



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

SB2342

Introduced 2/7/2025, by Sen. Chris Balkema

#### SYNOPSIS AS INTRODUCED:

5 ILCS 375/3	from Ch. 127, par. 523
5 ILCS 375/10	from Ch. 127, par. 530
40 ILCS 5/1-160	
40 ILCS 5/1-161	
40 ILCS 5/14-103.05	from Ch. 108 1/2, par. 14-103.05
40 ILCS 5/14-103.41	
40 ILCS 5/14-152.1	
40 ILCS 5/14-155.5 new	
40 ILCS 5/20-121	from Ch. 108 1/2, par. 20-121
40 ILCS 5/20-123	from Ch. 108 1/2, par. 20-123
40 ILCS 5/20-124	from Ch. 108 1/2, par. 20-124
40 ILCS 5/20-125	from Ch. 108 1/2, par. 20-125

Amends the Illinois Pension Code. Requires the State Employees' Retirement System of Illinois to prepare and implement a defined contribution plan by July 1, 2027 that aggregates State and employee contributions in individual participant accounts that are used for payouts after retirement. Provides that a Tier 1 or Tier 2 participant may elect to participate in the defined contribution plan instead of the defined benefit plan and may also elect to terminate all participation in the defined benefit plan and to have a specified amount credited to his or her account under the defined contribution plan. Provides that a person who first becomes an employee after the effective date of the amendatory Act is not required to participate in the System as a condition of employment. Provides that, if a person who made the election to participate in the defined contribution plan terminates service and thereafter returns to service, he or she may either elect to participate in the defined contribution plan with regard to that service or not elect to participate in the defined contribution plan with regard to that service. Provides that an employee may elect not to participate in the System by notifying the System in writing in a manner specified by the System. Provides that any benefit increase that results from the amendatory Act is excluded from the definition of "new benefit increase". Makes conforming and other changes. Makes related changes in the State Employees Group Insurance Act of 1971. Effective immediately.

LRB104 08679 RPS 18733 b

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 State Employees Group Insurance Act of 1971  
5 is amended by changing Sections 3 and 10 as follows:

6 (5 ILCS 375/3) (from Ch. 127, par. 523)

7 Sec. 3. Definitions. Unless the context otherwise  
8 requires, the following words and phrases as used in this Act  
9 shall have the following meanings. The Department may define  
10 these and other words and phrases separately for the purpose  
11 of implementing specific programs providing benefits under  
12 this Act.

13 (a) "Administrative service organization" means any  
14 person, firm, or corporation experienced in the handling of  
15 claims which is fully qualified, financially sound, and  
16 capable of meeting the service requirements of a contract of  
17 administration executed with the Department.

18 (b) "Annuitant" means (1) an employee who retires, or has  
19 retired, on or after January 1, 1966 on an immediate annuity  
20 under the provisions of Article ~~Articles~~ 2, 14 (including an  
21 employee who has elected to receive an alternative retirement  
22 cancellation payment under Section 14-108.5 of the Illinois  
23 Pension Code in lieu of an annuity; an employee who, in lieu of

1 receiving an annuity under that Article, has retired under the  
2 defined contribution plan established under Section 14-155.5  
3 of that Article; or an employee who meets the criteria for  
4 retirement, but in lieu of receiving an annuity under that  
5 Article has elected to receive an accelerated pension benefit  
6 payment under Section 14-147.5 of that Article), or 15  
7 (including an employee who has retired under the optional  
8 retirement program established under Section 15-158.2 or who  
9 meets the criteria for retirement but in lieu of receiving an  
10 annuity under that Article has elected to receive an  
11 accelerated pension benefit payment under Section 15-185.5 of  
12 the Article), paragraph (2), (3), or (5) of Section 16-106  
13 (including an employee who meets the criteria for retirement,  
14 but in lieu of receiving an annuity under that Article has  
15 elected to receive an accelerated pension benefit payment  
16 under Section 16-190.5 of the Illinois Pension Code), or  
17 Article 18 of the Illinois Pension Code; (2) any person who was  
18 receiving group insurance coverage under this Act as of March  
19 31, 1978 by reason of his status as an annuitant, even though  
20 the annuity in relation to which such coverage was provided is  
21 a proportional annuity based on less than the minimum period  
22 of service required for a retirement annuity in the system  
23 involved; (3) any person not otherwise covered by this Act who  
24 has retired as a participating member under Article 2 of the  
25 Illinois Pension Code but is ineligible for the retirement  
26 annuity under Section 2-119 of the Illinois Pension Code; (4)

1 the spouse of any person who is receiving a retirement annuity  
2 under Article 18 of the Illinois Pension Code and who is  
3 covered under a group health insurance program sponsored by a  
4 governmental employer other than the State of Illinois and who  
5 has irrevocably elected to waive his or her coverage under  
6 this Act and to have his or her spouse considered as the  
7 "annuitant" under this Act and not as a "dependent"; or (5) an  
8 employee who retires, or has retired, from a qualified  
9 position, as determined according to rules promulgated by the  
10 Director, under a qualified local government, a qualified  
11 rehabilitation facility, a qualified domestic violence shelter  
12 or service, or a qualified child advocacy center. (For  
13 definition of "retired employee", see subsection (p) ~~post~~).

14 (b-5) (Blank).

15 (b-6) (Blank).

16 (b-7) (Blank).

17 (c) "Carrier" means (1) an insurance company, a  
18 corporation organized under the Limited Health Service  
19 Organization Act or the Voluntary Health Services Plans Act, a  
20 partnership, or other nongovernmental organization, which is  
21 authorized to do group life or group health insurance business  
22 in Illinois, or (2) the State of Illinois as a self-insurer.

23 (d) "Compensation" means salary or wages payable on a  
24 regular payroll by the State Treasurer on a warrant of the  
25 State Comptroller out of any State, trust or federal fund, or  
26 by the Governor of the State through a disbursing officer of

1 the State out of a trust or out of federal funds, or by any  
2 Department out of State, trust, federal, or other funds held  
3 by the State Treasurer or the Department, to any person for  
4 personal services currently performed, and ordinary or  
5 accidental disability benefits under Articles 2, 14, or 15  
6 (including ordinary or accidental disability benefits under  
7 the optional retirement program established under Section  
8 15-158.2), paragraph (2), (3), or (5) of Section 16-106, or  
9 Article 18 of the Illinois Pension Code, for disability  
10 incurred after January 1, 1966, or benefits payable under the  
11 Workers' Compensation Act or the Workers' Occupational  
12 Diseases Act or benefits payable under a sick pay plan  
13 established in accordance with Section 36 of the State Finance  
14 Act. "Compensation" also means salary or wages paid to an  
15 employee of any qualified local government, qualified  
16 rehabilitation facility, qualified domestic violence shelter  
17 or service, or qualified child advocacy center.

18 (e) "Commission" means the State Employees Group Insurance  
19 Advisory Commission authorized by this Act. Commencing July 1,  
20 1984, "Commission" as used in this Act means the Commission on  
21 Government Forecasting and Accountability as established by  
22 the Legislative Commission Reorganization Act of 1984.

23 (f) "Contributory", when referred to as contributory  
24 coverage, shall mean optional coverages or benefits elected by  
25 the member toward the cost of which such member makes  
26 contribution, or which are funded in whole or in part through

1 the acceptance of a reduction in earnings or the foregoing of  
2 an increase in earnings by an employee, as distinguished from  
3 noncontributory coverage or benefits which are paid entirely  
4 by the State of Illinois without reduction of the member's  
5 salary.

6 (g) "Department" means any department, institution, board,  
7 commission, officer, court, or any agency of the State  
8 government receiving appropriations and having power to  
9 certify payrolls to the Comptroller authorizing payments of  
10 salary and wages against such appropriations as are made by  
11 the General Assembly from any State fund, or against trust  
12 funds held by the State Treasurer and includes boards of  
13 trustees of the retirement systems created by Articles 2, 14,  
14 15, 16, and 18 of the Illinois Pension Code. "Department" also  
15 includes the Illinois Comprehensive Health Insurance Board,  
16 the Board of Examiners established under the Illinois Public  
17 Accounting Act, and the Illinois Finance Authority.

18 (h) "Dependent", when the term is used in the context of  
19 the health and life plan, means a member's spouse and any child  
20 (1) from birth to age 26, including an adopted child, a child  
21 who lives with the member from the time of the placement for  
22 adoption until entry of an order of adoption, a stepchild or  
23 adjudicated child, or a child who lives with the member if such  
24 member is a court appointed guardian of the child or (2) age 19  
25 or over who has a mental or physical disability from a cause  
26 originating prior to the age of 19 (age 26 if enrolled as an

1 adult child dependent). For the health plan only, the term  
2 "dependent" also includes (1) any person enrolled prior to the  
3 effective date of this Section who is dependent upon the  
4 member to the extent that the member may claim such person as a  
5 dependent for income tax deduction purposes and (2) any person  
6 who has received after June 30, 2000 an organ transplant and  
7 who is financially dependent upon the member and eligible to  
8 be claimed as a dependent for income tax purposes. A member  
9 requesting to cover any dependent must provide documentation  
10 as requested by the Department of Central Management Services  
11 and file with the Department any and all forms required by the  
12 Department.

13 (i) "Director" means the Director of the Illinois  
14 Department of Central Management Services.

15 (j) "Eligibility period" means the period of time a member  
16 has to elect enrollment in programs or to select benefits  
17 without regard to age, sex, or health.

18 (k) "Employee" means and includes each officer or employee  
19 in the service of a department who (1) receives his  
20 compensation for service rendered to the department on a  
21 warrant issued pursuant to a payroll certified by a department  
22 or on a warrant or check issued and drawn by a department upon  
23 a trust, federal or other fund or on a warrant issued pursuant  
24 to a payroll certified by an elected or duly appointed officer  
25 of the State or who receives payment of the performance of  
26 personal services on a warrant issued pursuant to a payroll

1 certified by a Department and drawn by the Comptroller upon  
2 the State Treasurer against appropriations made by the General  
3 Assembly from any fund or against trust funds held by the State  
4 Treasurer, and (2) is employed full-time or part-time in a  
5 position normally requiring actual performance of duty during  
6 not less than 1/2 of a normal work period, as established by  
7 the Director in cooperation with each department, except that  
8 persons elected by popular vote will be considered employees  
9 during the entire term for which they are elected regardless  
10 of hours devoted to the service of the State, and (3) except  
11 that "employee" does not include any person who is not  
12 eligible by reason of such person's employment to participate  
13 in one of the State retirement systems under Articles 2, 14, 15  
14 (either the regular Article 15 system or the optional  
15 retirement program established under Section 15-158.2), or 18,  
16 or under paragraph (2), (3), or (5) of Section 16-106, of the  
17 Illinois Pension Code, but such term does include persons who  
18 are employed during the 6-month qualifying period under  
19 Article 14 of the Illinois Pension Code. Such term also  
20 includes any person who (1) after January 1, 1966, is  
21 receiving ordinary or accidental disability benefits under  
22 Articles 2, 14, or 15 (including ordinary or accidental  
23 disability benefits under the optional retirement program  
24 established under Section 15-158.2), paragraph (2), (3), or  
25 (5) of Section 16-106, or Article 18 of the Illinois Pension  
26 Code, for disability incurred after January 1, 1966, (2)

1 receives total permanent or total temporary disability under  
2 the Workers' Compensation Act or the Workers' Occupational  
3 Diseases ~~Disease~~ Act as a result of injuries sustained or  
4 illness contracted in the course of employment with the State  
5 of Illinois, or (3) is not otherwise covered under this Act and  
6 has retired as a participating member under Article 2 of the  
7 Illinois Pension Code but is ineligible for the retirement  
8 annuity under Section 2-119 of the Illinois Pension Code.  
9 However, a person who satisfies the criteria of the foregoing  
10 definition of "employee" except that such person is made  
11 ineligible to participate in the State Universities Retirement  
12 System by clause (4) of subsection (a) of Section 15-107 of the  
13 Illinois Pension Code is also an "employee" for the purposes  
14 of this Act. "Employee" also includes any person receiving or  
15 eligible for benefits under a sick pay plan established in  
16 accordance with Section 36 of the State Finance Act.  
17 "Employee" also includes (i) each officer or employee in the  
18 service of a qualified local government, including persons  
19 appointed as trustees of sanitary districts regardless of  
20 hours devoted to the service of the sanitary district, (ii)  
21 each employee in the service of a qualified rehabilitation  
22 facility, (iii) each full-time employee in the service of a  
23 qualified domestic violence shelter or service, and (iv) each  
24 full-time employee in the service of a qualified child  
25 advocacy center, as determined according to rules promulgated  
26 by the Director.

1           (1) "Member" means an employee, annuitant, retired  
2 employee, or survivor. In the case of an annuitant or retired  
3 employee who first becomes an annuitant or retired employee on  
4 or after January 13, 2012 (the effective date of Public Act  
5 97-668), the individual must meet the minimum vesting  
6 requirements of the applicable retirement system in order to  
7 be eligible for group insurance benefits under that system. In  
8 the case of a survivor who is not entitled to occupational  
9 death benefits pursuant to an applicable retirement system or  
10 death benefits pursuant to the ~~Illinois~~ Workers' Compensation  
11 Act, and who first becomes a survivor on or after January 13,  
12 2012 (the effective date of Public Act 97-668), the deceased  
13 employee, annuitant, or retired employee upon whom the annuity  
14 is based must have been eligible to participate in the group  
15 insurance system under the applicable retirement system in  
16 order for the survivor to be eligible for group insurance  
17 benefits under that system.

18           In the case of a survivor who is entitled to occupational  
19 death benefits pursuant to the deceased employee's applicable  
20 retirement system or death benefits pursuant to the ~~Illinois~~  
21 Workers' Compensation Act, and first becomes a survivor on or  
22 after January 1, 2022, the survivor is eligible for group  
23 health insurance benefits regardless of the deceased  
24 employee's minimum vesting requirements under the applicable  
25 retirement system, with a State contribution rate of 100%,  
26 until an unmarried child dependent reaches the age of 18, or

1 the age of 22 if the dependent child is a full-time student, or  
2 until the adult survivor becomes eligible for benefits under  
3 the federal Medicare health insurance program (Title XVIII of  
4 the Social Security Act, as added by Public Law 89-97). In the  
5 case of a survivor currently receiving occupational death  
6 benefits pursuant to the deceased employee's applicable  
7 retirement system or has received death benefits pursuant to  
8 the ~~Illinois~~ Workers' Compensation Act, who first became a  
9 survivor prior to January 1, 2022, the survivor is eligible  
10 for group health insurance benefits regardless of the deceased  
11 employee's minimum vesting requirements under the applicable  
12 retirement system, with a State contribution rate of 100%,  
13 until an unmarried child dependent reaches the age of 18, or  
14 the age of 22 if the dependent child is a full-time student, or  
15 until the adult survivor becomes eligible for benefits under  
16 the federal Medicare health insurance program (Title XVIII of  
17 the Social Security Act, as added by Public Law 89-97). The  
18 changes made by Public Act 102-714 ~~this amendatory Act of the~~  
19 ~~102nd General Assembly~~ with respect to survivors who first  
20 became survivors prior to January 1, 2022 shall apply upon  
21 request of the survivor on or after April 29, 2022 (the  
22 effective date of Public Act 102-714) ~~this amendatory Act of~~  
23 ~~the 102nd General Assembly~~.

24 (m) "Optional coverages or benefits" means those coverages  
25 or benefits available to the member on his or her voluntary  
26 election, and at his or her own expense.

1           (n) "Program" means the group life insurance, health  
2 benefits, and other employee benefits designed and contracted  
3 for by the Director under this Act.

4           (o) "Health plan" means a health benefits program offered  
5 by the State of Illinois for persons eligible for the plan.

6           (p) "Retired employee" means any person who would be an  
7 annuitant as that term is defined herein but for the fact that  
8 such person retired prior to January 1, 1966. Such term also  
9 includes any person formerly employed by the University of  
10 Illinois in the Cooperative Extension Service who would be an  
11 annuitant but for the fact that such person was made  
12 ineligible to participate in the State Universities Retirement  
13 System by clause (4) of subsection (a) of Section 15-107 of the  
14 Illinois Pension Code.

15           (q) "Survivor" means a person receiving an annuity as a  
16 survivor of an employee or of an annuitant. "Survivor" also  
17 includes: (1) the surviving dependent of a person who  
18 satisfies the definition of "employee" except that such person  
19 is made ineligible to participate in the State Universities  
20 Retirement System by clause (4) of subsection (a) of Section  
21 15-107 of the Illinois Pension Code; (2) the surviving  
22 dependent of any person formerly employed by the University of  
23 Illinois in the Cooperative Extension Service who would be an  
24 annuitant except for the fact that such person was made  
25 ineligible to participate in the State Universities Retirement  
26 System by clause (4) of subsection (a) of Section 15-107 of the

1 Illinois Pension Code; (3) the surviving dependent of a person  
2 who was an annuitant under this Act by virtue of receiving an  
3 alternative retirement cancellation payment under Section  
4 14-108.5 of the Illinois Pension Code; and (4) a person who  
5 would be receiving an annuity as a survivor of an annuitant  
6 except that the annuitant elected on or after June 4, 2018 to  
7 receive an accelerated pension benefit payment under Section  
8 14-147.5, 15-185.5, or 16-190.5 of the Illinois Pension Code  
9 in lieu of receiving an annuity.

10 (q-2) "SERS" means the State Employees' Retirement System  
11 of Illinois, created under Article 14 of the Illinois Pension  
12 Code.

13 (q-3) "SURS" means the State Universities Retirement  
14 System, created under Article 15 of the Illinois Pension Code.

15 (q-4) "TRS" means the Teachers' Retirement System of the  
16 State of Illinois, created under Article 16 of the Illinois  
17 Pension Code.

18 (q-5) (Blank).

19 (q-6) (Blank).

20 (q-7) (Blank).

21 (r) "Medical services" means the services provided within  
22 the scope of their licenses by practitioners in all categories  
23 licensed under the Medical Practice Act of 1987.

24 (s) "Unit of local government" means any county,  
25 municipality, township, school district (including a  
26 combination of school districts under the Intergovernmental

1 Cooperation Act), special district or other unit, designated  
2 as a unit of local government by law, which exercises limited  
3 governmental powers or powers in respect to limited  
4 governmental subjects, any not-for-profit association with a  
5 membership that primarily includes townships and township  
6 officials, that has duties that include provision of research  
7 service, dissemination of information, and other acts for the  
8 purpose of improving township government, and that is funded  
9 wholly or partly in accordance with Section 85-15 of the  
10 Township Code; any not-for-profit corporation or association,  
11 with a membership consisting primarily of municipalities, that  
12 operates its own utility system, and provides research,  
13 training, dissemination of information, or other acts to  
14 promote cooperation between and among municipalities that  
15 provide utility services and for the advancement of the goals  
16 and purposes of its membership; the Southern Illinois  
17 Collegiate Common Market, which is a consortium of higher  
18 education institutions in Southern Illinois; the Illinois  
19 Association of Park Districts; and any hospital provider that  
20 is owned by a county that has 100 or fewer hospital beds and  
21 has not already joined the program. "Qualified local  
22 government" means a unit of local government approved by the  
23 Director and participating in a program created under  
24 subsection (i) of Section 10 of this Act.

25 (t) "Qualified rehabilitation facility" means any  
26 not-for-profit organization that is accredited by the

1 Commission on Accreditation of Rehabilitation Facilities or  
2 certified by the Department of Human Services (as successor to  
3 the Department of Mental Health and Developmental  
4 Disabilities) to provide services to persons with disabilities  
5 and which receives funds from the State of Illinois for  
6 providing those services, approved by the Director and  
7 participating in a program created under subsection (j) of  
8 Section 10 of this Act.

9 (u) "Qualified domestic violence shelter or service" means  
10 any Illinois domestic violence shelter or service and its  
11 administrative offices funded by the Department of Human  
12 Services (as successor to the Illinois Department of Public  
13 Aid), approved by the Director and participating in a program  
14 created under subsection (k) of Section 10.

15 (v) "TRS benefit recipient" means a person who:

16 (1) is not a "member" as defined in this Section; and

17 (2) is receiving a monthly benefit or retirement  
18 annuity under Article 16 of the Illinois Pension Code or  
19 would be receiving such monthly benefit or retirement  
20 annuity except that the benefit recipient elected on or  
21 after June 4, 2018 to receive an accelerated pension  
22 benefit payment under Section 16-190.5 of the Illinois  
23 Pension Code in lieu of receiving an annuity; and

24 (3) either (i) has at least 8 years of creditable  
25 service under Article 16 of the Illinois Pension Code, or  
26 (ii) was enrolled in the health insurance program offered

1 under that Article on January 1, 1996, or (iii) is the  
2 survivor of a benefit recipient who had at least 8 years of  
3 creditable service under Article 16 of the Illinois  
4 Pension Code or was enrolled in the health insurance  
5 program offered under that Article on June 21, 1995 (the  
6 effective date of Public Act 89-25), or (iv) is a  
7 recipient or survivor of a recipient of a disability  
8 benefit under Article 16 of the Illinois Pension Code.

9 (w) "TRS dependent beneficiary" means a person who:

10 (1) is not a "member" or "dependent" as defined in  
11 this Section; and

12 (2) is a TRS benefit recipient's: (A) spouse, (B)  
13 dependent parent who is receiving at least half of his or  
14 her support from the TRS benefit recipient, or (C)  
15 natural, step, adjudicated, or adopted child who is (i)  
16 under age 26, (ii) was, on January 1, 1996, participating  
17 as a dependent beneficiary in the health insurance program  
18 offered under Article 16 of the Illinois Pension Code, or  
19 (iii) age 19 or over who has a mental or physical  
20 disability from a cause originating prior to the age of 19  
21 (age 26 if enrolled as an adult child).

22 "TRS dependent beneficiary" does not include, as indicated  
23 under paragraph (2) of this subsection (w), a dependent of the  
24 survivor of a TRS benefit recipient who first becomes a  
25 dependent of a survivor of a TRS benefit recipient on or after  
26 January 13, 2012 (the effective date of Public Act 97-668)

1 unless that dependent would have been eligible for coverage as  
2 a dependent of the deceased TRS benefit recipient upon whom  
3 the survivor benefit is based.

4 (x) "Military leave" refers to individuals in basic  
5 training for reserves, special/advanced training, annual  
6 training, emergency call up, activation by the President of  
7 the United States, or any other training or duty in service to  
8 the United States Armed Forces.

9 (y) (Blank).

10 (z) "Community college benefit recipient" means a person  
11 who:

12 (1) is not a "member" as defined in this Section; and

13 (2) is receiving a monthly survivor's annuity or  
14 retirement annuity under Article 15 of the Illinois  
15 Pension Code or would be receiving such monthly survivor's  
16 annuity or retirement annuity except that the benefit  
17 recipient elected on or after June 4, 2018 to receive an  
18 accelerated pension benefit payment under Section 15-185.5  
19 of the Illinois Pension Code in lieu of receiving an  
20 annuity; and

21 (3) either (i) was a full-time employee of a community  
22 college district or an association of community college  
23 boards created under the Public Community College Act  
24 (other than an employee whose last employer under Article  
25 15 of the Illinois Pension Code was a community college  
26 district subject to Article VII of the Public Community

1 College Act) and was eligible to participate in a group  
2 health benefit plan as an employee during the time of  
3 employment with a community college district (other than a  
4 community college district subject to Article VII of the  
5 Public Community College Act) or an association of  
6 community college boards, or (ii) is the survivor of a  
7 person described in item (i).

8 (aa) "Community college dependent beneficiary" means a  
9 person who:

10 (1) is not a "member" or "dependent" as defined in  
11 this Section; and

12 (2) is a community college benefit recipient's: (A)  
13 spouse, (B) dependent parent who is receiving at least  
14 half of his or her support from the community college  
15 benefit recipient, or (C) natural, step, adjudicated, or  
16 adopted child who is (i) under age 26, or (ii) age 19 or  
17 over and has a mental or physical disability from a cause  
18 originating prior to the age of 19 (age 26 if enrolled as  
19 an adult child).

20 "Community college dependent beneficiary" does not  
21 include, as indicated under paragraph (2) of this subsection  
22 (aa), a dependent of the survivor of a community college  
23 benefit recipient who first becomes a dependent of a survivor  
24 of a community college benefit recipient on or after January  
25 13, 2012 (the effective date of Public Act 97-668) unless that  
26 dependent would have been eligible for coverage as a dependent

1 of the deceased community college benefit recipient upon whom  
2 the survivor annuity is based.

3 (bb) "Qualified child advocacy center" means any Illinois  
4 child advocacy center and its administrative offices funded by  
5 the Department of Children and Family Services, as defined by  
6 the Children's Advocacy Center Act ~~(55 ILCS 80/)~~, approved by  
7 the Director and participating in a program created under  
8 subsection (n) of Section 10.

9 (cc) "Placement for adoption" means the assumption and  
10 retention by a member of a legal obligation for total or  
11 partial support of a child in anticipation of adoption of the  
12 child. The child's placement with the member terminates upon  
13 the termination of such legal obligation.

14 (Source: P.A. 101-242, eff. 8-9-19; 102-558, eff. 8-20-21;  
15 102-714, eff. 4-29-22; 102-813, eff 5-13-22; revised 7-23-24.)

16 (5 ILCS 375/10) (from Ch. 127, par. 530)

17 Sec. 10. Contributions by the State and members.

18 (a) The State shall pay the cost of basic non-contributory  
19 group life insurance and, subject to member paid contributions  
20 set by the Department or required by this Section and except as  
21 provided in this Section, the basic program of group health  
22 benefits on each eligible member, except a member, not  
23 otherwise covered by this Act, who has retired as a  
24 participating member under Article 2 of the Illinois Pension  
25 Code but is ineligible for the retirement annuity under

1 Section 2-119 of the Illinois Pension Code, and part of each  
2 eligible member's and retired member's premiums for health  
3 insurance coverage for enrolled dependents as provided by  
4 Section 9. The State shall pay the cost of the basic program of  
5 group health benefits only after benefits are reduced by the  
6 amount of benefits covered by Medicare for all members and  
7 dependents who are eligible for benefits under Social Security  
8 or the Railroad Retirement system or who had sufficient  
9 Medicare-covered government employment, except that such  
10 reduction in benefits shall apply only to those members and  
11 dependents who (1) first become eligible for such Medicare  
12 coverage on or after July 1, 1992; or (2) are  
13 Medicare-eligible members or dependents of a local government  
14 unit which began participation in the program on or after July  
15 1, 1992; or (3) remain eligible for, but no longer receive  
16 Medicare coverage which they had been receiving on or after  
17 July 1, 1992. The Department may determine the aggregate level  
18 of the State's contribution on the basis of actual cost of  
19 medical services adjusted for age, sex or geographic or other  
20 demographic characteristics which affect the costs of such  
21 programs.

22 The cost of participation in the basic program of group  
23 health benefits for the dependent or survivor of a living or  
24 deceased retired employee who was formerly employed by the  
25 University of Illinois in the Cooperative Extension Service  
26 and would be an annuitant but for the fact that he or she was

1 made ineligible to participate in the State Universities  
2 Retirement System by clause (4) of subsection (a) of Section  
3 15-107 of the Illinois Pension Code shall not be greater than  
4 the cost of participation that would otherwise apply to that  
5 dependent or survivor if he or she were the dependent or  
6 survivor of an annuitant under the State Universities  
7 Retirement System.

8 (a-1) (Blank).

9 (a-2) (Blank).

10 (a-3) (Blank).

11 (a-4) (Blank).

12 (a-5) (Blank).

13 (a-6) (Blank).

14 (a-7) (Blank).

15 (a-8) Any annuitant, survivor, or retired employee may  
16 waive or terminate coverage in the program of group health  
17 benefits. Any such annuitant, survivor, or retired employee  
18 who has waived or terminated coverage may enroll or re-enroll  
19 in the program of group health benefits only during the annual  
20 benefit choice period, as determined by the Director; except  
21 that in the event of termination of coverage due to nonpayment  
22 of premiums, the annuitant, survivor, or retired employee may  
23 not re-enroll in the program.

24 (a-8.5) Beginning on July 1, 2012 (the effective date of  
25 Public Act 97-695) ~~this amendatory Act of the 97th General~~  
26 ~~Assembly~~, the Director of Central Management Services shall,

1 on an annual basis, determine the amount that the State shall  
2 contribute toward the basic program of group health benefits  
3 on behalf of annuitants (including individuals who (i)  
4 participated in the General Assembly Retirement System, the  
5 State Employees' Retirement System of Illinois, the State  
6 Universities Retirement System, the Teachers' Retirement  
7 System of the State of Illinois, or the Judges Retirement  
8 System of Illinois and (ii) qualify as annuitants under  
9 subsection (b) of Section 3 of this Act), survivors (including  
10 individuals who (i) receive an annuity as a survivor of an  
11 individual who participated in the General Assembly Retirement  
12 System, the State Employees' Retirement System of Illinois,  
13 the State Universities Retirement System, the Teachers'  
14 Retirement System of the State of Illinois, or the Judges  
15 Retirement System of Illinois and (ii) qualify as survivors  
16 under subsection (q) of Section 3 of this Act), and retired  
17 employees (as defined in subsection (p) of Section 3 of this  
18 Act). The remainder of the cost of coverage for each  
19 annuitant, survivor, or retired employee, as determined by the  
20 Director of Central Management Services, shall be the  
21 responsibility of that annuitant, survivor, or retired  
22 employee.

23 Contributions required of annuitants, survivors, and  
24 retired employees shall be the same for all retirement systems  
25 and shall also be based on whether an individual has made an  
26 election under Section 15-135.1 of the Illinois Pension Code.

1 Contributions may be based on annuitants', survivors', or  
2 retired employees' Medicare eligibility, but may not be based  
3 on Social Security eligibility.

4 (a-9) No later than May 1 of each calendar year, the  
5 Director of Central Management Services shall certify in  
6 writing to the Executive Secretary of the State Employees'  
7 Retirement System of Illinois the amounts of the Medicare  
8 supplement health care premiums and the amounts of the health  
9 care premiums for all other retirees who are not Medicare  
10 eligible.

11 A separate calculation of the premiums based upon the  
12 actual cost of each health care plan shall be so certified.

13 The Director of Central Management Services shall provide  
14 to the Executive Secretary of the State Employees' Retirement  
15 System of Illinois such information, statistics, and other  
16 data as he or she may require to review the premium amounts  
17 certified by the Director of Central Management Services.

18 The Department of Central Management Services, or any  
19 successor agency designated to procure health care ~~healthcare~~  
20 contracts pursuant to this Act, is authorized to establish  
21 funds, separate accounts provided by any bank or banks as  
22 defined by the Illinois Banking Act, or separate accounts  
23 provided by any savings and loan association or associations  
24 as defined by the Illinois Savings and Loan Act of 1985 to be  
25 held by the Director, outside the State treasury, for the  
26 purpose of receiving the transfer of moneys from the Local

1 Government Health Insurance Reserve Fund. The Department may  
2 promulgate rules further defining the methodology for the  
3 transfers. Any interest earned by moneys in the funds or  
4 accounts shall inure to the Local Government Health Insurance  
5 Reserve Fund. The transferred moneys, and interest accrued  
6 thereon, shall be used exclusively for transfers to  
7 administrative service organizations or their financial  
8 institutions for payments of claims to claimants and providers  
9 under the self-insurance health plan. The transferred moneys,  
10 and interest accrued thereon, shall not be used for any other  
11 purpose including, but not limited to, reimbursement of  
12 administration fees due the administrative service  
13 organization pursuant to its contract or contracts with the  
14 Department.

15 (a-10) To the extent that participation, benefits, or  
16 premiums under this Act are based on a person's service credit  
17 under an Article of the Illinois Pension Code, service credit  
18 terminated in exchange for an accelerated pension benefit  
19 payment under Section 14-147.5, 15-185.5, or 16-190.5 of that  
20 Code shall be included in determining a person's service  
21 credit for the purposes of this Act.

22 (a-15) For purposes of determining State contributions  
23 under this Section, service established under a defined  
24 contribution plan under Section 14-155.5 of the Illinois  
25 Pension Code shall be included in determining an employee's  
26 creditable service. Any credit terminated as part of a

1 transfer of contributions to a defined contribution plan under  
2 Section 14-155.5 of the Illinois Pension Code shall also be  
3 included in determining an employee's creditable service.

4 (b) State employees who become eligible for this program  
5 on or after January 1, 1980 in positions normally requiring  
6 actual performance of duty not less than 1/2 of a normal work  
7 period but not equal to that of a normal work period, shall be  
8 given the option of participating in the available program. If  
9 the employee elects coverage, the State shall contribute on  
10 behalf of such employee to the cost of the employee's benefit  
11 and any applicable dependent supplement, that sum which bears  
12 the same percentage as that percentage of time the employee  
13 regularly works when compared to normal work period.

14 (c) The basic non-contributory coverage from the basic  
15 program of group health benefits shall be continued for each  
16 employee not in pay status or on active service by reason of  
17 (1) leave of absence due to illness or injury, (2) authorized  
18 educational leave of absence or sabbatical leave, or (3)  
19 military leave. This coverage shall continue until expiration  
20 of authorized leave and return to active service, but not to  
21 exceed 24 months for leaves under item (1) or (2). This  
22 24-month limitation and the requirement of returning to active  
23 service shall not apply to persons receiving ordinary or  
24 accidental disability benefits or retirement benefits through  
25 the appropriate State retirement system or benefits under the  
26 Workers' Compensation Act or the Workers' Occupational

1 Diseases ~~Occupational Disease~~ Act.

2 (d) The basic group life insurance coverage shall  
3 continue, with full State contribution, where such person is  
4 (1) absent from active service by reason of disability arising  
5 from any cause other than self-inflicted, (2) on authorized  
6 educational leave of absence or sabbatical leave, or (3) on  
7 military leave.

8 (e) Where the person is in non-pay status for a period in  
9 excess of 30 days or on leave of absence, other than by reason  
10 of disability, educational or sabbatical leave, or military  
11 leave, such person may continue coverage only by making  
12 personal payment equal to the amount normally contributed by  
13 the State on such person's behalf. Such payments and coverage  
14 may be continued: (1) until such time as the person returns to  
15 a status eligible for coverage at State expense, but not to  
16 exceed 24 months or (2) until such person's employment or  
17 annuitant status with the State is terminated (exclusive of  
18 any additional service imposed pursuant to law).

19 (f) The Department shall establish by rule the extent to  
20 which other employee benefits will continue for persons in  
21 non-pay status or who are not in active service.

22 (g) The State shall not pay the cost of the basic  
23 non-contributory group life insurance, program of health  
24 benefits and other employee benefits for members who are  
25 survivors as defined by paragraphs (1) and (2) of subsection  
26 (q) of Section 3 of this Act. The costs of benefits for these

1 survivors shall be paid by the survivors or by the University  
2 of Illinois Cooperative Extension Service, or any combination  
3 thereof. However, the State shall pay the amount of the  
4 reduction in the cost of participation, if any, resulting from  
5 the amendment to subsection (a) made by Public Act 91-617 ~~this~~  
6 ~~amendatory Act of the 91st General Assembly.~~

7 (h) Those persons occupying positions with any department  
8 as a result of emergency appointments pursuant to Section 8b.8  
9 of the Personnel Code who are not considered employees under  
10 this Act shall be given the option of participating in the  
11 programs of group life insurance, health benefits and other  
12 employee benefits. Such persons electing coverage may  
13 participate only by making payment equal to the amount  
14 normally contributed by the State for similarly situated  
15 employees. Such amounts shall be determined by the Director.  
16 Such payments and coverage may be continued until such time as  
17 the person becomes an employee pursuant to this Act or such  
18 person's appointment is terminated.

19 (i) Any unit of local government within the State of  
20 Illinois may apply to the Director to have its employees,  
21 annuitants, and their dependents provided group health  
22 coverage under this Act on a non-insured basis. To  
23 participate, a unit of local government must agree to enroll  
24 all of its employees, who may select coverage under any group  
25 health benefits plan made available by the Department under  
26 the health benefits program established under this Section or

1 a health maintenance organization that has contracted with the  
2 State to be available as a health care provider for employees  
3 as defined in this Act. A unit of local government must remit  
4 the entire cost of providing coverage under the health  
5 benefits program established under this Section or, for  
6 coverage under a health maintenance organization, an amount  
7 determined by the Director based on an analysis of the sex,  
8 age, geographic location, or other relevant demographic  
9 variables for its employees, except that the unit of local  
10 government shall not be required to enroll those of its  
11 employees who are covered spouses or dependents under the  
12 State group health benefits plan or another group policy or  
13 plan providing health benefits as long as (1) an appropriate  
14 official from the unit of local government attests that each  
15 employee not enrolled is a covered spouse or dependent under  
16 this plan or another group policy or plan, and (2) at least 50%  
17 of the employees are enrolled and the unit of local government  
18 remits the entire cost of providing coverage to those  
19 employees, except that a participating school district must  
20 have enrolled at least 50% of its full-time employees who have  
21 not waived coverage under the district's group health plan by  
22 participating in a component of the district's cafeteria plan.  
23 A participating school district is not required to enroll a  
24 full-time employee who has waived coverage under the  
25 district's health plan, provided that an appropriate official  
26 from the participating school district attests that the

1 full-time employee has waived coverage by participating in a  
2 component of the district's cafeteria plan. For the purposes  
3 of this subsection, "participating school district" includes a  
4 unit of local government whose primary purpose is education as  
5 defined by the Department's rules.

6 Employees of a participating unit of local government who  
7 are not enrolled due to coverage under another group health  
8 policy or plan may enroll in the event of a qualifying change  
9 in status, special enrollment, special circumstance as defined  
10 by the Director, or during the annual benefit choice period  
11 ~~Benefit Choice Period~~. A participating unit of local  
12 government may also elect to cover its annuitants. Dependent  
13 coverage shall be offered on an optional basis, with the costs  
14 paid by the unit of local government, its employees, or some  
15 combination of the two as determined by the unit of local  
16 government. The unit of local government shall be responsible  
17 for timely collection and transmission of dependent premiums.

18 The Director shall annually determine monthly rates of  
19 payment, subject to the following constraints:

20 (1) In the first year of coverage, the rates shall be  
21 equal to the amount normally charged to State employees  
22 for elected optional coverages or for enrolled dependents  
23 coverages or other contributory coverages, or contributed  
24 by the State for basic insurance coverages on behalf of  
25 its employees, adjusted for differences between State  
26 employees and employees of the local government in age,

1 sex, geographic location or other relevant demographic  
2 variables, plus an amount sufficient to pay for the  
3 additional administrative costs of providing coverage to  
4 employees of the unit of local government and their  
5 dependents.

6 (2) In subsequent years, a further adjustment shall be  
7 made to reflect the actual prior years' claims experience  
8 of the employees of the unit of local government.

9 In the case of coverage of local government employees  
10 under a health maintenance organization, the Director shall  
11 annually determine for each participating unit of local  
12 government the maximum monthly amount the unit may contribute  
13 toward that coverage, based on an analysis of (i) the age, sex,  
14 geographic location, and other relevant demographic variables  
15 of the unit's employees and (ii) the cost to cover those  
16 employees under the State group health benefits plan. The  
17 Director may similarly determine the maximum monthly amount  
18 each unit of local government may contribute toward coverage  
19 of its employees' dependents under a health maintenance  
20 organization.

21 Monthly payments by the unit of local government or its  
22 employees for group health benefits plan or health maintenance  
23 organization coverage shall be deposited into ~~in~~ the Local  
24 Government Health Insurance Reserve Fund.

25 The Local Government Health Insurance Reserve Fund is  
26 hereby created as a nonappropriated trust fund to be held

1 outside the State treasury ~~Treasury~~, with the State Treasurer  
2 as custodian. The Local Government Health Insurance Reserve  
3 Fund shall be a continuing fund not subject to fiscal year  
4 limitations. The Local Government Health Insurance Reserve  
5 Fund is not subject to administrative charges or charge-backs,  
6 including, but not limited to, those authorized under Section  
7 8h of the State Finance Act. All revenues arising from the  
8 administration of the health benefits program established  
9 under this Section shall be deposited into the Local  
10 Government Health Insurance Reserve Fund. Any interest earned  
11 on moneys in the Local Government Health Insurance Reserve  
12 Fund shall be deposited into the Fund. All expenditures from  
13 this Fund shall be used for payments for health care benefits  
14 for local government and rehabilitation facility employees,  
15 annuitants, and dependents, and to reimburse the Department or  
16 its administrative service organization for all expenses  
17 incurred in the administration of benefits. No other State  
18 funds may be used for these purposes.

19 A local government employer's participation or desire to  
20 participate in a program created under this subsection shall  
21 not limit that employer's duty to bargain with the  
22 representative of any collective bargaining unit of its  
23 employees.

24 (j) Any rehabilitation facility within the State of  
25 Illinois may apply to the Director to have its employees,  
26 annuitants, and their eligible dependents provided group

1 health coverage under this Act on a non-insured basis. To  
2 participate, a rehabilitation facility must agree to enroll  
3 all of its employees and remit the entire cost of providing  
4 such coverage for its employees, except that the  
5 rehabilitation facility shall not be required to enroll those  
6 of its employees who are covered spouses or dependents under  
7 this plan or another group policy or plan providing health  
8 benefits as long as (1) an appropriate official from the  
9 rehabilitation facility attests that each employee not  
10 enrolled is a covered spouse or dependent under this plan or  
11 another group policy or plan, and (2) at least 50% of the  
12 employees are enrolled and the rehabilitation facility remits  
13 the entire cost of providing coverage to those employees.  
14 Employees of a participating rehabilitation facility who are  
15 not enrolled due to coverage under another group health policy  
16 or plan may enroll in the event of a qualifying change in  
17 status, special enrollment, special circumstance as defined by  
18 the Director, or during the annual benefit choice period  
19 ~~Benefit Choice Period~~. A participating rehabilitation facility  
20 may also elect to cover its annuitants. Dependent coverage  
21 shall be offered on an optional basis, with the costs paid by  
22 the rehabilitation facility, its employees, or some  
23 combination of the 2 as determined by the rehabilitation  
24 facility. The rehabilitation facility shall be responsible for  
25 timely collection and transmission of dependent premiums.

26 The Director shall annually determine quarterly rates of

1 payment, subject to the following constraints:

2 (1) In the first year of coverage, the rates shall be  
3 equal to the amount normally charged to State employees  
4 for elected optional coverages or for enrolled dependents  
5 coverages or other contributory coverages on behalf of its  
6 employees, adjusted for differences between State  
7 employees and employees of the rehabilitation facility in  
8 age, sex, geographic location or other relevant  
9 demographic variables, plus an amount sufficient to pay  
10 for the additional administrative costs of providing  
11 coverage to employees of the rehabilitation facility and  
12 their dependents.

13 (2) In subsequent years, a further adjustment shall be  
14 made to reflect the actual prior years' claims experience  
15 of the employees of the rehabilitation facility.

16 Monthly payments by the rehabilitation facility or its  
17 employees for group health benefits shall be deposited into ~~in~~  
18 the Local Government Health Insurance Reserve Fund.

19 (k) Any domestic violence shelter or service within the  
20 State of Illinois may apply to the Director to have its  
21 employees, annuitants, and their dependents provided group  
22 health coverage under this Act on a non-insured basis. To  
23 participate, a domestic violence shelter or service must agree  
24 to enroll all of its employees and pay the entire cost of  
25 providing such coverage for its employees. The domestic  
26 violence shelter shall not be required to enroll those of its

1 employees who are covered spouses or dependents under this  
2 plan or another group policy or plan providing health benefits  
3 as long as (1) an appropriate official from the domestic  
4 violence shelter attests that each employee not enrolled is a  
5 covered spouse or dependent under this plan or another group  
6 policy or plan and (2) at least 50% of the employees are  
7 enrolled and the domestic violence shelter remits the entire  
8 cost of providing coverage to those employees. Employees of a  
9 participating domestic violence shelter who are not enrolled  
10 due to coverage under another group health policy or plan may  
11 enroll in the event of a qualifying change in status, special  
12 enrollment, or special circumstance as defined by the Director  
13 or during the annual benefit choice period ~~Benefit Choice~~  
14 ~~Period~~. A participating domestic violence shelter may also  
15 elect to cover its annuitants. Dependent coverage shall be  
16 offered on an optional basis, with employees, or some  
17 combination of the 2 as determined by the domestic violence  
18 shelter or service. The domestic violence shelter or service  
19 shall be responsible for timely collection and transmission of  
20 dependent premiums.

21 The Director shall annually determine rates of payment,  
22 subject to the following constraints:

- 23 (1) In the first year of coverage, the rates shall be  
24 equal to the amount normally charged to State employees  
25 for elected optional coverages or for enrolled dependents  
26 coverages or other contributory coverages on behalf of its

1 employees, adjusted for differences between State  
2 employees and employees of the domestic violence shelter  
3 or service in age, sex, geographic location or other  
4 relevant demographic variables, plus an amount sufficient  
5 to pay for the additional administrative costs of  
6 providing coverage to employees of the domestic violence  
7 shelter or service and their dependents.

8 (2) In subsequent years, a further adjustment shall be  
9 made to reflect the actual prior years' claims experience  
10 of the employees of the domestic violence shelter or  
11 service.

12 Monthly payments by the domestic violence shelter or  
13 service or its employees for group health insurance shall be  
14 deposited into ~~in~~ the Local Government Health Insurance  
15 Reserve Fund.

16 (1) A public community college or entity organized  
17 pursuant to the Public Community College Act may apply to the  
18 Director initially to have only annuitants not covered prior  
19 to July 1, 1992 by the district's health plan provided health  
20 coverage under this Act on a non-insured basis. The community  
21 college must execute a 2-year contract to participate in the  
22 Local Government Health Plan. Any annuitant may enroll in the  
23 event of a qualifying change in status, special enrollment,  
24 special circumstance as defined by the Director, or during the  
25 annual benefit choice period ~~Benefit Choice Period~~.

26 The Director shall annually determine monthly rates of

1 payment subject to the following constraints: for those  
2 community colleges with annuitants only enrolled, first year  
3 rates shall be equal to the average cost to cover claims for a  
4 State member adjusted for demographics, Medicare  
5 participation, and other factors; and in the second year, a  
6 further adjustment of rates shall be made to reflect the  
7 actual first year's claims experience of the covered  
8 annuitants.

9 (l-5) The provisions of subsection (l) become inoperative  
10 on July 1, 1999.

11 (m) The Director shall adopt any rules deemed necessary  
12 for implementation of this amendatory Act of 1989 (Public Act  
13 86-978).

14 (n) Any child advocacy center within the State of Illinois  
15 may apply to the Director to have its employees, annuitants,  
16 and their dependents provided group health coverage under this  
17 Act on a non-insured basis. To participate, a child advocacy  
18 center must agree to enroll all of its employees and pay the  
19 entire cost of providing coverage for its employees. The child  
20 advocacy center shall not be required to enroll those of its  
21 employees who are covered spouses or dependents under this  
22 plan or another group policy or plan providing health benefits  
23 as long as (1) an appropriate official from the child advocacy  
24 center attests that each employee not enrolled is a covered  
25 spouse or dependent under this plan or another group policy or  
26 plan and (2) at least 50% of the employees are enrolled and the

1 child advocacy center remits the entire cost of providing  
2 coverage to those employees. Employees of a participating  
3 child advocacy center who are not enrolled due to coverage  
4 under another group health policy or plan may enroll in the  
5 event of a qualifying change in status, special enrollment, or  
6 special circumstance as defined by the Director or during the  
7 annual benefit choice period ~~Benefit Choice Period~~. A  
8 participating child advocacy center may also elect to cover  
9 its annuitants. Dependent coverage shall be offered on an  
10 optional basis, with the costs paid by the child advocacy  
11 center, its employees, or some combination of the 2 as  
12 determined by the child advocacy center. The child advocacy  
13 center shall be responsible for timely collection and  
14 transmission of dependent premiums.

15 The Director shall annually determine rates of payment,  
16 subject to the following constraints:

17 (1) In the first year of coverage, the rates shall be  
18 equal to the amount normally charged to State employees  
19 for elected optional coverages or for enrolled dependents  
20 coverages or other contributory coverages on behalf of its  
21 employees, adjusted for differences between State  
22 employees and employees of the child advocacy center in  
23 age, sex, geographic location, or other relevant  
24 demographic variables, plus an amount sufficient to pay  
25 for the additional administrative costs of providing  
26 coverage to employees of the child advocacy center and

1 their dependents.

2 (2) In subsequent years, a further adjustment shall be  
3 made to reflect the actual prior years' claims experience  
4 of the employees of the child advocacy center.

5 Monthly payments by the child advocacy center or its  
6 employees for group health insurance shall be deposited into  
7 the Local Government Health Insurance Reserve Fund.

8 (Source: P.A. 102-19, eff. 7-1-21; revised 7-23-24.)

9 Section 10. The Illinois Pension Code is amended by  
10 changing Sections 1-160, 1-161, 14-103.05, 14-103.41,  
11 14-152.1, 20-121, 20-123, 20-124, and 20-125 and by adding  
12 Section 14-155.5 as follows:

13 (40 ILCS 5/1-160)

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

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

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

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

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

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

1 (b) of Section 1-161 to instead receive the benefits provided  
2 under this Section and the applicable provisions of that  
3 Article.

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

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

14 This Section does not apply to a person who participates  
15 in a defined contribution plan established under Section  
16 14-155.5.

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

1 retirement system or pension fund to which this Section  
2 applies on or after January 1, 2011, in this Code, "final  
3 average salary" shall be substituted for the following:

4 (1) (Blank).

5 (2) In Articles 8, 9, 10, 11, and 12, "highest average  
6 annual salary for any 4 consecutive years within the last  
7 10 years of service immediately preceding the date of  
8 withdrawal".

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

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

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

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

14 A member of the Teachers' Retirement System of the State  
15 of Illinois who retires on or after June 1, 2021 and for whom  
16 the 2020-2021 school year is used in the calculation of the  
17 member's final average salary shall use the higher of the  
18 following for the purpose of determining the member's final  
19 average salary:

20 (A) the amount otherwise calculated under the first  
21 paragraph of this subsection; or

22 (B) an amount calculated by the Teachers' Retirement  
23 System of the State of Illinois using the average of the  
24 monthly (or annual) salary obtained by dividing the total  
25 salary or earnings calculated under Article 16 applicable  
26 to the member or participant during the 96 months (or 8

1 years) of service within the last 120 months (or 10 years)  
2 of service in which the total salary or earnings  
3 calculated under the Article was the highest by the number  
4 of months (or years) of service in that period.

5 (b-5) Beginning on January 1, 2011, for all purposes under  
6 this Code (including without limitation the calculation of  
7 benefits and employee contributions), the annual earnings,  
8 salary, or wages (based on the plan year) of a member or  
9 participant to whom this Section applies 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 the purposes of this Section, "consumer price index-u"  
17 means the index published by the Bureau of Labor Statistics of  
18 the United States Department of Labor that measures the  
19 average change in prices of goods and services purchased by  
20 all urban consumers, United States city average, all items,  
21 1982-84 = 100. The new amount resulting from each annual  
22 adjustment shall be determined by the Public Pension Division  
23 of the Department of Insurance and made available to the  
24 boards of the retirement systems and pension funds by November  
25 1 of each year.

26 (b-10) Beginning on January 1, 2024, for all purposes

1 under this Code (including, without limitation, the  
2 calculation of benefits and employee contributions), the  
3 annual earnings, salary, or wages (based on the plan year) of a  
4 member or participant under Article 9 to whom this Section  
5 applies shall include an annual earnings, salary, or wage cap  
6 that tracks the Social Security wage base. Maximum annual  
7 earnings, wages, or salary shall be the annual contribution  
8 and benefit base established for the applicable year by the  
9 Commissioner of the Social Security Administration under the  
10 federal Social Security Act.

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

21 Nothing in this subsection (b-10) shall cause or otherwise  
22 result in any retroactive adjustment of any employee  
23 contributions. Nothing in this subsection (b-10) shall cause  
24 or otherwise result in any retroactive adjustment of  
25 disability or other payments made between January 1, 2011 and  
26 January 1, 2024.

1 (c) A member or participant is entitled to a retirement  
2 annuity upon written application if he or she has attained age  
3 67 (age 65, with respect to service under Article 12 that is  
4 subject to this Section, for a member or participant under  
5 Article 12 who first becomes a member or participant under  
6 Article 12 on or after January 1, 2022 or who makes the  
7 election under item (i) of subsection (d-15) of this Section)  
8 and has at least 10 years of service credit and is otherwise  
9 eligible under the requirements of the applicable Article.

10 A member or participant who has attained age 62 (age 60,  
11 with respect to service under Article 12 that is subject to  
12 this Section, for a member or participant under Article 12 who  
13 first becomes a member or participant under Article 12 on or  
14 after January 1, 2022 or who makes the election under item (i)  
15 of subsection (d-15) of this Section) and has at least 10 years  
16 of service credit and is otherwise eligible under the  
17 requirements of the applicable Article may elect to receive  
18 the lower retirement annuity provided in subsection (d) of  
19 this Section.

20 (c-5) A person who first becomes a member or a participant  
21 subject to this Section on or after July 6, 2017 (the effective  
22 date of Public Act 100-23), notwithstanding any other  
23 provision of this Code to the contrary, is entitled to a  
24 retirement annuity under Article 8 or Article 11 upon written  
25 application if he or she has attained age 65 and has at least  
26 10 years of service credit and is otherwise eligible under the

1 requirements of Article 8 or Article 11 of this Code,  
2 whichever is applicable.

3 (d) The retirement annuity of a member or participant who  
4 is retiring after attaining age 62 (age 60, with respect to  
5 service under Article 12 that is subject to this Section, for a  
6 member or participant under Article 12 who first becomes a  
7 member or participant under Article 12 on or after January 1,  
8 2022 or who makes the election under item (i) of subsection  
9 (d-15) of this Section) with at least 10 years of service  
10 credit shall be reduced by one-half of 1% for each full month  
11 that the member's age is under age 67 (age 65, with respect to  
12 service under Article 12 that is subject to this Section, for a  
13 member or participant under Article 12 who first becomes a  
14 member or participant under Article 12 on or after January 1,  
15 2022 or who makes the election under item (i) of subsection  
16 (d-15) of this Section).

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.

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

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

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

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

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

1 either:

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

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

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

22 (e) Any retirement annuity or supplemental annuity shall  
23 be subject to annual increases on the January 1 occurring  
24 either on or after the attainment of age 67 (age 65, with  
25 respect to service under Article 12 that is subject to this  
26 Section, for a member or participant under Article 12 who

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

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

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

1 Public Act 100-23).

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

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

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

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

1 of eligible creditable service and has attained age 55,  
2 regardless of whether the attainment of age 55 occurs while  
3 the person is still in service.

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

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

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

11 (i) (Blank).

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

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

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

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

20 (a) The provisions of this Section apply to a person who,  
21 on or after January 1, 2011, first becomes a member or a  
22 participant under any reciprocal retirement system or pension  
23 fund established under this Code, other than a retirement  
24 system or pension fund established under Article 2, 3, 4, 5, 6,  
25 7, 15, or 18 of this Code, notwithstanding any other provision

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

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

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

1 member or participant under Article 16 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 elects under  
8 subsection (c-5) of Section 1-161 to receive the benefits  
9 under Section 1-161.

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

17 This Section does not apply to a person who participates  
18 in a defined contribution plan established under Section  
19 14-155.5.

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

1 the applicable Article was the highest by the number of months  
2 (or years) of service in that period. For the purposes of a  
3 person who first becomes a member or participant of any  
4 retirement system or pension fund to which this Section  
5 applies on or after January 1, 2011, in this Code, "final  
6 average salary" shall be substituted for the following:

7 (1) (Blank).

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

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

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

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

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

17 A member of the Teachers' Retirement System of the State  
18 of Illinois who retires on or after June 1, 2021 and for whom  
19 the 2020-2021 school year is used in the calculation of the  
20 member's final average salary shall use the higher of the  
21 following for the purpose of determining the member's final  
22 average salary:

23 (A) the amount otherwise calculated under the first  
24 paragraph of this subsection; or

25 (B) an amount calculated by the Teachers' Retirement  
26 System of the State of Illinois using the average of the

1 monthly (or annual) salary obtained by dividing the total  
2 salary or earnings calculated under Article 16 applicable  
3 to the member or participant during the 96 months (or 8  
4 years) of service within the last 120 months (or 10 years)  
5 of service in which the total salary or earnings  
6 calculated under the Article was the highest by the number  
7 of months (or years) of service in that period.

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

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

1 boards of the retirement systems and pension funds by November  
2 1 of each year.

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

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

24 Nothing in this subsection (b-10) shall cause or otherwise  
25 result in any retroactive adjustment of any employee  
26 contributions. Nothing in this subsection (b-10) shall cause

1 or otherwise result in any retroactive adjustment of  
2 disability or other payments made between January 1, 2011 and  
3 January 1, 2024.

4 (c) A member or participant is entitled to a retirement  
5 annuity upon written application if he or she has attained age  
6 67 (age 65, with respect to service under Article 12 that is  
7 subject to this Section, for a member or participant under  
8 Article 12 who first becomes a member or participant under  
9 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 and has at least 10 years of service credit and is otherwise  
12 eligible under the requirements of the applicable Article.

13 A member or participant who has attained age 62 (age 60,  
14 with respect to service under Article 12 that is subject to  
15 this Section, for a member or participant under Article 12 who  
16 first becomes a member or participant under Article 12 on or  
17 after January 1, 2022 or who makes the election under item (i)  
18 of subsection (d-15) of this Section) and has at least 10 years  
19 of service credit and is otherwise eligible under the  
20 requirements of the applicable Article may elect to receive  
21 the lower retirement annuity provided in subsection (d) of  
22 this Section.

23 (c-5) A person who first becomes a member or a participant  
24 subject to this Section on or after July 6, 2017 (the effective  
25 date of Public Act 100-23), notwithstanding any other  
26 provision of this Code to the contrary, is entitled to a

1 retirement annuity under Article 8 or Article 11 upon written  
2 application if he or she has attained age 65 and has at least  
3 10 years of service credit and is otherwise eligible under the  
4 requirements of Article 8 or Article 11 of this Code,  
5 whichever is applicable.

6 (d) The retirement annuity of a member or participant who  
7 is retiring after attaining age 62 (age 60, with respect to  
8 service under Article 12 that is subject to this Section, for a  
9 member or participant under Article 12 who first becomes a  
10 member or participant under Article 12 on or after January 1,  
11 2022 or who makes the election under item (i) of subsection  
12 (d-15) of this Section) with at least 10 years of service  
13 credit shall be reduced by one-half of 1% for each full month  
14 that the member's age is under age 67 (age 65, with respect to  
15 service under Article 12 that is subject to this Section, for a  
16 member or participant under Article 12 who first becomes a  
17 member or participant under Article 12 on or after January 1,  
18 2022 or who makes the election under item (i) of subsection  
19 (d-15) of this Section).

20 (d-5) The retirement annuity payable under Article 8 or  
21 Article 11 to an eligible person subject to subsection (c-5)  
22 of this Section who is retiring at age 60 with at least 10  
23 years of service credit shall be reduced by one-half of 1% for  
24 each full month that the member's age is under age 65.

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

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

26 For the purposes of Section 1-103.1 of this Code, the

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

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

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

6 (g) The benefits in Section 14-110 apply only if the  
7 person is a State policeman, a fire fighter in the fire  
8 protection service of a department, a conservation police  
9 officer, an investigator for the Secretary of State, an arson  
10 investigator, a Commerce Commission police officer,  
11 investigator for the Department of Revenue or the Illinois  
12 Gaming Board, a security employee of the Department of  
13 Corrections or the Department of Juvenile Justice, or a  
14 security employee of the Department of Innovation and  
15 Technology, as those terms are defined in subsection (b) and  
16 subsection (c) of Section 14-110. A person who meets the  
17 requirements of this Section is entitled to an annuity  
18 calculated under the provisions of Section 14-110, in lieu of  
19 the regular or minimum retirement annuity, only if the person  
20 has withdrawn from service with not less than 20 years of  
21 eligible creditable service and has attained age 60,  
22 regardless of whether the attainment of age 60 occurs while  
23 the person is still in service.

24 (h) If a person who first becomes a member or a participant  
25 of a retirement system or pension fund subject to this Section  
26 on or after January 1, 2011 is receiving a retirement annuity

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

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

1 required to pay a fine of \$1,000. Upon termination of that  
2 contractual employment, the person's retirement annuity or  
3 retirement pension payments shall resume and, if appropriate,  
4 be recalculated under the applicable provisions of this Code.

5 (i) (Blank).

6 (j) In the case of a conflict between the provisions of  
7 this Section and any other provision of this Code, the  
8 provisions of this Section shall control.

9 (Source: P.A. 101-610, eff. 1-1-20; 102-16, eff. 6-17-21;  
10 102-210, eff. 1-1-22; 102-263, eff. 8-6-21; 102-813, eff.  
11 5-13-22; 103-529, eff. 8-11-23.)

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

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

14 (a) The provisions of this Section apply to a person who,  
15 on or after January 1, 2011, first becomes a member or a  
16 participant under any reciprocal retirement system or pension  
17 fund established under this Code, other than a retirement  
18 system or pension fund established under Article 2, 3, 4, 5, 6,  
19 7, 15, or 18 of this Code, notwithstanding any other provision  
20 of this Code to the contrary, but do not apply to any  
21 self-managed plan established under this Code or to any  
22 participant of the retirement plan established under Section  
23 22-101; except that this Section applies to a person who  
24 elected to establish alternative credits by electing in  
25 writing after January 1, 2011, but before August 8, 2011,

1 under Section 7-145.1 of this Code. Notwithstanding anything  
2 to the contrary in this Section, for purposes of this Section,  
3 a person who is a Tier 1 regular employee as defined in Section  
4 7-109.4 of this Code or who participated in a retirement  
5 system under Article 15 prior to January 1, 2011 shall be  
6 deemed a person who first became a member or participant prior  
7 to January 1, 2011 under any retirement system or pension fund  
8 subject to this Section. The changes made to this Section by  
9 Public Act 98-596 are a clarification of existing law and are  
10 intended to be retroactive to January 1, 2011 (the effective  
11 date of Public Act 96-889), notwithstanding the provisions of  
12 Section 1-103.1 of this Code.

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

20 This Section does not apply to a person who first becomes a  
21 member or participant under Article 16 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 elects under  
2 subsection (c-5) of Section 1-161 to receive the benefits  
3 under Section 1-161.

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

11           This Section does not apply to a person who participates  
12 in a defined contribution plan established under Section  
13 14-155.5.

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

1 (1) (Blank).

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

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

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

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

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

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

17 (A) the amount otherwise calculated under the first  
18 paragraph of this subsection; or

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

1 of months (or years) of service in that period.

2 (b-5) Beginning on January 1, 2011, for all purposes under  
3 this Code (including without limitation the calculation of  
4 benefits and employee contributions), the annual earnings,  
5 salary, or wages (based on the plan year) of a member or  
6 participant to whom this Section applies shall not exceed  
7 \$106,800; however, that amount shall annually thereafter be  
8 increased by the lesser of (i) 3% of that amount, including all  
9 previous adjustments, or (ii) one-half the annual unadjusted  
10 percentage increase (but not less than zero) in the consumer  
11 price index-u for the 12 months ending with the September  
12 preceding each November 1, including all previous adjustments.

13 For the purposes of this Section, "consumer price index-u"  
14 means the index published by the Bureau of Labor Statistics of  
15 the United States Department of Labor that measures the  
16 average change in prices of goods and services purchased by  
17 all urban consumers, United States city average, all items,  
18 1982-84 = 100. The new amount resulting from each annual  
19 adjustment shall be determined by the Public Pension Division  
20 of the Department of Insurance and made available to the  
21 boards of the retirement systems and pension funds by November  
22 1 of each year.

23 (b-10) Beginning on January 1, 2024, for all purposes  
24 under this Code (including, without limitation, the  
25 calculation of benefits and employee contributions), the  
26 annual earnings, salary, or wages (based on the plan year) of a

1 member or participant under Article 9 to whom this Section  
2 applies shall include an annual earnings, salary, or wage cap  
3 that tracks the Social Security wage base. Maximum annual  
4 earnings, wages, or salary shall be the annual contribution  
5 and benefit base established for the applicable year by the  
6 Commissioner of the Social Security Administration under the  
7 federal Social Security Act.

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

18 Nothing in this subsection (b-10) shall cause or otherwise  
19 result in any retroactive adjustment of any employee  
20 contributions. Nothing in this subsection (b-10) shall cause  
21 or otherwise result in any retroactive adjustment of  
22 disability or other payments made between January 1, 2011 and  
23 January 1, 2024.

24 (c) A member or participant is entitled to a retirement  
25 annuity upon written application if he or she has attained age  
26 67 (age 65, with respect to service under Article 12 that is

1 subject to this Section, for a member or participant under  
2 Article 12 who first becomes a member or participant under  
3 Article 12 on or after January 1, 2022 or who makes the  
4 election under item (i) of subsection (d-15) of this Section)  
5 and has at least 10 years of service credit and is otherwise  
6 eligible under the requirements of the applicable Article.

7 A member or participant who has attained age 62 (age 60,  
8 with respect to service under Article 12 that is subject to  
9 this Section, for a member or participant under Article 12 who  
10 first becomes a member or participant under Article 12 on or  
11 after January 1, 2022 or who makes the election under item (i)  
12 of subsection (d-15) of this Section) and has at least 10 years  
13 of service credit and is otherwise eligible under the  
14 requirements of the applicable Article may elect to receive  
15 the lower retirement annuity provided in subsection (d) of  
16 this Section.

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

26 (d) The retirement annuity of a member or participant who

1 is retiring after attaining age 62 (age 60, with respect to  
2 service under Article 12 that is subject to this Section, for a  
3 member or participant under Article 12 who first becomes a  
4 member or participant under Article 12 on or after January 1,  
5 2022 or who makes the election under item (i) of subsection  
6 (d-15) of this Section) with at least 10 years of service  
7 credit shall be reduced by one-half of 1% for each full month  
8 that the member's age is under age 67 (age 65, with respect to  
9 service under Article 12 that is subject to this Section, for a  
10 member or participant under Article 12 who first becomes a  
11 member or participant under Article 12 on or after January 1,  
12 2022 or who makes the election under item (i) of subsection  
13 (d-15) of this Section).

14 (d-5) The retirement annuity payable under Article 8 or  
15 Article 11 to an eligible person subject to subsection (c-5)  
16 of this Section who is retiring at age 60 with at least 10  
17 years of service credit shall be reduced by one-half of 1% for  
18 each full month that the member's age is under age 65.

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

24 (i) to be eligible for the reduced retirement age  
25 provided in subsections (c-5) and (d-5) of this Section,  
26 the eligibility for which is conditioned upon the member

1 or participant agreeing to the increases in employee  
2 contributions for age and service annuities provided in  
3 subsection (a-5) of Section 8-174 of this Code (for  
4 service under Article 8) or subsection (a-5) of Section  
5 11-170 of this Code (for service under Article 11); or

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

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

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

25 (i) to be eligible for the reduced retirement age  
26 specified in subsections (c) and (d) of this Section, the

1 eligibility for which is conditioned upon the member or  
2 participant agreeing to the increase in employee  
3 contributions for service annuities specified in  
4 subsection (b) of Section 12-150; or

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

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

19 (e) Any retirement annuity or supplemental annuity shall  
20 be subject to annual increases on the January 1 occurring  
21 either on or after the attainment of age 67 (age 65, with  
22 respect to service under Article 12 that is subject to this  
23 Section, for a member or participant under Article 12 who  
24 first becomes a member or participant under Article 12 on or  
25 after January 1, 2022 or who makes the election under item (i)  
26 of subsection (d-15); and beginning on July 6, 2017 (the

1 effective date of Public Act 100-23), age 65 with respect to  
2 service under Article 8 or Article 11 for eligible persons  
3 who: (i) are subject to subsection (c-5) of this Section; or  
4 (ii) made the election under item (i) of subsection (d-10) of  
5 this Section) or the first anniversary of the annuity start  
6 date, whichever is later. Each annual increase shall be  
7 calculated at 3% or one-half the annual unadjusted percentage  
8 increase (but not less than zero) in the consumer price  
9 index-u for the 12 months ending with the September preceding  
10 each November 1, whichever is less, of the originally granted  
11 retirement annuity. If the annual unadjusted percentage change  
12 in the 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 (f) The initial survivor's or widow's annuity of an  
26 otherwise eligible survivor or widow of a retired member or

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

26 (g) The benefits in Section 14-110 apply only if the

1 person is a State policeman, a fire fighter in the fire  
2 protection service of a department, a conservation police  
3 officer, an investigator for the Secretary of State, an  
4 investigator for the Office of the Attorney General, an arson  
5 investigator, a Commerce Commission police officer,  
6 investigator for the Department of Revenue or the Illinois  
7 Gaming Board, a security employee of the Department of  
8 Corrections or the Department of Juvenile Justice, or a  
9 security employee of the Department of Innovation and  
10 Technology, as those terms are defined in subsection (b) and  
11 subsection (c) of Section 14-110. A person who meets the  
12 requirements of this Section is entitled to an annuity  
13 calculated under the provisions of Section 14-110, in lieu of  
14 the regular or minimum retirement annuity, only if the person  
15 has withdrawn from service with not less than 20 years of  
16 eligible creditable service and has attained age 60,  
17 regardless of whether the attainment of age 60 occurs while  
18 the person is still in service.

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

1 person's retirement annuity or retirement pension under that  
2 system or fund shall be suspended during that employment. Upon  
3 termination of that employment, the person's retirement  
4 annuity or retirement pension payments shall resume and be  
5 recalculated if recalculation is provided for under the  
6 applicable Article of this Code.

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

26 (i) (Blank).

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

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

7 (40 ILCS 5/1-161)

8 Sec. 1-161. Optional benefits for certain Tier 2 members  
9 under Articles 14, 15, and 16.

10 (a) Notwithstanding any other provision of this Code to  
11 the contrary, the provisions of this Section apply to a person  
12 who first becomes a member or a participant under Article 14,  
13 15, or 16 on or after the implementation date under this  
14 Section for the applicable Article and who does not make the  
15 election under subsection (b) or (c), whichever applies. The  
16 provisions of this Section also apply to a person who makes the  
17 election under subsection (c-5). However, the provisions of  
18 this Section do not apply to any participant in a self-managed  
19 plan or a defined contribution plan established under Section  
20 14-155.5, nor to a covered employee under Article 14.

21 As used in this Section and Section 1-160, the  
22 "implementation date" under this Section means the earliest  
23 date upon which the board of a retirement system authorizes  
24 members of that system to begin participating in accordance  
25 with this Section, as determined by the board of that

1 retirement system. Each of the retirement systems subject to  
2 this Section shall endeavor to make such participation  
3 available as soon as possible after the effective date of this  
4 Section and shall establish an implementation date by board  
5 resolution.

6 (b) In lieu of the benefits provided under this Section, a  
7 member or participant, except for a participant under Article  
8 15, may irrevocably elect the benefits under Section 1-160 and  
9 the benefits otherwise applicable to that member or  
10 participant. The election must be made within 30 days after  
11 becoming a member or participant. Each retirement system shall  
12 establish procedures for making this election.

13 (c) A participant under Article 15 may irrevocably elect  
14 the benefits otherwise provided to a Tier 2 member under  
15 Article 15. The election must be made within 30 days after  
16 becoming a member. The retirement system under Article 15  
17 shall establish procedures for making this election.

18 (c-5) A non-covered participant under Article 14 to whom  
19 Section 1-160 applies, a Tier 2 member under Article 15, or a  
20 participant under Article 16 to whom Section 1-160 applies may  
21 irrevocably elect to receive the benefits under this Section  
22 in lieu of the benefits under Section 1-160 or the benefits  
23 otherwise available to a Tier 2 member under Article 15,  
24 whichever is applicable. Each retirement System shall  
25 establish procedures for making this election.

26 (d) "Final average salary" means the average monthly (or

1 annual) salary obtained by dividing the total salary or  
2 earnings calculated under the Article applicable to the member  
3 or participant during 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 the purposes of a  
7 person to whom this Section applies, in this Code, "final  
8 average salary" shall be substituted for "final average  
9 compensation" in Article 14.

10 (e) Beginning on the implementation date, for all purposes  
11 under this Code (including without limitation the calculation  
12 of benefits and employee contributions), the annual earnings,  
13 salary, compensation, or wages (based on the plan year) of a  
14 member or participant to whom this Section applies shall not  
15 at any time exceed the federal Social Security Wage Base then  
16 in effect.

17 (f) A member or participant is entitled to a retirement  
18 annuity upon written application if he or she has attained the  
19 normal retirement age determined by the Social Security  
20 Administration for that member or participant's year of birth,  
21 but no earlier than 67 years of age, and has at least 10 years  
22 of service credit and is otherwise eligible under the  
23 requirements of the applicable Article.

24 (g) The amount of the retirement annuity to which a member  
25 or participant is entitled shall be computed by multiplying  
26 1.25% for each year of service credit by his or her final

1 average salary.

2 (h) Any retirement annuity or supplemental annuity shall  
3 be subject to annual increases on the first anniversary of the  
4 annuity start date. Each annual increase shall be one-half the  
5 annual unadjusted percentage increase (but not less than zero)  
6 in the consumer price index-w for the 12 months ending with the  
7 September preceding each November 1 of the originally granted  
8 retirement annuity. If the annual unadjusted percentage change  
9 in the consumer price index-w 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 For the purposes of this Section, "consumer price index-w"  
13 means the index published by the Bureau of Labor Statistics of  
14 the United States Department of Labor that measures the  
15 average change in prices of goods and services purchased by  
16 Urban Wage Earners and Clerical Workers, United States city  
17 average, all items, 1982-84 = 100. The new amount resulting  
18 from each annual adjustment shall be determined by the Public  
19 Pension Division of the Department of Insurance and made  
20 available to the boards of the retirement systems and pension  
21 funds by November 1 of each year.

22 (i) The initial survivor's or widow's annuity of an  
23 otherwise eligible survivor or widow of a retired member or  
24 participant to whom this Section applies shall be in the  
25 amount of  $66 \frac{2}{3}\%$  of the retired member's or participant's  
26 retirement annuity at the date of death. In the case of the

1 death of a member or participant who has not retired and to  
2 whom this Section applies, eligibility for a survivor's or  
3 widow's annuity shall be determined by the applicable Article  
4 of this Code. The benefit shall be 66 2/3% of the earned  
5 annuity without a reduction due to age. A child's annuity of an  
6 otherwise eligible child shall be in the amount prescribed  
7 under each Article if applicable.

8 (j) In lieu of any other employee contributions, except  
9 for the contribution to the defined contribution plan under  
10 subsection (k) of this Section, each employee shall contribute  
11 6.2% of his her or salary to the retirement system. However,  
12 the employee contribution under this subsection shall not  
13 exceed the amount of the total normal cost of the benefits for  
14 all members making contributions under this Section (except  
15 for the defined contribution plan under subsection (k) of this  
16 Section), expressed as a percentage of payroll and certified  
17 on or before January 15 of each year by the board of trustees  
18 of the retirement system. If the board of trustees of the  
19 retirement system certifies that the 6.2% employee  
20 contribution rate exceeds the normal cost of the benefits  
21 under this Section (except for the defined contribution plan  
22 under subsection (k) of this Section), then on or before  
23 December 1 of that year, the board of trustees shall certify  
24 the amount of the normal cost of the benefits under this  
25 Section (except for the defined contribution plan under  
26 subsection (k) of this Section), expressed as a percentage of

1 payroll, to the State Actuary and the Commission on Government  
2 Forecasting and Accountability, and the employee contribution  
3 under this subsection shall be reduced to that amount  
4 beginning July 1 of that year. Thereafter, if the normal cost  
5 of the benefits under this Section (except for the defined  
6 contribution plan under subsection (k) of this Section),  
7 expressed as a percentage of payroll and certified on or  
8 before January 1 of each year by the board of trustees of the  
9 retirement system, exceeds 6.2% of salary, then on or before  
10 January 15 of that year, the board of trustees shall certify  
11 the normal cost to the State Actuary and the Commission on  
12 Government Forecasting and Accountability, and the employee  
13 contributions shall revert back to 6.2% of salary beginning  
14 January 1 of the following year.

15 (k) In accordance with each retirement system's  
16 implementation date, each retirement system under Article 14,  
17 15, or 16 shall prepare and implement a defined contribution  
18 plan for members or participants who are subject to this  
19 Section. The defined contribution plan developed under this  
20 subsection shall be a plan that aggregates employer and  
21 employee contributions in individual participant accounts  
22 which, after meeting any other requirements, are used for  
23 payouts after retirement in accordance with this subsection  
24 and any other applicable laws.

25 (1) Each member or participant shall contribute a  
26 minimum of 4% of his or her salary to the defined

1 contribution plan.

2 (2) For each participant in the defined contribution  
3 plan who has been employed with the same employer for at  
4 least one year, employer contributions shall be paid into  
5 that participant's accounts at a rate expressed as a  
6 percentage of salary. This rate may be set for individual  
7 employees, but shall be no higher than 6% of salary and  
8 shall be no lower than 2% of salary.

9 (3) Employer contributions shall vest when those  
10 contributions are paid into a member's or participant's  
11 account.

12 (4) The defined contribution plan shall provide a  
13 variety of options for investments. These options shall  
14 include investments handled by the Illinois State Board of  
15 Investment as well as private sector investment options.

16 (5) The defined contribution plan shall provide a  
17 variety of options for payouts to retirees and their  
18 survivors.

19 (6) To the extent authorized under federal law and as  
20 authorized by the retirement system, the defined  
21 contribution plan shall allow former participants in the  
22 plan to transfer or roll over employee and employer  
23 contributions, and the earnings thereon, into other  
24 qualified retirement plans.

25 (7) Each retirement system shall reduce the employee  
26 contributions credited to the member's defined

1 contribution plan account by an amount determined by that  
2 retirement system to cover the cost of offering the  
3 benefits under this subsection and any applicable  
4 administrative fees.

5 (8) No person shall begin participating in the defined  
6 contribution plan until it has attained qualified plan  
7 status and received all necessary approvals from the U.S.  
8 Internal Revenue Service.

9 (1) 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. 100-23, eff. 7-6-17.)

13 (40 ILCS 5/14-103.05) (from Ch. 108 1/2, par. 14-103.05)  
14 Sec. 14-103.05. Employee.

15 (a) Except as provided in subsection (e), any ~~Any~~ person  
16 employed by a Department who receives salary for personal  
17 services rendered to the Department on a warrant issued  
18 pursuant to a payroll voucher certified by a Department and  
19 drawn by the State Comptroller upon the State Treasurer,  
20 including an elected official described in subparagraph (d) of  
21 Section 14-104, shall become an employee for purpose of  
22 membership in the Retirement System on the first day of such  
23 employment.

24 A person entering service on or after January 1, 1972 and  
25 prior to January 1, 1984 shall become a member as a condition

1 of employment and shall begin making contributions as of the  
2 first day of employment.

3 A person entering service on or after January 1, 1984  
4 shall, upon completion of 6 months of continuous service which  
5 is not interrupted by a break of more than 2 months, become a  
6 member as a condition of employment. Contributions shall begin  
7 the first of the month after completion of the qualifying  
8 period.

9 A person employed by the Chicago Metropolitan Agency for  
10 Planning on the effective date of this amendatory Act of the  
11 95th General Assembly who was a member of this System as an  
12 employee of the Chicago Area Transportation Study and makes an  
13 election under Section 14-104.13 to participate in this System  
14 for his or her employment with the Chicago Metropolitan Agency  
15 for Planning.

16 The qualifying period of 6 months of service is not  
17 applicable to: (1) a person who has been granted credit for  
18 service in a position covered by the State Universities  
19 Retirement System, the Teachers' Retirement System of the  
20 State of Illinois, the General Assembly Retirement System, or  
21 the Judges Retirement System of Illinois unless that service  
22 has been forfeited under the laws of those systems; (2) a  
23 person entering service on or after July 1, 1991 in a  
24 noncovered position; (3) a person to whom Section 14-108.2a or  
25 14-108.2b applies; or (4) a person to whom subsection (a-5) of  
26 this Section applies.

1 (a-5) Except as provided in subsection (e), a person  
2 entering service on or after December 1, 2010 and before the  
3 effective date of this amendatory Act of the 104th General  
4 Assembly shall become a member as a condition of employment  
5 and shall begin making contributions as of the first day of  
6 employment. A person serving in the qualifying period on  
7 December 1, 2010 will become a member on December 1, 2010 and  
8 shall begin making contributions as of December 1, 2010.

9 (b) The term "employee" does not include the following:

10 (1) members of the State Legislature, and persons  
11 electing to become members of the General Assembly  
12 Retirement System pursuant to Section 2-105;

13 (2) incumbents of offices normally filled by vote of  
14 the people;

15 (3) except as otherwise provided in this Section, any  
16 person appointed by the Governor with the advice and  
17 consent of the Senate unless that person elects to  
18 participate in this system;

19 (3.1) any person serving as a commissioner of an  
20 ethics commission created under the State Officials and  
21 Employees Ethics Act unless that person elects to  
22 participate in this system with respect to that service as  
23 a commissioner;

24 (3.2) any person serving as a part-time employee in  
25 any of the following positions: Legislative Inspector  
26 General, Special Legislative Inspector General, employee

1 of the Office of the Legislative Inspector General,  
2 Executive Director of the Legislative Ethics Commission,  
3 or staff of the Legislative Ethics Commission, regardless  
4 of whether he or she is in active service on or after July  
5 8, 2004 (the effective date of Public Act 93-685), unless  
6 that person elects to participate in this System with  
7 respect to that service; in this item (3.2), a "part-time  
8 employee" is a person who is not required to work at least  
9 35 hours per week;

10 (3.3) any person who has made an election under  
11 Section 1-123 and who is serving either as legal counsel  
12 in the Office of the Governor or as Chief Deputy Attorney  
13 General;

14 (4) except as provided in Section 14-108.2 or  
15 14-108.2c, any person who is covered or eligible to be  
16 covered by the Teachers' Retirement System of the State of  
17 Illinois, the State Universities Retirement System, or the  
18 Judges Retirement System of Illinois;

19 (5) an employee of a municipality or any other  
20 political subdivision of the State;

21 (6) any person who becomes an employee after June 30,  
22 1979 as a public service employment program participant  
23 under the Federal Comprehensive Employment and Training  
24 Act and whose wages or fringe benefits are paid in whole or  
25 in part by funds provided under such Act;

26 (7) enrollees of the Illinois Young Adult Conservation

1 Corps program, administered by the Department of Natural  
2 Resources, authorized grantee pursuant to Title VIII of  
3 the "Comprehensive Employment and Training Act of 1973",  
4 29 USC 993, as now or hereafter amended;

5 (8) enrollees and temporary staff of programs  
6 administered by the Department of Natural Resources under  
7 the Youth Conservation Corps Act of 1970;

8 (9) any person who is a member of any professional  
9 licensing or disciplinary board created under an Act  
10 administered by the Department of Professional Regulation  
11 or a successor agency or created or re-created after the  
12 effective date of this amendatory Act of 1997, and who  
13 receives per diem compensation rather than a salary,  
14 notwithstanding that such per diem compensation is paid by  
15 warrant issued pursuant to a payroll voucher; such persons  
16 have never been included in the membership of this System,  
17 and this amendatory Act of 1987 (P.A. 84-1472) is not  
18 intended to effect any change in the status of such  
19 persons;

20 (10) any person who is a member of the Illinois Health  
21 Care Cost Containment Council, and receives per diem  
22 compensation rather than a salary, notwithstanding that  
23 such per diem compensation is paid by warrant issued  
24 pursuant to a payroll voucher; such persons have never  
25 been included in the membership of this System, and this  
26 amendatory Act of 1987 is not intended to effect any

1 change in the status of such persons;

2 (11) any person who is a member of the Oil and Gas  
3 Board created by Section 1.2 of the Illinois Oil and Gas  
4 Act, and receives per diem compensation rather than a  
5 salary, notwithstanding that such per diem compensation is  
6 paid by warrant issued pursuant to a payroll voucher;

7 (12) a person employed by the State Board of Higher  
8 Education in a position with the Illinois Century Network  
9 as of June 30, 2004, who remains continuously employed  
10 after that date by the Department of Central Management  
11 Services in a position with the Illinois Century Network  
12 and participates in the Article 15 system with respect to  
13 that employment;

14 (13) any person who first becomes a member of the  
15 Civil Service Commission on or after January 1, 2012;

16 (14) any person, other than the Director of Employment  
17 Security, who first becomes a member of the Board of  
18 Review of the Department of Employment Security on or  
19 after January 1, 2012;

20 (15) any person who first becomes a member of the  
21 Civil Service Commission on or after January 1, 2012;

22 (16) any person who first becomes a member of the  
23 Illinois Liquor Control Commission on or after January 1,  
24 2012;

25 (17) any person who first becomes a member of the  
26 Secretary of State Merit Commission on or after January 1,

1 2012;

2 (18) any person who first becomes a member of the  
3 Human Rights Commission on or after January 1, 2012 unless  
4 he or she is eligible to participate in accordance with  
5 subsection (d) of this Section;

6 (19) any person who first becomes a member of the  
7 State Mining Board on or after January 1, 2012;

8 (20) any person who first becomes a member of the  
9 Property Tax Appeal Board on or after January 1, 2012;

10 (21) any person who first becomes a member of the  
11 Illinois Racing Board on or after January 1, 2012;

12 (22) any person who first becomes a member of the  
13 Illinois State Police Merit Board on or after January 1,  
14 2012;

15 (23) any person who first becomes a member of the  
16 Illinois State Toll Highway Authority on or after January  
17 1, 2012; or

18 (24) any person who first becomes a member of the  
19 Illinois State Board of Elections on or after January 1,  
20 2012.

21 (c) An individual who represents or is employed as an  
22 officer or employee of a statewide labor organization that  
23 represents members of this System may participate in the  
24 System and shall be deemed an employee, provided that (1) the  
25 individual has previously earned creditable service under this  
26 Article, (2) the individual files with the System an

1 irrevocable election to become a participant within 6 months  
2 after the effective date of this amendatory Act of the 94th  
3 General Assembly, and (3) the individual does not receive  
4 credit for that employment under any other provisions of this  
5 Code. An employee under this subsection (c) is responsible for  
6 paying to the System both (i) employee contributions based on  
7 the actual compensation received for service with the labor  
8 organization and (ii) employer contributions based on the  
9 percentage of payroll certified by the board; all or any part  
10 of these contributions may be paid on the employee's behalf or  
11 picked up for tax purposes (if authorized under federal law)  
12 by the labor organization.

13 A person who is an employee as defined in this subsection  
14 (c) may establish service credit for similar employment prior  
15 to becoming an employee under this subsection by paying to the  
16 System for that employment the contributions specified in this  
17 subsection, plus interest at the effective rate from the date  
18 of service to the date of payment. However, credit shall not be  
19 granted under this subsection (c) for any such prior  
20 employment for which the applicant received credit under any  
21 other provision of this Code or during which the applicant was  
22 on a leave of absence.

23 (d) A person appointed as a member of the Human Rights  
24 Commission on or after June 1, 2019 may elect to participate in  
25 the System and shall be deemed an employee. Service and  
26 contributions shall begin on the first payroll period

1 immediately following the employee's election to participate  
2 in the System.

3 A person who is an employee as described in this  
4 subsection (d) may establish service credit for employment as  
5 a Human Rights Commissioner that occurred on or after June 1,  
6 2019 and before establishing service under this subsection by  
7 paying to the System for that employment the contributions  
8 specified in paragraph (1) of subsection (a) of Section  
9 14-133, plus regular interest from the date of service to the  
10 date of payment.

11 (e) Notwithstanding any other provision of this Article, a  
12 person who first becomes an employee after the effective date  
13 of this amendatory Act of the 104th General Assembly is not  
14 required, as a condition of employment or otherwise, to  
15 participate in this System. An employee may elect not to  
16 participate in this System by notifying the System in a manner  
17 specified by the System.

18 (Source: P.A. 101-10, eff. 6-5-19; 102-538, eff. 8-20-21.)

19 (40 ILCS 5/14-103.41)

20 Sec. 14-103.41. Tier 1 member; Tier 2 member; defined  
21 contribution plan member. "Tier 1 member": A member of this  
22 System who first became a member or participant before January  
23 1, 2011 under any reciprocal retirement system or pension fund  
24 established under this Code other than a retirement system or  
25 pension fund established under Article 2, 3, 4, 5, 6, or 18 of

1 this Code.

2 In the case of a Tier 1 member who elects to participate in  
3 the defined contribution plan under Section 14-155.5 of this  
4 Code, that Tier 1 member shall be deemed a Tier 1 member only  
5 with respect to service performed or established before the  
6 effective date of that election; except that the Tier 1 member  
7 may be deemed a Tier 1 member with respect to service performed  
8 or established on or after returning to service if the Tier 1  
9 member does not again elect to participate in the defined  
10 contribution plan under Section 14-155.5 of this Code.

11 "Tier 2 member": A member of this System who first becomes  
12 a member under this Article on or after January 1, 2011 and who  
13 is not a Tier 1 member.

14 In the case of a Tier 2 member who elects to participate in  
15 the defined contribution plan under Section 14-155.5 of this  
16 Code, that Tier 2 member shall be deemed a Tier 2 member only  
17 with respect to service performed or established before the  
18 effective date of that election; except that the Tier 2 member  
19 may be deemed a Tier 2 member with respect to service performed  
20 or established on or after returning to service if the Tier 2  
21 member does not again elect to participate in the defined  
22 contribution plan under Section 14-155.5 of this Code.

23 "Defined contribution plan member": A Tier 1 or Tier 2  
24 member who elects to participate in the defined contribution  
25 plan under Section 14-155.5 of this Code, but only with  
26 respect to service performed while that election applies.

1 (Source: P.A. 100-587, eff. 6-4-18.)

2 (40 ILCS 5/14-152.1)

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

5 (a) As used in this Section, "new benefit increase" means  
6 an increase in the amount of any benefit provided under this  
7 Article, or an expansion of the conditions of eligibility for  
8 any benefit under this Article, that results from an amendment  
9 to this Code that takes effect after June 1, 2005 (the  
10 effective date of Public Act 94-4). "New benefit increase",  
11 however, does not include any benefit increase resulting from  
12 the changes made to Article 1 or this Article by Public Act  
13 96-37, Public Act 100-23, Public Act 100-587, Public Act  
14 100-611, Public Act 101-10, Public Act 101-610, Public Act  
15 102-210, Public Act 102-856, Public Act 102-956, or this  
16 amendatory Act of the 104th General Assembly ~~or this~~  
17 ~~amendatory Act of the 102nd General Assembly.~~

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

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

1 increase in cost to the System as it accrues.

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

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

24 (e) Except as otherwise provided in the language creating  
25 the new benefit increase, a new benefit increase that expires  
26 under this Section continues to apply to persons who applied

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

8 (Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19;  
9 101-610, eff. 1-1-20; 102-210, eff. 7-30-21; 102-856, eff.  
10 1-1-23; 102-956, eff. 5-27-22.)

11 (40 ILCS 5/14-155.5 new)

12 Sec. 14-155.5. Defined contribution plan.

13 (a) As used in this Section, "defined benefit plan" means  
14 the retirement plan available under this Article to Tier 1 or  
15 Tier 2 members who have not made the election authorized under  
16 this Section.

17 (b) By July 1, 2027, the System shall prepare and  
18 implement a defined contribution plan. The defined  
19 contribution plan developed under this Section shall be a plan  
20 that aggregates State and employee contributions in individual  
21 participant accounts that, after meeting any other  
22 requirements, are used for payouts after retirement in  
23 accordance with this Section and any other applicable laws.

24 (1) Participation in the defined contribution plan for  
25 persons who elect to participate shall begin on July 1,

1       2027.

2       (2) A participant in the defined contribution plan  
3       shall pay employee contributions at a rate determined by  
4       the participant, but not less than 3% of compensation and  
5       not more than a percentage of compensation determined by  
6       the board in accordance with the requirements of State and  
7       federal law.

8       (3) State contributions shall be paid into the  
9       accounts of all participants in the defined contribution  
10       plan at a uniform rate, expressed as a percentage of  
11       compensation and determined for each year. This rate shall  
12       be no higher than 7.6% of compensation and shall be no  
13       lower than 3% of compensation. The State shall adjust this  
14       rate annually.

15       (4) The defined contribution plan shall require 5  
16       years of participation in the defined contribution plan  
17       before vesting in State contributions. If the participant  
18       fails to vest in them, the State contributions, and the  
19       earnings thereon, shall be forfeited.

20       (5) The defined contribution plan may provide for  
21       participants in the plan to be eligible for the defined  
22       disability benefits available to other participants under  
23       this Article. If it does, the System shall reduce the  
24       employee contributions credited to the member's defined  
25       contribution plan account by an amount determined by the  
26       System to cover the cost of offering such benefits.

1           (6) The defined contribution plan shall provide a  
2           variety of options for investments. These options shall  
3           include investments handled by the Illinois State Board of  
4           Investment as well as private sector investment options.

5           (7) The defined contribution plan shall provide a  
6           variety of options for payouts to participants in the  
7           defined contribution plan who are no longer active in the  
8           System and their survivors.

9           (8) To the extent authorized under federal law and as  
10          authorized by the System, the plan shall allow former  
11          participants in the plan to transfer or roll over employee  
12          and vested State contributions, and the earnings thereon,  
13          from the defined contribution plan into other qualified  
14          retirement plans.

15          (9) The System shall reduce the employee contributions  
16          credited to the member's defined contribution plan account  
17          by an amount determined by the System to cover the cost of  
18          offering these benefits and any applicable administrative  
19          fees.

20          (b) Under the defined contribution plan, an active Tier 1  
21          or Tier 2 member of this System may elect, in writing, to cease  
22          accruing benefits in the defined benefit plan and begin  
23          accruing benefits for future service in the defined  
24          contribution plan. The election to participate in the defined  
25          contribution plan with regard to future service is voluntary  
26          and must be made on or before December 31, 2026.

1           (1) Service credit under the defined contribution plan  
2           may be used for determining retirement eligibility under  
3           the defined benefit plan.

4           (2) On or before December 31, 2025, the System shall  
5           notify all active Tier 1 and Tier 2 members who are  
6           eligible to participate in the defined contribution plan.  
7           The System shall mail information describing the option to  
8           join the defined contribution plan to each of these  
9           employees to his or her last known address on file with the  
10           System. If the employee is not responsive to other means  
11           of contact, it is sufficient for the System to publish the  
12           details of the option on its website.

13           (3) If a person becomes an active participant of this  
14           System on or after January 1, 2026, the System shall  
15           notify the participant within one month after he or she  
16           became an active participant that he or she is eligible to  
17           participate in the defined contribution plan. The notice  
18           shall be provided in the manner specified in paragraph (2)  
19           of this subsection.

20           (4) If a person who made the election to participate  
21           in the defined contribution plan terminates service under  
22           this Article and thereafter returns to service under this  
23           Article, he or she may either elect to participate in the  
24           defined contribution plan with regard to that service or  
25           not elect to participate in the defined contribution plan  
26           with regard to that service. The election to participate

1 in the defined contribution plan must be made no later  
2 than 3 months after becoming an employee.

3 (5) Upon request for further information describing  
4 the option, the System shall provide employees with  
5 information from the System before exercising the option  
6 to join the plan, including information on the impact to  
7 their benefits and service. The individual consultation  
8 shall include projections of the member's defined benefits  
9 at retirement or earlier termination of service and the  
10 value of the member's account at retirement or earlier  
11 termination of service. The System shall not provide  
12 advice or counseling with respect to whether the employee  
13 should exercise the option. The System shall inform Tier 1  
14 and Tier 2 members who are eligible to participate in the  
15 defined contribution plan that they may also wish to  
16 obtain information and counsel relating to their option  
17 from any other available source, including, but not  
18 limited to, labor organizations, private counsel, and  
19 financial advisors.

20 (c) A Tier 1 or Tier 2 member who elects to participate in  
21 the defined contribution plan may elect to terminate all  
22 participation in the defined benefit plan. Upon that election,  
23 the System shall transfer to the member's individual account  
24 an amount equal to the amount of contribution refund that the  
25 member would be eligible to receive if the member terminated  
26 employment on that date and elected a refund of contributions,

1 including regular interest for the respective years. The  
2 System shall make the transfer as a tax-free transfer in  
3 accordance with Internal Revenue Service guidelines, for  
4 purposes of funding the amount credited to the member's  
5 individual account.

6 (d) In no event shall the System, its staff, its  
7 authorized representatives, or the Board be liable for any  
8 information given to an employee under this Section. The  
9 System may coordinate with the Department of Central  
10 Management Services in accordance with this amendatory Act of  
11 the 104th General Assembly to provide information concerning  
12 the impact of the defined contribution plan set forth in this  
13 Section.

14 (e) Notwithstanding any other provision of this Section,  
15 no person shall begin participating in the defined  
16 contribution plan until it has attained qualified plan status  
17 and received all necessary approvals from the U.S. Internal  
18 Revenue Service.

19 (f) The System shall report on its progress under this  
20 Section, including the available details of the defined  
21 contribution plan and the System's plans for informing  
22 eligible Tier 1 and Tier 2 members about the plan, to the  
23 Governor and the General Assembly on or before January 15,  
24 2027.

25 (g) The Illinois State Board of Investment shall be the  
26 plan sponsor for the defined contribution plan established

1 under this Section.

2 (h) The intent of this amendatory Act of the 104th General  
3 Assembly is to ensure that the State's normal cost of  
4 participation in the defined contribution plan is similar, and  
5 if possible equal, to the State's normal cost of participation  
6 in the defined benefit plan, unless a lower State's normal  
7 cost is necessary to ensure cost neutrality.

8 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

11 Sec. 20-121. Calculation of proportional retirement  
12 annuities.

13 (a) Upon retirement of the employee, a proportional  
14 retirement annuity shall be computed by each participating  
15 system in which pension credit has been established on the  
16 basis of pension credits under each system. The computation  
17 shall be in accordance with the formula or method prescribed  
18 by each participating system which is in effect at the date of  
19 the employee's latest withdrawal from service covered by any  
20 of the systems in which he has pension credits which he elects  
21 to have considered under this Article. However, the amount of  
22 any retirement annuity payable under the self-managed plan  
23 established under Section 15-158.2 of this Code depends solely  
24 on the value of the participant's vested account balances and  
25 is not subject to any proportional adjustment under this

1 Section.

2 (a-5) For persons who participate in a defined  
3 contribution plan established under Article 14 of this Code to  
4 whom the provisions of this Article apply, the pension credits  
5 established under the defined contribution plan may be  
6 considered in determining eligibility for or the amount of the  
7 defined benefit retirement annuity that is payable by any  
8 other participating system.

9 (b) Combined pension credit under all retirement systems  
10 subject to this Article shall be considered in determining  
11 whether the minimum qualification has been met and the formula  
12 or method of computation which shall be applied, except as may  
13 be otherwise provided with respect to vesting in State or  
14 employer contributions in a defined contribution plan. If a  
15 system has a step-rate formula for calculation of the  
16 retirement annuity, pension credits covering previous service  
17 which have been established under another system shall be  
18 considered in determining which range or ranges of the  
19 step-rate formula are to be applicable to the employee.

20 (c) Interest on pension credit shall continue to  
21 accumulate in accordance with the provisions of the law  
22 governing the retirement system in which the same has been  
23 established during the time an employee is in the service of  
24 another employer, on the assumption such employee, for  
25 interest purposes for pension credit, is continuing in the  
26 service covered by such retirement system.

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

2 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

5 Sec. 20-123. Survivor's annuity. The provisions governing  
6 a retirement annuity shall be applicable to a survivor's  
7 annuity. Appropriate credits shall be established for  
8 survivor's annuity purposes in those participating systems  
9 which provide survivor's annuities, according to the same  
10 conditions and subject to the same limitations and  
11 restrictions herein prescribed for a retirement annuity. If a  
12 participating system has no survivor's annuity benefit, or if  
13 the survivor's annuity benefit under that system is waived,  
14 pension credit established in that system shall not be  
15 considered in determining eligibility for or the amount of the  
16 survivor's annuity which may be payable by any other  
17 participating system.

18 For persons who participate in the self-managed plan  
19 established under Section 15-158.2 or the portable benefit  
20 package established under Section 15-136.4, pension credit  
21 established under Article 15 may be considered in determining  
22 eligibility for or the amount of the survivor's annuity that  
23 is payable by any other participating system, but pension  
24 credit established in any other system shall not result in any  
25 right to a survivor's annuity under the Article 15 system.

1       For persons who participate in a defined contribution plan  
2 established under Article 14 of this Code to whom the  
3 provisions of this Article apply, the pension credits  
4 established under the defined contribution plan may be  
5 considered in determining eligibility for or the amount of the  
6 defined benefit survivor's annuity that is payable by any  
7 other participating system, but pension credits established in  
8 any other system shall not result in any right to or increase  
9 in the value of a survivor's annuity under the defined  
10 contribution plan, which depends solely on the options chosen  
11 and the value of the participant's vested account balances and  
12 is not subject to any proportional adjustment under this  
13 Section.

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

15           (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

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

18           Sec. 20-124. Maximum benefits.

19       (a) In no event shall the combined retirement or survivors  
20 annuities exceed the highest annuity which would have been  
21 payable by any participating system in which the employee has  
22 pension credits, if all of his pension credits had been  
23 validated in that system.

24       If the combined annuities should exceed the highest  
25 maximum as determined in accordance with this Section, the

1        respective annuities shall be reduced proportionately  
2        according to the ratio which the amount of each proportional  
3        annuity bears to the aggregate of all such annuities.

4        (b) In the case of a participant in the self-managed plan  
5        established under Section 15-158.2 of this Code to whom the  
6        provisions of this Article apply:

7                (i) For purposes of calculating the combined  
8                retirement annuity and the proportionate reduction, if  
9                any, in a retirement annuity other than one payable under  
10               the self-managed plan, the amount of the Article 15  
11               retirement annuity shall be deemed to be the highest  
12               annuity to which the annuitant would have been entitled if  
13               he or she had participated in the traditional benefit  
14               package as defined in Section 15-103.1 rather than the  
15               self-managed plan.

16               (ii) For purposes of calculating the combined  
17               survivor's annuity and the proportionate reduction, if  
18               any, in a survivor's annuity other than one payable under  
19               the self-managed plan, the amount of the Article 15  
20               survivor's annuity shall be deemed to be the highest  
21               survivor's annuity to which the survivor would have been  
22               entitled if the deceased employee had participated in the  
23               traditional benefit package as defined in Section 15-103.1  
24               rather than the self-managed plan.

25               (iii) Benefits payable under the self-managed plan are  
26               not subject to proportionate reduction under this Section.

1       (c) In the case of a participant in a defined contribution  
2 plan established under Article 14 of this Code to whom the  
3 provisions of this Article apply:

4           (i) For purposes of calculating the combined  
5 retirement annuity and the proportionate reduction, if  
6 any, in a defined benefit retirement annuity, any benefit  
7 payable under the defined contribution plan shall not be  
8 considered.

9           (ii) For purposes of calculating the combined  
10 survivor's annuity and the proportionate reduction, if  
11 any, in a defined benefit survivor's annuity, any benefit  
12 payable under the defined contribution plan shall not be  
13 considered.

14           (iii) Benefits payable under a defined contribution  
15 plan established under Article 14 of this Code are not  
16 subject to proportionate reduction under this Section.

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

18 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

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

21 Sec. 20-125. Return to employment; suspension ~~employment~~  
22 ~~suspension~~ of benefits. If a retired employee returns to  
23 employment which is covered by a system from which he is  
24 receiving a proportional annuity under this Article, his  
25 proportional annuity from all participating systems shall be

1 suspended during the period of re-employment, except that this  
2 suspension does not apply to any distributions payable under  
3 the self-managed plan established under Section 15-158.2 of  
4 this Code or under a defined contribution plan established  
5 under Article 14 of this Code.

6 The provisions of the Article under which such employment  
7 would be covered shall govern the determination of whether the  
8 employee has returned to employment, and if applicable the  
9 exemption of temporary employment or employment not exceeding  
10 a specified duration or frequency, for all participating  
11 systems from which the retired employee is receiving a  
12 proportional annuity under this Article, notwithstanding any  
13 contrary provisions in the other Articles governing such  
14 systems.

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

16 Section 99. Effective date. This Act takes effect upon  
17 becoming law.