 2011 pursuant to Section 7.2 of the General Obligation Bond  
17 Act, less (i) the pro rata share of bond sale expenses  
18 determined by the System's share of total bond proceeds, (ii)  
19 any amounts received from the General Revenue Fund in fiscal  
20 year 2011, and (iii) any reduction in bond proceeds due to the  
21 issuance of discounted bonds, if applicable.

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

26           Amounts received by the System pursuant to Section 25 of

1 the Budget Stabilization Act or Section 8.12 of the State  
2 Finance Act in any fiscal year do not reduce and do not  
3 constitute payment of any portion of the minimum State  
4 contribution required under this Article in that fiscal year.  
5 Such amounts shall not reduce, and shall not be included in the  
6 calculation of, the required State contributions under this  
7 Article in any future year until the System has reached a  
8 funding ratio of at least 90%. A reference in this Article to  
9 the "required State contribution" or any substantially similar  
10 term does not include or apply to any amounts payable to the  
11 System under Section 25 of the Budget Stabilization Act.

12 Notwithstanding any other provision of this Section, the  
13 required State contribution for State fiscal year 2005 and for  
14 fiscal year 2008 and each fiscal year thereafter, as  
15 calculated under this Section and certified under Section  
16 15-165, shall not exceed an amount equal to (i) the amount of  
17 the required State contribution that would have been  
18 calculated under this Section for that fiscal year if the  
19 System had not received any payments under subsection (d) of  
20 Section 7.2 of the General Obligation Bond Act, minus (ii) the  
21 portion of the State's total debt service payments for that  
22 fiscal year on the bonds issued in fiscal year 2003 for the  
23 purposes of that Section 7.2, as determined and certified by  
24 the Comptroller, that is the same as the System's portion of  
25 the total moneys distributed under subsection (d) of Section  
26 7.2 of the General Obligation Bond Act. In determining this

1 maximum for State fiscal years 2008 through 2010, however, the  
2 amount referred to in item (i) shall be increased, as a  
3 percentage of the applicable employee payroll, in equal  
4 increments calculated from the sum of the required State  
5 contribution for State fiscal year 2007 plus the applicable  
6 portion of the State's total debt service payments for fiscal  
7 year 2007 on the bonds issued in fiscal year 2003 for the  
8 purposes of Section 7.2 of the General Obligation Bond Act, so  
9 that, by State fiscal year 2011, the State is contributing at  
10 the rate otherwise required under this Section.

11 (a-1.5) For State fiscal year 2036 and each State fiscal  
12 year thereafter, the contribution to the System to be made by  
13 the State shall include an adjustment for differences between  
14 the unfunded liability reported in the current actuarial  
15 valuation and the unfunded liability reported in the previous  
16 year's actuarial valuation required by subsection (a-5) of  
17 Section 15-165. The adjustment shall be implemented in equal  
18 annual amounts over a 20-year period beginning in the State  
19 fiscal year in which the current actuarial valuation is used  
20 to determine the required State contribution under subsection  
21 (a-1).

22 (a-2) Beginning in fiscal year 2018, each employer under  
23 this Article shall pay to the System a required contribution  
24 determined as a percentage of projected payroll and sufficient  
25 to produce an annual amount equal to:

26 (i) for each of fiscal years 2018, 2019, and 2020, the

1 defined benefit normal cost of the defined benefit plan,  
2 less the employee contribution, for each employee of that  
3 employer who has elected or who is deemed to have elected  
4 the benefits under Section 1-161 or who has made the  
5 election under subsection (c) of Section 1-161; for fiscal  
6 year 2021 and each fiscal year thereafter, the defined  
7 benefit normal cost of the defined benefit plan, less the  
8 employee contribution, plus 2%, for each employee of that  
9 employer who has elected or who is deemed to have elected  
10 the benefits under Section 1-161 or who has made the  
11 election under subsection (c) of Section 1-161; plus

12 (ii) the amount required for that fiscal year to  
13 amortize any unfunded actuarial accrued liability  
14 associated with the present value of liabilities  
15 attributable to the employer's account under Section  
16 15-155.2, determined as a level percentage of payroll over  
17 a 30-year rolling amortization period.

18 In determining contributions required under item (i) of  
19 this subsection, the System shall determine an aggregate rate  
20 for all employers, expressed as a percentage of projected  
21 payroll.

22 In determining the contributions required under item (ii)  
23 of this subsection, the amount shall be computed by the System  
24 on the basis of the actuarial assumptions and tables used in  
25 the most recent actuarial valuation of the System that is  
26 available at the time of the computation.

1           The contributions required under this subsection (a-2)  
2 shall be paid by an employer concurrently with that employer's  
3 payroll payment period. The State, as the actual employer of  
4 an employee, shall make the required contributions under this  
5 subsection.

6           As used in this subsection, "academic year" means the  
7 12-month period beginning September 1.

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

23           (b-1) The City of Urbana and the City of Champaign shall  
24 each make employer contributions to this System for their  
25 respective firefighter employees who participate in this  
26 System pursuant to subsection (h) of Section 15-107. The rate

1 of contributions to be made by those municipalities shall be  
2 determined annually by the Board on the basis of the actuarial  
3 assumptions adopted by the Board and the recommendations of  
4 the actuary, and shall be expressed as a percentage of salary  
5 for each such employee. The Board shall certify the rate to the  
6 affected municipalities as soon as may be practical. The  
7 employer contributions required under this subsection shall be  
8 remitted by the municipality to the System at the same time and  
9 in the same manner as employee contributions.

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

22 (d) Beginning in State fiscal year 1996, the required  
23 State contributions to the System shall be appropriated  
24 directly to the System and shall be payable through vouchers  
25 issued in accordance with subsection (c) of Section 15-165,  
26 except as provided in subsection (g).

1           (e) The State Comptroller shall draw warrants payable to  
2 the System upon proper certification by the System or by the  
3 employer in accordance with the appropriation laws and this  
4 Code.

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

13           (g) If the amount of a participant's earnings for any  
14 academic year used to determine the final rate of earnings,  
15 determined on a full-time equivalent basis, exceeds the amount  
16 of his or her earnings with the same employer for the previous  
17 academic year, determined on a full-time equivalent basis, by  
18 more than 6%, the participant's employer shall pay to the  
19 System, in addition to all other payments required under this  
20 Section and in accordance with guidelines established by the  
21 System, the present value of the increase in benefits  
22 resulting from the portion of the increase in earnings that is  
23 in excess of 6%. This present value shall be computed by the  
24 System on the basis of the actuarial assumptions and tables  
25 used in the most recent actuarial valuation of the System that  
26 is available at the time of the computation. The System may

1 require the employer to provide any pertinent information or  
2 documentation.

3 Whenever it determines that a payment is or may be  
4 required under this subsection (g), the System shall calculate  
5 the amount of the payment and bill the employer for that  
6 amount. The bill shall specify the calculations used to  
7 determine the amount due. If the employer disputes the amount  
8 of the bill, it may, within 30 days after receipt of the bill,  
9 apply to the System in writing for a recalculation. The  
10 application must specify in detail the grounds of the dispute  
11 and, if the employer asserts that the calculation is subject  
12 to subsection (h), (h-5), or (i) of this Section, must include  
13 an affidavit setting forth and attesting to all facts within  
14 the employer's knowledge that are pertinent to the  
15 applicability of that subsection. Upon receiving a timely  
16 application for recalculation, the System shall review the  
17 application and, if appropriate, recalculate the amount due.

18 The employer contributions required under this subsection  
19 (g) may be paid in the form of a lump sum within 90 days after  
20 receipt of the bill. If the employer contributions are not  
21 paid within 90 days after receipt of the bill, then interest  
22 will be charged at a rate equal to the System's annual  
23 actuarially assumed rate of return on investment compounded  
24 annually from the 91st day after receipt of the bill. Payments  
25 must be concluded within 3 years after the employer's receipt  
26 of the bill.

1           When assessing payment for any amount due under this  
2 subsection (g), the System shall include earnings, to the  
3 extent not established by a participant under Section  
4 15-113.11 or 15-113.12, that would have been paid to the  
5 participant had the participant not taken (i) periods of  
6 voluntary or involuntary furlough occurring on or after July  
7 1, 2015 and on or before June 30, 2017 or (ii) periods of  
8 voluntary pay reduction in lieu of furlough occurring on or  
9 after July 1, 2015 and on or before June 30, 2017. Determining  
10 earnings that would have been paid to a participant had the  
11 participant not taken periods of voluntary or involuntary  
12 furlough or periods of voluntary pay reduction shall be the  
13 responsibility of the employer, and shall be reported in a  
14 manner prescribed by the System.

15           This subsection (g) does not apply to (1) Tier 2 hybrid  
16 plan members and (2) Tier 2 defined benefit members who first  
17 participate under this Article on or after the implementation  
18 date of the Optional Hybrid Plan.

19           (g-1) (Blank).

20           (h) This subsection (h) applies only to payments made or  
21 salary increases given on or after June 1, 2005 but before July  
22 1, 2011. The changes made by Public Act 94-1057 shall not  
23 require the System to refund any payments received before July  
24 31, 2006 (the effective date of Public Act 94-1057).

25           When assessing payment for any amount due under subsection  
26 (g), the System shall exclude earnings increases paid to

1 participants under contracts or collective bargaining  
2 agreements entered into, amended, or renewed before June 1,  
3 2005.

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

8 When assessing payment for any amount due under subsection  
9 (g), the System shall exclude earnings increases resulting  
10 from overload work, including a contract for summer teaching,  
11 or overtime when the employer has certified to the System, and  
12 the System has approved the certification, that: (i) in the  
13 case of overloads (A) the overload work is for the sole purpose  
14 of academic instruction in excess of the standard number of  
15 instruction hours for a full-time employee occurring during  
16 the academic year that the overload is paid and (B) the  
17 earnings increases are equal to or less than the rate of pay  
18 for academic instruction computed using the participant's  
19 current salary rate and work schedule; and (ii) in the case of  
20 overtime, the overtime was necessary for the educational  
21 mission.

22 When assessing payment for any amount due under subsection  
23 (g), the System shall exclude any earnings increase resulting  
24 from (i) a promotion for which the employee moves from one  
25 classification to a higher classification under the State  
26 Universities Civil Service System, (ii) a promotion in

1 academic rank for a tenured or tenure-track faculty position,  
2 or (iii) a promotion that the Illinois Community College Board  
3 has recommended in accordance with subsection (k) of this  
4 Section. These earnings increases shall be excluded only if  
5 the promotion is to a position that has existed and been filled  
6 by a member for no less than one complete academic year and the  
7 earnings increase as a result of the promotion is an increase  
8 that results in an amount no greater than the average salary  
9 paid for other similar positions.

10 (h-5) When assessing payment for any amount due under  
11 subsection (g), the System shall exclude any earnings increase  
12 paid in an academic year beginning on or after July 1, 2020  
13 resulting from overload work performed in an academic year  
14 subsequent to an academic year in which the employer was  
15 unable to offer or allow to be conducted overload work due to  
16 an emergency declaration limiting such activities.

17 (i) When assessing payment for any amount due under  
18 subsection (g), the System shall exclude any salary increase  
19 described in subsection (h) of this Section given on or after  
20 July 1, 2011 but before July 1, 2014 under a contract or  
21 collective bargaining agreement entered into, amended, or  
22 renewed on or after June 1, 2005 but before July 1, 2011.  
23 Except as provided in subsection (h-5), any payments made or  
24 salary increases given after June 30, 2014 shall be used in  
25 assessing payment for any amount due under subsection (g) of  
26 this Section.

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

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

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

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

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

17           (j-5) For State fiscal years beginning on or after July 1,  
18 2017, if the amount of a participant's earnings for any State  
19 fiscal year exceeds the amount of the salary set by law for the  
20 Governor that is in effect on July 1 of that fiscal year, the  
21 participant's employer shall pay to the System, in addition to  
22 all other payments required under this Section and in  
23 accordance with guidelines established by the System, an  
24 amount determined by the System to be equal to the employer  
25 normal cost, as established by the System and expressed as a  
26 total percentage of payroll, multiplied by the amount of

1 earnings in excess of the amount of the salary set by law for  
2 the Governor. This amount shall be computed by the System on  
3 the basis of the actuarial assumptions and tables used in the  
4 most recent actuarial valuation of the System that is  
5 available at the time of the computation. The System may  
6 require the employer to provide any pertinent information or  
7 documentation.

8 Whenever it determines that a payment is or may be  
9 required under this subsection, the System shall calculate the  
10 amount of the payment and bill the employer for that amount.  
11 The bill shall specify the calculation used to determine the  
12 amount due. If the employer disputes the amount of the bill, it  
13 may, within 30 days after receipt of the bill, apply to the  
14 System in writing for a recalculation. The application must  
15 specify in detail the grounds of the dispute. Upon receiving a  
16 timely application for recalculation, the System shall review  
17 the application and, if appropriate, recalculate the amount  
18 due.

19 The employer contributions required under this subsection  
20 may be paid in the form of a lump sum within 90 days after  
21 issuance of the bill. If the employer contributions are not  
22 paid within 90 days after issuance of the bill, then interest  
23 will be charged at a rate equal to the System's annual  
24 actuarially assumed rate of return on investment compounded  
25 annually from the 91st day after issuance of the bill. All  
26 payments must be received within 3 years after issuance of the

1 bill. If the employer fails to make complete payment,  
2 including applicable interest, within 3 years, then the System  
3 may, after giving notice to the employer, certify the  
4 delinquent amount to the State Comptroller, and the  
5 Comptroller shall thereupon deduct the certified delinquent  
6 amount from State funds payable to the employer and pay them  
7 instead to the System.

8 This subsection (j-5) does not apply to a participant's  
9 earnings to the extent an employer pays the employer normal  
10 cost of such earnings.

11 The changes made to this subsection (j-5) by Public Act  
12 100-624 are intended to apply retroactively to July 6, 2017  
13 (the effective date of Public Act 100-23).

14 (k) The Illinois Community College Board shall adopt rules  
15 for recommending lists of promotional positions submitted to  
16 the Board by community colleges and for reviewing the  
17 promotional lists on an annual basis. When recommending  
18 promotional lists, the Board shall consider the similarity of  
19 the positions submitted to those positions recognized for  
20 State universities by the State Universities Civil Service  
21 System. The Illinois Community College Board shall file a copy  
22 of its findings with the System. The System shall consider the  
23 findings of the Illinois Community College Board when making  
24 determinations under this Section. The System shall not  
25 exclude any earnings increases resulting from a promotion when  
26 the promotion was not submitted by a community college.

1 Nothing in this subsection (k) shall require any community  
2 college to submit any information to the Community College  
3 Board.

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

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

15 This subsection is inoperative on and after July 1, 2035.

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

21 (Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19;  
22 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-764, eff.  
23 5-13-22.)

24 (40 ILCS 5/15-198)

25 Sec. 15-198. Application and expiration of new benefit

1 increases.

2 (a) As used in this Section, "new benefit increase" means  
3 an increase in the amount of any benefit provided under this  
4 Article, or an expansion of the conditions of eligibility for  
5 any benefit under this Article, that results from an amendment  
6 to this Code that takes effect after June 1, 2005 (the  
7 effective date of Public Act 94-4). "New benefit increase",  
8 however, does not include any benefit increase resulting from  
9 the changes made to Article 1 or this Article by Public Act  
10 100-23, Public Act 100-587, Public Act 100-769, Public Act  
11 101-10, Public Act 101-610, Public Act 102-16, Public Act  
12 103-80, ~~or~~ Public Act 103-548, or this amendatory Act of the  
13 104th General Assembly.

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

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

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

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

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

3 (Source: P.A. 102-16, eff. 6-17-21; 103-80, eff. 6-9-23;  
4 103-548, eff. 8-11-23; 103-605, eff. 7-1-24.)

5 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

6 Sec. 16-158. Contributions by State and other employing  
7 units.

8 (a) The State shall make contributions to the System by  
9 means of appropriations from the Common School Fund and other  
10 State funds of amounts which, together with other employer  
11 contributions, employee contributions, investment income, and  
12 other income, will be sufficient to meet the cost of  
13 maintaining and administering the System on a 100% ~~90%~~ funded  
14 basis by the end of State fiscal year 2049 in accordance with  
15 actuarial recommendations.

16 The Board shall determine the amount of State  
17 contributions required for each fiscal year on the basis of  
18 the actuarial tables and other assumptions adopted by the  
19 Board and the recommendations of the actuary, using the  
20 formula in subsection (b-3). In making its determination, the  
21 Board shall disregard any contributions scheduled to be  
22 received in a future State fiscal year under the Budget  
23 Stabilization Act.

24 (a-1) Annually, on or before November 15 until November  
25 15, 2011, the Board shall certify to the Governor the amount of

1 the required State contribution for the coming fiscal year.  
2 The certification under this subsection (a-1) shall include a  
3 copy of the actuarial recommendations upon which it is based  
4 and shall specifically identify the System's projected State  
5 normal cost for that fiscal year.

6 On or before May 1, 2004, the Board shall recalculate and  
7 recertify to the Governor the amount of the required State  
8 contribution to the System for State fiscal year 2005, taking  
9 into account the amounts appropriated to and received by the  
10 System under subsection (d) of Section 7.2 of the General  
11 Obligation Bond Act.

12 On or before July 1, 2005, the Board shall recalculate and  
13 recertify to the Governor the amount of the required State  
14 contribution to the System for State fiscal year 2006, taking  
15 into account the changes in required State contributions made  
16 by Public Act 94-4.

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

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  
26 certification of the amount of the required State contribution

1 to the System for the next fiscal year, along with all of the  
2 actuarial assumptions, calculations, and data upon which that  
3 proposed certification is based. On or before January 1 of  
4 each year, beginning January 1, 2013, the State Actuary shall  
5 issue a preliminary report concerning the proposed  
6 certification and identifying, if necessary, recommended  
7 changes in actuarial assumptions that the Board must consider  
8 before finalizing its certification of the required State  
9 contributions. On or before January 15, 2013 and each January  
10 15 thereafter, the Board shall certify to the Governor and the  
11 General Assembly the amount of the required State contribution  
12 for the next fiscal year. The Board's certification must note  
13 any deviations from the State Actuary's recommended changes,  
14 the reason or reasons for not following the State Actuary's  
15 recommended changes, and the fiscal impact of not following  
16 the State Actuary's recommended changes on the required State  
17 contribution.

18 (a-10) By November 1, 2017, the Board shall recalculate  
19 and recertify to the State Actuary, the Governor, and the  
20 General Assembly the amount of the State contribution to the  
21 System for State fiscal year 2018, taking into account the  
22 changes in required State contributions made by Public Act  
23 100-23. The State Actuary shall review the assumptions and  
24 valuations underlying the Board's revised certification and  
25 issue a preliminary report concerning the proposed  
26 recertification and identifying, if necessary, recommended

1 changes in actuarial assumptions that the Board must consider  
2 before finalizing its certification of the required State  
3 contributions. The Board's final certification must note any  
4 deviations from the State Actuary's recommended changes, the  
5 reason or reasons for not following the State Actuary's  
6 recommended changes, and the fiscal impact of not following  
7 the State Actuary's recommended changes on the required State  
8 contribution.

9 (a-15) On or after June 15, 2019, but no later than June  
10 30, 2019, the Board shall recalculate and recertify to the  
11 Governor and the General Assembly the amount of the State  
12 contribution to the System for State fiscal year 2019, taking  
13 into account the changes in required State contributions made  
14 by Public Act 100-587. The recalculation shall be made using  
15 assumptions adopted by the Board for the original fiscal year  
16 2019 certification. The monthly voucher for the 12th month of  
17 fiscal year 2019 shall be paid by the Comptroller after the  
18 recertification required pursuant to this subsection is  
19 submitted to the Governor, Comptroller, and General Assembly.  
20 The recertification submitted to the General Assembly shall be  
21 filed with the Clerk of the House of Representatives and the  
22 Secretary of the Senate in electronic form only, in the manner  
23 that the Clerk and the Secretary shall direct.

24 (b) Through State fiscal year 1995, the State  
25 contributions shall be paid to the System in accordance with  
26 Section 18-7 of the School Code.

1 (b-1) Unless otherwise directed by the Comptroller under  
2 subsection (b-1.1), the Board shall submit vouchers for  
3 payment of State contributions to the System for the  
4 applicable month on the 15th day of each month, or as soon  
5 thereafter as may be practicable. The amount vouchered for a  
6 monthly payment shall total one-twelfth of the required annual  
7 State contribution certified under subsection (a-1).

8 (b-1.1) Beginning in State fiscal year 2025, if the  
9 Comptroller requests that the Board submit, during a State  
10 fiscal year, vouchers for multiple monthly payments for the  
11 advance payment of State contributions due to the System for  
12 that State fiscal year, then the Board shall submit those  
13 additional vouchers as directed by the Comptroller,  
14 notwithstanding subsection (b-1). Unless an act of  
15 appropriations provides otherwise, nothing in this Section  
16 authorizes the Board to submit, in a State fiscal year,  
17 vouchers for the payment of State contributions to the System  
18 in an amount that exceeds the rate of payroll that is certified  
19 by the System under this Section for that State fiscal year.

20 (b-1.2) The vouchers described in subsections (b-1) and  
21 (b-1.1) shall be paid by the State Comptroller and Treasurer  
22 by warrants drawn on the funds appropriated to the System for  
23 that fiscal year.

24 If in any month the amount remaining unexpended from all  
25 other appropriations to the System for the applicable fiscal  
26 year (including the appropriations to the System under Section

1 8.12 of the State Finance Act and Section 1 of the State  
2 Pension Funds Continuing Appropriation Act) is less than the  
3 amount lawfully vouchered under this subsection, the  
4 difference shall be paid from the Common School Fund under the  
5 continuing appropriation authority provided in Section 1.1 of  
6 the State Pension Funds Continuing Appropriation Act.

7 (b-2) Allocations from the Common School Fund apportioned  
8 to school districts not coming under this System shall not be  
9 diminished or affected by the provisions of this Article.

10 (b-3) Beginning in State fiscal year 2050, the minimum  
11 contribution to the System to be made by the State for each  
12 State fiscal year shall be the contribution amount for the  
13 upcoming State fiscal year estimated in the previous year's  
14 actuarial valuation required by subsection (a-5) plus the  
15 amounts required under subsection (b-3.5), such that the total  
16 assets of the System equal 100% of the total actuarial  
17 liabilities of the System 20 years after the State fiscal year  
18 during which the contribution is made. The required State  
19 contribution shall be determined under the entry age normal  
20 actuarial cost method.

21 For State fiscal years 2036 through 2049, the minimum  
22 contribution to the System to be made by the State for each  
23 State fiscal year shall be the contribution amount for the  
24 upcoming State fiscal year estimated in the previous year's  
25 actuarial valuation required by subsection (a-5) plus the  
26 amounts required under subsection (b-3.5), such that the total

1 assets of the System equal 100% of the total actuarial  
2 liabilities of the System 20 years after the State fiscal year  
3 during which the contribution is made. In making these  
4 determinations, the required State contribution shall be  
5 calculated each year as a level percentage of payroll over the  
6 years remaining to and including fiscal year 2049 and shall be  
7 determined under the projected unit credit actuarial cost  
8 method.

9 For State fiscal years 2027 through 2035, the minimum  
10 contribution to the System to be made by the State for each  
11 State fiscal year shall be an amount determined by the System  
12 to be sufficient to bring the total assets of the System up to  
13 100% of the total actuarial liabilities of the System by the  
14 end of State fiscal year 2049. In making these determinations,  
15 the required State contribution shall be calculated each year  
16 as a level percentage of payroll over the years remaining to  
17 and including fiscal year 2049 and shall be determined under  
18 the projected unit credit actuarial cost method.

19 For State fiscal years 2012 through 2026 ~~2045~~, the minimum  
20 contribution to the System to be made by the State for each  
21 fiscal year shall be an amount determined by the System to be  
22 sufficient to bring the total assets of the System up to 90% of  
23 the total actuarial liabilities of the System by the end of  
24 State fiscal year 2045. In making these determinations, the  
25 required State contribution shall be calculated each year as a  
26 level percentage of payroll over the years remaining to and

1 including fiscal year 2045 and shall be determined under the  
2 projected unit credit actuarial cost method.

3 For each of State fiscal years 2018, 2019, and 2020, the  
4 State shall make an additional contribution to the System  
5 equal to 2% of the total payroll of each employee who is deemed  
6 to have elected the benefits under Section 1-161 or who has  
7 made the election under subsection (c) of Section 1-161.

8 A change in an actuarial or investment assumption that  
9 increases or decreases the required State contribution and  
10 first applies in State fiscal year 2018 and before State  
11 fiscal year 2036 ~~or thereafter~~ shall be implemented in equal  
12 annual amounts over a 5-year period beginning in the State  
13 fiscal year in which the actuarial change first applies to the  
14 required State contribution.

15 A change in an actuarial or investment assumption that  
16 increases or decreases the required State contribution and  
17 first applied to the State contribution in fiscal year 2014,  
18 2015, 2016, or 2017 shall be implemented:

19 (i) as already applied in State fiscal years before  
20 2018; and

21 (ii) in the portion of the 5-year period beginning in  
22 the State fiscal year in which the actuarial change first  
23 applied that occurs in State fiscal year 2018 or  
24 thereafter, by calculating the change in equal annual  
25 amounts over that 5-year period and then implementing it  
26 at the resulting annual rate in each of the remaining

1           fiscal years in that 5-year period.

2           For State fiscal years 1996 through 2005, the State  
3 contribution to the System, as a percentage of the applicable  
4 employee payroll, shall be increased in equal annual  
5 increments so that by State fiscal year 2011, the State is  
6 contributing at the rate required under this Section; except  
7 that in the following specified State fiscal years, the State  
8 contribution to the System shall not be less than the  
9 following indicated percentages of the applicable employee  
10 payroll, even if the indicated percentage will produce a State  
11 contribution in excess of the amount otherwise required under  
12 this subsection and subsection (a), and notwithstanding any  
13 contrary certification made under subsection (a-1) before May  
14 27, 1998 (the effective date of Public Act 90-582): 10.02% in  
15 FY 1999; 10.77% in FY 2000; 11.47% in FY 2001; 12.16% in FY  
16 2002; 12.86% in FY 2003; and 13.56% in FY 2004.

17           Notwithstanding any other provision of this Article, the  
18 total required State contribution for State fiscal year 2006  
19 is \$534,627,700.

20           Notwithstanding any other provision of this Article, the  
21 total required State contribution for State fiscal year 2007  
22 is \$738,014,500.

23           For each of State fiscal years 2008 through 2009, the  
24 State contribution to the System, as a percentage of the  
25 applicable employee payroll, shall be increased in equal  
26 annual increments from the required State contribution for

1 State fiscal year 2007, so that by State fiscal year 2011, the  
2 State is contributing at the rate otherwise required under  
3 this Section.

4 Notwithstanding any other provision of this Article, the  
5 total required State contribution for State fiscal year 2010  
6 is \$2,089,268,000 and shall be made from the proceeds of bonds  
7 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
8 Obligation Bond Act, less (i) the pro rata share of bond sale  
9 expenses determined by the System's share of total bond  
10 proceeds, (ii) any amounts received from the Common School  
11 Fund in fiscal year 2010, and (iii) any reduction in bond  
12 proceeds due to the issuance of discounted bonds, if  
13 applicable.

14 Notwithstanding any other provision of this Article, the  
15 total required State contribution for State fiscal year 2011  
16 is the amount recertified by the System on or before April 1,  
17 2011 pursuant to subsection (a-1) of this Section and shall be  
18 made from the proceeds of bonds sold in fiscal year 2011  
19 pursuant to Section 7.2 of the General Obligation Bond Act,  
20 less (i) the pro rata share of bond sale expenses determined by  
21 the System's share of total bond proceeds, (ii) any amounts  
22 received from the Common School Fund in fiscal year 2011, and  
23 (iii) any reduction in bond proceeds due to the issuance of  
24 discounted bonds, if applicable. This amount shall include, in  
25 addition to the amount certified by the System, an amount  
26 necessary to meet employer contributions required by the State

1 as an employer under paragraph (e) of this Section, which may  
2 also be used by the System for contributions required by  
3 paragraph (a) of Section 16-127.

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

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

20 Notwithstanding any other provision of this Section, the  
21 required State contribution for State fiscal year 2005 and for  
22 fiscal year 2008 and each fiscal year thereafter, as  
23 calculated under this Section and certified under subsection  
24 (a-1), shall not exceed an amount equal to (i) the amount of  
25 the required State contribution that would have been  
26 calculated under this Section for that fiscal year if the

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

19 (b-3.5) For State fiscal year 2036 and each State fiscal  
20 year thereafter, the contribution to the System to be made by  
21 the State shall include an adjustment for differences between  
22 the unfunded liability reported in the current actuarial  
23 valuation and the unfunded liability reported in the previous  
24 year's actuarial valuation required by subsection (a-5). The  
25 adjustment shall be implemented in equal annual amounts over a  
26 20-year period beginning in the State fiscal year in which the

1 current actuarial valuation is used to determine the required  
2 State contribution under subsection (b-3).

3 (b-4) Beginning in fiscal year 2018, each employer under  
4 this Article shall pay to the System a required contribution  
5 determined as a percentage of projected payroll and sufficient  
6 to produce an annual amount equal to:

7 (i) for each of fiscal years 2018, 2019, and 2020, the  
8 defined benefit normal cost of the defined benefit plan,  
9 less the employee contribution, for each employee of that  
10 employer who has elected or who is deemed to have elected  
11 the benefits under Section 1-161 or who has made the  
12 election under subsection (b) of Section 1-161; for fiscal  
13 year 2021 and each fiscal year thereafter, the defined  
14 benefit normal cost of the defined benefit plan, less the  
15 employee contribution, plus 2%, for each employee of that  
16 employer who has elected or who is deemed to have elected  
17 the benefits under Section 1-161 or who has made the  
18 election under subsection (b) of Section 1-161; plus

19 (ii) the amount required for that fiscal year to  
20 amortize any unfunded actuarial accrued liability  
21 associated with the present value of liabilities  
22 attributable to the employer's account under Section  
23 16-158.3, determined as a level percentage of payroll over  
24 a 30-year rolling amortization period.

25 In determining contributions required under item (i) of  
26 this subsection, the System shall determine an aggregate rate

1 for all employers, expressed as a percentage of projected  
2 payroll.

3 In determining the contributions required under item (ii)  
4 of this subsection, the amount shall be computed by the System  
5 on the basis of the actuarial assumptions and tables used in  
6 the most recent actuarial valuation of the System that is  
7 available at the time of the computation.

8 The contributions required under this subsection (b-4)  
9 shall be paid by an employer concurrently with that employer's  
10 payroll payment period. The State, as the actual employer of  
11 an employee, shall make the required contributions under this  
12 subsection.

13 (c) Payment of the required State contributions and of all  
14 pensions, retirement annuities, death benefits, refunds, and  
15 other benefits granted under or assumed by this System, and  
16 all expenses in connection with the administration and  
17 operation thereof, are obligations of the State.

18 If members are paid from special trust or federal funds  
19 which are administered by the employing unit, whether school  
20 district or other unit, the employing unit shall pay to the  
21 System from such funds the full accruing retirement costs  
22 based upon that service, which, beginning July 1, 2017, shall  
23 be at a rate, expressed as a percentage of salary, equal to the  
24 total employer's normal cost, expressed as a percentage of  
25 payroll, as determined by the System. Employer contributions,  
26 based on salary paid to members from federal funds, may be

1 forwarded by the distributing agency of the State of Illinois  
2 to the System prior to allocation, in an amount determined in  
3 accordance with guidelines established by such agency and the  
4 System. Any contribution for fiscal year 2015 collected as a  
5 result of the change made by Public Act 98-674 shall be  
6 considered a State contribution under subsection (b-3) of this  
7 Section.

8 (d) Effective July 1, 1986, any employer of a teacher as  
9 defined in paragraph (8) of Section 16-106 shall pay the  
10 employer's normal cost of benefits based upon the teacher's  
11 service, in addition to employee contributions, as determined  
12 by the System. Such employer contributions shall be forwarded  
13 monthly in accordance with guidelines established by the  
14 System.

15 However, with respect to benefits granted under Section  
16 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)  
17 of Section 16-106, the employer's contribution shall be 12%  
18 (rather than 20%) of the member's highest annual salary rate  
19 for each year of creditable service granted, and the employer  
20 shall also pay the required employee contribution on behalf of  
21 the teacher. For the purposes of Sections 16-133.4 and  
22 16-133.5, a teacher as defined in paragraph (8) of Section  
23 16-106 who is serving in that capacity while on leave of  
24 absence from another employer under this Article shall not be  
25 considered an employee of the employer from which the teacher  
26 is on leave.

1 (e) Beginning July 1, 1998, every employer of a teacher  
2 shall pay to the System an employer contribution computed as  
3 follows:

4 (1) Beginning July 1, 1998 through June 30, 1999, the  
5 employer contribution shall be equal to 0.3% of each  
6 teacher's salary.

7 (2) Beginning July 1, 1999 and thereafter, the  
8 employer contribution shall be equal to 0.58% of each  
9 teacher's salary.

10 The school district or other employing unit may pay these  
11 employer contributions out of any source of funding available  
12 for that purpose and shall forward the contributions to the  
13 System on the schedule established for the payment of member  
14 contributions.

15 These employer contributions are intended to offset a  
16 portion of the cost to the System of the increases in  
17 retirement benefits resulting from Public Act 90-582.

18 Each employer of teachers is entitled to a credit against  
19 the contributions required under this subsection (e) with  
20 respect to salaries paid to teachers for the period January 1,  
21 2002 through June 30, 2003, equal to the amount paid by that  
22 employer under subsection (a-5) of Section 6.6 of the State  
23 Employees Group Insurance Act of 1971 with respect to salaries  
24 paid to teachers for that period.

25 The additional 1% employee contribution required under  
26 Section 16-152 by Public Act 90-582 is the responsibility of

1 the teacher and not the teacher's employer, unless the  
2 employer agrees, through collective bargaining or otherwise,  
3 to make the contribution on behalf of the teacher.

4 If an employer is required by a contract in effect on May  
5 1, 1998 between the employer and an employee organization to  
6 pay, on behalf of all its full-time employees covered by this  
7 Article, all mandatory employee contributions required under  
8 this Article, then the employer shall be excused from paying  
9 the employer contribution required under this subsection (e)  
10 for the balance of the term of that contract. The employer and  
11 the employee organization shall jointly certify to the System  
12 the existence of the contractual requirement, in such form as  
13 the System may prescribe. This exclusion shall cease upon the  
14 termination, extension, or renewal of the contract at any time  
15 after May 1, 1998.

16 (f) If the amount of a teacher's salary for any school year  
17 used to determine final average salary exceeds the member's  
18 annual full-time salary rate with the same employer for the  
19 previous school year by more than 6%, the teacher's employer  
20 shall pay to the System, in addition to all other payments  
21 required under this Section and in accordance with guidelines  
22 established by the System, the present value of the increase  
23 in benefits resulting from the portion of the increase in  
24 salary that is in excess of 6%. This present value shall be  
25 computed by the System on the basis of the actuarial  
26 assumptions and tables used in the most recent actuarial

1 valuation of the System that is available at the time of the  
2 computation. If a teacher's salary for the 2005-2006 school  
3 year is used to determine final average salary under this  
4 subsection (f), then the changes made to this subsection (f)  
5 by Public Act 94-1057 shall apply in calculating whether the  
6 increase in his or her salary is in excess of 6%. For the  
7 purposes of this Section, change in employment under Section  
8 10-21.12 of the School Code on or after June 1, 2005 shall  
9 constitute a change in employer. The System may require the  
10 employer to provide any pertinent information or  
11 documentation. The changes made to this subsection (f) by  
12 Public Act 94-1111 apply without regard to whether the teacher  
13 was in service on or after its effective date.

14 Whenever it determines that a payment is or may be  
15 required under this subsection, the System shall calculate the  
16 amount of the payment and bill the employer for that amount.  
17 The bill shall specify the calculations used to determine the  
18 amount due. If the employer disputes the amount of the bill, it  
19 may, within 30 days after receipt of the bill, apply to the  
20 System in writing for a recalculation. The application must  
21 specify in detail the grounds of the dispute and, if the  
22 employer asserts that the calculation is subject to subsection  
23 (g), (g-5), (g-10), (g-15), (g-20), or (h) of this Section,  
24 must include an affidavit setting forth and attesting to all  
25 facts within the employer's knowledge that are pertinent to  
26 the applicability of that subsection. Upon receiving a timely

1 application for recalculation, the System shall review the  
2 application and, if appropriate, recalculate the amount due.

3 The employer contributions required under this subsection  
4 (f) may be paid in the form of a lump sum within 90 days after  
5 receipt of the bill. If the employer contributions are not  
6 paid within 90 days after receipt of the bill, then interest  
7 will be charged at a rate equal to the System's annual  
8 actuarially assumed rate of return on investment compounded  
9 annually from the 91st day after receipt of the bill. Payments  
10 must be concluded within 3 years after the employer's receipt  
11 of the bill.

12 (f-1) (Blank).

13 (g) This subsection (g) applies only to payments made or  
14 salary increases given on or after June 1, 2005 but before July  
15 1, 2011. The changes made by Public Act 94-1057 shall not  
16 require the System to refund any payments received before July  
17 31, 2006 (the effective date of Public Act 94-1057).

18 When assessing payment for any amount due under subsection  
19 (f), the System shall exclude salary increases paid to  
20 teachers under contracts or collective bargaining agreements  
21 entered into, amended, or renewed before June 1, 2005.

22 When assessing payment for any amount due under subsection  
23 (f), the System shall exclude salary increases paid to a  
24 teacher at a time when the teacher is 10 or more years from  
25 retirement eligibility under Section 16-132 or 16-133.2.

26 When assessing payment for any amount due under subsection

1 (f), the System shall exclude salary increases resulting from  
2 overload work, including summer school, when the school  
3 district has certified to the System, and the System has  
4 approved the certification, that (i) the overload work is for  
5 the sole purpose of classroom instruction in excess of the  
6 standard number of classes for a full-time teacher in a school  
7 district during a school year and (ii) the salary increases  
8 are equal to or less than the rate of pay for classroom  
9 instruction computed on the teacher's current salary and work  
10 schedule.

11 When assessing payment for any amount due under subsection  
12 (f), the System shall exclude a salary increase resulting from  
13 a promotion (i) for which the employee is required to hold a  
14 certificate or supervisory endorsement issued by the State  
15 Teacher Certification Board that is a different certification  
16 or supervisory endorsement than is required for the teacher's  
17 previous position and (ii) to a position that has existed and  
18 been filled by a member for no less than one complete academic  
19 year and the salary increase from the promotion is an increase  
20 that results in an amount no greater than the lesser of the  
21 average salary paid for other similar positions in the  
22 district requiring the same certification or the amount  
23 stipulated in the collective bargaining agreement for a  
24 similar position requiring the same certification.

25 When assessing payment for any amount due under subsection  
26 (f), the System shall exclude any payment to the teacher from

1 the State of Illinois or the State Board of Education over  
2 which the employer does not have discretion, notwithstanding  
3 that the payment is included in the computation of final  
4 average salary.

5 (g-5) When assessing payment for any amount due under  
6 subsection (f), the System shall exclude salary increases  
7 resulting from overload or stipend work performed in a school  
8 year subsequent to a school year in which the employer was  
9 unable to offer or allow to be conducted overload or stipend  
10 work due to an emergency declaration limiting such activities.

11 (g-10) When assessing payment for any amount due under  
12 subsection (f), the System shall exclude salary increases  
13 resulting from increased instructional time that exceeded the  
14 instructional time required during the 2019-2020 school year.

15 (g-15) When assessing payment for any amount due under  
16 subsection (f), the System shall exclude salary increases  
17 resulting from teaching summer school on or after May 1, 2021  
18 and before September 15, 2022.

19 (g-20) When assessing payment for any amount due under  
20 subsection (f), the System shall exclude salary increases  
21 necessary to bring a school board in compliance with Public  
22 Act 101-443 or this amendatory Act of the 103rd General  
23 Assembly.

24 (h) When assessing payment for any amount due under  
25 subsection (f), the System shall exclude any salary increase  
26 described in subsection (g) of this Section given on or after

1 July 1, 2011 but before July 1, 2014 under a contract or  
2 collective bargaining agreement entered into, amended, or  
3 renewed on or after June 1, 2005 but before July 1, 2011.  
4 Notwithstanding any other provision of this Section, any  
5 payments made or salary increases given after June 30, 2014  
6 shall be used in assessing payment for any amount due under  
7 subsection (f) of this Section.

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

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

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

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

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

24 (i-5) For school years beginning on or after July 1, 2017,  
25 if the amount of a participant's salary for any school year  
26 exceeds the amount of the salary set for the Governor, the

1 participant's employer shall pay to the System, in addition to  
2 all other payments required under this Section and in  
3 accordance with guidelines established by the System, an  
4 amount determined by the System to be equal to the employer  
5 normal cost, as established by the System and expressed as a  
6 total percentage of payroll, multiplied by the amount of  
7 salary in excess of the amount of the salary set for the  
8 Governor. This amount shall be computed by the System on the  
9 basis of the actuarial assumptions and tables used in the most  
10 recent actuarial valuation of the System that is available at  
11 the time of the computation. The System may require the  
12 employer to provide any pertinent information or  
13 documentation.

14 Whenever it determines that a payment is or may be  
15 required under this subsection, the System shall calculate the  
16 amount of the payment and bill the employer for that amount.  
17 The bill shall specify the calculations used to determine the  
18 amount due. If the employer disputes the amount of the bill, it  
19 may, within 30 days after receipt of the bill, apply to the  
20 System in writing for a recalculation. The application must  
21 specify in detail the grounds of the dispute. Upon receiving a  
22 timely application for recalculation, the System shall review  
23 the application and, if appropriate, recalculate the amount  
24 due.

25 The employer contributions required under this subsection  
26 may be paid in the form of a lump sum within 90 days after

1 receipt of the bill. If the employer contributions are not  
2 paid within 90 days after receipt of the bill, then interest  
3 will be charged at a rate equal to the System's annual  
4 actuarially assumed rate of return on investment compounded  
5 annually from the 91st day after receipt of the bill. Payments  
6 must be concluded within 3 years after the employer's receipt  
7 of the bill.

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

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

19 This subsection is inoperative on and after July 1, 2035.

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

25 (Source: P.A. 102-16, eff. 6-17-21; 102-525, eff. 8-20-21;  
26 102-558, eff. 8-20-21; 102-813, eff. 5-13-22; 103-515, eff.

1 8-11-23; 103-588, eff. 6-5-24.)

2 (40 ILCS 5/16-203)

3 Sec. 16-203. 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 Article 1 or this Article by Public Act  
13 95-910, Public Act 100-23, Public Act 100-587, Public Act  
14 100-743, Public Act 100-769, Public Act 101-10, Public Act  
15 101-49, Public Act 102-16, ~~or~~ Public Act 102-871, or this  
16 amendatory Act of the 104th General Assembly.

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

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

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

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

23           (e) Except as otherwise provided in the language creating  
24 the new benefit increase, a new benefit increase that expires  
25 under this Section continues to apply to persons who applied  
26 and qualified for the affected benefit while the new benefit

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

7 (Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;  
8 102-813, eff. 5-13-22; 102-871, eff. 5-13-22; 103-154, eff.  
9 6-30-23.)

10 (40 ILCS 5/17-156.10 new)

11 Sec. 17-156.10. Accelerated pension benefit payment in  
12 lieu of any pension benefit.

13 (a) As used in this Section:

14 "Eligible person" means a person who:

15 (1) has terminated service;

16 (2) has accrued sufficient service credit to be  
17 eligible to receive a service retirement pension under  
18 this Article;

19 (3) has not received any service retirement pension  
20 under this Article; and

21 (4) has not made the election under Section 17-156.11.

22 "Pension benefit" means the benefits under this Article,  
23 including any anticipated annual increases, that an eligible  
24 person is entitled to upon attainment of the applicable  
25 retirement age. "Pension benefit" also includes applicable

1 survivor's pensions, duty disability pensions, and disability  
2 retirement pensions.

3 (b) As soon as practical after the effective date of this  
4 amendatory Act of the 104th General Assembly, the Fund shall  
5 calculate, using actuarial tables and other assumptions  
6 adopted by the Board, the present value of pension benefits  
7 for each eligible person who requests that information and  
8 shall offer each eligible person the opportunity to  
9 irrevocably elect to receive an amount determined by the Fund  
10 to be equal to 60% of the present value of his or her pension  
11 benefits in lieu of receiving any pension benefit. The offer  
12 shall specify the dollar amount that the eligible person will  
13 receive if he or she so elects and shall expire when a  
14 subsequent offer is made to an eligible person. An eligible  
15 person is limited to one calculation and offer per calendar  
16 year. The Fund shall make a good faith effort to contact every  
17 eligible person to notify him or her of the election. Until  
18 January 1, 2031, an eligible person may irrevocably elect to  
19 receive an accelerated pension benefit payment in the amount  
20 that the Fund offers under this subsection in lieu of  
21 receiving any pension benefit. A person who elects to receive  
22 an accelerated pension benefit payment under this Section may  
23 not elect to proceed under the Retirement Systems Reciprocal  
24 Act with respect to service under this Article.

25 (c) A person's creditable service under this Article shall  
26 be terminated upon the person's receipt of an accelerated

1 pension benefit payment under this Section, and no other  
2 benefit shall be paid under this Article based on the  
3 terminated creditable service, including any retirement,  
4 survivor, or other pension benefit; except that to the extent  
5 that participation, benefits, or premiums under the State  
6 Employees Group Insurance Act of 1971 are based on the amount  
7 of service credit, the terminated service credit shall be used  
8 for that purpose.

9 (d) If a person who has received an accelerated pension  
10 benefit payment under this Section returns to active service  
11 under this Article, then:

12 (1) Any benefits under the Fund earned as a result of  
13 that return to active service shall be based solely on the  
14 person's creditable service arising from the return to  
15 active service.

16 (2) The accelerated pension benefit payment may not be  
17 repaid to the Fund, and the terminated creditable service  
18 may not under any circumstances be reinstated.

19 (e) As a condition of receiving an accelerated pension  
20 benefit payment, the accelerated pension benefit payment must  
21 be transferred into a tax qualified retirement plan or  
22 account. The accelerated pension benefit payment under this  
23 Section may be subject to withholding or payment of applicable  
24 taxes, but to the extent permitted by federal law, a person who  
25 receives an accelerated pension benefit payment under this  
26 Section must direct the Fund to pay all of that payment as a

1 rollover into another retirement plan or account qualified  
2 under the Internal Revenue Code of 1986, as amended.

3 (f) Upon receipt of a member's irrevocable election to  
4 receive an accelerated pension benefit payment under this  
5 Section, the Fund shall submit a voucher to the Comptroller  
6 for payment of the member's accelerated pension benefit  
7 payment. The Comptroller shall transfer the amount of the  
8 voucher from the General Revenue Fund to the Fund, and the Fund  
9 shall transfer the amount into the member's eligible  
10 retirement plan or qualified account.

11 (g) The Board shall adopt any rules necessary to implement  
12 this Section.

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

16 (40 ILCS 5/17-156.11 new)

17 Sec. 17-156.11. Accelerated pension benefit payment for a  
18 reduction in annual service retirement pension and survivor's  
19 pension increases.

20 (a) As used in this Section:

21 "Accelerated pension benefit payment" means a lump sum  
22 payment equal to 70% of the difference of the present value of  
23 the automatic annual increases to a Tier 1 member's service  
24 retirement pension and survivor's pension using the formula  
25 applicable to the Tier 1 member and the present value of the

1 automatic annual increases to the Tier 1 member's service  
2 retirement pension using the formula provided under subsection  
3 (b-5) and survivor's pension using the formula provided under  
4 subsection (b-6).

5 "Eligible person" means a person who:

6 (1) is a Tier 1 member;

7 (2) has submitted an application for a service  
8 retirement pension under this Article;

9 (3) meets the age and service requirements for  
10 receiving a service retirement pension under this Article;

11 (4) has not received any service retirement pension  
12 under this Article; and

13 (5) has not made the election under Section 17-156.10.

14 "Tier 1 member" means a person who first became a member  
15 before January 1, 2011.

16 (b) As soon as practical after the effective date of this  
17 amendatory Act of the 104th General Assembly and until January  
18 1, 2031, the Fund shall implement an accelerated pension  
19 benefit payment option for eligible persons. Upon the request  
20 of an eligible person, the Fund shall calculate, using  
21 actuarial tables and other assumptions adopted by the Board,  
22 an accelerated pension benefit payment amount and shall offer  
23 that eligible person the opportunity to irrevocably elect to  
24 have his or her automatic annual increases in service  
25 retirement pension calculated in accordance with the formula  
26 provided under subsection (b-5) and any increases in

1 survivor's pension payable to his or her survivor's pension  
2 beneficiary calculated in accordance with the formula provided  
3 under subsection (b-6) in exchange for the accelerated pension  
4 benefit payment. The election under this subsection must be  
5 made before the eligible person receives the first payment of  
6 a service retirement pension otherwise payable under this  
7 Article.

8 (b-5) Notwithstanding any other provision of law, the  
9 service retirement pension of a person who made the election  
10 under subsection (b) shall be subject to annual increases on  
11 the January 1 occurring either on or after the attainment of  
12 age 67 or the first anniversary of the pension start date,  
13 whichever is later. Each annual increase shall be calculated  
14 at 1.5% of the originally granted service retirement pension.

15 (b-6) Notwithstanding any other provision of law, a  
16 survivor's pension payable to a survivor's pension beneficiary  
17 of a person who made the election under subsection (b) shall be  
18 subject to annual increases on the January 1 occurring on or  
19 after the first anniversary of the commencement of the  
20 pension. Each annual increase shall be calculated at 1.5% of  
21 the originally granted survivor's pension.

22 (c) If a person who has received an accelerated pension  
23 benefit payment returns to active service under this Article,  
24 then:

25 (1) the calculation of any future automatic annual  
26 increase in service retirement pension shall be calculated

1 in accordance with the formula provided under subsection  
2 (b-5); and

3 (2) the accelerated pension benefit payment may not be  
4 repaid to the Fund.

5 (d) As a condition of receiving an accelerated pension  
6 benefit payment, the accelerated pension benefit payment must  
7 be transferred into a tax qualified retirement plan or  
8 account. The accelerated pension benefit payment under this  
9 Section may be subject to withholding or payment of applicable  
10 taxes, but to the extent permitted by federal law, a person who  
11 receives an accelerated pension benefit payment under this  
12 Section must direct the Fund to pay all of that payment as a  
13 rollover into another retirement plan or account qualified  
14 under the Internal Revenue Code of 1986, as amended.

15 (d-5) Upon receipt of a member's irrevocable election to  
16 receive an accelerated pension benefit payment under this  
17 Section, the Fund shall submit a voucher to the Comptroller  
18 for payment of the member's accelerated pension benefit  
19 payment. The Comptroller shall transfer the amount of the  
20 voucher from the General Revenue Fund to the Fund, and the Fund  
21 shall transfer the amount into the member's eligible  
22 retirement plan or qualified account.

23 (e) The Board shall adopt any rules, including emergency  
24 rules, necessary to implement this Section.

25 (f) No provision of this Section shall be interpreted in a  
26 way that would cause the Fund to cease to be a qualified plan

1 under the Internal Revenue Code of 1986.

2 (40 ILCS 5/18-124) (from Ch. 108 1/2, par. 18-124)

3 Sec. 18-124. Retirement annuities - conditions for  
4 eligibility.

5 (a) This subsection (a) applies to a participant who first  
6 serves as a judge before the effective date of this amendatory  
7 Act of the 96th General Assembly.

8 A participant whose employment as a judge is terminated,  
9 regardless of age or cause is entitled to a retirement annuity  
10 beginning on the date specified in a written application  
11 subject to the following:

12 (1) the date the annuity begins is subsequent to the  
13 date of final termination of employment, or the date 30  
14 days prior to the receipt of the application by the board  
15 for annuities based on disability, or one year before the  
16 receipt of the application by the board for annuities  
17 based on attained age;

18 (2) the participant is at least age 55, or has become  
19 permanently disabled and as a consequence is unable to  
20 perform the duties of his or her office;

21 (3) the participant has at least 10 years of service  
22 credit except that a participant terminating service after  
23 June 30 1975, with at least 6 years of service credit,  
24 shall be entitled to a retirement annuity at age 62 or  
25 over;

1           (4) the participant is not receiving or entitled to  
2           receive, at the date of retirement, any salary from an  
3           employer for service currently performed.

4           (b) This subsection (b) applies to a participant who first  
5           serves as a judge on or after the effective date of this  
6           amendatory Act of the 96th General Assembly.

7           A participant who has at least 8 years of creditable  
8           service is entitled to a retirement annuity when he or she has  
9           attained age 65 ~~67~~.

10          A member who (i) has attained age 62 or who is within 5  
11 years of the normal retirement age established for that  
12 member; and (ii) has at least 8 years of service credit may  
13 elect to receive the lower retirement annuity provided in  
14 subsection (d) of Section 18-125 of this Code. None of the  
15 changes made in this subsection shall allow for a retroactive  
16 retirement calculation for any purposes under this Code, nor  
17 shall it allow for a recalculation of benefits or a refund of  
18 any contributions otherwise legally made.

19          (Source: P.A. 96-889, eff. 1-1-11.)

20          (40 ILCS 5/18-125) (from Ch. 108 1/2, par. 18-125)

21          Sec. 18-125. Retirement annuity amount.

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

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

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

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

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

16 (3) for any participant who terminates service after  
17 June 30, 1982 and before January 1, 1990, the average  
18 salary for the final year of service as a judge.

19 (4) for a participant who terminates service on or  
20 after January 1, 1990 but before July 14, 1995 (the  
21 effective date of Public Act 89-136), the salary on the  
22 last day of employment as a judge.

23 (5) for a participant who terminates service on or  
24 after July 14, 1995 (the effective date of Public Act  
25 89-136), the salary on the last day of employment as a  
26 judge, or the highest salary received by the participant

1 for employment as a judge in a position held by the  
2 participant for at least 4 consecutive years, whichever is  
3 greater.

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

9 For a participant who first serves as a judge on or after  
10 August 10, 2009 (the effective date of Public Act 96-207) and  
11 before January 1, 2011 (the effective date of Public Act  
12 96-889), final average salary shall be the average monthly  
13 salary obtained by dividing the total salary of the  
14 participant during the period of: (1) the 48 consecutive  
15 months of service within the last 120 months of service in  
16 which the total compensation was the highest, or (2) the total  
17 period of service, if less than 48 months, by the number of  
18 months of service in that period.

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

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

1 final average salary.

2 Except as otherwise provided in this subsection, for ~~For~~ a  
3 participant who first serves as a judge on or after January 1,  
4 2011 (the effective date of Public Act 96-889), final average  
5 salary shall be the average monthly salary obtained by  
6 dividing the total salary of the judge during the 96  
7 consecutive months of service within the last 120 months of  
8 service in which the total salary was the highest by the number  
9 of months of service in that period; however, beginning  
10 January 1, 2011, the annual salary may not exceed \$106,800,  
11 except that that amount shall annually thereafter be increased  
12 by the lesser of (i) 3% of that amount, including all previous  
13 adjustments, or (ii) the annual unadjusted percentage increase  
14 (but not less than zero) in the consumer price index-u for the  
15 12 months ending with the September preceding each November 1.  
16 "Consumer price index-u" means the index published by the  
17 Bureau of Labor Statistics of the United States Department of  
18 Labor that measures the average change in prices of goods and  
19 services purchased by all urban consumers, United States city  
20 average, all items, 1982-84 = 100. Before the effective date  
21 of this amendatory Act of the 104th General Assembly, the ~~The~~  
22 new amount resulting from each annual adjustment shall be  
23 determined by the Public Pension Division of the Department of  
24 Insurance and made available to the Board by November 1st of  
25 each year.

26 For benefits calculated after the effective date of this

1 amendatory Act of the 104th General Assembly, "final average  
2 salary" means the average monthly or annual salary obtained by  
3 dividing the total salary or earnings calculated under the  
4 Article applicable to the member or participant during the 72  
5 consecutive months or 6 consecutive years of service with the  
6 last 120 months or 10 years of service in which the total  
7 salary or earnings calculated under the applicable Article was  
8 the highest by the number of months or years of service in that  
9 period; unless such a calculation results in a lower benefit  
10 in which case the definition immediately preceding this  
11 definition shall be used.

12 For all benefits or annuities payable after the effective  
13 date of this amendatory Act of the 104th General Assembly,  
14 calculations of maximum annual earnings, maximum salary, or  
15 maximum wages based on the plan year of a member or participant  
16 to whom this Section applies for any year shall not be less  
17 than the annual contribution and benefit base established for  
18 the applicable year by the Commissioner of the Social Security  
19 Administration under the federal Social Security Act for the  
20 given year. Nothing in this subsection shall cause or  
21 otherwise result in any retroactive adjustment of any employee  
22 or employer contributions. Nothing in this subsection shall  
23 cause or otherwise result in any retroactive adjustment of  
24 disability or other payments made between January 1, 2011 and  
25 January 1, 2028. Nothing in this subsection shall require the  
26 recalculation of a benefit or annuity the participant began

1 receiving before the effective date of this amendatory Act of  
2 the 104th General Assembly.

3 (c) The retirement annuity for a participant who retires  
4 prior to age 60 with less than 28 years of service in the  
5 System shall be reduced 1/2 of 1% for each month that the  
6 participant's age is under 60 years at the time the annuity  
7 commences. However, for a participant who retires on or after  
8 December 10, 1999 (the effective date of Public Act 91-653),  
9 the percentage reduction in retirement annuity imposed under  
10 this subsection shall be reduced by 5/12 of 1% for every month  
11 of service in this System in excess of 20 years, and therefore  
12 a participant with at least 26 years of service in this System  
13 may retire at age 55 without any reduction in annuity.

14 The reduction in retirement annuity imposed by this  
15 subsection shall not apply in the case of retirement on  
16 account of disability.

17 (d) Notwithstanding any other provision of this Article,  
18 for a participant who first serves as a judge on or after  
19 January 1, 2011 (the effective date of Public Act 96-889) and  
20 who is retiring after attaining age 62 or who is within 5 years  
21 of the normal retirement age established for that participant,  
22 the retirement annuity shall be reduced by 1/2 of 1% for each  
23 month that the participant's age is under age 65 ~~67~~ at the time  
24 the annuity commences. For a person who has reached the  
25 maximum percentage of salary allowed under this Article and  
26 who is within 5 years of the normal retirement age applicable

1 for that participant, the reduction under this subsection  
2 shall be 0%.

3 (Source: P.A. 100-201, eff. 8-18-17.)

4 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

5 Sec. 18-131. Financing; employer contributions.

6 (a) The State of Illinois shall make contributions to this  
7 System by appropriations of the amounts which, together with  
8 the contributions of participants, net earnings on  
9 investments, and other income, will meet the costs of  
10 maintaining and administering this System on a 100% ~~90%~~ funded  
11 basis by the end of State fiscal year 2049 in accordance with  
12 actuarial recommendations.

13 (b) The Board shall determine the amount of State  
14 contributions required for each fiscal year on the basis of  
15 the actuarial tables and other assumptions adopted by the  
16 Board and the prescribed rate of interest, using the formula  
17 in subsection (c). In making its determination, the Board  
18 shall disregard any contributions scheduled to be received in  
19 a future State fiscal year under the Budget Stabilization Act.

20 (c) Beginning in State fiscal year 2050, the minimum  
21 contribution to the System to be made by the State for each  
22 State fiscal year shall be the contribution amount for the  
23 upcoming State fiscal year estimated in the previous year's  
24 actuarial valuation required by Section 18-140 plus the  
25 amounts required under subsection (c-5), such that the total

1 assets of the System equal 100% of the total actuarial  
2 liabilities of the System 20 years after the State fiscal year  
3 during which the contribution is made. The required State  
4 contribution shall be determined under the entry age normal  
5 actuarial cost method.

6 For State fiscal years 2036 through 2049, the minimum  
7 contribution to the System to be made by the State for each  
8 State fiscal year shall be the contribution amount for the  
9 upcoming State fiscal year estimated in the previous year's  
10 actuarial valuation required by Section 18-140 plus the  
11 amounts required under subsection (c-5), such that the total  
12 assets of the System equal 100% of the total actuarial  
13 liabilities of the System 20 years after the State fiscal year  
14 during which the contribution is made. In making these  
15 determinations, the required State contribution shall be  
16 calculated each year as a level percentage of payroll over the  
17 years remaining to and including fiscal year 2049 and shall be  
18 determined under the projected unit credit actuarial cost  
19 method.

20 For State fiscal years 2027 through 2035, the minimum  
21 contribution to the System to be made by the State for each  
22 State fiscal year shall be an amount determined by the System  
23 to be sufficient to bring the total assets of the System up to  
24 100% of the total actuarial liabilities of the System by the  
25 end of State fiscal year 2049. In making these determinations,  
26 the required State contribution shall be calculated each year

1 as a level percentage of payroll over the years remaining to  
2 and including fiscal year 2048 and shall be determined under  
3 the projected unit credit actuarial cost method.

4 For State fiscal years 2012 through 2026 ~~2045~~, the minimum  
5 contribution to the System to be made by the State for each  
6 fiscal year shall be an amount determined by the System to be  
7 sufficient to bring the total assets of the System up to 90% of  
8 the total actuarial liabilities of the System by the end of  
9 State fiscal year 2045. In making these determinations, the  
10 required State contribution shall be calculated each year as a  
11 level percentage of payroll over the years remaining to and  
12 including fiscal year 2045 and shall be determined under the  
13 projected unit credit actuarial cost method.

14 A change in an actuarial or investment assumption that  
15 increases or decreases the required State contribution and  
16 first applies in State fiscal year 2018 and before State  
17 fiscal year 2036 ~~or thereafter~~ shall be implemented in equal  
18 annual amounts over a 5-year period beginning in the State  
19 fiscal year in which the actuarial change first applies to the  
20 required State contribution.

21 A change in an actuarial or investment assumption that  
22 increases or decreases the required State contribution and  
23 first applied to the State contribution in fiscal year 2014,  
24 2015, 2016, or 2017 shall be implemented:

- 25 (i) as already applied in State fiscal years before  
26 2018; and

1           (ii) in the portion of the 5-year period beginning in  
2           the State fiscal year in which the actuarial change first  
3           applied that occurs in State fiscal year 2018 or  
4           thereafter, by calculating the change in equal annual  
5           amounts over that 5-year period and then implementing it  
6           at the resulting annual rate in each of the remaining  
7           fiscal years in that 5-year period.

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

13          Notwithstanding any other provision of this Article, the  
14          total required State contribution for State fiscal year 2006  
15          is \$29,189,400.

16          Notwithstanding any other provision of this Article, the  
17          total required State contribution for State fiscal year 2007  
18          is \$35,236,800.

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

26          Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2010  
2 is \$78,832,000 and shall be made from the proceeds of bonds  
3 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
4 Obligation Bond Act, less (i) the pro rata share of bond sale  
5 expenses determined by the System's share of total bond  
6 proceeds, (ii) any amounts received from the General Revenue  
7 Fund in fiscal year 2010, and (iii) any reduction in bond  
8 proceeds due to the issuance of discounted bonds, if  
9 applicable.

10 Notwithstanding any other provision of this Article, the  
11 total required State contribution for State fiscal year 2011  
12 is the amount recertified by the System on or before April 1,  
13 2011 pursuant to Section 18-140 and shall be made from the  
14 proceeds of bonds sold in fiscal year 2011 pursuant to Section  
15 7.2 of the General Obligation Bond Act, less (i) the pro rata  
16 share of bond sale expenses determined by the System's share  
17 of total bond proceeds, (ii) any amounts received from the  
18 General Revenue Fund in fiscal year 2011, and (iii) any  
19 reduction in bond proceeds due to the issuance of discounted  
20 bonds, if applicable.

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

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

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

11 Notwithstanding any other provision of this Section, the  
12 required State contribution for State fiscal year 2005 and for  
13 fiscal year 2008 and each fiscal year thereafter, as  
14 calculated under this Section and certified under Section  
15 18-140, shall not exceed an amount equal to (i) the amount of  
16 the required State contribution that would have been  
17 calculated under this Section for that fiscal year if the  
18 System had not received any payments under subsection (d) of  
19 Section 7.2 of the General Obligation Bond Act, minus (ii) the  
20 portion of the State's total debt service payments for that  
21 fiscal year on the bonds issued in fiscal year 2003 for the  
22 purposes of that Section 7.2, as determined and certified by  
23 the Comptroller, that is the same as the System's portion of  
24 the total moneys distributed under subsection (d) of Section  
25 7.2 of the General Obligation Bond Act. In determining this  
26 maximum for State fiscal years 2008 through 2010, however, the

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

10 (c-5) For State fiscal year 2036 and each State fiscal  
11 year thereafter, the contribution to the System to be made by  
12 the State shall include an adjustment for differences between  
13 the unfunded liability reported in the current actuarial  
14 valuation and the unfunded liability reported in the previous  
15 year's actuarial valuation required by Section 18-140. The  
16 adjustment shall be implemented in equal annual amounts over a  
17 20-year period beginning in the State fiscal year in which the  
18 current actuarial valuation is used to determine the required  
19 State contribution under subsection (e).

20 (d) For purposes of determining the required State  
21 contribution to the System, the value of the System's assets  
22 shall be equal to the actuarial value of the System's assets,  
23 which shall be calculated as follows:

24 As of June 30, 2008, the actuarial value of the System's  
25 assets shall be equal to the market value of the assets as of  
26 that date. In determining the actuarial value of the System's

1 assets for fiscal years after June 30, 2008, any actuarial  
2 gains or losses from investment return incurred in a fiscal  
3 year shall be recognized in equal annual amounts over the  
4 5-year period following that fiscal year.

5 This subsection is inoperative on and after July 1, 2035.

6 (e) For purposes of determining the required State  
7 contribution to the system for a particular year, the  
8 actuarial value of assets shall be assumed to earn a rate of  
9 return equal to the system's actuarially assumed rate of  
10 return.

11 (Source: P.A. 100-23, eff. 7-6-17.)

12 (40 ILCS 5/18-161.5 new)

13 Sec. 18-161.5. Accelerated pension benefit payment in lieu  
14 of any pension benefit.

15 (a) As used in this Section:

16 "Eligible person" means a person who:

17 (1) has terminated service;

18 (2) has accrued sufficient service credit to be  
19 eligible to receive a retirement annuity under this  
20 Article;

21 (3) has not received any retirement annuity under this  
22 Article; and

23 (4) has not made the election under Section 18-161.6.

24 "Pension benefit" means the benefits under this Article,  
25 including any anticipated annual increases, that an eligible

1 person is entitled to upon attainment of the applicable  
2 retirement age. "Pension benefit" also includes applicable  
3 survivor's or disability benefits.

4 (b) As soon as practical after the effective date of this  
5 amendatory Act of the 104th General Assembly, the System shall  
6 calculate, using actuarial tables and other assumptions  
7 adopted by the Board, the present value of pension benefits  
8 for each eligible person who requests that information and  
9 shall offer each eligible person the opportunity to  
10 irrevocably elect to receive an amount determined by the  
11 System to be equal to 60% of the present value of his or her  
12 pension benefits in lieu of receiving any pension benefit. The  
13 offer shall specify the dollar amount that the eligible person  
14 will receive if he or she so elects and shall expire when a  
15 subsequent offer is made to an eligible person. An eligible  
16 person is limited to one calculation and offer per calendar  
17 year. The System shall make a good faith effort to contact  
18 every eligible person to notify him or her of the election.  
19 Until January 1, 2031, an eligible person may irrevocably  
20 elect to receive an accelerated pension benefit payment in the  
21 amount that the System offers under this subsection in lieu of  
22 receiving any pension benefit. A person who elects to receive  
23 an accelerated pension benefit payment under this Section may  
24 not elect to proceed under the Retirement Systems Reciprocal  
25 Act with respect to service under this Article.

26 (c) A person's creditable service under this Article shall

1 be terminated upon the person's receipt of an accelerated  
2 pension benefit payment under this Section, and no other  
3 benefit shall be paid under this Article based on the  
4 terminated creditable service, including any retirement,  
5 survivor, or other benefit; except that to the extent that  
6 participation, benefits, or premiums under the State Employees  
7 Group Insurance Act of 1971 are based on the amount of service  
8 credit, the terminated service credit shall be used for that  
9 purpose.

10 (d) If a person who has received an accelerated pension  
11 benefit payment under this Section returns to active service  
12 under this Article, then:

13 (1) Any benefits under the System earned as a result  
14 of that return to active service shall be based solely on  
15 the person's creditable service arising from the return to  
16 active service.

17 (2) The accelerated pension benefit payment may not be  
18 repaid to the System, and the terminated creditable  
19 service may not under any circumstances be reinstated.

20 (e) As a condition of receiving an accelerated pension  
21 benefit payment, the accelerated pension benefit payment must  
22 be transferred into a tax qualified retirement plan or  
23 account. The accelerated pension benefit payment under this  
24 Section may be subject to withholding or payment of applicable  
25 taxes, but to the extent permitted by federal law, a person who  
26 receives an accelerated pension benefit payment under this

1 Section must direct the System to pay all of that payment as a  
2 rollover into another retirement plan or account qualified  
3 under the Internal Revenue Code of 1986, as amended.

4 (f) Upon receipt of a member's irrevocable election to  
5 receive an accelerated pension benefit payment under this  
6 Section, the System shall submit a voucher to the Comptroller  
7 for payment of the member's accelerated pension benefit  
8 payment. The Comptroller shall transfer the amount of the  
9 voucher from the General Revenue Fund to the System, and the  
10 System shall transfer the amount into the member's eligible  
11 retirement plan or qualified account.

12 (g) The Board shall adopt any rules, including emergency  
13 rules, necessary to implement this Section.

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

17 (40 ILCS 5/18-161.6 new)

18 Sec. 18-161.6. Accelerated pension benefit payment for a  
19 reduction in annual retirement annuity and survivor's annuity  
20 increases.

21 (a) As used in this Section:

22 "Accelerated pension benefit payment" means a lump sum  
23 payment equal to 70% of the difference of the present value of  
24 the automatic annual increases to a Tier 1 participant's  
25 retirement annuity and survivor's annuity using the formula

1 applicable to the Tier 1 participant and the present value of  
2 the automatic annual increases to the Tier 1 participant's  
3 retirement annuity using the formula provided under subsection  
4 (b-5) and survivor's annuity using the formula provided under  
5 subsection (b-6).

6 "Eligible person" means a person who:

7 (1) is a Tier 1 participant;

8 (2) has submitted an application for a retirement  
9 annuity under this Article;

10 (3) meets the age and service requirements for  
11 receiving a retirement annuity under this Article;

12 (4) has not received any retirement annuity under this  
13 Article; and

14 (5) has not made the election under Section 18-161.5.

15 "Tier 1 participant" means a person who first became a  
16 participant before January 1, 2011.

17 (b) As soon as practical after the effective date of this  
18 amendatory Act of the 104th General Assembly and until January  
19 1, 2031, the System shall implement an accelerated pension  
20 benefit payment option for eligible persons. Upon the request  
21 of an eligible person, the System shall calculate, using  
22 actuarial tables and other assumptions adopted by the Board,  
23 an accelerated pension benefit payment amount and shall offer  
24 that eligible person the opportunity to irrevocably elect to  
25 have his or her automatic annual increases in retirement  
26 annuity calculated in accordance with the formula provided

1 under subsection (b-5) and any increases in survivor's annuity  
2 payable to his or her survivor's annuity beneficiary  
3 calculated in accordance with the formula provided under  
4 subsection (b-6) in exchange for the accelerated pension  
5 benefit payment. The election under this subsection must be  
6 made before the eligible person receives the first payment of  
7 a retirement annuity otherwise payable under this Article.

8 (b-5) Notwithstanding any other provision of law, the  
9 retirement annuity of a person who made the election under  
10 subsection (b) shall be subject to annual increases on the  
11 January 1 occurring either on or after the attainment of age 67  
12 or the first anniversary of the annuity start date, whichever  
13 is later. Each annual increase shall be calculated at 1.5% of  
14 the originally granted retirement annuity.

15 (b-6) Notwithstanding any other provision of law, a  
16 survivor's annuity payable to a survivor's annuity beneficiary  
17 of a person who made the election under subsection (b) shall be  
18 subject to annual increases on the January 1 occurring on or  
19 after the first anniversary of the commencement of the  
20 annuity. Each annual increase shall be calculated at 1.5% of  
21 the originally granted survivor's annuity.

22 (c) If a person who has received an accelerated pension  
23 benefit payment returns to active service under this Article,  
24 then:

25 (1) the calculation of any future automatic annual  
26 increase in retirement annuity shall be calculated in

1 accordance with the formula provided under subsection  
2 (b-5); and

3 (2) the accelerated pension benefit payment may not be  
4 repaid to the System.

5 (d) As a condition of receiving an accelerated pension  
6 benefit payment, the accelerated pension benefit payment must  
7 be transferred into a tax qualified retirement plan or  
8 account. The accelerated pension benefit payment under this  
9 Section may be subject to withholding or payment of applicable  
10 taxes, but to the extent permitted by federal law, a person who  
11 receives an accelerated pension benefit payment under this  
12 Section must direct the System to pay all of that payment as a  
13 rollover into another retirement plan or account qualified  
14 under the Internal Revenue Code of 1986, as amended.

15 (d-5) Upon receipt of a participant's irrevocable election  
16 to receive an accelerated pension benefit payment under this  
17 Section, the System shall submit a voucher to the Comptroller  
18 for payment of the participant's accelerated pension benefit  
19 payment. The Comptroller shall transfer the amount of the  
20 voucher from the General Revenue Fund to the System, and the  
21 System shall transfer the amount into the member's eligible  
22 retirement plan or qualified account.

23 (e) The Board shall adopt any rules, including emergency  
24 rules, necessary to implement this Section.

25 (f) No provision of this Section shall be interpreted in a  
26 way that would cause the applicable System to cease to be a

1 qualified plan under the Internal Revenue Code of 1986.

2 (40 ILCS 5/18-169)

3 Sec. 18-169. 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 the effective date of this  
10 amendatory Act of the 94th General Assembly. "New benefit  
11 increase", however, does not include any benefit increase  
12 resulting from the changes made to this Article by this  
13 amendatory Act of the 104th General Assembly.

14 (b) Notwithstanding any other provision of this Code or  
15 any subsequent amendment to this Code, every new benefit  
16 increase is subject to this Section and shall be deemed to be  
17 granted only in conformance with and contingent upon  
18 compliance with 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  
4 the Department of Insurance. A new benefit increase created by  
5 a Public Act that does not include the additional funding  
6 required under this subsection is null and void. If the Public  
7 Pension Division determines that the additional funding  
8 provided for a new benefit increase under this subsection is  
9 or has become inadequate, it may so certify to the Governor and  
10 the State Comptroller and, in the absence of corrective action  
11 by the General Assembly, the new benefit increase shall expire  
12 at the end of the fiscal year in which the certification is  
13 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. 103-426, eff. 8-4-23.)

5 (40 ILCS 5/24-104.1) (from Ch. 108 1/2, par. 24-104.1)

6 Sec. 24-104.1. Recovery of expenses. The Plan developed  
7 under Section 24-104 shall also provide for the recovery of  
8 the expenses of its administration by charging such expenses  
9 against the earnings from investments or by charging fees  
10 equitably prorated among the participating State employees or  
11 by such other appropriate and equitable method as the Board  
12 shall determine. Different methods for recovery of  
13 administrative expenses may be provided in relation to  
14 different types of investment programs and the Board may  
15 provide for the allocation of administration expenses among  
16 varying types of programs for this purpose.

17 All sums advanced by appropriation to the State Board of  
18 Investment for the costs of the development and establishment  
19 of the Plan shall be repaid to the State Treasury not later  
20 than June 30, 1986, without interest. The Plan shall provide  
21 for such repayment and may, for that purpose, provide for the  
22 recovery of the development and establishment costs by  
23 amortizing them as a part of the administrative expenses of  
24 the Plan over a period of years ending not later than June 30,  
25 1986.

1       Beginning July 1, 2028, the expenses of the Department of  
2       Central Management Services in relation to its administration  
3       of the Plan pursuant to Section 24-105 shall be borne by the  
4       Department of Central Management Services.

5       (Source: P.A. 79-384.)

6             (40 ILCS 5/1-103.3 rep.)

7       Section 20. The Illinois Pension Code is amended by  
8       repealing Section 1-103.3.

9       Section 99. Effective date. This Act takes effect January  
10       1, 2028, except that the following take effect upon becoming  
11       law: this Section; the changes to Section 20 of the Budget  
12       Stabilization Act; Section 1-168 of the Illinois Pension Code;  
13       the changes to Sections 2-124, 14-131, 15-155, 16-158, and  
14       18-131 of the Illinois Pension Code; and Section 20.

1

## INDEX

2

## Statutes amended in order of appearance

3

5 ILCS 100/5-45.65 new

4

30 ILCS 122/20

5

30 ILCS 805/8.49 new

6

40 ILCS 5/1-160

7

40 ILCS 5/1-168 new

8

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

9

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

10

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

11

40 ILCS 5/2-154.5 new

12

40 ILCS 5/2-154.6 new

13

40 ILCS 5/2-162

14

40 ILCS 5/3-111 from Ch. 108 1/2, par. 3-111

15

40 ILCS 5/3-111.1 from Ch. 108 1/2, par. 3-111.1

16

40 ILCS 5/3-144.3 new

17

40 ILCS 5/4-109 from Ch. 108 1/2, par. 4-109

18

40 ILCS 5/4-109.1 from Ch. 108 1/2, par. 4-109.1

19

40 ILCS 5/4-138.15 new

20

40 ILCS 5/5-167.1 from Ch. 108 1/2, par. 5-167.1

21

40 ILCS 5/5-238

22

40 ILCS 5/5-240 new

23

40 ILCS 5/6-164 from Ch. 108 1/2, par. 6-164

24

40 ILCS 5/6-229

25

40 ILCS 5/6-232 new

1	40 ILCS 5/7-114	from Ch. 108 1/2, par. 7-114
2	40 ILCS 5/7-116	from Ch. 108 1/2, par. 7-116
3	40 ILCS 5/7-142	from Ch. 108 1/2, par. 7-142
4	40 ILCS 5/7-142.1	from Ch. 108 1/2, par. 7-142.1
5	40 ILCS 5/14-110	from Ch. 108 1/2, par. 14-110
6	40 ILCS 5/14-131	
7	40 ILCS 5/14-152.1	
8	40 ILCS 5/15-111	from Ch. 108 1/2, par. 15-111
9	40 ILCS 5/15-112	from Ch. 108 1/2, par. 15-112
10	40 ILCS 5/15-135	from Ch. 108 1/2, par. 15-135
11	40 ILCS 5/15-136	from Ch. 108 1/2, par. 15-136
12	40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
13	40 ILCS 5/15-198	
14	40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158
15	40 ILCS 5/16-203	
16	40 ILCS 5/17-156.10 new	
17	40 ILCS 5/17-156.11 new	
18	40 ILCS 5/18-124	from Ch. 108 1/2, par. 18-124
19	40 ILCS 5/18-125	from Ch. 108 1/2, par. 18-125
20	40 ILCS 5/18-131	from Ch. 108 1/2, par. 18-131
21	40 ILCS 5/18-161.5 new	
22	40 ILCS 5/18-161.6 new	
23	40 ILCS 5/18-169	
24	40 ILCS 5/24-104.1	from Ch. 108 1/2, par. 24-104.1
25	40 ILCS 5/1-103.3 rep.	