

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 of
11 implementing specific programs providing benefits under this
12 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 capable
16 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 Articles 2, 14 (including an employee
21 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 or who meets the criteria

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

1 other than the State of Illinois and who has irrevocably
2 elected to waive his or her coverage under this Act and to have
3 his or her spouse considered as the "annuitant" under this Act
4 and not as a "dependent"; or (5) an employee who retires, or
5 has retired, from a qualified position, as determined according
6 to rules promulgated by the Director, under a qualified local
7 government, a qualified rehabilitation facility, a qualified
8 domestic violence shelter or service, or a qualified child
9 advocacy center. (For definition of "retired employee", see (p)
10 post).

11 (b-5) (Blank).

12 (b-6) (Blank).

13 (b-7) (Blank).

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

20 (d) "Compensation" means salary or wages payable on a
21 regular payroll by the State Treasurer on a warrant of the
22 State Comptroller out of any State, trust or federal fund, or
23 by the Governor of the State through a disbursing officer of
24 the State out of a trust or out of federal funds, or by any
25 Department out of State, trust, federal or other funds held by
26 the State Treasurer or the Department, to any person for

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

15 (e) "Commission" means the State Employees Group Insurance
16 Advisory Commission authorized by this Act. Commencing July 1,
17 1984, "Commission" as used in this Act means the Commission on
18 Government Forecasting and Accountability as established by
19 the Legislative Commission Reorganization Act of 1984.

20 (f) "Contributory", when referred to as contributory
21 coverage, shall mean optional coverages or benefits elected by
22 the member toward the cost of which such member makes
23 contribution, or which are funded in whole or in part through
24 the acceptance of a reduction in earnings or the foregoing of
25 an increase in earnings by an employee, as distinguished from
26 noncontributory coverage or benefits which are paid entirely by

1 the State of Illinois without reduction of the member's salary.

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

14 (h) "Dependent", when the term is used in the context of
15 the health and life plan, means a member's spouse and any child
16 (1) from birth to age 26 including an adopted child, a child
17 who lives with the member from the time of the filing of a
18 petition for adoption until entry of an order of adoption, a
19 stepchild or adjudicated child, or a child who lives with the
20 member if such member is a court appointed guardian of the
21 child or (2) age 19 or over who has a mental or physical
22 disability from a cause originating prior to the age of 19 (age
23 26 if enrolled as an adult child dependent). For the health
24 plan only, the term "dependent" also includes (1) any person
25 enrolled prior to the effective date of this Section who is
26 dependent upon the member to the extent that the member may

1 claim such person as a dependent for income tax deduction
2 purposes and (2) any person who has received after June 30,
3 2000 an organ transplant and who is financially dependent upon
4 the member and eligible to be claimed as a dependent for income
5 tax purposes. A member requesting to cover any dependent must
6 provide documentation as requested by the Department of Central
7 Management Services and file with the Department any and all
8 forms required by the Department.

9 (i) "Director" means the Director of the Illinois
10 Department of Central Management Services.

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

14 (k) "Employee" means and includes each officer or employee
15 in the service of a department who (1) receives his
16 compensation for service rendered to the department on a
17 warrant issued pursuant to a payroll certified by a department
18 or on a warrant or check issued and drawn by a department upon
19 a trust, federal or other fund or on a warrant issued pursuant
20 to a payroll certified by an elected or duly appointed officer
21 of the State or who receives payment of the performance of
22 personal services on a warrant issued pursuant to a payroll
23 certified by a Department and drawn by the Comptroller upon the
24 State Treasurer against appropriations made by the General
25 Assembly from any fund or against trust funds held by the State
26 Treasurer, and (2) is employed full-time or part-time in a

1 position normally requiring actual performance of duty during
2 not less than 1/2 of a normal work period, as established by
3 the Director in cooperation with each department, except that
4 persons elected by popular vote will be considered employees
5 during the entire term for which they are elected regardless of
6 hours devoted to the service of the State, and (3) except that
7 "employee" does not include any person who is not eligible by
8 reason of such person's employment to participate in one of the
9 State retirement systems under Articles 2, 14, 15 (either the
10 regular Article 15 system or the optional retirement program
11 established under Section 15-158.2) or 18, or under paragraph
12 (2), (3), or (5) of Section 16-106, of the Illinois Pension
13 Code, but such term does include persons who are employed
14 during the 6 month qualifying period under Article 14 of the
15 Illinois Pension Code. Such term also includes any person who
16 (1) after January 1, 1966, is receiving ordinary or accidental
17 disability benefits under Articles 2, 14, 15 (including
18 ordinary or accidental disability benefits under the optional
19 retirement program established under Section 15-158.2),
20 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of
21 the Illinois Pension Code, for disability incurred after
22 January 1, 1966, (2) receives total permanent or total
23 temporary disability under the Workers' Compensation Act or
24 Occupational Disease Act as a result of injuries sustained or
25 illness contracted in the course of employment with the State
26 of Illinois, or (3) is not otherwise covered under this Act and

1 has retired as a participating member under Article 2 of the
2 Illinois Pension Code but is ineligible for the retirement
3 annuity under Section 2-119 of the Illinois Pension Code.
4 However, a person who satisfies the criteria of the foregoing
5 definition of "employee" except that such person is made
6 ineligible to participate in the State Universities Retirement
7 System by clause (4) of subsection (a) of Section 15-107 of the
8 Illinois Pension Code is also an "employee" for the purposes of
9 this Act. "Employee" also includes any person receiving or
10 eligible for benefits under a sick pay plan established in
11 accordance with Section 36 of the State Finance Act. "Employee"
12 also includes (i) each officer or employee in the service of a
13 qualified local government, including persons appointed as
14 trustees of sanitary districts regardless of hours devoted to
15 the service of the sanitary district, (ii) each employee in the
16 service of a qualified rehabilitation facility, (iii) each
17 full-time employee in the service of a qualified domestic
18 violence shelter or service, and (iv) each full-time employee
19 in the service of a qualified child advocacy center, as
20 determined according to rules promulgated by the Director.

21 (1) "Member" means an employee, annuitant, retired
22 employee or survivor. In the case of an annuitant or retired
23 employee who first becomes an annuitant or retired employee on
24 or after the effective date of this amendatory Act of the 97th
25 General Assembly, the individual must meet the minimum vesting
26 requirements of the applicable retirement system in order to be

1 eligible for group insurance benefits under that system. In the
2 case of a survivor who first becomes a survivor on or after the
3 effective date of this amendatory Act of the 97th General
4 Assembly, the deceased employee, annuitant, or retired
5 employee upon whom the annuity is based must have been eligible
6 to participate in the group insurance system under the
7 applicable retirement system in order for the survivor to be
8 eligible for group insurance benefits under that system.

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

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

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

17 (p) "Retired employee" means any person who would be an
18 annuitant as that term is defined herein but for the fact that
19 such person retired prior to January 1, 1966. Such term also
20 includes any person formerly employed by the University of
21 Illinois in the Cooperative Extension Service who would be an
22 annuitant but for the fact that such person was made ineligible
23 to participate in the State Universities Retirement System by
24 clause (4) of subsection (a) of Section 15-107 of the Illinois
25 Pension Code.

26 (q) "Survivor" means a person receiving an annuity as a

1 survivor of an employee or of an annuitant. "Survivor" also
2 includes: (1) the surviving dependent of a person who satisfies
3 the definition of "employee" except that such person is made
4 ineligible to participate in the State Universities Retirement
5 System by clause (4) of subsection (a) of Section 15-107 of the
6 Illinois Pension Code; (2) the surviving dependent of any
7 person formerly employed by the University of Illinois in the
8 Cooperative Extension Service who would be an annuitant except
9 for the fact that such person was made ineligible to
10 participate in the State Universities Retirement System by
11 clause (4) of subsection (a) of Section 15-107 of the Illinois
12 Pension Code; and (3) the surviving dependent of a person who
13 was an annuitant under this Act by virtue of receiving an
14 alternative retirement cancellation payment under Section
15 14-108.5 of the Illinois Pension Code.

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

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

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

24 (q-5) (Blank).

25 (q-6) (Blank).

26 (q-7) (Blank).

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

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

1 has not already joined the program. "Qualified local
2 government" means a unit of local government approved by the
3 Director and participating in a program created under
4 subsection (i) of Section 10 of this Act.

5 (t) "Qualified rehabilitation facility" means any
6 not-for-profit organization that is accredited by the
7 Commission on Accreditation of Rehabilitation Facilities or
8 certified by the Department of Human Services (as successor to
9 the Department of Mental Health and Developmental
10 Disabilities) to provide services to persons with disabilities
11 and which receives funds from the State of Illinois for
12 providing those services, approved by the Director and
13 participating in a program created under subsection (j) of
14 Section 10 of this Act.

15 (u) "Qualified domestic violence shelter or service" means
16 any Illinois domestic violence shelter or service and its
17 administrative offices funded by the Department of Human
18 Services (as successor to the Illinois Department of Public
19 Aid), approved by the Director and participating in a program
20 created under subsection (k) of Section 10.

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

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

23 (2) is receiving a monthly benefit or retirement
24 annuity under Article 16 of the Illinois Pension Code; and

25 (3) either (i) has at least 8 years of creditable
26 service under Article 16 of the Illinois Pension Code, or

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

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

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

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

23 "TRS dependent beneficiary" does not include, as indicated
24 under paragraph (2) of this subsection (w), a dependent of the
25 survivor of a TRS benefit recipient who first becomes a
26 dependent of a survivor of a TRS benefit recipient on or after

1 the effective date of this amendatory Act of the 97th General
2 Assembly unless that dependent would have been eligible for
3 coverage as a dependent of the deceased TRS benefit recipient
4 upon whom the survivor benefit is based.

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

10 (y) (Blank).

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

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

14 (2) is receiving a monthly survivor's annuity or
15 retirement annuity under Article 15 of the Illinois Pension
16 Code; and

17 (3) either (i) was a full-time employee of a community
18 college district or an association of community college
19 boards created under the Public Community College Act
20 (other than an employee whose last employer under Article
21 15 of the Illinois Pension Code was a community college
22 district subject to Article VII of the Public Community
23 College Act) and was eligible to participate in a group
24 health benefit plan as an employee during the time of
25 employment with a community college district (other than a
26 community college district subject to Article VII of the

1 Public Community College Act) or an association of
2 community college boards, or (ii) is the survivor of a
3 person described in item (i).

4 (aa) "Community college dependent beneficiary" means a
5 person who:

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

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

16 "Community college dependent beneficiary" does not
17 include, as indicated under paragraph (2) of this subsection
18 (aa), a dependent of the survivor of a community college
19 benefit recipient who first becomes a dependent of a survivor
20 of a community college benefit recipient on or after the
21 effective date of this amendatory Act of the 97th General
22 Assembly unless that dependent would have been eligible for
23 coverage as a dependent of the deceased community college
24 benefit recipient upon whom the survivor annuity is based.

25 (bb) "Qualified child advocacy center" means any Illinois
26 child advocacy center and its administrative offices funded by

1 the Department of Children and Family Services, as defined by
2 the Children's Advocacy Center Act (55 ILCS 80/), approved by
3 the Director and participating in a program created under
4 subsection (n) of Section 10.

5 (Source: P.A. 98-488, eff. 8-16-13; 99-143, eff. 7-27-15.)

6 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

8 (a) The State shall pay the cost of basic non-contributory
9 group life insurance and, subject to member paid contributions
10 set by the Department or required by this Section and except as
11 provided in this Section, the basic program of group health
12 benefits on each eligible member, except a member, not
13 otherwise covered by this Act, who has retired as a
14 participating member under Article 2 of the Illinois Pension
15 Code but is ineligible for the retirement annuity under Section
16 2-119 of the Illinois Pension Code, and part of each eligible
17 member's and retired member's premiums for health insurance
18 coverage for enrolled dependents as provided by Section 9. The
19 State shall pay the cost of the basic program of group health
20 benefits only after benefits are reduced by the amount of
21 benefits covered by Medicare for all members and dependents who
22 are eligible for benefits under Social Security or the Railroad
23 Retirement system or who had sufficient Medicare-covered
24 government employment, except that such reduction in benefits
25 shall apply only to those members and dependents who (1) first

1 become eligible for such Medicare coverage on or after July 1,
2 1992; or (2) are Medicare-eligible members or dependents of a
3 local government unit which began participation in the program
4 on or after July 1, 1992; or (3) remain eligible for, but no
5 longer receive Medicare coverage which they had been receiving
6 on or after July 1, 1992. The Department may determine the
7 aggregate level of the State's contribution on the basis of
8 actual cost of medical services adjusted for age, sex or
9 geographic or other demographic characteristics which affect
10 the costs of such programs.

11 The cost of participation in the basic program of group
12 health benefits for the dependent or survivor of a living or
13 deceased retired employee who was formerly employed by the
14 University of Illinois in the Cooperative Extension Service and
15 would be an annuitant but for the fact that he or she was made
16 ineligible to participate in the State Universities Retirement
17 System by clause (4) of subsection (a) of Section 15-107 of the
18 Illinois Pension Code shall not be greater than the cost of
19 participation that would otherwise apply to that dependent or
20 survivor if he or she were the dependent or survivor of an
21 annuitant under the State Universities Retirement System.

22 (a-1) (Blank).

23 (a-2) (Blank).

24 (a-3) (Blank).

25 (a-4) (Blank).

26 (a-5) (Blank).

1 (a-6) (Blank).

2 (a-7) (Blank).

3 (a-8) Any annuitant, survivor, or retired employee may
4 waive or terminate coverage in the program of group health
5 benefits. Any such annuitant, survivor, or retired employee who
6 has waived or terminated coverage may enroll or re-enroll in
7 the program of group health benefits only during the annual
8 benefit choice period, as determined by the Director; except
9 that in the event of termination of coverage due to nonpayment
10 of premiums, the annuitant, survivor, or retired employee may
11 not re-enroll in the program.

12 (a-8.5) Beginning on the effective date of this amendatory
13 Act of the 97th General Assembly, the Director of Central
14 Management Services shall, on an annual basis, determine the
15 amount that the State shall contribute toward the basic program
16 of group health benefits on behalf of annuitants (including
17 individuals who (i) participated in the General Assembly
18 Retirement System, the State Employees' Retirement System of
19 Illinois, the State Universities Retirement System, the
20 Teachers' Retirement System of the State of Illinois, or the
21 Judges Retirement System of Illinois and (ii) qualify as
22 annuitants under subsection (b) of Section 3 of this Act),
23 survivors (including individuals who (i) receive an annuity as
24 a survivor of an individual who participated in the General
25 Assembly Retirement System, the State Employees' Retirement
26 System of Illinois, the State Universities Retirement System,

1 the Teachers' Retirement System of the State of Illinois, or
2 the Judges Retirement System of Illinois and (ii) qualify as
3 survivors under subsection (q) of Section 3 of this Act), and
4 retired employees (as defined in subsection (p) of Section 3 of
5 this Act). The remainder of the cost of coverage for each
6 annuitant, survivor, or retired employee, as determined by the
7 Director of Central Management Services, shall be the
8 responsibility of that annuitant, survivor, or retired
9 employee.

10 Contributions required of annuitants, survivors, and
11 retired employees shall be the same for all retirement systems
12 and shall also be based on whether an individual has made an
13 election under Section 15-135.1 of the Illinois Pension Code.
14 Contributions may be based on annuitants', survivors', or
15 retired employees' Medicare eligibility, but may not be based
16 on Social Security eligibility.

17 (a-9) No later than May 1 of each calendar year, the
18 Director of Central Management Services shall certify in
19 writing to the Executive Secretary of the State Employees'
20 Retirement System of Illinois the amounts of the Medicare
21 supplement health care premiums and the amounts of the health
22 care premiums for all other retirees who are not Medicare
23 eligible.

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

26 The Director of Central Management Services shall provide

1 to the Executive Secretary of the State Employees' Retirement
2 System of Illinois such information, statistics, and other data
3 as he or she may require to review the premium amounts
4 certified by the Director of Central Management Services.

5 The Department of Central Management Services, or any
6 successor agency designated to procure healthcare contracts
7 pursuant to this Act, is authorized to establish funds,
8 separate accounts provided by any bank or banks as defined by
9 the Illinois Banking Act, or separate accounts provided by any
10 savings and loan association or associations as defined by the
11 Illinois Savings and Loan Act of 1985 to be held by the
12 Director, outside the State treasury, for the purpose of
13 receiving the transfer of moneys from the Local Government
14 Health Insurance Reserve Fund. The Department may promulgate
15 rules further defining the methodology for the transfers. Any
16 interest earned by moneys in the funds or accounts shall inure
17 to the Local Government Health Insurance Reserve Fund. The
18 transferred moneys, and interest accrued thereon, shall be used
19 exclusively for transfers to administrative service
20 organizations or their financial institutions for payments of
21 claims to claimants and providers under the self-insurance
22 health plan. The transferred moneys, and interest accrued
23 thereon, shall not be used for any other purpose including, but
24 not limited to, reimbursement of administration fees due the
25 administrative service organization pursuant to its contract
26 or contracts with the Department.

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

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

18 (c) The basic non-contributory coverage from the basic
19 program of group health benefits shall be continued for each
20 employee not in pay status or on active service by reason of
21 (1) leave of absence due to illness or injury, (2) authorized
22 educational leave of absence or sabbatical leave, or (3)
23 military leave. This coverage shall continue until expiration
24 of authorized leave and return to active service, but not to
25 exceed 24 months for leaves under item (1) or (2). This
26 24-month limitation and the requirement of returning to active

1 service shall not apply to persons receiving ordinary or
2 accidental disability benefits or retirement benefits through
3 the appropriate State retirement system or benefits under the
4 Workers' Compensation or Occupational Disease Act.

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

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

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

24 (g) The State shall not pay the cost of the basic
25 non-contributory group life insurance, program of health
26 benefits and other employee benefits for members who are

1 survivors as defined by paragraphs (1) and (2) of subsection
2 (q) of Section 3 of this Act. The costs of benefits for these
3 survivors shall be paid by the survivors or by the University
4 of Illinois Cooperative Extension Service, or any combination
5 thereof. However, the State shall pay the amount of the
6 reduction in the cost of participation, if any, resulting from
7 the amendment to subsection (a) made by this amendatory Act of
8 the 91st General Assembly.

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

21 (i) Any unit of local government within the State of
22 Illinois may apply to the Director to have its employees,
23 annuitants, and their dependents provided group health
24 coverage under this Act on a non-insured basis. To participate,
25 a unit of local government must agree to enroll all of its
26 employees, who may select coverage under either the State group

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

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

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

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

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

1 variables, plus an amount sufficient to pay for the
2 additional administrative costs of providing coverage to
3 employees of the unit of local government and their
4 dependents.

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

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

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

23 The Local Government Health Insurance Reserve Fund is
24 hereby created as a nonappropriated trust fund to be held
25 outside the State Treasury, with the State Treasurer as
26 custodian. The Local Government Health Insurance Reserve Fund

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

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

22 (j) Any rehabilitation facility within the State of
23 Illinois may apply to the Director to have its employees,
24 annuitants, and their eligible dependents provided group
25 health coverage under this Act on a non-insured basis. To
26 participate, a rehabilitation facility must agree to enroll all

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

23 The Director shall annually determine quarterly rates of
24 payment, subject to the following constraints:

25 (1) In the first year of coverage, the rates shall be
26 equal to the amount normally charged to State employees for

1 elected optional coverages or for enrolled dependents
2 coverages or other contributory coverages on behalf of its
3 employees, adjusted for differences between State
4 employees and employees of the rehabilitation facility in
5 age, sex, geographic location or other relevant
6 demographic variables, plus an amount sufficient to pay for
7 the additional administrative costs of providing coverage
8 to employees of the rehabilitation facility and their
9 dependents.

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

13 Monthly payments by the rehabilitation facility or its
14 employees for group health benefits shall be deposited in the
15 Local Government Health Insurance Reserve Fund.

16 (k) Any domestic violence shelter or service within the
17 State of Illinois may apply to the Director to have its
18 employees, annuitants, and their dependents provided group
19 health coverage under this Act on a non-insured basis. To
20 participate, a domestic violence shelter or service must agree
21 to enroll all of its employees and pay the entire cost of
22 providing such coverage for its employees. The domestic
23 violence shelter shall not be required to enroll those of its
24 employees who are covered spouses or dependents under this plan
25 or another group policy or plan providing health benefits as
26 long as (1) an appropriate official from the domestic violence

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

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

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

1 the additional administrative costs of providing coverage
2 to employees of the domestic violence shelter or service
3 and their dependents.

4 (2) In subsequent years, a further adjustment shall be
5 made to reflect the actual prior years' claims experience
6 of the employees of the domestic violence shelter or
7 service.

8 Monthly payments by the domestic violence shelter or
9 service or its employees for group health insurance shall be
10 deposited in the Local Government Health Insurance Reserve
11 Fund.

12 (1) A public community college or entity organized pursuant
13 to the Public Community College Act may apply to the Director
14 initially to have only annuitants not covered prior to July 1,
15 1992 by the district's health plan provided health coverage
16 under this Act on a non-insured basis. The community college
17 must execute a 2-year contract to participate in the Local
18 Government Health Plan. Any annuitant may enroll in the event
19 of a qualifying change in status, special enrollment, special
20 circumstance as defined by the Director, or during the annual
21 Benefit Choice Period.

22 The Director shall annually determine monthly rates of
23 payment subject to the following constraints: for those
24 community colleges with annuitants only enrolled, first year
25 rates shall be equal to the average cost to cover claims for a
26 State member adjusted for demographics, Medicare

1 participation, and other factors; and in the second year, a
2 further adjustment of rates shall be made to reflect the actual
3 first year's claims experience of the covered annuitants.

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

6 (m) The Director shall adopt any rules deemed necessary for
7 implementation of this amendatory Act of 1989 (Public Act
8 86-978).

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

1 circumstance as defined by the Director or during the annual
2 Benefit Choice Period. A participating child advocacy center
3 may also elect to cover its annuitants. Dependent coverage
4 shall be offered on an optional basis, with the costs paid by
5 the child advocacy center, its employees, or some combination
6 of the 2 as determined by the child advocacy center. The child
7 advocacy center shall be responsible for timely collection and
8 transmission of dependent premiums.

9 The Director shall annually determine rates of payment,
10 subject to the following constraints:

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

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

25 Monthly payments by the child advocacy center or its
26 employees for group health insurance shall be deposited into

1 the Local Government Health Insurance Reserve Fund.

2 (Source: P.A. 97-695, eff. 7-1-12; 98-488, eff. 8-16-13.)

3 Section 10. The Illinois Pension Code is amended by
4 changing Sections 1-160, 1-167 2-108, 2-119.1, 2-126, 2-162,
5 14-103.10, 14-114, 14-133, 14-152.1, 15-108.1, 15-108.2,
6 15-111, 15-136, 15-155, 15-157, 15-165, 15-198, 16-121,
7 16-133.1, 16-136.1, 16-152, 16-158, 16-203, 17-116, 17-130,
8 20-121, 20-123, 20-124, and 20-125 and by adding 1-161, 1-167,
9 1-162, 2-105.3, 2-110.3, 2-165.1, 2-166.1, 14-103.41,
10 14-106.5, 14-147.5, 14-155.1, 14-155.2, 14-156.1, 15-132.9,
11 15-155.2, 15-185.5, 15-200.1, 15-201.1, 16-107.1, 16-122.9,
12 16-158.3, 16-190.5, 16-205.1, 16-206.1, 17-106.05, 17-113.4,
13 17-115.5, and 17-119.2 as follows:

14 (40 ILCS 5/1-160)

15 (Text of Section WITHOUT the changes made by P.A. 98-641,
16 which has been held unconstitutional)

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

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

1 plan established under this Code, to any person with respect to
2 service as a sheriff's law enforcement employee under Article
3 7, or to any participant of the retirement plan established
4 under Section 22-101. Notwithstanding anything to the contrary
5 in this Section, for purposes of this Section, a person who
6 participated in a retirement system under Article 15 prior to
7 January 1, 2011 shall be deemed a person who first became a
8 member or participant prior to January 1, 2011 under any
9 retirement system or pension fund subject to this Section. The
10 changes made to this Section by Public Act 98-596 ~~this~~
11 ~~amendatory Act of the 98th General Assembly~~ are a clarification
12 of existing law and are intended to be retroactive to January
13 1, 2011 (the effective date of Public Act 96-889),
14 notwithstanding the provisions of Section 1-103.1 of this Code.

15 This Section does not apply to a person who, on or after
16 July 1, 2018, first becomes a member or participant under
17 Article 14 or 16, unless that person (i) is a covered employee
18 under Article 14 who has not made the election to participate
19 in the defined contribution plan under Section 14-155.2 or (ii)
20 elects under subsection (b) of Section 1-161 to receive the
21 benefits provided under this Section and the applicable
22 provisions of the Article under which he or she is a member or
23 participant.

24 This Section does not apply to a person who first becomes a
25 member or participant of an affected pension fund on or after 6
26 months after the resolution or ordinance date, as defined in

1 Section 1-162, unless that person elects under subsection (c)
2 of Section 1-162 to receive the benefits provided under this
3 Section and the applicable provisions of the Article under
4 which he or she is a member or participant.

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

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

20 (1) In Article 7 (except for service as sheriff's law
21 enforcement employees), "final rate of earnings".

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

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

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

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

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

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 average
19 change in prices of goods and services purchased by all urban
20 consumers, United States city average, all items, 1982-84 =
21 100. The new amount resulting from each annual adjustment shall
22 be determined by the Public Pension Division of the Department
23 of Insurance and made available to the boards of the retirement
24 systems and pension funds by November 1 of each year.

25 (c) A member or participant is entitled to a retirement
26 annuity upon written application if he or she has attained age

1 67 (beginning January 1, 2015, age 65 with respect to service
2 under Article 12 of this Code that is subject to this Section)
3 and has at least 10 years of service credit and is otherwise
4 eligible under the requirements of the applicable Article.

5 A member or participant who has attained age 62 (beginning
6 January 1, 2015, age 60 with respect to service under Article
7 12 of this Code that is subject to this Section) and has at
8 least 10 years of service credit and is otherwise eligible
9 under the requirements of the applicable Article may elect to
10 receive the lower retirement annuity provided in subsection (d)
11 of this Section.

12 (d) The retirement annuity of a member or participant who
13 is retiring after attaining age 62 (beginning January 1, 2015,
14 age 60 with respect to service under Article 12 of this Code
15 that is subject to this Section) with at least 10 years of
16 service credit shall be reduced by one-half of 1% for each full
17 month that the member's age is under age 67 (beginning January
18 1, 2015, age 65 with respect to service under Article 12 of
19 this Code that is subject to this Section).

20 (e) Any retirement annuity or supplemental annuity shall be
21 subject to annual increases on the January 1 occurring either
22 on or after the attainment of age 67 (beginning January 1,
23 2015, age 65 with respect to service under Article 12 of this
24 Code that is subject to this Section) or the first anniversary
25 of the annuity start date, whichever is later. Each annual
26 increase shall be calculated at 3% or one-half the annual

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

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

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

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

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

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

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

1 contractual employment, the person's retirement annuity or
2 retirement pension payments shall resume and, if appropriate,
3 be recalculated under the applicable provisions of this Code.

4 (i) (Blank).

5 (j) Except for Sections 1-161 and 1-162, in ~~the~~ the case of
6 a conflict between the provisions of this Section and any other
7 provision of this Code, the provisions of this Section shall
8 control.

9 (Source: P.A. 97-609, eff. 1-1-12; 98-92, eff. 7-16-13; 98-596,
10 eff. 11-19-13; 98-622, eff. 6-1-14; revised 3-24-16.)

11 (40 ILCS 5/1-161 new)

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

14 (a) Notwithstanding any other provision of this Code to the
15 contrary, the provisions of this Section apply to a person who
16 first becomes a member or a participant under Article 14, 15,
17 or 16 on or after July 1, 2018 and who does not make the
18 election under subsection (b) or (c), whichever is applicable.
19 The provisions of this Section apply to a person who makes the
20 election under subsection (c-5). The provisions of this Section
21 do not apply to any participant in a self-managed plan or to a
22 covered employee under Article 14.

23 (b) In lieu of the benefits provided under this Section, a
24 member or participant, except for a participant under Article
25 15, may irrevocably elect the benefits under Section 1-160 and

1 the benefits otherwise applicable to that member or
2 participant. The election must be made within 30 days after
3 becoming a member or participant. Each retirement system shall
4 establish procedures for making this election.

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

10 (c-5) A non-covered participant under Article 14 to whom
11 Section 1-160 applies, a Tier 2 member under Article 15, or a
12 participant under Article 16 to whom Section 1-160 applies may
13 irrevocably elect to receive the benefits under this Section in
14 lieu of the benefits under Section 1-160 or the benefits
15 otherwise available to a Tier 2 member under Article 15,
16 whichever is applicable. Each retirement System shall
17 establish procedures for making this election.

18 (d) "Final average salary" means the average monthly (or
19 annual) salary obtained by dividing the total salary or
20 earnings calculated under the Article applicable to the member
21 or participant during the last 120 months (or 10 years) of
22 service in which the total salary or earnings calculated under
23 the applicable Article was the highest by the number of months
24 (or years) of service in that period. For the purposes of a
25 person to whom this Section applies, in this Code, "final
26 average salary" shall be substituted for "final average

1 compensation" in Article 14.

2 (e) Beginning July 1, 2018, for all purposes under this
3 Code (including without limitation the calculation of benefits
4 and employee contributions), the annual earnings, salary,
5 compensation, or wages (based on the plan year) of a member or
6 participant to whom this Section applies shall not at any time
7 exceed the federal Social Security Wage Base then in effect.

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

15 (g) The amount of the retirement annuity to which a member
16 or participant is entitled shall be computed by multiplying
17 1.25% for each year of service credit by his or her final
18 average salary.

19 (h) Any retirement annuity or supplemental annuity shall be
20 subject to annual increases on the first anniversary of the
21 annuity start date. Each annual increase shall be one-half the
22 annual unadjusted percentage increase (but not less than zero)
23 in the consumer price index-w for the 12 months ending with the
24 September preceding each November 1 of the originally granted
25 retirement annuity. If the annual unadjusted percentage change
26 in the consumer price index-w for the 12 months ending with the

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

3 For the purposes of this Section, "consumer price index-w"
4 means the index published by the Bureau of Labor Statistics of
5 the United States Department of Labor that measures the average
6 change in prices of goods and services purchased by Urban Wage
7 Earners and Clerical Workers, United States city average, all
8 items, 1982-84 = 100. The new amount resulting from each annual
9 adjustment shall be determined by the Public Pension Division
10 of the Department of Insurance and made available to the boards
11 of the retirement systems and pension funds by November 1 of
12 each year.

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

25 (j) In lieu of any other employee contributions, except for
26 the contribution to the defined contribution plan under

1 subsection (k) of this Section, each employee shall contribute
2 6.2% of his her or salary to the retirement system. However,
3 the employee contribution under this subsection shall not
4 exceed the amount of the total normal cost of the benefits for
5 all members making contributions under this Section (except for
6 the defined contribution plan under subsection (k) of this
7 Section), expressed as a percentage of payroll and certified on
8 or before January 15 of each year by the board of trustees of
9 the retirement system. If the board of trustees of the
10 retirement system certifies that the 6.2% employee
11 contribution rate exceeds the normal cost of the benefits under
12 this Section (except for the defined contribution plan under
13 subsection (k) of this Section), then on or before December 1
14 of that year, the board of trustees shall certify the amount of
15 the normal cost of the benefits under this Section (except for
16 the defined contribution plan under subsection (k) of this
17 Section), expressed as a percentage of payroll, to the State
18 Actuary and the Commission on Government Forecasting and
19 Accountability, and the employee contribution under this
20 subsection shall be reduced to that amount beginning July 1 of
21 that year. Thereafter, if the normal cost of the benefits under
22 this Section (except for the defined contribution plan under
23 subsection (k) of this Section), expressed as a percentage of
24 payroll and certified on or before January 1 of each year by
25 the board of trustees of the retirement system, exceeds 6.2% of
26 salary, then on or before January 15 of that year, the board of

1 trustees shall certify the normal cost to the State Actuary and
2 the Commission on Government Forecasting and Accountability,
3 and the employee contributions shall revert back to 6.2% of
4 salary beginning January 1 of the following year.

5 (k) No later than July 1, 2018, each retirement system
6 under Article 14, 15, or 16 shall prepare and implement a
7 defined contribution plan for members or participants who are
8 subject to this Section. The defined contribution plan
9 developed under this subsection shall be a plan that aggregates
10 employer and employee contributions in individual participant
11 accounts which, after meeting any other requirements, are used
12 for payouts after retirement in accordance with this subsection
13 and any other applicable laws.

14 (1) Each member or participant shall contribute a
15 minimum of 4% of his or her salary to the defined
16 contribution plan.

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

24 (3) Employer contributions shall vest when those
25 contributions are paid into a member's or participant's
26 account.

1 (4) 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 (5) The defined contribution plan shall provide a
6 variety of options for payouts to retirees and their
7 survivors.

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

14 (7) Each retirement system shall reduce the employee
15 contributions credited to the member's defined
16 contribution plan account by an amount determined by that
17 retirement system to cover the cost of offering the
18 benefits under this subsection and any applicable
19 administrative fees.

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

24 (1) In the case of a conflict between the provisions of
25 this Section and any other provision of this Code, the
26 provisions of this Section shall control.

1 (40 ILCS 5/1-162 new)

2 Sec. 1-162. Optional benefits for certain Tier 2 members of
3 pension funds under Articles 8, 9, 10, 11, 12, and 17.

4 (a) As used in this Section:

5 "Affected pension fund" means a pension fund established
6 under Article 8, 9, 10, 11, 12, or 17 that the governing body
7 of the unit of local government has designated as an affected
8 pension fund by adoption of a resolution or ordinance.

9 "Resolution or ordinance date" means the date on which the
10 governing body of the unit of local government designates a
11 pension fund under Article 8, 9, 10, 11, 12, or 17 as an
12 affected pension fund by adoption of a resolution or ordinance
13 or July 1, 2018, whichever is later.

14 (b) Notwithstanding any other provision of this Code to the
15 contrary, the provisions of this Section apply to a person who
16 first becomes a member or a participant in an affected pension
17 fund on or after 6 months after the resolution or ordinance
18 date and who does not make the election under subsection (c).

19 (c) In lieu of the benefits provided under this Section, a
20 member or participant may irrevocably elect the benefits under
21 Section 1-160 and the benefits otherwise applicable to that
22 member or participant. The election must be made within 30 days
23 after becoming a member or participant. Each affected pension
24 fund shall establish procedures for making this election.

25 (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 who first becomes a member or participant of an affected
8 pension fund on or after 6 months after the ordinance or
9 resolution date, in this Code, "final average salary" shall be
10 substituted for the following:

11 (1) In Articles 8, 9, 10, 11, and 12, "highest average
12 annual salary for any 4 consecutive years within the last
13 10 years of service immediately preceding the date of
14 withdrawal".

15 (2) In Article 17, "average salary".

16 (e) Beginning 6 months after the resolution or ordinance
17 date, for all purposes under this Code (including without
18 limitation the calculation of benefits and employee
19 contributions), the annual earnings, salary, or wages (based on
20 the plan year) of a member or participant to whom this Section
21 applies shall not at any time exceed the federal Social
22 Security Wage Base then in effect.

23 (f) A member or participant is entitled to a retirement
24 annuity upon written application if he or she has attained the
25 normal retirement age determined by the Social Security
26 Administration for that member or participant's year of birth,

1 but no earlier than 67 years of age, and has at least 10 years
2 of service credit and is otherwise eligible under the
3 requirements of the applicable Article.

4 (g) The amount of the retirement annuity to which a member
5 or participant is entitled shall be computed by multiplying
6 1.25% for each year of service credit by his or her final
7 average salary.

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

1 each year.

2 (i) 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 6 months after the resolution or ordinance date shall be
6 in the amount of 66 2/3% of the retired member's or
7 participant's retirement annuity at the date of death. In the
8 case of the death of a member or participant who has not
9 retired and who first became a member or participant on or
10 after 6 months after the resolution or ordinance date,
11 eligibility for a survivor's or widow's annuity shall be
12 determined by the applicable Article of this Code. The benefit
13 shall be 66 2/3% of the earned annuity without a reduction due
14 to age. A child's annuity of an otherwise eligible child shall
15 be in the amount prescribed under each Article if applicable.

16 (j) In lieu of any other employee contributions, except for
17 the contribution to the defined contribution plan under
18 subsection (k) of this Section, each employee shall contribute
19 6.2% of his her or salary to the affected pension fund.
20 However, the employee contribution under this subsection shall
21 not exceed the amount of the normal cost of the benefits under
22 this Section (except for the defined contribution plan under
23 subsection (k) of this Section), expressed as a percentage of
24 payroll and determined on or before November 1 of each year by
25 the board of trustees of the affected pension fund. If the
26 board of trustees of the affected pension fund determines that

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

22 (k) No later than 5 months after the resolution or
23 ordinance date, an affected pension fund shall prepare and
24 implement a defined contribution plan for members or
25 participants who are subject to this Section. The defined
26 contribution plan developed under this subsection shall be a

1 plan that aggregates employer and employee contributions in
2 individual participant accounts which, after meeting any other
3 requirements, are used for payouts after retirement in
4 accordance with this subsection and any other applicable laws.

5 (1) Each member or participant shall contribute a
6 minimum of 4% of his or her salary to the defined
7 contribution plan.

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

15 (3) Employer contributions shall vest when those
16 contributions are paid into a member's or participant's
17 account.

18 (4) The defined contribution plan shall provide a
19 variety of options for investments. These options shall
20 include investments handled by the Illinois State Board of
21 Investment as well as private sector investment options.

22 (5) The defined contribution plan shall provide a
23 variety of options for payouts to retirees and their
24 survivors.

25 (6) To the extent authorized under federal law and as
26 authorized by the affected pension fund, the defined

1 contribution plan shall allow former participants in the
2 plan to transfer or roll over employee and employer
3 contributions, and the earnings thereon, into other
4 qualified retirement plans.

5 (7) Each affected pension fund shall reduce the
6 employee contributions credited to the member's defined
7 contribution plan account by an amount determined by that
8 affected pension fund to cover the cost of offering the
9 benefits under this subsection and any applicable
10 administrative fees.

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

15 (1) In the case of a conflict between the provisions of
16 this Section and any other provision of this Code, the
17 provisions of this Section shall control.

18 (40 ILCS 5/1-167 new)

19 Sec. 1-167. Election by Tier 1 employees.

20 (a) The Board of any pension fund or retirement system
21 established under this Code may, by resolution, provide Tier 1
22 employees with the opportunity to make an irrevocable election
23 in accordance with this Section. The fund or system shall adopt
24 rules for the administration of the election.

25 (b) If approved by the Board of the applicable pension fund

1 or retirement system, an active Tier 1 employee may make an
2 irrevocable election to agree to delay his or her eligibility
3 for automatic annual increases in retirement annuity and to
4 reduce the amount of the automatic annual increases in his or
5 her retirement annuity and survivor's annuity as provided in
6 subsection (e) of Section 1-160.

7 (c) As adequate and legal consideration provided under
8 this amendatory Act of the 100th General Assembly for making an
9 election under subsection (b) of this Section, a Tier 1
10 employee shall be entitled to receive:

11 (1) a consideration payment equal to 10% of the
12 contributions made by or on behalf of the employee before
13 the effective date of that election; and

14 (2) a 10% reduction in future employee pension
15 contributions under the applicable Article.

16 (d) Each fund or system that conducts the election shall
17 make a good faith effort to contact Tier 1 members subject to
18 this Section. The fund or system shall describe the election,
19 publish the details on its website, and publish those details
20 in a regularly published newsletter or other existing public
21 forum. Upon request, the fund or system shall offer Tier 1
22 employees an opportunity to receive information before making
23 the election. The information may be provided through video
24 materials, group presentations, individual consultation with a
25 member or authorized representative of the fund or system in
26 person or by telephone or other electronic means, or any

1 combination of those methods. The fund or system shall inform
2 Tier 1 members that the member may also wish to obtain
3 information and counsel relating to the election under this
4 Section from any other available source, including, but not
5 limited to, labor organizations and private counsel.

6 (e) The fund or system shall not provide advice or
7 counseling with respect to the legal or tax circumstances of or
8 consequences of making the election in subsection (b) this
9 Section. In no event shall the System, its staff, or the Board
10 be held liable for any information given to a member regarding
11 the election under this Section.

12 (f) This subsection does not apply to Articles 2, 14, 15,
13 16, and 17.

14 (40 ILCS 5/2-105.3 new)

15 Sec. 2-105.3. Tier 1 employee. "Tier 1 employee": A
16 participant who first became a participant before January 1,
17 2011.

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

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

21 Sec. 2-108. Salary. "Salary":

22 (1) For members of the General Assembly, the total
23 compensation paid to the member by the State for one year of
24 service, including the additional amounts, if any, paid to the

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

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

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

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

19 Notwithstanding any other provision of this Section,
20 "salary" does not include any consideration payment made to a
21 Tier 1 employee.

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

23 (40 ILCS 5/2-110.3 new)

24 Sec. 2-110.3. Election by Tier 1 employees.

25 (a) If approved by resolution of the Board, an active Tier

1 1 employee may make an irrevocable election to agree to delay
2 his or her eligibility for automatic annual increases in
3 retirement annuity as provided in subsection (a-1) of Section
4 2-119.1 and to have the amount of the automatic annual
5 increases in his or her retirement annuity and survivor's
6 annuity that are otherwise provided for in this Article
7 calculated, instead, as provided in subsection (a-1) of Section
8 2-119.1.

9 (b) As adequate and legal consideration provided under this
10 amendatory Act of the 100th General Assembly for making an
11 election under subsection (a) of this Section, each Tier 1
12 employee who has made an election under subsection (a) of this
13 Section shall receive a consideration payment equal to 10% of
14 the contributions made by or on behalf of the employee under
15 Section 2-126 before the effective date of that election. The
16 System shall pay the amount of the consideration payment.

17 (c) A Tier 1 employee who does not make the election under
18 subsection (a) of this Section shall not be subject to the
19 benefits of subsection (b) of this Section.

20 (d) The System shall make a good faith effort to contact
21 each Tier 1 employee subject to this Section. Such
22 correspondence shall describe the election to each Tier 1
23 employee. If the Tier 1 employee is not responsive, it is
24 sufficient for the System to publish the details of any
25 elections on its website or to publish those details in a
26 regularly published newsletter or other existing public forum.

1 Tier 1 employees who are subject to this Section shall be
2 provided with an election packet containing information
3 regarding their options, as well as the forms necessary to make
4 the election. Upon request, the System shall offer Tier 1
5 employees an opportunity to receive information from the System
6 before making the election. The information may be provided
7 through video materials, group presentations, individual
8 consultation with a member or authorized representative of the
9 System in person or by telephone or other electronic means, or
10 any combination of those methods. The System shall not provide
11 advice or counseling with respect to the legal or tax
12 circumstances of or consequences of making the election in
13 subsection (a) of this Section.

14 The System shall inform Tier 1 employees in the election
15 packet required under this subsection that the Tier 1 employee
16 may also wish to obtain information and counsel relating to the
17 election under this Section from any other available source,
18 including, but not limited to, labor organizations and private
19 counsel.

20 In no event shall the System, its staff, or the Board be
21 held liable for any information given to a member regarding the
22 election under this Section. The System shall coordinate with
23 other retirement systems administering an election in
24 accordance with this amendatory Act of the 100th General
25 Assembly to provide information concerning the impact of the
26 election set forth in this Section.

1 (d-5) To the extent authorized under federal law and as
2 authorized by the retirement system, a Tier 1 employee may
3 transfer or roll over the consideration payment into other
4 qualified retirement plans.

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

8 (f) No provision of this Section shall be interpreted in a
9 way that would cause the System to cease to be a qualified plan
10 under Section 401(a) of the Internal Revenue Code of 1986. The
11 provisions of this Section shall be subject to and implemented
12 in a manner that complies with Section 11 of Article IV of the
13 Illinois Constitution.

14 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

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

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

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

7 (a-1) Notwithstanding any other provision of this Article,
8 for a Tier 1 employee who made the election under subsection
9 (a) of Section 2-110.3:

10 (1) The initial increase in retirement annuity under
11 this Section shall occur on the January 1 occurring either
12 on or after the attainment of age 67 or the fifth
13 anniversary of the annuity start date, whichever is
14 earlier.

15 (2) The amount of each automatic annual increase in
16 retirement annuity or survivor's annuity occurring on or
17 after the effective date of that election shall be
18 calculated as a percentage of the originally granted
19 retirement annuity or survivor's annuity, equal to 3% or
20 one-half the annual unadjusted percentage increase (but
21 not less than zero) in the consumer price index-u for the
22 12 months ending with the September preceding each November
23 1, whichever is less. If the annual unadjusted percentage
24 change in the consumer price index-u for the 12 months
25 ending with the September preceding each November 1 is zero
26 or there is a decrease, then the annuity shall not be

1 increased.

2 For the purposes of this Section, "consumer price index-u"
3 means the index published by the Bureau of Labor Statistics of
4 the United States Department of Labor that measures the average
5 change in prices of goods and services purchased by all urban
6 consumers, United States city average, all items, 1982-84 =
7 100. The new amount resulting from each annual adjustment shall
8 be determined by the Public Pension Division of the Department
9 of Insurance and made available to the board of the retirement
10 system by November 1 of each year.

11 (b) Beginning January 1, 1990, for eligible participants
12 who remain in service after attaining 20 years of creditable
13 service, the 3% increases provided under subsection (a) shall
14 begin to accrue on the January 1 next following the date upon
15 which the participant (1) attains age 55, or (2) attains 20
16 years of creditable service, whichever occurs later, and shall
17 continue to accrue while the participant remains in service;
18 such increases shall become payable on January 1 or July 1,
19 whichever occurs first, next following the first anniversary of
20 retirement. For any person who has service credit in the System
21 for the entire period from January 15, 1969 through December
22 31, 1992, regardless of the date of termination of service, the
23 reference to age 55 in clause (1) of this subsection (b) shall
24 be deemed to mean age 50.

25 This subsection (b) does not apply to any person who first
26 becomes a member of the System after August 8, 2003 (the

1 effective date of Public Act 93-494) ~~this amendatory Act of the~~
2 ~~93rd General Assembly.~~

3 (b-5) Notwithstanding any other provision of this Article,
4 a participant who first becomes a participant on or after
5 January 1, 2011 (the effective date of Public Act 96-889)
6 shall, in January or July next following the first anniversary
7 of retirement, whichever occurs first, and in the same month of
8 each year thereafter, but in no event prior to age 67, have the
9 amount of the retirement annuity then being paid increased by
10 3% or the annual unadjusted percentage increase in the Consumer
11 Price Index for All Urban Consumers as determined by the Public
12 Pension Division of the Department of Insurance under
13 subsection (a) of Section 2-108.1, whichever is less.

14 (c) The foregoing provisions relating to automatic
15 increases are not applicable to a participant who retires
16 before having made contributions (at the rate prescribed in
17 Section 2-126) for automatic increases for less than the
18 equivalent of one full year. However, in order to be eligible
19 for the automatic increases, such a participant may make
20 arrangements to pay to the system the amount required to bring
21 the total contributions for the automatic increase to the
22 equivalent of one year's contributions based upon his or her
23 last salary.

24 (d) A participant who terminated service prior to July 1,
25 1967, with at least 14 years of service is entitled to an
26 increase in retirement annuity beginning January, 1976, and to

1 additional increases in January of each year thereafter.

2 The initial increase shall be 1 1/2% of the originally
3 granted retirement annuity multiplied by the number of full
4 years that the annuitant was in receipt of such annuity prior
5 to January 1, 1972, plus 2% of the originally granted
6 retirement annuity for each year after that date. The
7 subsequent annual increases shall be at the rate of 2% of the
8 originally granted retirement annuity for each year through
9 1979 and at the rate of 3% for 1980 and thereafter.

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

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

16 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

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

19 Sec. 2-126. Contributions by participants.

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

1 1973, 6 1/2%; for service after January 10, 1973, 7%; for
2 service after December 31, 1981, 8 1/2%.

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

6 A participant who has no eligible survivor's annuity
7 beneficiary may elect to cease making contributions for
8 survivor's annuity under this subsection. A survivor's annuity
9 shall not be payable upon the death of a person who has made
10 this election, unless prior to that death the election has been
11 revoked and the amount of the contributions that would have
12 been paid under this subsection in the absence of the election
13 is paid to the System, together with interest at the rate of 4%
14 per year from the date the contributions would have been made
15 to the date of payment.

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

21 (d) In addition, each participant serving as an officer of
22 the General Assembly shall contribute, for the same purposes
23 and at the same rates as are required of a regular participant,
24 on each additional payment received as an officer. If the
25 participant serves as an officer for at least 2 but less than 4
26 years, he or she shall contribute an amount equal to the amount

1 that would have been contributed had the participant served as
2 an officer for 4 years. Persons who serve as officers in the
3 87th General Assembly but cannot receive the additional payment
4 to officers because of the ban on increases in salary during
5 their terms may nonetheless make contributions based on those
6 additional payments for the purpose of having the additional
7 payments included in their highest salary for annuity purposes;
8 however, persons electing to make these additional
9 contributions must also pay an amount representing the
10 corresponding employer contributions, as calculated by the
11 System.

12 (e) Notwithstanding any other provision of this Article,
13 the required contribution of a participant who first becomes a
14 participant on or after January 1, 2011 shall not exceed the
15 contribution that would be due under this Article if that
16 participant's highest salary for annuity purposes were
17 \$106,800, plus any increases in that amount under Section
18 2-108.1.

19 (f) As adequate and legal consideration provided under this
20 amendatory Act of the 100th General Assembly for making an
21 election under subsection (a) of Section 2-110.3, beginning on
22 the effective date of the Tier 1 employee's election under
23 subsection (a) of Section 2-110.3, in lieu of the contributions
24 otherwise required under this Section, each Tier 1 employee who
25 made the election under subsection (a) of Section 2-110.3 shall
26 contribute 8.5% of each payment of salary toward the cost of

1 his or her retirement annuity and 1.85% of each payment of
2 salary toward the cost of the survivor's annuity.

3 (g) As adequate and legal consideration provided under this
4 amendatory Act of the 100th General Assembly for making an
5 election under subsection (a) of Section 2-110.3,
6 notwithstanding subsection (f) of this Section, beginning on
7 the effective date of the Tier 1 employee's election under
8 subsection (a) of Section 2-110.3, in lieu of the contributions
9 otherwise required under this Section, each Tier 1 employee who
10 made the election under subsection (a) of Section 2-110.3 and
11 has elected to cease making contributions for survivor's
12 annuity under subsection (b) of this Section, shall contribute
13 8.55% of each payment of salary toward the cost of his or her
14 retirement annuity.

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

16 (40 ILCS 5/2-162)

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

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

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

1 amendatory Act of the 94th General Assembly. "New benefit
2 increase", however, does not include any benefit increase
3 resulting from the changes made to this Article by this
4 amendatory Act of the 100th General Assembly.

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

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

14 Every new benefit increase is contingent upon the General
15 Assembly providing the additional funding required under this
16 subsection. The Commission on Government Forecasting and
17 Accountability shall analyze whether adequate additional
18 funding has been provided for the new benefit increase and
19 shall report its analysis to the Public Pension Division of the
20 Department of Insurance ~~Financial and Professional Regulation~~.

21 A new benefit increase created by a Public Act that does not
22 include the additional funding required under this subsection
23 is null and void. If the Public Pension Division determines
24 that the additional funding provided for a new benefit increase
25 under this subsection is or has become inadequate, it may so
26 certify to the Governor and the State Comptroller and, in the

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

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

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

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

21 (40 ILCS 5/2-165.1 new)

22 Sec. 2-165.1. Defined contribution plan.

23 (a) By July 1, 2018, the System shall prepare and implement
24 a voluntary defined contribution plan for up to 5% of eligible
25 active Tier 1 employees. The System shall determine the 5% cap

1 by the number of active Tier 1 employees on the effective date
2 of this Section. The defined contribution plan developed under
3 this Section shall be a plan that aggregates employer and
4 employee contributions in individual participant accounts
5 which, after meeting any other requirements, are used for
6 payouts after retirement in accordance with this Section and
7 any other applicable laws.

8 As used in this Section, "defined benefit plan" means the
9 retirement plan available under this Article to Tier 1
10 employees who have not made the election authorized under this
11 Section.

12 (1) Under the defined contribution plan, an active Tier
13 1 employee of this System could elect to cease accruing
14 benefits in the defined benefit plan under this Article and
15 begin accruing benefits for future service in the defined
16 contribution plan. Service credit under the defined
17 contribution plan may be used for determining retirement
18 eligibility under the defined benefit plan.

19 (2) Participants in the defined contribution plan
20 shall pay employee contributions at the same rate as Tier 1
21 employees in this System who do not participate in the
22 defined contribution plan.

23 (3) State contributions shall be paid into the accounts
24 of all participants in the defined contribution plan at a
25 uniform rate, expressed as a percentage of compensation and
26 determined for each year. This rate shall be no higher than

1 the employer's normal cost for Tier 1 employees in the
2 defined benefit plan for that year, as determined by the
3 System and expressed as a percentage of compensation, and
4 shall be no lower than 3% of compensation. The State shall
5 adjust this rate annually.

6 (4) The defined contribution plan shall require 5 years
7 of participation in the defined contribution plan before
8 vesting in State contributions. If the participant fails to
9 vest in them, the State contributions, and the earnings
10 thereon, shall be forfeited.

11 (5) The defined contribution plan may provide for
12 participants in the plan to be eligible for defined
13 disability benefits. If it does, the System shall reduce
14 the employee contributions credited to the participant's
15 defined contribution plan account by an amount determined
16 by the System to cover the cost of offering such benefits.

17 (6) The defined contribution plan shall provide a
18 variety of options for investments. These options shall
19 include investments handled by the Illinois State Board of
20 Investment as well as private sector investment options.

21 (7) The defined contribution plan shall provide a
22 variety of options for payouts to retirees and their
23 survivors.

24 (8) To the extent authorized under federal law and as
25 authorized by the System, the plan shall allow former
26 participants in the plan to transfer or roll over employee

1 and vested State contributions, and the earnings thereon,
2 into other qualified retirement plans.

3 (9) The System shall reduce the employee contributions
4 credited to the participant's defined contribution plan
5 account by an amount determined by the System to cover the
6 cost of offering these benefits and any applicable
7 administrative fees.

8 (b) Only persons who are active Tier 1 employees of the
9 System on the effective date of this Section are eligible to
10 participate in the defined contribution plan. Participation in
11 the defined contribution plan shall be limited to the first 5%
12 of eligible persons who elect to participate. The election to
13 participate in the defined contribution plan is voluntary and
14 irrevocable.

15 (c) An eligible active Tier 1 employee may irrevocably
16 elect to participate in the defined contribution plan by filing
17 with the System a written application to participate that is
18 received by the System prior to its determination that 5% of
19 eligible persons have elected to participate in the defined
20 contribution plan.

21 When the System first determines that 5% of eligible
22 persons have elected to participate in the defined contribution
23 plan, the System shall provide notice to previously eligible
24 employees that the plan is no longer available and shall cease
25 accepting applications to participate.

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

1 each active Tier 1 employee who is eligible to participate in
2 the defined contribution plan. Such correspondence shall
3 describe the option to join the defined contribution plan to
4 each of these employees. If the employee is not responsive to
5 other means of contact, it is sufficient for the System to
6 publish the details of the option on its website.

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

23 (e) In no event shall the System, its staff, its authorized
24 representatives, or the Board be liable for any information
25 given to an employee under this Section. The System may
26 coordinate with other retirement systems administering a

1 defined contribution plan in accordance with this amendatory
2 Act of the 100th General Assembly to provide information
3 concerning the impact of the option set forth in this Section.

4 (f) Notwithstanding any other provision of this Section, no
5 person shall begin participating in the defined contribution
6 plan until it has attained qualified plan status and received
7 all necessary approvals from the U.S. Internal Revenue Service.

8 (g) The System shall report on its progress under this
9 Section, including the available details of the defined
10 contribution plan and the System's plans for informing eligible
11 Tier 1 employees about the plan, to the Governor and the
12 General Assembly.

13 (h) The Illinois State Board of Investments shall be the
14 plan sponsor for the defined contribution plan established
15 under this Section.

16 (i) The intent of this amendatory Act of the 100th General
17 Assembly is to ensure that the State's normal cost of
18 participation in the defined contribution plan is similar, and
19 if possible equal, to the State's normal cost of participation
20 in the defined benefit plan, unless a lower State's normal cost
21 is necessary to ensure cost neutrality.

22 (40 ILCS 5/2-166.1 new)

23 Sec. 2-166.1. Defined contribution plan; termination. If
24 the defined contribution plan is terminated or becomes
25 inoperative pursuant to law, then each participant in the plan

1 shall automatically be deemed to have been a contributing Tier
2 1 employee in the System's defined benefit plan during the time
3 in which he or she participated in the defined contribution
4 plan, and for that purpose the System shall be entitled to
5 recover the amounts in the participant's defined contribution
6 accounts.

7 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

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

10 Sec. 14-103.10. Compensation.

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

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

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

1 limitation provided in such Act, and including any benefits
2 received by an employee under a sick pay plan in effect before
3 January 1, 1981, but excluding lump sum salary payments:

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

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

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

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

1 exclude lump sum salary payments:

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

6 (f) Notwithstanding the other provisions of this Section,
7 for service on or after July 1, 2013, "compensation" does not
8 include any stipend payable to an employee for service on a
9 board or commission.

10 (g) Notwithstanding any other provision of this Section,
11 "compensation" does not include any consideration payment made
12 to a Tier 1 employee.

13 (Source: P.A. 98-449, eff. 8-16-13.)

14 (40 ILCS 5/14-103.41 new)

15 Sec. 14-103.41. Tier 1 employee. "Tier 1 employee": An
16 employee under this Article who first became a member or
17 participant before January 1, 2011 under any reciprocal
18 retirement system or pension fund established under this Code
19 other than a retirement system or pension fund established
20 under Article 2, 3, 4, 5, 6, or 18 of this Code.

21 (40 ILCS 5/14-106.5 new)

22 Sec. 14-106.5. Election by Tier 1 employees.

23 (a) If approved by resolution of the Board, an active Tier
24 1 employee may make an irrevocable election to agree to delay

1 his or her eligibility for automatic annual increases in
2 retirement annuity as provided in subsection (a-1) of Section
3 14-114 and to have the amount of the automatic annual increases
4 in his or her retirement annuity and survivors or widow's
5 annuity that are otherwise provided for in this Article
6 calculated, instead, as provided in subsection (a-1) of Section
7 14-114.

8 (b) As adequate and legal consideration provided under this
9 amendatory Act of the 100th General Assembly for making an
10 election under subsection (a) of this Section, each Tier 1
11 employee who has made an election under subsection (a) of this
12 Section shall receive a consideration payment equal to 10% of
13 the contributions made by or on behalf of the employee before
14 the effective date of that election. The System shall pay the
15 amount of the consideration payment.

16 (c) A Tier 1 employee who does not make the election under
17 subsection (a) of this Section shall not be subject to the
18 benefits of subsection (b) of this Section.

19 (d) The System shall make a good faith effort to contact
20 each Tier 1 employee subject to this Section. Such
21 correspondence shall describe the election to each Tier 1
22 employee. If the Tier 1 employee is not responsive, it is
23 sufficient for the System to publish the details of any
24 elections on its website or to publish those details in a
25 regularly published newsletter or other existing public forum.

26 Tier 1 employees who are subject to this Section shall be

1 provided with an election packet containing information
2 regarding their options, as well as the forms necessary to make
3 the election. Upon request, the System shall offer Tier 1
4 employees an opportunity to receive information from the System
5 before making the election. The information may be provided
6 through video materials, group presentations, individual
7 consultation with a member or authorized representative of the
8 System in person or by telephone or other electronic means, or
9 any combination of those methods. The System shall not provide
10 advice or counseling with respect to the legal or tax
11 circumstances of or consequences of making the election in
12 subsection (a) of this Section.

13 The System shall inform Tier 1 employees in the election
14 packet required under this subsection that the Tier 1 employee
15 may also wish to obtain information and counsel relating to the
16 election under this Section from any other available source,
17 including, but not limited to, labor organizations and private
18 counsel.

19 In no event shall the System, its staff, or the Board be
20 held liable for any information given to a member regarding the
21 election under this Section. The System shall coordinate with
22 other retirement systems administering an election in
23 accordance with this amendatory Act of the 100th General
24 Assembly to provide information concerning the impact of the
25 election set forth in this Section.

26 (d-5) To the extent authorized under federal law and as

1 authorized by the retirement system, a Tier 1 employee may
2 transfer or roll over the consideration payment into other
3 qualified retirement plans.

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

7 (f) No provision of this Section shall be interpreted in a
8 way that would cause the System to cease to be a qualified plan
9 under Section 401(a) of the Internal Revenue Code of 1986. The
10 provisions of this Section shall be subject to and implemented
11 in a manner that complies with Section 21 of Article V of the
12 Illinois Constitution.

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

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

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

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

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

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

26 Beginning January 1, 1990, and except as provided in

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

5 (a-1) Notwithstanding any other provision of this Article,
6 for a Tier 1 employee who made the election under subsection
7 (a) of Section 14-106.5:

8 (1) The initial increase in retirement annuity under
9 this Section shall occur on the January 1 occurring either
10 on or after the attainment of age 67 or the fifth
11 anniversary of the annuity start date, whichever is
12 earlier.

13 (2) The amount of each automatic annual increase in
14 retirement annuity or survivors or widow's annuity
15 occurring on or after the effective date of that election
16 shall be calculated as a percentage of the originally
17 granted retirement annuity or survivors or widow's
18 annuity, equal to 3% or one-half the annual unadjusted
19 percentage increase (but not less than zero) in the
20 consumer price index-u for the 12 months ending with the
21 September preceding each November 1, whichever is less. If
22 the annual unadjusted percentage change in the consumer
23 price index-u for the 12 months ending with the September
24 preceding each November 1 is zero or there is a decrease,
25 then the annuity shall not be increased.

26 For the purposes of this Section, "consumer price index-u"

1 means the index published by the Bureau of Labor Statistics of
2 the United States Department of Labor that measures the average
3 change in prices of goods and services purchased by all urban
4 consumers, United States city average, all items, 1982-84 =
5 100. The new amount resulting from each annual adjustment shall
6 be determined by the Public Pension Division of the Department
7 of Insurance and made available to the board of the retirement
8 system by November 1 of each year.

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

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

24 (d) In addition to other increases which may be provided by
25 this Section, on January 1, 1981 any annuitant who was
26 receiving a retirement annuity on or before January 1, 1971

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

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

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

22 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
23 92-651, eff. 7-11-02.)

24 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

25 (Text of Section WITHOUT the changes made by P.A. 98-599,

1 which has been held unconstitutional)

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

3 (a) Except as provided in subsection (a-5), each ~~Each~~
4 participating employee shall make contributions to the System,
5 based on the employee's compensation, as follows:

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

9 (2) Noncovered employees, except as indicated below,
10 7% for retirement annuity and 1% for a widow or survivors
11 annuity;

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

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

24 (5) Each security employee of the Department of
25 Corrections or of the Department of Human Services who is a
26 covered employee, 0.5% for a widow or survivors annuity

1 plus the following amount for retirement annuity: 5%
2 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%
3 in 2004 and thereafter;

4 (6) Each security employee of the Department of
5 Corrections or of the Department of Human Services who is
6 not a covered employee, 1% for a widow or survivors annuity
7 plus the following amount for retirement annuity: 8.5%
8 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and
9 11.5% in 2004 and thereafter.

10 (a-5) As adequate and legal consideration provided under
11 this amendatory Act of the 100th General Assembly for making an
12 election under subsection (a) of Section 14-106.5, beginning on
13 the effective date of the Tier 1 employee's election under
14 subsection (a) of Section 14-106.5, in lieu of the
15 contributions otherwise required under subsection (a), each
16 Tier 1 employee who made the election under subsection (a) of
17 Section 14-106.5 who is a participating employee shall make
18 contributions to the System, based on his or her compensation,
19 as follows:

20 (1) Covered employees, except as indicated below,
21 3.15% for retirement annuity, and 0.45% for a widow or
22 survivors annuity;

23 (2) Noncovered employees, except as indicated below,
24 6.3% for retirement annuity and 0.9% for a widow or
25 survivors annuity;

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

1 "eligible creditable service" as defined in Section 14-110
2 may be earned, 10.35% for retirement annuity and 0.9% for a
3 widow or survivors annuity;

4 (4) Covered employees serving in a position in which
5 "eligible creditable service" as defined in Section 14-110
6 may be earned, 7.2% for retirement annuity and 0.45% for a
7 widow or survivors annuity;

8 (5) Each security employee of the Department of
9 Corrections or of the Department of Human Services who is a
10 covered employee, 7.2% for retirement annuity and 0.45% for
11 a widow or survivors annuity;

12 (6) Each security employee of the Department of
13 Corrections or of the Department of Human Services who is
14 not a covered employee, 10.35% for retirement annuity and
15 0.9% for a widow or survivors annuity.

16 (b) Contributions shall be in the form of a deduction from
17 compensation and shall be made notwithstanding that the
18 compensation paid in cash to the employee shall be reduced
19 thereby below the minimum prescribed by law or regulation. Each
20 member is deemed to consent and agree to the deductions from
21 compensation provided for in this Article, and shall receipt in
22 full for salary or compensation.

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

24 (40 ILCS 5/14-147.5 new)

25 Sec. 14-147.5. Accelerated pension benefit payment.

1 (a) As used in this Section:

2 "Eligible person" means a person who:

3 (1) has terminated service;

4 (2) has accrued sufficient service credit to be
5 eligible to receive a retirement annuity under this
6 Article;

7 (3) has not received any retirement annuity under this
8 Article; and

9 (4) is not a party to a pending divorce proceeding and
10 does not have a QILDRO in effect against him or her under
11 this Article.

12 "Pension benefit" means the benefits under this Article, or
13 Article 1 as it relates to those benefits, including any
14 anticipated annual increases, that an eligible person is
15 entitled to upon attainment of the applicable retirement age.

16 "Pension benefit" also includes applicable survivor's or
17 disability benefits.

18 (b) If approved by resolution of the Board in any year, the
19 System shall calculate, using actuarial tables and other
20 assumptions adopted by the Board, the net present value of
21 pension benefits for each eligible person and shall offer each
22 eligible person the opportunity to irrevocably elect to receive
23 an amount determined by the System to be equal to 70% of the
24 net present value of his or her pension benefits in lieu of
25 receiving any pension benefit. The offer shall specify the
26 dollar amount that the eligible person will receive if he or

1 she so elects and shall expire when a subsequent offer is made
2 to an eligible person. The System shall make a good faith
3 effort to contact every eligible person to notify him or her of
4 the election and of the amount of the accelerated pension
5 benefit payment.

6 During a period of 3 months determined by the Board, an
7 eligible person may irrevocably elect to receive an accelerated
8 pension benefit payment in the amount that the System offers
9 under this subsection in lieu of receiving any pension benefit.

10 A person who elects to receive an accelerated pension benefit
11 payment under this Section may not elect to proceed under the
12 Retirement Systems Reciprocal Act with respect to service under
13 this Article. The accelerated pension benefit payment shall be
14 paid by the System.

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

25 (d) If a person who has received an accelerated pension
26 benefit payment under this Section returns to active service

1 under this Article, then:

2 (1) Any benefits under the System earned as a result of
3 that return to active service shall be based solely on the
4 person's credits and creditable service arising from the
5 return to active service.

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

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

22 (f) The Board may adopt any rules necessary to implement
23 this Section.

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

1 (40 ILCS 5/14-152.1)

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

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

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

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

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

25 Every new benefit increase is contingent upon the General

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

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

22 (e) Except as otherwise provided in the language creating
23 the new benefit increase, a new benefit increase that expires
24 under this Section continues to apply to persons who applied
25 and qualified for the affected benefit while the new benefit
26 increase was in effect and to the affected beneficiaries and

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

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

7 (40 ILCS 5/14-155.1 new)

8 Sec. 14-155.1. Defined contribution plan.

9 (a) By July 1, 2018, the System shall prepare and implement
10 a voluntary defined contribution plan for up to 5% of eligible
11 active Tier 1 employees. The System shall determine the 5% cap
12 by the number of active Tier 1 employees on the effective date
13 of this Section. The defined contribution plan developed under
14 this Section shall be a plan that aggregates employer and
15 employee contributions in individual participant accounts
16 which, after meeting any other requirements, are used for
17 payouts after retirement in accordance with this Section and
18 any other applicable laws.

19 As used in this Section, "defined benefit plan" means the
20 retirement plan available under this Article to Tier 1
21 employees who have not made the election authorized under this
22 Section.

23 (1) Under the defined contribution plan, an active Tier
24 1 employee of this System could elect to cease accruing
25 benefits in the defined benefit plan under this Article and

1 begin accruing benefits for future service in the defined
2 contribution plan. Service credit under the defined
3 contribution plan may be used for determining retirement
4 eligibility under the defined benefit plan.

5 (2) Participants in the defined contribution plan
6 shall pay employee contributions at the same rate as Tier 1
7 employees in this System who do not participate in the
8 defined contribution plan.

9 (3) State contributions shall be paid into the accounts
10 of all participants in the defined contribution plan at a
11 uniform rate, expressed as a percentage of compensation and
12 determined for each year. This rate shall be no higher than
13 the employer's normal cost for Tier 1 employees in the
14 defined benefit plan for that year, as determined by the
15 System and expressed as a percentage of compensation, and
16 shall be no lower than 3% of compensation. The State shall
17 adjust this rate annually.

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

23 (5) The defined contribution plan may provide for
24 participants in the plan to be eligible for the defined
25 disability benefits available to other participants under
26 this Article. If it does, the System shall reduce the

1 employee contributions credited to the member's defined
2 contribution plan account by an amount determined by the
3 System to cover the cost of offering such benefits.

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

8 (7) The defined contribution plan shall provide a
9 variety of options for payouts to retirees and their
10 survivors.

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

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

21 (b) Only persons who are active Tier 1 employees of the
22 System on the effective date of this Section are eligible to
23 participate in the defined contribution plan. Participation in
24 the defined contribution plan shall be limited to the first 5%
25 of eligible persons who elect to participate. The election to
26 participate in the defined contribution plan is voluntary and

1 irrevocable.

2 (c) An eligible Tier 1 employee may irrevocably elect to
3 participate in the defined contribution plan by filing with the
4 System a written application to participate that is received by
5 the System prior to its determination that 5% of eligible
6 persons have elected to participate in the defined contribution
7 plan.

8 When the System first determines that 5% of eligible
9 persons have elected to participate in the defined contribution
10 plan, the System shall provide notice to previously eligible
11 employees that the plan is no longer available and shall cease
12 accepting applications to participate.

13 (d) The System shall make a good faith effort to contact
14 each active Tier 1 employee who is eligible to participate in
15 the defined contribution plan. Such correspondence shall
16 describe the option to join the defined contribution plan to
17 each of these employees. If the employee is not responsive to
18 other means of contact, it is sufficient for the System to
19 publish the details of the option on its website.

20 Upon request for further information describing the
21 option, the System shall provide employees with information
22 from the System before exercising the option to join the plan,
23 including information on the impact to their vested benefits or
24 non-vested service. The individual consultation shall include
25 projections of the member's defined benefits at retirement or
26 earlier termination of service and the value of the member's

1 account at retirement or earlier termination of service. The
2 System shall not provide advice or counseling with respect to
3 whether the employee should exercise the option. The System
4 shall inform Tier 1 employees who are eligible to participate
5 in the defined contribution plan that they may also wish to
6 obtain information and counsel relating to their option from
7 any other available source, including, but not limited to,
8 labor organizations, private counsel, and financial advisors.

9 (e) In no event shall the System, its staff, its authorized
10 representatives, or the Board be liable for any information
11 given to an employee under this Section. The System may
12 coordinate with the other retirement systems administering a
13 defined contribution plan in accordance with this amendatory
14 Act of the 100th General Assembly to provide information
15 concerning the impact of the option set forth in this Section.

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

20 (g) The System shall report on its progress under this
21 Section, including the available details of the defined
22 contribution plan and the System's plans for informing eligible
23 Tier 1 employees about the plan, to the Governor and the
24 General Assembly.

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

1 under this Section.

2 (i) The intent of this amendatory Act of the 100th 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 cost
7 is necessary to ensure cost neutrality.

8 (40 ILCS 5/14-155.2 new)

9 Sec. 14-155.2. Defined contribution plan for certain
10 covered employees.

11 (a) As used in this Section:

12 "Defined benefit plan" means the retirement plan available
13 under this Article and Section 1-160 to eligible covered
14 employees who do not make the election authorized under this
15 Section.

16 "Eligible covered employee" means a covered employee who
17 first becomes a participant under this Article on or after July
18 1, 2018.

19 (b) In lieu of the defined benefit plan, an eligible
20 covered employee may irrevocably elect to participate in the
21 defined contribution plan under this Section. The election to
22 participate in the defined contribution plan must be made
23 within 30 days after becoming an eligible covered employee. The
24 election to participate in the defined contribution plan under
25 this Section is voluntary and irrevocable.

1 (c) No later than July 1, 2018, the System shall prepare
2 and implement a voluntary defined contribution plan for
3 eligible covered employees. The defined contribution plan
4 developed under this Section shall be a plan that aggregates
5 employer and employee contributions in individual participant
6 accounts which, after meeting any other requirements, are used
7 for payouts after retirement in accordance with this Section
8 and any other applicable laws.

9 (1) A participant in the defined contribution plan
10 shall contribute a minimum of 3% of his or her compensation
11 to the defined contribution plan.

12 (2) For persons who participate in the defined
13 contribution plan for at least one year, employer
14 contributions shall be paid into the accounts of those
15 participants at a rate of 3% of compensation.

16 (3) Employer contributions shall vest when those
17 contributions are paid into a participant's account.

18 (4) The defined contribution plan shall provide a
19 variety of options for investments. These options shall
20 include investments handled by the Illinois State Board of
21 Investment as well as private sector investment options.

22 (5) The defined contribution plan shall provide a
23 variety of options for payouts to retirees and their
24 survivors.

25 (6) To the extent authorized under federal law and as
26 authorized by the affected pension fund, the defined

1 contribution plan shall allow former participants in the
2 plan to transfer or roll over employee and employer
3 contributions, and the earnings thereon, into other
4 qualified retirement plans.

5 (7) The System shall reduce the employee contributions
6 credited to the participant's defined contribution plan
7 account by an amount determined by the System to cover the
8 cost of offering the benefits under this Section and any
9 applicable administrative fees.

10 (40 ILCS 5/14-156.1 new)

11 Sec. 14-156.1. Defined contribution plan; termination. If
12 the defined contribution plan under Section 14-155.1 is
13 terminated or becomes inoperative pursuant to law, then each
14 participant in the plan shall automatically be deemed to have
15 been a contributing Tier 1 employee in the System's defined
16 benefit plan during the time in which he or she participated in
17 the defined contribution plan, and for that purpose the System
18 shall be entitled to recover the amounts in the participant's
19 defined contribution accounts.

20 (40 ILCS 5/15-108.1)

21 Sec. 15-108.1. Tier 1 member; Tier 1 employee.

22 "Tier 1 member": A participant or an annuitant of a
23 retirement annuity under this Article, other than a participant
24 in the self-managed plan under Section 15-158.2, who first

1 became a participant or member before January 1, 2011 under any
2 reciprocal retirement system or pension fund established under
3 this Code, other than a retirement system or pension fund
4 established under Articles 2, 3, 4, 5, 6, or 18 of this Code.
5 "Tier 1 member" includes a person who first became a
6 participant under this System before January 1, 2011 and who
7 accepts a refund and is subsequently reemployed by an employer
8 on or after January 1, 2011.

9 "Tier 1 employee": A Tier 1 member who is a participating
10 employee, unless he or she is a disability benefit recipient
11 under Section 15-150. However, for the purposes of the election
12 under Section 15-132.9, "Tier 1 employee" does not include an
13 individual who has made an irrevocable election on or before
14 June 1, 2017 to retire from service pursuant to the terms of an
15 employment contract or a collective bargaining agreement in
16 effect on June 1, 2017, excluding any extension, amendment, or
17 renewal of that agreement on or after that date, and has
18 notified the System of that election.

19 (Source: P.A. 98-92, eff. 7-16-13.)

20 (40 ILCS 5/15-108.2)

21 Sec. 15-108.2. Tier 2 member. "Tier 2 member": A person who
22 first becomes a participant under this Article on or after
23 January 1, 2011 and before July 1, 2018, other than a person in
24 the self-managed plan established under Section 15-158.2 or a
25 person who makes the election under subsection (c) of Section

1 1-161, unless the person is otherwise a Tier 1 member. "Tier 2
2 member" does not include a person who makes the election under
3 subsection (c-5) of Section 1-161. The changes made to this
4 Section by this amendatory Act of the 98th General Assembly are
5 a correction of existing law and are intended to be retroactive
6 to the effective date of Public Act 96-889, notwithstanding the
7 provisions of Section 1-103.1 of this Code.

8 (Source: P.A. 98-92, eff. 7-16-13; 98-596, eff. 11-19-13.)

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

10 Sec. 15-111. Earnings.

11 (a) "Earnings": Subject to Section 15-111.5, an amount paid
12 for personal services equal to the sum of the basic
13 compensation plus extra compensation for summer teaching,
14 overtime or other extra service. For periods for which an
15 employee receives service credit under subsection (c) of
16 Section 15-113.1 or Section 15-113.2, earnings are equal to the
17 basic compensation on which contributions are paid by the
18 employee during such periods. Compensation for employment
19 which is irregular, intermittent and temporary shall not be
20 considered earnings, unless the participant is also receiving
21 earnings from the employer as an employee under Section 15-107.

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

1 of that fire department:

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

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

18 (a-10) Notwithstanding any other provision of this
19 Section, "earnings" does not include any consideration payment
20 made to a Tier 1 employee.

21 (b) For a Tier 2 member, the annual earnings shall not
22 exceed \$106,800; however, that amount shall annually
23 thereafter be increased by the lesser of (i) 3% of that amount,
24 including all previous adjustments, or (ii) one half the annual
25 unadjusted percentage increase (but not less than zero) in the
26 consumer price index-u for the 12 months ending with the

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

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

12 (c) With each submission of payroll information in the
13 manner prescribed by the System, the employer shall certify
14 that the payroll information is correct and complies with all
15 applicable State and federal laws.

16 (Source: P.A. 98-92, eff. 7-16-13; 99-897, eff. 1-1-17.)

17 (40 ILCS 5/15-132.9 new)

18 Sec. 15-132.9. Election by Tier 1 employees.

19 (a) If approved by resolution of the Board, an active Tier
20 1 employee may make an irrevocable election to agree to delay
21 his or her eligibility for automatic annual increases in
22 retirement annuity as provided in subsection (d-1) of Section
23 15-136 and to have the amount of the automatic annual increases
24 in his or her retirement annuity and survivors or widow's
25 annuity that are otherwise provided for in this Article

1 calculated, instead, as provided in subsection (d-1) of Section
2 15-136.

3 (b) As adequate and legal consideration provided under this
4 amendatory Act of the 100th General Assembly for making an
5 election under subsection (a) of this Section, each Tier 1
6 employee who has made an election under subsection (a) of this
7 Section shall receive a consideration payment equal to 10% of
8 the contributions made by or on behalf of the employee under
9 Section 15-157 before the effective date of that election. The
10 System shall pay the amount of the consideration payment.

11 (c) A Tier 1 employee who does not make the election under
12 subsection (a) of this Section shall not be subject to the
13 benefits of subsection (b) of this Section.

14 (d) The System shall make a good faith effort to contact
15 each Tier 1 employee subject to this Section. Such
16 correspondence shall describe the election to each Tier 1
17 employee. If the Tier 1 employee is not responsive, it is
18 sufficient for the System to publish the details of any
19 elections on its website or to publish those details in a
20 regularly published newsletter or other existing public forum.

21 Tier 1 employees who are subject to this Section shall be
22 provided with an election packet containing information
23 regarding their options, as well as the forms necessary to make
24 the election. Upon request, the System shall offer Tier 1
25 employees an opportunity to receive information from the System
26 before making the election. The information may consist of

1 video materials, benefit estimators, group presentations,
2 individual consultation with a member or authorized
3 representative of the System in person or by telephone or other
4 electronic means, or any combination of these methods. The
5 System shall not provide advice or counseling with respect to
6 the legal or tax circumstances of or consequences of making the
7 election in subsection (a) of this Section.

8 The System shall inform Tier 1 employees in the election
9 packet required under this subsection that the Tier 1 employee
10 may also wish to obtain information and counsel relating to the
11 election under this Section from any other available source,
12 including, but not limited to, labor organizations and private
13 counsel.

14 In no event shall the System, its staff, or the Board be
15 held liable for any information given to a member regarding the
16 election under this Section. The System shall coordinate with
17 other retirement systems administering an election in
18 accordance with this amendatory Act of the 100th General
19 Assembly to provide information concerning the impact of the
20 election set forth in this Section.

21 (d-5) To the extent authorized under federal law and as
22 authorized by the retirement system, a Tier 1 employee may
23 transfer or roll over the consideration payment into other
24 qualified retirement plans.

25 (e) A member's election under this Section is not a
26 prohibited election under subdivision (j)(1) of Section 1-119

1 of this Code.

2 (f) No provision of this Section shall be interpreted in a
3 way that would cause the System to cease to be a qualified plan
4 under Section 401(a) of the Internal Revenue Code of 1986.

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

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

8 Sec. 15-136. Retirement annuities - Amount. The provisions
9 of this Section 15-136 apply only to those participants who are
10 participating in the traditional benefit package or the
11 portable benefit package and do not apply to participants who
12 are participating in the self-managed plan.

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

17 Rule 1: The retirement annuity shall be 1.67% of final rate
18 of earnings for each of the first 10 years of service, 1.90%
19 for each of the next 10 years of service, 2.10% for each year
20 of service in excess of 20 but not exceeding 30, and 2.30% for
21 each year in excess of 30; or for persons who retire on or
22 after January 1, 1998, 2.2% of the final rate of earnings for
23 each year of service.

24 Rule 2: The retirement annuity shall be the sum of the
25 following, determined from amounts credited to the participant

1 in accordance with the actuarial tables and the effective rate
2 of interest in effect at the time the retirement annuity
3 begins:

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

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

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

17 With respect to a police officer or firefighter who retires
18 on or after August 14, 1998, the accumulated normal
19 contributions taken into account under clauses (i) and (ii) of
20 this Rule 2 shall include the additional normal contributions
21 made by the police officer or firefighter under Section
22 15-157(a).

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

1 or employer contribution for early retirement under Section
2 15-136.2 nor any other employer contribution shall be used in
3 the calculation of the amount of a retirement annuity under
4 this Rule 2.

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

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

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

1 payable under the portable retirement benefit program pursuant
2 to the provisions of Section 15-136.4.

3 Rule 4: A participant who is at least age 50 and has 25 or
4 more years of service as a police officer or firefighter, and a
5 participant who is age 55 or over and has at least 20 but less
6 than 25 years of service as a police officer or firefighter,
7 shall be entitled to a retirement annuity of 2 1/4% of the
8 final rate of earnings for each of the first 10 years of
9 service as a police officer or firefighter, 2 1/2% for each of
10 the next 10 years of service as a police officer or
11 firefighter, and 2 3/4% for each year of service as a police
12 officer or firefighter in excess of 20. The retirement annuity
13 for all other service shall be computed under Rule 1. A Tier 2
14 member is eligible for a retirement annuity calculated under
15 Rule 4 only if that Tier 2 member meets the service
16 requirements for that benefit calculation as prescribed under
17 this Rule 4 in addition to the applicable age requirement under
18 subsection (a-5) of Section 15-135.

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

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

23 (ii) in the case of an individual who was a
24 participating employee employed in the fire department of
25 the University of Illinois's Champaign-Urbana campus
26 immediately prior to the elimination of that fire

1 department and who immediately after the elimination of
2 that fire department transferred to another job with the
3 University of Illinois, service performed as an employee of
4 the University of Illinois in a position other than police
5 officer or firefighter, from the date of that transfer
6 until the employee's next termination of service with the
7 University of Illinois.

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

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

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

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

26 (b-5) The retirement annuity of a Tier 2 member who is

1 retiring after attaining age 62 with at least 10 years of
2 service credit shall be reduced by 1/2 of 1% for each full
3 month that the member's age is under age 67.

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

11 (d) Subject to the provisions of subsection (d-1), a A Tier
12 1 member whose status as an employee terminates after August
13 14, 1969 shall receive automatic increases in his or her
14 retirement annuity as follows:

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

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

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

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

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

19 (d-1) Notwithstanding any other provision of this Article,
20 for a Tier 1 employee who made the election under subsection
21 (a) of Section 15-132.9:

22 (1) The initial increase in retirement annuity under
23 this Section shall occur on the January 1 occurring either
24 on or after the attainment of age 67 or the fifth
25 anniversary of the annuity start date, whichever is
26 earlier.

1 (2) The amount of each automatic annual increase in
2 retirement annuity or survivor annuity occurring on or
3 after the effective date of that election shall be
4 calculated as a percentage of the originally granted
5 retirement annuity or survivor annuity, equal to 3% or
6 one-half the annual unadjusted percentage increase (but
7 not less than zero) in the consumer price index-u for the
8 12 months ending with the September preceding each November
9 1, whichever is less. If the annual unadjusted percentage
10 change in the consumer price index-u for the 12 months
11 ending with the September preceding each November 1 is zero
12 or there is a decrease, then the annuity shall not be
13 increased.

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

23 (d-5) A retirement annuity of a Tier 2 member shall receive
24 annual increases on the January 1 occurring either on or after
25 the attainment of age 67 or the first anniversary of the
26 annuity start date, whichever is later. Each annual increase

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

10 (e) If, on January 1, 1987, or the date the retirement
11 annuity payment period begins, whichever is later, the sum of
12 the retirement annuity provided under Rule 1 or Rule 2 of this
13 Section and the automatic annual increases provided under the
14 preceding subsection or Section 15-136.1, amounts to less than
15 the retirement annuity which would be provided by Rule 3, the
16 retirement annuity shall be increased as of January 1, 1987, or
17 the date the retirement annuity payment period begins,
18 whichever is later, to the amount which would be provided by
19 Rule 3 of this Section. Such increased amount shall be
20 considered as the retirement annuity in determining benefits
21 provided under other Sections of this Article. This paragraph
22 applies without regard to whether status as an employee
23 terminated before the effective date of this amendatory Act of
24 1987, provided that the annuitant was employed at least
25 one-half time during the period on which the final rate of
26 earnings was based.

1 (f) A participant is entitled to such additional annuity as
2 may be provided on an actuarially equivalent basis, by any
3 accumulated additional contributions to his or her credit.
4 However, the additional contributions made by the participant
5 toward the automatic increases in annuity provided under this
6 Section shall not be taken into account in determining the
7 amount of such additional annuity.

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

23 (h) On January 1, 1981, an annuitant who was receiving a
24 retirement annuity on or before January 1, 1971 shall have his
25 or her retirement annuity then being paid increased \$1 per
26 month for each year of creditable service. On January 1, 1982,

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

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

10 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12;
11 98-92, eff. 7-16-13.)

12 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

13 Sec. 15-155. Employer contributions.

14 (a) The State of Illinois shall make contributions by
15 appropriations of amounts which, together with the other
16 employer contributions from trust, federal, and other funds,
17 employee contributions, income from investments, and other
18 income of this System, will be sufficient to meet the cost of
19 maintaining and administering the System on a 90% funded basis
20 in accordance with actuarial recommendations.

21 The Board shall determine the amount of State contributions
22 required for each fiscal year on the basis of the actuarial
23 tables and other assumptions adopted by the Board and the
24 recommendations of the actuary, using the formula in subsection
25 (a-1).

1 (a-1) For State fiscal years 2012 through 2045, the minimum
2 contribution to the System to be made by the State for each
3 fiscal year shall be an amount determined by the System to be
4 sufficient to bring the total assets of the System up to 90% of
5 the total actuarial liabilities of the System by the end of
6 State fiscal year 2045. In making these determinations, the
7 required State contribution shall be calculated each year as a
8 level percentage of payroll over the years remaining to and
9 including fiscal year 2045 and shall be determined under the
10 projected unit credit actuarial cost method.

11 For each of State fiscal years 2019 and 2020, the State
12 shall make an additional contribution to the System equal to 2%
13 of the total payroll of each employee who is deemed to have
14 elected the benefits under Section 1-161 or who has made the
15 election under subsection (c) of Section 1-161.

16 For State fiscal years 1996 through 2005, the State
17 contribution to the System, as a percentage of the applicable
18 employee payroll, shall be increased in equal annual increments
19 so that by State fiscal year 2011, the State is contributing at
20 the rate required under this Section.

21 Notwithstanding any other provision of this Article, the
22 total required State contribution for State fiscal year 2006 is
23 \$166,641,900.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2007 is
26 \$252,064,100.

1 For each of State fiscal years 2008 through 2009, the State
2 contribution to the System, as a percentage of the applicable
3 employee payroll, shall be increased in equal annual increments
4 from the required State contribution for State fiscal year
5 2007, so that by State fiscal year 2011, the State is
6 contributing at the rate otherwise required under this Section.

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2010 is
9 \$702,514,000 and shall be made from the State Pensions Fund and
10 proceeds of bonds sold in fiscal year 2010 pursuant to Section
11 7.2 of the General Obligation Bond Act, less (i) the pro rata
12 share of bond sale expenses determined by the System's share of
13 total bond proceeds, (ii) any amounts received from the General
14 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
15 proceeds due to the issuance of discounted bonds, if
16 applicable.

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2011 is
19 the amount recertified by the System on or before April 1, 2011
20 pursuant to Section 15-165 and shall be made from the State
21 Pensions Fund and proceeds of bonds sold in fiscal year 2011
22 pursuant to Section 7.2 of the General Obligation Bond Act,
23 less (i) the pro rata share of bond sale expenses determined by
24 the System's share of total bond proceeds, (ii) any amounts
25 received from the General Revenue Fund in fiscal year 2011, and
26 (iii) any reduction in bond proceeds due to the issuance of

1 discounted bonds, if applicable.

2 Beginning in State fiscal year 2046, the minimum State
3 contribution for each fiscal year shall be the amount needed to
4 maintain the total assets of the System at 90% of the total
5 actuarial liabilities of the System.

6 Amounts received by the System pursuant to Section 25 of
7 the Budget Stabilization Act or Section 8.12 of the State
8 Finance Act in any fiscal year do not reduce and do not
9 constitute payment of any portion of the minimum State
10 contribution required under this Article in that fiscal year.
11 Such amounts shall not reduce, and shall not be included in the
12 calculation of, the required State contributions under this
13 Article in any future year until the System has reached a
14 funding ratio of at least 90%. A reference in this Article to
15 the "required State contribution" or any substantially similar
16 term does not include or apply to any amounts payable to the
17 System under Section 25 of the Budget Stabilization Act.

18 Notwithstanding any other provision of this Section, the
19 required State contribution for State fiscal year 2005 and for
20 fiscal year 2008 and each fiscal year thereafter, as calculated
21 under this Section and certified under Section 15-165, shall
22 not exceed an amount equal to (i) the amount of the required
23 State contribution that would have been calculated under this
24 Section for that fiscal year if the System had not received any
25 payments under subsection (d) of Section 7.2 of the General
26 Obligation Bond Act, minus (ii) the portion of the State's

1 total debt service payments for that fiscal year on the bonds
2 issued in fiscal year 2003 for the purposes of that Section
3 7.2, as determined and certified by the Comptroller, that is
4 the same as the System's portion of the total moneys
5 distributed under subsection (d) of Section 7.2 of the General
6 Obligation Bond Act. In determining this maximum for State
7 fiscal years 2008 through 2010, however, the amount referred to
8 in item (i) shall be increased, as a percentage of the
9 applicable employee payroll, in equal increments calculated
10 from the sum of the required State contribution for State
11 fiscal year 2007 plus the applicable portion of the State's
12 total debt service payments for fiscal year 2007 on the bonds
13 issued in fiscal year 2003 for the purposes of Section 7.2 of
14 the General Obligation Bond Act, so that, by State fiscal year
15 2011, the State is contributing at the rate otherwise required
16 under this Section.

17 (a-2) Beginning in fiscal year 2019, each employer under
18 this Article shall pay to the System a required contribution
19 determined as a percentage of projected payroll and sufficient
20 to produce an annual amount equal to:

21 (i) for each of fiscal year 2019 and 2020, the defined
22 benefit normal cost of the defined benefit plan, less the
23 employee contribution, for each employee of that employer
24 who has elected or who is deemed to have elected the
25 benefits under Section 1-161 or who has made the election
26 under subsection (c) of Section 1-161; for fiscal year 2021

1 and each fiscal year thereafter, the defined benefit normal
2 cost of the defined benefit plan, less the employee
3 contribution, plus 2%, for each employee of that employer
4 who has elected or who is deemed to have elected the
5 benefits under Section 1-161 or who has made the election
6 under subsection (c) of Section 1-161; plus

7 (ii) the amount required for that fiscal year to
8 amortize any unfunded actuarial accrued liability
9 associated with the present value of liabilities
10 attributable to the employer's account under Section
11 15-155.2, determined as a level percentage of payroll over
12 a 30-year rolling amortization period.

13 In determining contributions required under item (i) of
14 this subsection, the System shall determine an aggregate rate
15 for all employers, expressed as a percentage of projected
16 payroll.

17 In determining the contributions required under item (ii)
18 of this subsection, the amount shall be computed by the System
19 on the basis of the actuarial assumptions and tables used in
20 the most recent actuarial valuation of the System that is
21 available at the time of the computation.

22 The contributions required under this subsection (a-2)
23 shall be paid by an employer concurrently with that employer's
24 payroll payment period. The State, as the actual employer of an
25 employee, shall make the required contributions under this
26 subsection.

1 As used in this subsection, "academic year" means the
2 12-month period beginning September 1.

3 (b) If an employee is paid from trust or federal funds, the
4 employer shall pay to the Board contributions from those funds
5 which are sufficient to cover the accruing normal costs on
6 behalf of the employee. However, universities having employees
7 who are compensated out of local auxiliary funds, income funds,
8 or service enterprise funds are not required to pay such
9 contributions on behalf of those employees. The local auxiliary
10 funds, income funds, and service enterprise funds of
11 universities shall not be considered trust funds for the
12 purpose of this Article, but funds of alumni associations,
13 foundations, and athletic associations which are affiliated
14 with the universities included as employers under this Article
15 and other employers which do not receive State appropriations
16 are considered to be trust funds for the purpose of this
17 Article.

18 (b-1) The City of Urbana and the City of Champaign shall
19 each make employer contributions to this System for their
20 respective firefighter employees who participate in this
21 System pursuant to subsection (h) of Section 15-107. The rate
22 of contributions to be made by those municipalities shall be
23 determined annually by the Board on the basis of the actuarial
24 assumptions adopted by the Board and the recommendations of the
25 actuary, and shall be expressed as a percentage of salary for
26 each such employee. The Board shall certify the rate to the

1 affected municipalities as soon as may be practical. The
2 employer contributions required under this subsection shall be
3 remitted by the municipality to the System at the same time and
4 in the same manner as employee contributions.

5 (c) Through State fiscal year 1995: The total employer
6 contribution shall be apportioned among the various funds of
7 the State and other employers, whether trust, federal, or other
8 funds, in accordance with actuarial procedures approved by the
9 Board. State of Illinois contributions for employers receiving
10 State appropriations for personal services shall be payable
11 from appropriations made to the employers or to the System. The
12 contributions for Class I community colleges covering earnings
13 other than those paid from trust and federal funds, shall be
14 payable solely from appropriations to the Illinois Community
15 College Board or the System for employer contributions.

16 (d) Beginning in State fiscal year 1996, the required State
17 contributions to the System shall be appropriated directly to
18 the System and shall be payable through vouchers issued in
19 accordance with subsection (c) of Section 15-165, except as
20 provided in subsection (g).

21 (e) The State Comptroller shall draw warrants payable to
22 the System upon proper certification by the System or by the
23 employer in accordance with the appropriation laws and this
24 Code.

25 (f) Normal costs under this Section means liability for
26 pensions and other benefits which accrues to the System because

1 of the credits earned for service rendered by the participants
2 during the fiscal year and expenses of administering the
3 System, but shall not include the principal of or any
4 redemption premium or interest on any bonds issued by the Board
5 or any expenses incurred or deposits required in connection
6 therewith.

7 (g) If the amount of a participant's earnings for any
8 academic year used to determine the final rate of earnings,
9 determined on a full-time equivalent basis, exceeds the amount
10 of his or her earnings with the same employer for the previous
11 academic year, determined on a full-time equivalent basis, by
12 more than 6%, the participant's employer shall pay to the
13 System, in addition to all other payments required under this
14 Section and in accordance with guidelines established by the
15 System, the present value of the increase in benefits resulting
16 from the portion of the increase in earnings that is in excess
17 of 6%. This present value shall be computed by the System on
18 the basis of the actuarial assumptions and tables used in the
19 most recent actuarial valuation of the System that is available
20 at the time of the computation. The System may require the
21 employer to provide any pertinent information or
22 documentation.

23 Whenever it determines that a payment is or may be required
24 under this subsection (g), the System shall calculate the
25 amount of the payment and bill the employer for that amount.
26 The bill shall specify the calculations used to determine the

1 amount due. If the employer disputes the amount of the bill, it
2 may, within 30 days after receipt of the bill, apply to the
3 System in writing for a recalculation. The application must
4 specify in detail the grounds of the dispute and, if the
5 employer asserts that the calculation is subject to subsection
6 (h) or (i) of this Section, must include an affidavit setting
7 forth and attesting to all facts within the employer's
8 knowledge that are pertinent to the applicability of subsection
9 (h) or (i). Upon receiving a timely application for
10 recalculation, the System shall review the application and, if
11 appropriate, recalculate the amount due.

12 The employer contributions required under this subsection
13 (g) may be paid in the form of a lump sum within 90 days after
14 receipt of the bill. If the employer contributions are not paid
15 within 90 days after receipt of the bill, then interest will be
16 charged at a rate equal to the System's annual actuarially
17 assumed rate of return on investment compounded annually from
18 the 91st day after receipt of the bill. Payments must be
19 concluded within 3 years after the employer's receipt of the
20 bill.

21 When assessing payment for any amount due under this
22 subsection (g), the System shall include earnings, to the
23 extent not established by a participant under Section 15-113.11
24 or 15-113.12, that would have been paid to the participant had
25 the participant not taken (i) periods of voluntary or
26 involuntary furlough occurring on or after July 1, 2015 and on

1 or before June 30, 2017 or (ii) periods of voluntary pay
2 reduction in lieu of furlough occurring on or after July 1,
3 2015 and on or before June 30, 2017. Determining earnings that
4 would have been paid to a participant had the participant not
5 taken periods of voluntary or involuntary furlough or periods
6 of voluntary pay reduction shall be the responsibility of the
7 employer, and shall be reported in a manner prescribed by the
8 System.

9 (h) This subsection (h) applies only to payments made or
10 salary increases given on or after June 1, 2005 but before July
11 1, 2011. The changes made by Public Act 94-1057 shall not
12 require the System to refund any payments received before July
13 31, 2006 (the effective date of Public Act 94-1057).

14 When assessing payment for any amount due under subsection
15 (g), the System shall exclude earnings increases paid to
16 participants under contracts or collective bargaining
17 agreements entered into, amended, or renewed before June 1,
18 2005.

19 When assessing payment for any amount due under subsection
20 (g), the System shall exclude earnings increases paid to a
21 participant at a time when the participant is 10 or more years
22 from retirement eligibility under Section 15-135.

23 When assessing payment for any amount due under subsection
24 (g), the System shall exclude earnings increases resulting from
25 overload work, including a contract for summer teaching, or
26 overtime when the employer has certified to the System, and the

1 System has approved the certification, that: (i) in the case of
2 overloads (A) the overload work is for the sole purpose of
3 academic instruction in excess of the standard number of
4 instruction hours for a full-time employee occurring during the
5 academic year that the overload is paid and (B) the earnings
6 increases are equal to or less than the rate of pay for
7 academic instruction computed using the participant's current
8 salary rate and work schedule; and (ii) in the case of
9 overtime, the overtime was necessary for the educational
10 mission.

11 When assessing payment for any amount due under subsection
12 (g), the System shall exclude any earnings increase resulting
13 from (i) a promotion for which the employee moves from one
14 classification to a higher classification under the State
15 Universities Civil Service System, (ii) a promotion in academic
16 rank for a tenured or tenure-track faculty position, or (iii) a
17 promotion that the Illinois Community College Board has
18 recommended in accordance with subsection (k) of this Section.
19 These earnings increases shall be excluded only if the
20 promotion is to a position that has existed and been filled by
21 a member for no less than one complete academic year and the
22 earnings increase as a result of the promotion is an increase
23 that results in an amount no greater than the average salary
24 paid for other similar positions.

25 (i) When assessing payment for any amount due under
26 subsection (g), the System shall exclude any salary increase

1 described in subsection (h) of this Section given on or after
2 July 1, 2011 but before July 1, 2014 under a contract or
3 collective bargaining agreement entered into, amended, or
4 renewed on or after June 1, 2005 but before July 1, 2011.
5 Notwithstanding any other provision of this Section, any
6 payments made or salary increases given after June 30, 2014
7 shall be used in assessing payment for any amount due under
8 subsection (g) of this Section.

9 (j) The System shall prepare a report and file copies of
10 the report with the Governor and the General Assembly by
11 January 1, 2007 that contains all of the following information:

12 (1) The number of recalculations required by the
13 changes made to this Section by Public Act 94-1057 for each
14 employer.

15 (2) The dollar amount by which each employer's
16 contribution to the System was changed due to
17 recalculations required by Public Act 94-1057.

18 (3) The total amount the System received from each
19 employer as a result of the changes made to this Section by
20 Public Act 94-4.

21 (4) The increase in the required State contribution
22 resulting from the changes made to this Section by Public
23 Act 94-1057.

24 (k) The Illinois Community College Board shall adopt rules
25 for recommending lists of promotional positions submitted to
26 the Board by community colleges and for reviewing the

1 promotional lists on an annual basis. When recommending
2 promotional lists, the Board shall consider the similarity of
3 the positions submitted to those positions recognized for State
4 universities by the State Universities Civil Service System.
5 The Illinois Community College Board shall file a copy of its
6 findings with the System. The System shall consider the
7 findings of the Illinois Community College Board when making
8 determinations under this Section. The System shall not exclude
9 any earnings increases resulting from a promotion when the
10 promotion was not submitted by a community college. Nothing in
11 this subsection (k) shall require any community college to
12 submit any information to the Community College Board.

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

17 As of June 30, 2008, the actuarial value of the System's
18 assets shall be equal to the market value of the assets as of
19 that date. In determining the actuarial value of the System's
20 assets for fiscal years after June 30, 2008, any actuarial
21 gains or losses from investment return incurred in a fiscal
22 year shall be recognized in equal annual amounts over the
23 5-year period following that fiscal year.

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

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

2 (Source: P.A. 98-92, eff. 7-16-13; 98-463, eff. 8-16-13;
3 99-897, eff. 1-1-17.)

4 (40 ILCS 5/15-155.2 new)

5 Sec. 15-155.2. Individual employer accounts.

6 (a) The System shall create and maintain an individual
7 account for each employer for the purposes of determining
8 employer contributions under subsection (a-2) of Section
9 15-155. Each employer's account shall be notionally charged
10 with the liabilities attributable to that employer and credited
11 with the assets attributable to that employer.

12 (b) Beginning in fiscal year 2019, the System shall assign
13 notional liabilities to each employer's account, equal to the
14 amount of employer contributions required to be made by the
15 employer pursuant to items (i) and (ii) of subsection (a-2) of
16 Section 15-155, plus any unfunded actuarial accrued liability
17 associated with the defined benefits attributable to the
18 employer's employees who first became participants on or after
19 July 1, 2018 and the employer's employees who made the election
20 under subsection (c-5) of Section 1-161.

21 (c) Beginning in fiscal year 2019, the System shall assign
22 notional assets to each employer's account equal to the amounts
23 of employer contributions made pursuant to items (i) and (ii)
24 of subsection (a-2) of Section 15-155.

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

2 Sec. 15-157. Employee Contributions.

3 (a) Each participating employee shall make contributions
4 towards the retirement benefits payable under the retirement
5 program applicable to the employee from each payment of
6 earnings applicable to employment under this system on and
7 after the date of becoming a participant as follows: Prior to
8 September 1, 1949, 3 1/2% of earnings; from September 1, 1949
9 to August 31, 1955, 5%; from September 1, 1955 to August 31,
10 1969, 6%; from September 1, 1969, 6 1/2%. These contributions
11 are to be considered as normal contributions for purposes of
12 this Article.

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

1 additional contributions plus compound interest at the
2 effective rate. If such payment is received by the board, the
3 service shall be considered as police officer service in
4 calculating the retirement annuity under Rule 4 of Section
5 15-136. While performing service described in clause (i) or
6 (ii) of Rule 4 of Section 15-136, a participating employee
7 shall be deemed to be employed as a firefighter for the purpose
8 of determining the rate of employee contributions under this
9 Section.

10 (b) Starting September 1, 1969, each participating
11 employee shall make additional contributions of 1/2 of 1% of
12 earnings to finance a portion of the cost of the annual
13 increases in retirement annuity provided under Section 15-136,
14 except that with respect to participants in the self-managed
15 plan this additional contribution shall be used to finance the
16 benefits obtained under that retirement program. Beginning on
17 the effective date of the Tier 1 employee's election under
18 subsection (a) of Section 15-132.9, each Tier 1 employee who
19 made the election under subsection (a) of Section 15-132.9 is
20 no longer required to make contributions under this subsection.

21 (c) Except as provided in subsection (c-5), in ~~in~~ addition
22 to the amounts described in subsections (a) and (b) of this
23 Section, each participating employee shall make contributions
24 of 1% of earnings applicable under this system on and after
25 August 1, 1959. The contributions made under this subsection
26 (c) shall be considered as survivor's insurance contributions

1 for purposes of this Article if the employee is covered under
2 the traditional benefit package, and such contributions shall
3 be considered as additional contributions for purposes of this
4 Article if the employee is participating in the self-managed
5 plan or has elected to participate in the portable benefit
6 package and has completed the applicable one-year waiting
7 period. Contributions in excess of \$80 during any fiscal year
8 beginning before August 31, 1969 and in excess of \$120 during
9 any fiscal year thereafter until September 1, 1971 shall be
10 considered as additional contributions for purposes of this
11 Article.

12 (c-5) As adequate and legal consideration provided under
13 this amendatory Act of the 100th General Assembly for making an
14 election under subsection (a) of Section 15-132.9, beginning on
15 the effective date of the Tier 1 employee's election under
16 subsection (a) of Section 15-132.9, in lieu of the
17 contributions otherwise required under subsection (c), each
18 Tier 1 employee who made the election under subsection (a) of
19 Section 15-132.9 shall make contributions of 0.7% of earnings
20 applicable under this System and each Tier 1 employee who is a
21 police officer or firefighter who makes normal contributions of
22 8% of each payment of earnings applicable to employment as a
23 police officer or firefighter under this System and who made
24 the election under subsection (a) of Section 15-132.9 shall
25 make contributions of 0.55% of earnings applicable under this
26 System. The contributions made under this subsection (c-5)

1 shall be considered as survivor's insurance contributions for
2 purposes of this Article and such contributions shall be
3 considered as additional contributions for purposes of this
4 Article if the employee has elected to participate in the
5 portable benefit package and has completed the applicable
6 one-year waiting period.

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

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

22 (f) Notwithstanding the foregoing, a participating
23 employee shall not be required to make contributions under this
24 Section after the date upon which continuance of such
25 contributions would otherwise cause his or her retirement
26 annuity to exceed the maximum retirement annuity as specified

1 in clause (1) of subsection (c) of Section 15-136.

2 (g) A participant may make contributions for the purchase
3 of service credit under this Article; however, only a
4 participating employee may make optional contributions under
5 subsection (b) of Section 15-157.1 of this Article.

6 (h) A Tier 2 member shall not make contributions on
7 earnings that exceed the limitation as prescribed under
8 subsection (b) of Section 15-111 of this Article.

9 (Source: P.A. 98-92, eff. 7-16-13; 99-450, eff. 8-24-15.)

10 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

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

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

23 On or before May 1, 2004, the Board shall recalculate and
24 recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2005, taking

1 into account the amounts appropriated to and received by the
2 System under subsection (d) of Section 7.2 of the General
3 Obligation Bond Act.

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

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

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

1 January 15, 2013 and each January 15 thereafter, the Board
2 shall certify to the Governor and the General Assembly the
3 amount of the required State contribution for the next fiscal
4 year. The Board's certification must note, in a written
5 response to the State Actuary, any deviations from the State
6 Actuary's recommended changes, the reason or reasons for not
7 following the State Actuary's recommended changes, and the
8 fiscal impact of not following the State Actuary's recommended
9 changes on the required State contribution.

10 If necessary the Board shall recalculate and recertify to
11 the Governor the amount of the required State contribution to
12 the System for State fiscal year 2019, taking into
13 consideration the changes made by this amendatory Act of the
14 100th General Assembly.

15 (b) The Board shall certify to the State Comptroller or
16 employer, as the case may be, from time to time, by its
17 chairperson and secretary, with its seal attached, the amounts
18 payable to the System from the various funds.

19 (c) Beginning in State fiscal year 1996, on or as soon as
20 possible after the 15th day of each month the Board shall
21 submit vouchers for payment of State contributions to the
22 System, in a total monthly amount of one-twelfth of the
23 required annual State contribution certified under subsection
24 (a). From the effective date of this amendatory Act of the 93rd
25 General Assembly through June 30, 2004, the Board shall not
26 submit vouchers for the remainder of fiscal year 2004 in excess

1 of the fiscal year 2004 certified contribution amount
2 determined under this Section after taking into consideration
3 the transfer to the System under subsection (b) of Section
4 6z-61 of the State Finance Act. These vouchers shall be paid by
5 the State Comptroller and Treasurer by warrants drawn on the
6 funds appropriated to the System for that fiscal year.

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

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

25 (e) In the event that the System does not receive, as a
26 result of legislative enactment or otherwise, payments

1 sufficient to fully fund the employer contribution to the
2 self-managed plan established under Section 15-158.2 and to
3 fully fund that portion of the employer's portion of the normal
4 costs of the System, as calculated in accordance with Section
5 15-155(a-1), then any payments received shall be applied
6 proportionately to the optional retirement program established
7 under Section 15-158.2 and to the employer's portion of the
8 normal costs of the System, as calculated in accordance with
9 Section 15-155(a-1).

10 (Source: P.A. 97-694, eff. 6-18-12; 98-92, eff. 7-16-13.)

11 (40 ILCS 5/15-185.5 new)

12 Sec. 15-185.5. Accelerated pension benefit payment.

13 (a) As used in this Section:

14 "Eligible participant" means a participant who:

15 (1) is no longer a participating employee;

16 (2) has accrued sufficient service credit to be
17 eligible to receive a retirement annuity under this
18 Article;

19 (3) has not received any retirement annuity under this
20 Article;

21 (4) is not a party to a pending divorce proceeding and
22 does not have a QILDRO in effect against him or her under
23 this Article; and

24 (5) is not a participant in the self-managed plan under
25 Section 15-158.2.

1 "Pension benefit" means the benefits under this Article, or
2 Article 1 as it relates to those benefits, including any
3 anticipated annual increases, that an eligible participant is
4 entitled to upon attainment of the applicable retirement age.
5 "Pension benefit" also includes applicable survivor's or
6 disability benefits.

7 (b) If approved by resolution of the Board in any year, the
8 System shall calculate, using actuarial tables and other
9 assumptions adopted by the Board, the net present value of
10 pension benefits for each eligible person and shall offer each
11 eligible person the opportunity to irrevocably elect to receive
12 an amount determined by the System to be equal to 70% of the
13 net present value of his or her pension benefits in lieu of
14 receiving any pension benefit. The offer shall specify the
15 dollar amount that the eligible person will receive if he or
16 she so elects and shall expire when a subsequent offer is made
17 to an eligible person. The System shall make a good faith
18 effort to contact every eligible person to notify him or her of
19 the election and of the amount of the accelerated pension
20 benefit payment.

21 During a period of 3 months determined by the Board, an
22 eligible person may irrevocably elect to receive an accelerated
23 pension benefit payment in the amount that the System offers
24 under this subsection in lieu of receiving any pension benefit.
25 A person who elects to receive an accelerated pension benefit
26 payment under this Section may not elect to proceed under the

1 Retirement Systems Reciprocal Act with respect to service under
2 this Article. The accelerated pension benefit payment shall be
3 paid by the System.

4 (c) Upon acceptance of an accelerated pension benefit
5 payment under this Section, the participant forfeits all
6 accrued rights and credits in the System and no other benefit
7 shall be paid under this Article based on those terminated
8 credits and creditable service, including any retirement,
9 survivor, or other benefit; except that to the extent that
10 participation, benefits, or premiums under the State Employees
11 Group Insurance Act of 1971 are based on the amount of service
12 credit, the terminated service credit shall be used for that
13 purpose.

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

17 (1) Any benefits under the System earned as a result of
18 that return to active service shall be based solely on the
19 person's credits and creditable service arising from the
20 return to active service.

21 (2) The accelerated pension benefit payment may not be
22 repaid to the System, and the terminated credits and
23 creditable service may not under any circumstances be
24 reinstated.

25 (e) As a condition of receiving an accelerated pension
26 benefit payment, an eligible participant must have another

1 retirement plan or account qualified under the Internal Revenue
2 Code of 1986, as amended, for the accelerated pension benefit
3 payment to be rolled into. The accelerated pension benefit
4 payment under this Section may be subject to withholding or
5 payment of applicable taxes, but to the extent permitted by
6 federal law, a person who accepts an accelerated pension
7 benefit payment under this Section must direct the System to
8 pay all of that payment as a rollover into another retirement
9 plan or account qualified under the Internal Revenue Code of
10 1986, as amended.

11 (f) The Board shall adopt any rules necessary to implement
12 this Section.

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

16 (40 ILCS 5/15-198)

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

19 Sec. 15-198. Application and expiration of new benefit
20 increases.

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

1 amendatory Act of the 94th General Assembly. "New benefit
2 increase", however, does not include any benefit increase
3 resulting from the changes made to this Article by this
4 amendatory Act of the 100th General Assembly.

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

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

14 Every new benefit increase is contingent upon the General
15 Assembly providing the additional funding required under this
16 subsection. The Commission on Government Forecasting and
17 Accountability shall analyze whether adequate additional
18 funding has been provided for the new benefit increase and
19 shall report its analysis to the Public Pension Division of the
20 Department of Insurance ~~Financial and Professional Regulation~~.

21 A new benefit increase created by a Public Act that does not
22 include the additional funding required under this subsection
23 is null and void. If the Public Pension Division determines
24 that the additional funding provided for a new benefit increase
25 under this subsection is or has become inadequate, it may so
26 certify to the Governor and the State Comptroller and, in the

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

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

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

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

21 (40 ILCS 5/15-200.1 new)

22 Sec. 15-200.1. Defined contribution plan.

23 (a) By July 1, 2018, the System shall prepare and implement
24 a voluntary defined contribution plan for up to 5% of eligible
25 Tier 1 employees. The System shall determine the 5% cap by the

1 number of Tier 1 employees on the effective date of this
2 Section. The defined contribution plan developed under this
3 Section shall be a plan that aggregates employer and employee
4 contributions in individual participant accounts which, after
5 meeting any other requirements, are used for payouts after
6 retirement in accordance with this Section and any other
7 applicable laws.

8 As used in this Section, "defined benefit plan" means the
9 retirement plan available under this Article to Tier 1
10 employees who have not made the election authorized under this
11 Section.

12 (1) Under the defined contribution plan, a Tier 1
13 employee of this System could elect to cease accruing
14 benefits in the defined benefit plan under this Article and
15 begin accruing benefits for future service in the defined
16 contribution plan. Service credit under the defined
17 contribution plan may be used for determining retirement
18 eligibility under the defined benefit plan. A Tier 1
19 employee who elects to cease accruing benefits in his or
20 her defined benefit plan shall be prohibited from
21 purchasing service credit on or after the date of his or
22 her election. A Tier 1 employee making the irrevocable
23 election provided under this Section shall not receive
24 interest accruals to his or her Rule 2 benefit on or after
25 the date of his or her election.

26 (2) Participants in the defined contribution plan

1 shall pay employee contributions at the same rate as other
2 participants under this Article as determined by the
3 System.

4 (3) State contributions shall be paid into the accounts
5 of all participants in the defined contribution plan at a
6 uniform rate, expressed as a percentage of earnings and
7 determined for each year. This rate shall be no higher than
8 the employer's normal cost for Tier 1 employees in the
9 defined benefit plan for that year, as determined by the
10 System and expressed as a percentage of earnings, and shall
11 be no lower than 3% of earnings. The State shall adjust
12 this rate annually.

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

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

25 (6) The defined contribution plan shall provide a
26 variety of options for investments. These options shall

1 include investments handled by the System as well as
2 private sector investment options.

3 (7) The defined contribution plan shall provide a
4 variety of options for payouts to retirees and their
5 survivors.

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

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

16 (b) Only persons who are Tier 1 employees of the System on
17 the effective date of this Section are eligible to participate
18 in the defined contribution plan. Participation in the defined
19 contribution plan shall be limited to the first 5% of eligible
20 persons who elect to participate. The election to participate
21 in the defined contribution plan is voluntary and irrevocable.

22 (c) An eligible Tier 1 employee may irrevocably elect to
23 participate in the defined contribution plan by filing with the
24 System a written application to participate that is received by
25 the System prior to its determination that 5% of eligible
26 persons have elected to participate in the defined contribution

1 plan.

2 When the System first determines that 5% of eligible
3 persons have elected to participate in the defined contribution
4 plan, the System shall provide notice to previously eligible
5 employees that the plan is no longer available and shall cease
6 accepting applications to participate.

7 (d) The System shall make a good faith effort to contact
8 each Tier 1 employee who is eligible to participate in the
9 defined contribution plan. Such correspondence shall describe
10 the option to join the defined contribution plan to each of
11 these employees. If the employee is not responsive to other
12 means of contact, it is sufficient for the System to publish
13 the details of the option on its website.

14 Upon request for further information describing the
15 option, the System shall provide employees with information
16 from the System before exercising the option to join the plan,
17 including information on the impact to their vested benefits or
18 non-vested service. The individual consultation shall include
19 projections of the member's defined benefits at retirement or
20 earlier termination of service and the value of the member's
21 account at retirement or earlier termination of service. The
22 System shall not provide advice or counseling with respect to
23 whether the employee should exercise the option. The System
24 shall inform Tier 1 employees who are eligible to participate
25 in the defined contribution plan that they may also wish to
26 obtain information and counsel relating to their option from

1 any other available source, including, but not limited to,
2 labor organizations, private counsel, and financial advisors.

3 (e) In no event shall the System, its staff, its authorized
4 representatives, or the Board be liable for any information
5 given to an employee under this Section. The System may
6 coordinate with other retirement systems administering a
7 defined contribution plan in accordance with this amendatory
8 Act of the 100th General Assembly to provide information
9 concerning the impact of the option set forth in this Section.

10 (f) Notwithstanding any other provision of this Section, no
11 person shall begin participating in the defined contribution
12 plan until it has attained qualified plan status and received
13 all necessary approvals from the U.S. Internal Revenue Service.

14 (g) The System shall report on its progress under this
15 Section, including the available details of the defined
16 contribution plan and the System's plans for informing eligible
17 Tier 1 employees about the plan, to the Governor and the
18 General Assembly.

19 (h) If a Tier 1 employee has not made an election under
20 Section 15-134.5 of this Code, then the plan prescribed under
21 this Section shall not apply to that Tier 1 employee and that
22 Tier 1 employee shall remain eligible to make the election
23 prescribed under Section 15-134.5.

24 (i) The intent of this amendatory Act of the 100th General
25 Assembly is to ensure that the State's normal cost of
26 participation in the defined contribution plan is similar, and

1 if possible equal, to the State's normal cost of participation
2 in the defined benefit plan, unless a lower State's normal cost
3 is necessary to ensure cost neutrality.

4 (40 ILCS 5/15-201.1 new)

5 Sec. 15-201.1. Defined contribution plan; termination. If
6 the defined contribution plan is terminated or becomes
7 inoperative pursuant to law, then each participant in the plan
8 shall automatically be deemed to have been a contributing Tier
9 1 employee participating in the System's defined benefit plan
10 during the time in which he or she participated in the defined
11 contribution plan, and for that purpose the System shall be
12 entitled to recover the amounts in the participant's defined
13 contribution accounts.

14 (40 ILCS 5/16-107.1 new)

15 Sec. 16-107.1. Tier 1 employee. "Tier 1 employee": A
16 teacher under this Article who first became a member or
17 participant before January 1, 2011 under any reciprocal
18 retirement system or pension fund established under this Code
19 other than a retirement system or pension fund established
20 under Article 2, 3, 4, 5, 6, or 18 of this Code. However, for
21 the purposes of the election under Section 16-122.9, "Tier 1
22 employee" does not include a teacher under this Article who
23 would qualify as a Tier 1 employee but who has made an
24 irrevocable election on or before June 1, 2017 to retire from

1 service pursuant to the terms of an employment contract or a
2 collective bargaining agreement in effect on June 1, 2017,
3 excluding any extension, amendment, or renewal of that
4 agreement after that date, and has notified the System of that
5 election.

6 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

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

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

15 Notwithstanding any other provision of this Section,
16 "salary" does not include any consideration payment made to a
17 Tier 1 employee.

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

19 (40 ILCS 5/16-122.9 new)

20 Sec. 16-122.9. Election by Tier 1 employees.

21 (a) If approved by resolution of the Board, an active Tier
22 1 employee may make an irrevocable election to agree to delay
23 his or her eligibility for automatic annual increases in
24 retirement annuity as provided in subsection (a-1) of Section

1 16-133.1 or subsection (b-1) of Section 16-136.1, whichever is
2 applicable, and to have the amount of the automatic annual
3 increases in his or her retirement annuity and survivor benefit
4 that are otherwise provided for in this Article calculated,
5 instead, as provided in subsection (a-1) of Section 16-133.1 or
6 subsection (b-1) of Section 16-136.1, whichever is applicable.

7 (b) As adequate and legal consideration provided under this
8 amendatory Act of the 100th General Assembly for making an
9 election under subsection (a) of this Section, each Tier 1
10 employee who has made an election under subsection (a) of this
11 Section shall receive a consideration payment equal to 10% of
12 the contributions made by or on behalf of the employee under
13 paragraphs (1), (2), and (3) of subsection (a) of Section
14 16-152 before the effective date of that election. The System
15 shall pay the amount of the consideration payment.

16 (c) A Tier 1 employee who does not make the election under
17 subsection (a) of this Section shall not be subject to the
18 benefits of subsection (b) of this Section.

19 (d) The System shall make a good faith effort to contact
20 each Tier 1 employee subject to this Section. Such
21 correspondence shall describe the election to each Tier 1
22 employee. If the Tier 1 employee is not responsive, it is
23 sufficient for the System to publish the details of any
24 elections on its website or to publish those details in a
25 regularly published newsletter or other existing public forum.

26 Tier 1 employees who are subject to this Section shall be

1 provided with an election packet containing information
2 regarding their options, as well as the forms necessary to make
3 the election. Upon request, the System shall offer Tier 1
4 employees an opportunity to receive information from the System
5 before making the election. The information may be provided
6 through video materials, group presentations, individual
7 consultation with a member or authorized representative of the
8 System in person or by telephone or other electronic means, or
9 any combination of those methods. The System shall not provide
10 advice or counseling with respect to the legal or tax
11 circumstances of or consequences of making the election in
12 subsection (a) of this Section.

13 The System shall inform Tier 1 employees in the election
14 packet required under this subsection that the Tier 1 employee
15 may also wish to obtain information and counsel relating to the
16 election under this Section from any other available source,
17 including, but not limited to, labor organizations and private
18 counsel.

19 In no event shall the System, its staff, or the Board be
20 held liable for any information given to a member regarding the
21 election under this Section. The System shall coordinate with
22 other retirement systems administering an election in
23 accordance with this amendatory Act of the 100th General
24 Assembly to provide information concerning the impact of the
25 election set forth in this Section.

26 (d-5) To the extent authorized under federal law and as

1 authorized by the retirement system, a Tier 1 employee may
2 transfer or roll over the consideration payment into other
3 qualified retirement plans.

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

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

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

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

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

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

19 Except as otherwise provided in subsection (a-1), an An
20 annuitant shall first be entitled to an initial increase under
21 this Section on the January 1 next following the first
22 anniversary of retirement, or January 1 of the year next
23 following attainment of age 61, whichever is later. At such
24 time, the system shall pay an initial increase determined as
25 follows:

1 (1) 1.5% of the originally granted retirement annuity
2 or disability retirement annuity multiplied by the number
3 of years elapsed, if any, from the date of retirement until
4 January 1, 1972, plus

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

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

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

19 Except as otherwise provided in subsection (a-1),
20 following ~~Following~~ the initial increase, automatic annual
21 increases in annuity shall be payable on each January 1
22 thereafter during the lifetime of the annuitant, determined as
23 a percentage of the originally granted retirement annuity or
24 disability retirement annuity for increases granted prior to
25 January 1, 1990, and calculated as a percentage of the total
26 amount of annuity, including previous increases under this

1 Section, for increases granted on or after January 1, 1990, as
2 follows: 1.5% for periods prior to January 1, 1972, 2% for
3 periods after December 31, 1971 and prior to January 1, 1978,
4 and 3% for periods after December 31, 1977.

5 (a-1) Notwithstanding any other provision of this Article,
6 for a Tier 1 employee who made the election under subsection
7 (a) of Section 16-122.9:

8 (1) The initial increase in retirement annuity under
9 this Section shall occur on the January 1 occurring either
10 on or after the attainment of age 67 or the fifth
11 anniversary of the annuity start date, whichever is
12 earlier.

13 (2) The amount of each automatic annual increase in
14 retirement annuity and survivor benefit occurring on or
15 after the effective date of that election shall be
16 calculated as a percentage of the originally granted
17 retirement annuity or survivor benefit, equal to 3% or
18 one-half the annual unadjusted percentage increase (but
19 not less than zero) in the consumer price index-u for the
20 12 months ending with the September preceding each November
21 1, whichever is less. If the annual unadjusted percentage
22 change in the consumer price index-u for the 12 months
23 ending with the September preceding each November 1 is zero
24 or there is a decrease, then the annuity shall not be
25 increased.

26 For the purposes of this Section, "consumer price index-u"

1 means the index published by the Bureau of Labor Statistics of
2 the United States Department of Labor that measures the average
3 change in prices of goods and services purchased by all urban
4 consumers, United States city average, all items, 1982-84 =
5 100. The new amount resulting from each annual adjustment shall
6 be determined by the Public Pension Division of the Department
7 of Insurance and made available to the board of the retirement
8 system by November 1 of each year.

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

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

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

1 following the latest re-entry.

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

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

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

19 (40 ILCS 5/16-136.1) (from Ch. 108 1/2, par. 16-136.1)

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

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

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

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

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

22 Except as otherwise provided in subsection (b-1), if
23 applicable, an ~~An~~ annuitant who has received an initial
24 increase under this Section, shall be entitled, on each January
25 1 following the granting of the initial increase, to an
26 increase of 3% of the original monthly retirement annuity for

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

11 (b-1) Notwithstanding any other provision of this Article,
12 for a Tier 1 employee who made the election under subsection
13 (a) of Section 16-122.9:

14 (1) The initial increase in retirement annuity under
15 this Section shall occur on the January 1 occurring either
16 on or after the attainment of age 67 or the fifth
17 anniversary of the annuity start date, whichever is
18 earlier.

19 (2) The amount of each automatic annual increase in
20 retirement annuity or survivor benefit occurring on or
21 after the effective date of that election shall be
22 calculated as a percentage of the originally granted
23 retirement annuity or survivor benefit, equal to 3% or
24 one-half the annual unadjusted percentage increase (but
25 not less than zero) in the consumer price index-u for the
26 12 months ending with the September preceding each November

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

6 For the purposes of this Section, "consumer price index-u"
7 means the index published by the Bureau of Labor Statistics of
8 the United States Department of Labor that measures the average
9 change in prices of goods and services purchased by all urban
10 consumers, United States city average, all items, 1982-84 =
11 100. The new amount resulting from each annual adjustment shall
12 be determined by the Public Pension Division of the Department
13 of Insurance and made available to the board of the retirement
14 system by November 1 of each year.

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

23 (d) In addition to other increases which may be provided by
24 this Section, regardless of creditable service, annuitants not
25 meeting the service requirements of Section 16-133.1 and whose
26 retirement annuity began on or before January 1, 1971 shall

1 receive, on January 1, 1981, an increase in the retirement
2 annuity then being paid of one dollar per month for each year
3 of creditable service forming the basis of the retirement
4 allowance. On January 1, 1982, annuitants whose retirement
5 annuity began on or before January 1, 1977, shall receive an
6 increase in the retirement annuity then being paid of one
7 dollar per month for each year of creditable service.

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

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

14 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

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

17 Sec. 16-152. Contributions by members.

18 (a) Except as otherwise provided in subsection (a-5), each
19 ~~Each~~ member shall make contributions for membership service to
20 this System as follows:

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

24 (2) Effective July 1, 1969, contributions of 1/2 of 1%
25 of salary toward the cost of the automatic annual increase

1 in retirement annuity provided under Section 16-133.1.

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

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

13 (a-5) As adequate and legal consideration provided under
14 this amendatory Act of the 100th General Assembly for making an
15 election under subsection (a) of Section 16-122.9, beginning on
16 the effective date of the Tier 1 employee's election under
17 subsection (a) of Section 16-122.9, in lieu of the
18 contributions otherwise required under subsection (a), each
19 Tier 1 employee who made the election under subsection (a) of
20 Section 16-122.9 shall make contributions as follows:

21 (1) Contributions of 7.50% of salary towards the cost
22 of the retirement annuity. Such contributions shall be
23 deemed "normal contributions".

24 (2) Contributions of 0.60% towards the cost of survivor
25 benefits. Such contributions shall not be credited to the
26 individual account of the member and shall not be subject

1 to refund except as provided in Section 16-143.2.

2 (3) Contributions of 0.40% of salary toward the cost of
3 the early retirement without discount option provided
4 under Section 16-133.2. This contribution shall cease upon
5 termination of the early retirement without discount
6 option as provided in Section 16-133.2.

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

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

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

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

1 member's contributions toward the cost of early retirement
2 without discount made under item (a)(4) of this Section shall
3 be refunded according to whichever one of the following
4 circumstances occurs first:

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

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

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

17 (4) The contributions shall be refunded to the member,
18 without interest, if the early retirement without discount
19 option provided under subsection (d) of Section 16-133.2 is
20 terminated. In that event, the System shall provide to the
21 member, within 120 days after the option is terminated, an
22 application for a refund of those contributions.

23 (Source: P.A. 98-42, eff. 6-28-13; 98-92, eff. 7-16-13; 99-642,
24 eff. 7-28-16.)

25 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

3 Sec. 16-158. Contributions by State and other employing
4 units.

5 (a) The State shall make contributions to the System by
6 means of appropriations from the Common School Fund and other
7 State funds of amounts which, together with other employer
8 contributions, employee contributions, investment income, and
9 other income, will be sufficient to meet the cost of
10 maintaining and administering the System on a 90% funded basis
11 in accordance with actuarial recommendations.

12 The Board shall determine the amount of State contributions
13 required for each fiscal year on the basis of the actuarial
14 tables and other assumptions adopted by the Board and the
15 recommendations of the actuary, using the formula in subsection
16 (b-3).

17 (a-1) Annually, on or before November 15 until November 15,
18 2011, the Board shall certify to the Governor the amount of the
19 required State contribution for the coming fiscal year. The
20 certification under this subsection (a-1) shall include a copy
21 of the actuarial recommendations upon which it is based and
22 shall specifically identify the System's projected State
23 normal cost for that fiscal year.

24 On or before May 1, 2004, the Board shall recalculate and
25 recertify to the Governor the amount of the required State
26 contribution to the System for State fiscal year 2005, taking

1 into account the amounts appropriated to and received by the
2 System under subsection (d) of Section 7.2 of the General
3 Obligation Bond Act.

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

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

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

1 January 15, 2013 and each January 15 thereafter, the Board
2 shall certify to the Governor and the General Assembly the
3 amount of the required State contribution for the next fiscal
4 year. The Board's certification must note any deviations from
5 the State Actuary's recommended changes, the reason or reasons
6 for not following the State Actuary's recommended changes, and
7 the fiscal impact of not following the State Actuary's
8 recommended changes on the required State contribution.

9 If necessary, the Board shall recalculate and recertify to
10 the Governor the amount of the required State contribution to
11 the System for State fiscal year 2019, applying the changes
12 made by this amendatory Act of the 100th General Assembly.

13 (b) Through State fiscal year 1995, the State contributions
14 shall be paid to the System in accordance with Section 18-7 of
15 the School Code.

16 (b-1) Beginning in State fiscal year 1996, on the 15th day
17 of each month, or as soon thereafter as may be practicable, the
18 Board shall submit vouchers for payment of State contributions
19 to the System, in a total monthly amount of one-twelfth of the
20 required annual State contribution certified under subsection
21 (a-1). From the effective date of this amendatory Act of the
22 93rd General Assembly through June 30, 2004, the Board shall
23 not submit vouchers for the remainder of fiscal year 2004 in
24 excess of the fiscal year 2004 certified contribution amount
25 determined under this Section after taking into consideration
26 the transfer to the System under subsection (a) of Section

1 6z-61 of the State Finance Act. These vouchers shall be paid by
2 the State Comptroller and Treasurer by warrants drawn on the
3 funds appropriated to the System for that fiscal year.

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

13 (b-2) Allocations from the Common School Fund apportioned
14 to school districts not coming under this System shall not be
15 diminished or affected by the provisions of this Article.

16 (b-3) For State fiscal years 2012 through 2045, the minimum
17 contribution to the System to be made by the State for each
18 fiscal year shall be an amount determined by the System to be
19 sufficient to bring the total assets of the System up to 90% of
20 the total actuarial liabilities of the System by the end of
21 State fiscal year 2045. In making these determinations, the
22 required State contribution shall be calculated each year as a
23 level percentage of payroll over the years remaining to and
24 including fiscal year 2045 and shall be determined under the
25 projected unit credit actuarial cost method.

26 For each of State fiscal years 2019 and 2020, the State

1 shall make an additional contribution to the System equal to 2%
2 of the total payroll of each employee who is deemed to have
3 elected the benefits under Section 1-161 or who has made the
4 election under subsection (c) of Section 1-161.

5 For State fiscal years 1996 through 2005, the State
6 contribution to the System, as a percentage of the applicable
7 employee payroll, shall be increased in equal annual increments
8 so that by State fiscal year 2011, the State is contributing at
9 the rate required under this Section; except that in the
10 following specified State fiscal years, the State contribution
11 to the System shall not be less than the following indicated
12 percentages of the applicable employee payroll, even if the
13 indicated percentage will produce a State contribution in
14 excess of the amount otherwise required under this subsection
15 and subsection (a), and notwithstanding any contrary
16 certification made under subsection (a-1) before the effective
17 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
18 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
19 2003; and 13.56% in FY 2004.

20 Notwithstanding any other provision of this Article, the
21 total required State contribution for State fiscal year 2006 is
22 \$534,627,700.

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2007 is
25 \$738,014,500.

26 For each of State fiscal years 2008 through 2009, the State

1 contribution to the System, as a percentage of the applicable
2 employee payroll, shall be increased in equal annual increments
3 from the required State contribution for State fiscal year
4 2007, so that by State fiscal year 2011, the State is
5 contributing at the rate otherwise required under this Section.

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2010 is
8 \$2,089,268,000 and shall be made from the proceeds of bonds
9 sold in fiscal year 2010 pursuant to Section 7.2 of the General
10 Obligation Bond Act, less (i) the pro rata share of bond sale
11 expenses determined by the System's share of total bond
12 proceeds, (ii) any amounts received from the Common School Fund
13 in fiscal year 2010, and (iii) any reduction in bond proceeds
14 due to the issuance of discounted bonds, if applicable.

15 Notwithstanding any other provision of this Article, the
16 total required State contribution for State fiscal year 2011 is
17 the amount recertified by the System on or before April 1, 2011
18 pursuant to subsection (a-1) of this Section and shall be made
19 from the proceeds of bonds sold in fiscal year 2011 pursuant to
20 Section 7.2 of the General Obligation Bond Act, less (i) the
21 pro rata share of bond sale expenses determined by the System's
22 share of total bond proceeds, (ii) any amounts received from
23 the Common School Fund in fiscal year 2011, and (iii) any
24 reduction in bond proceeds due to the issuance of discounted
25 bonds, if applicable. This amount shall include, in addition to
26 the amount certified by the System, an amount necessary to meet

1 employer contributions required by the State as an employer
2 under paragraph (e) of this Section, which may also be used by
3 the System for contributions required by paragraph (a) of
4 Section 16-127.

5 Beginning in State fiscal year 2046, the minimum State
6 contribution for each fiscal year shall be the amount needed to
7 maintain the total assets of the System at 90% of the total
8 actuarial liabilities of the System.

9 Amounts received by the System pursuant to Section 25 of
10 the Budget Stabilization Act or Section 8.12 of the State
11 Finance Act in any fiscal year do not reduce and do not
12 constitute payment of any portion of the minimum State
13 contribution required under this Article in that fiscal year.
14 Such amounts shall not reduce, and shall not be included in the
15 calculation of, the required State contributions under this
16 Article in any future year until the System has reached a
17 funding ratio of at least 90%. A reference in this Article to
18 the "required State contribution" or any substantially similar
19 term does not include or apply to any amounts payable to the
20 System under Section 25 of the Budget Stabilization Act.

21 Notwithstanding any other provision of this Section, the
22 required State contribution for State fiscal year 2005 and for
23 fiscal year 2008 and each fiscal year thereafter, as calculated
24 under this Section and certified under subsection (a-1), shall
25 not exceed an amount equal to (i) the amount of the required
26 State contribution that would have been calculated under this

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

20 (b-4) Beginning in fiscal year 2019, each employer under
21 this Article shall pay to the System a required contribution
22 determined as a percentage of projected payroll and sufficient
23 to produce an annual amount equal to:

24 (i) for each of fiscal years 2019 and 2020, the defined
25 benefit normal cost of the defined benefit plan, less the
26 employee contribution, for each employee of that employer

1 who has elected or who is deemed to have elected the
2 benefits under Section 1-161 or who has made the election
3 under subsection (b) of Section 1-161; for fiscal year 2021
4 and each fiscal year thereafter, the defined benefit normal
5 cost of the defined benefit plan, less the employee
6 contribution, plus 2%, for each employee of that employer
7 who has elected or who is deemed to have elected the
8 benefits under Section 1-161 or who has made the election
9 under subsection (b) of Section 1-161; plus

10 (ii) the amount required for that fiscal year to
11 amortize any unfunded actuarial accrued liability
12 associated with the present value of liabilities
13 attributable to the employer's account under Section
14 16-158.3, determined as a level percentage of payroll over
15 a 30-year rolling amortization period.

16 In determining contributions required under item (i) of
17 this subsection, the System shall determine an aggregate rate
18 for all employers, expressed as a percentage of projected
19 payroll.

20 In determining the contributions required under item (ii)
21 of this subsection, the amount shall be computed by the System
22 on the basis of the actuarial assumptions and tables used in
23 the most recent actuarial valuation of the System that is
24 available at the time of the computation.

25 The contributions required under this subsection (b-4)
26 shall be paid by an employer concurrently with that employer's

1 payroll payment period. The State, as the actual employer of an
2 employee, shall make the required contributions under this
3 subsection.

4 (c) Payment of the required State contributions and of all
5 pensions, retirement annuities, death benefits, refunds, and
6 other benefits granted under or assumed by this System, and all
7 expenses in connection with the administration and operation
8 thereof, are obligations of the State.

9 If members are paid from special trust or federal funds
10 which are administered by the employing unit, whether school
11 district or other unit, the employing unit shall pay to the
12 System from such funds the full accruing retirement costs based
13 upon that service, which, beginning July 1, 2014, shall be at a
14 rate, expressed as a percentage of salary, equal to the total
15 minimum contribution to the System to be made by the State for
16 that fiscal year, including both normal cost and unfunded
17 liability components, expressed as a percentage of payroll, as
18 determined by the System under subsection (b-3) of this
19 Section. Employer contributions, based on salary paid to
20 members from federal funds, may be forwarded by the
21 distributing agency of the State of Illinois to the System
22 prior to allocation, in an amount determined in accordance with
23 guidelines established by such agency and the System. Any
24 contribution for fiscal year 2015 collected as a result of the
25 change made by this amendatory Act of the 98th General Assembly
26 shall be considered a State contribution under subsection (b-3)

1 of this Section.

2 (d) Effective July 1, 1986, any employer of a teacher as
3 defined in paragraph (8) of Section 16-106 shall pay the
4 employer's normal cost of benefits based upon the teacher's
5 service, in addition to employee contributions, as determined
6 by the System. Such employer contributions shall be forwarded
7 monthly in accordance with guidelines established by the
8 System.

9 However, with respect to benefits granted under Section
10 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
11 of Section 16-106, the employer's contribution shall be 12%
12 (rather than 20%) of the member's highest annual salary rate
13 for each year of creditable service granted, and the employer
14 shall also pay the required employee contribution on behalf of
15 the teacher. For the purposes of Sections 16-133.4 and
16 16-133.5, a teacher as defined in paragraph (8) of Section
17 16-106 who is serving in that capacity while on leave of
18 absence from another employer under this Article shall not be
19 considered an employee of the employer from which the teacher
20 is on leave.

21 (e) Beginning July 1, 1998, every employer of a teacher
22 shall pay to the System an employer contribution computed as
23 follows:

24 (1) Beginning July 1, 1998 through June 30, 1999, the
25 employer contribution shall be equal to 0.3% of each
26 teacher's salary.

1 (2) Beginning July 1, 1999 and thereafter, the employer
2 contribution shall be equal to 0.58% of each teacher's
3 salary.

4 The school district or other employing unit may pay these
5 employer contributions out of any source of funding available
6 for that purpose and shall forward the contributions to the
7 System on the schedule established for the payment of member
8 contributions.

9 These employer contributions are intended to offset a
10 portion of the cost to the System of the increases in
11 retirement benefits resulting from this amendatory Act of 1998.

12 Each employer of teachers is entitled to a credit against
13 the contributions required under this subsection (e) with
14 respect to salaries paid to teachers for the period January 1,
15 2002 through June 30, 2003, equal to the amount paid by that
16 employer under subsection (a-5) of Section 6.6 of the State
17 Employees Group Insurance Act of 1971 with respect to salaries
18 paid to teachers for that period.

19 The additional 1% employee contribution required under
20 Section 16-152 by this amendatory Act of 1998 is the
21 responsibility of the teacher and not the teacher's employer,
22 unless the employer agrees, through collective bargaining or
23 otherwise, to make the contribution on behalf of the teacher.

24 If an employer is required by a contract in effect on May
25 1, 1998 between the employer and an employee organization to
26 pay, on behalf of all its full-time employees covered by this

1 Article, all mandatory employee contributions required under
2 this Article, then the employer shall be excused from paying
3 the employer contribution required under this subsection (e)
4 for the balance of the term of that contract. The employer and
5 the employee organization shall jointly certify to the System
6 the existence of the contractual requirement, in such form as
7 the System may prescribe. This exclusion shall cease upon the
8 termination, extension, or renewal of the contract at any time
9 after May 1, 1998.

10 (f) If the amount of a teacher's salary for any school year
11 used to determine final average salary exceeds the member's
12 annual full-time salary rate with the same employer for the
13 previous school year by more than 6%, the teacher's employer
14 shall pay to the System, in addition to all other payments
15 required under this Section and in accordance with guidelines
16 established by the System, the present value of the increase in
17 benefits resulting from the portion of the increase in salary
18 that is in excess of 6%. This present value shall be computed
19 by the System on the basis of the actuarial assumptions and
20 tables used in the most recent actuarial valuation of the
21 System that is available at the time of the computation. If a
22 teacher's salary for the 2005-2006 school year is used to
23 determine final average salary under this subsection (f), then
24 the changes made to this subsection (f) by Public Act 94-1057
25 shall apply in calculating whether the increase in his or her
26 salary is in excess of 6%. For the purposes of this Section,

1 change in employment under Section 10-21.12 of the School Code
2 on or after June 1, 2005 shall constitute a change in employer.
3 The System may require the employer to provide any pertinent
4 information or documentation. The changes made to this
5 subsection (f) by this amendatory Act of the 94th General
6 Assembly apply without regard to whether the teacher was in
7 service on or after its effective date.

8 Whenever it determines that a payment is or may be required
9 under this subsection, the System shall calculate the amount of
10 the payment and bill the employer for that amount. The bill
11 shall specify the calculations used to determine the amount
12 due. If the employer disputes the amount of the bill, it may,
13 within 30 days after receipt of the bill, apply to the System
14 in writing for a recalculation. The application must specify in
15 detail the grounds of the dispute and, if the employer asserts
16 that the calculation is subject to subsection (g) or (h) of
17 this Section, must include an affidavit setting forth and
18 attesting to all facts within the employer's knowledge that are
19 pertinent to the applicability of that subsection. Upon
20 receiving a timely application for recalculation, the System
21 shall review the application and, if appropriate, recalculate
22 the amount due.

23 The employer contributions required under this subsection
24 (f) may be paid in the form of a lump sum within 90 days after
25 receipt of the bill. If the employer contributions are not paid
26 within 90 days after receipt of the bill, then interest will be

1 charged at a rate equal to the System's annual actuarially
2 assumed rate of return on investment compounded annually from
3 the 91st day after receipt of the bill. Payments must be
4 concluded within 3 years after the employer's receipt of the
5 bill.

6 (g) This subsection (g) applies only to payments made or
7 salary increases given on or after June 1, 2005 but before July
8 1, 2011. The changes made by Public Act 94-1057 shall not
9 require the System to refund any payments received before July
10 31, 2006 (the effective date of Public Act 94-1057).

11 When assessing payment for any amount due under subsection
12 (f), the System shall exclude salary increases paid to teachers
13 under contracts or collective bargaining agreements entered
14 into, amended, or renewed before June 1, 2005.

15 When assessing payment for any amount due under subsection
16 (f), the System shall exclude salary increases paid to a
17 teacher at a time when the teacher is 10 or more years from
18 retirement eligibility under Section 16-132 or 16-133.2.

19 When assessing payment for any amount due under subsection
20 (f), the System shall exclude salary increases resulting from
21 overload work, including summer school, when the school
22 district has certified to the System, and the System has
23 approved the certification, that (i) the overload work is for
24 the sole purpose of classroom instruction in excess of the
25 standard number of classes for a full-time teacher in a school
26 district during a school year and (ii) the salary increases are

1 equal to or less than the rate of pay for classroom instruction
2 computed on the teacher's current salary and work schedule.

3 When assessing payment for any amount due under subsection
4 (f), the System shall exclude a salary increase resulting from
5 a promotion (i) for which the employee is required to hold a
6 certificate or supervisory endorsement issued by the State
7 Teacher Certification Board that is a different certification
8 or supervisory endorsement than is required for the teacher's
9 previous position and (ii) to a position that has existed and
10 been filled by a member for no less than one complete academic
11 year and the salary increase from the promotion is an increase
12 that results in an amount no greater than the lesser of the
13 average salary paid for other similar positions in the district
14 requiring the same certification or the amount stipulated in
15 the collective bargaining agreement for a similar position
16 requiring the same certification.

17 When assessing payment for any amount due under subsection
18 (f), the System shall exclude any payment to the teacher from
19 the State of Illinois or the State Board of Education over
20 which the employer does not have discretion, notwithstanding
21 that the payment is included in the computation of final
22 average salary.

23 (h) When assessing payment for any amount due under
24 subsection (f), the System shall exclude any salary increase
25 described in subsection (g) of this Section given on or after
26 July 1, 2011 but before July 1, 2014 under a contract or

1 collective bargaining agreement entered into, amended, or
2 renewed on or after June 1, 2005 but before July 1, 2011.
3 Notwithstanding any other provision of this Section, any
4 payments made or salary increases given after June 30, 2014
5 shall be used in assessing payment for any amount due under
6 subsection (f) of this Section.

7 (i) The System shall prepare a report and file copies of
8 the report with the Governor and the General Assembly by
9 January 1, 2007 that contains all of the following information:

10 (1) The number of recalculations required by the
11 changes made to this Section by Public Act 94-1057 for each
12 employer.

13 (2) The dollar amount by which each employer's
14 contribution to the System was changed due to
15 recalculations required by Public Act 94-1057.

16 (3) The total amount the System received from each
17 employer as a result of the changes made to this Section by
18 Public Act 94-4.

19 (4) The increase in the required State contribution
20 resulting from the changes made to this Section by Public
21 Act 94-1057.

22 (j) For purposes of determining the required State
23 contribution to the System, the value of the System's assets
24 shall be equal to the actuarial value of the System's assets,
25 which shall be calculated as follows:

26 As of June 30, 2008, the actuarial value of the System's

1 assets shall be equal to the market value of the assets as of
2 that date. In determining the actuarial value of the System's
3 assets for fiscal years after June 30, 2008, any actuarial
4 gains or losses from investment return incurred in a fiscal
5 year shall be recognized in equal annual amounts over the
6 5-year period following that fiscal year.

7 (k) For purposes of determining the required State
8 contribution to the system for a particular year, the actuarial
9 value of assets shall be assumed to earn a rate of return equal
10 to the system's actuarially assumed rate of return.

11 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
12 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
13 6-18-12; 97-813, eff. 7-13-12; 98-674, eff. 6-30-14.)

14 (40 ILCS 5/16-158.3 new)

15 Sec. 16-158.3. Individual employer accounts.

16 (a) The System shall create and maintain an individual
17 account for each employer for the purposes of determining
18 employer contributions under subsection (b-4) of Section
19 16-158. Each employer's account shall be notionally charged
20 with the liabilities attributable to that employer and credited
21 with the assets attributable to that employer.

22 (b) Beginning in fiscal year 2019, the System shall assign
23 notional liabilities to each employer's account, equal to the
24 amount of the employer contributions required to be made by the
25 employer pursuant to items (i) and (ii) of subsection (b-4) of

1 Section 16-158, plus any unfunded actuarial accrued liability
2 associated with the defined benefits attributable to the
3 employer's employees who first became members on or after July
4 1, 2018 and the employer's employees who made the election
5 under subsection (c-5) of Section 1-161.

6 (c) Beginning in fiscal year 2019, the System shall assign
7 notional assets to each employer's account equal to the amounts
8 of employer contributions made pursuant to items (i) and (ii)
9 of subsection (b-4) of Section 16-158.

10 (40 ILCS 5/16-190.5 new)

11 Sec. 16-190.5. Accelerated pension benefit payment.

12 (a) As used in this Section:

13 "Eligible person" means a person who:

14 (1) has terminated service;

15 (2) has accrued sufficient service credit to be
16 eligible to receive a retirement annuity under this
17 Article;

18 (3) is not a party to a pending divorce proceeding and
19 does not have a QILDRO in effect against him or her under
20 this Article; and

21 (4) does not have a QILDRO in effect against him or her
22 under this Article.

23 "Pension benefit" means the benefits under this Article, or
24 Article 1 as it relates to those benefits, including any
25 anticipated annual increases, that an eligible person is

1 entitled to upon attainment of the applicable retirement age.
2 "Pension benefit" also includes applicable survivor's or
3 disability benefits.

4 (b) If approved by resolution of the Board in any year, the
5 System shall calculate, using actuarial tables and other
6 assumptions adopted by the Board, the net present value of
7 pension benefits for each eligible person and shall offer each
8 eligible person the opportunity to irrevocably elect to receive
9 an amount determined by the System to be equal to 70% of the
10 net present value of his or her pension benefits in lieu of
11 receiving any pension benefit. The offer shall specify the
12 dollar amount that the eligible person will receive if he or
13 she so elects and shall expire when a subsequent offer is made
14 to an eligible person. The System shall make a good faith
15 effort to contact every eligible person to notify him or her of
16 the election and of the amount of the accelerated pension
17 benefit payment.

18 During a period of 3 months determined by the Board, an
19 eligible person may irrevocably elect to receive an accelerated
20 pension benefit payment in the amount that the System offers
21 under this subsection in lieu of receiving any pension benefit.
22 A person who elects to receive an accelerated pension benefit
23 payment under this Section may not elect to proceed under the
24 Retirement Systems Reciprocal Act with respect to service under
25 this Article. The accelerated pension benefit payment shall be
26 paid by the System.

1 (c) A person's credits and creditable service under this
2 Article shall be terminated upon the person's receipt of an
3 accelerated pension benefit payment under this Section, and no
4 other benefit shall be paid under this Article based on those
5 terminated credits and creditable service, including any
6 retirement, survivor, or other benefit; except that to the
7 extent that participation, benefits, or premiums under the
8 State Employees Group Insurance Act of 1971 are based on the
9 amount of service credit, the terminated service credit shall
10 be used for that purpose.

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

14 (1) Any benefits under the System earned as a result of
15 that return to active service shall be based solely on the
16 person's credits and creditable service arising from the
17 return to active service.

18 (2) The accelerated pension benefit payment may not be
19 repaid to the System, and the terminated credits and
20 creditable service may not under any circumstances be
21 reinstated.

22 (e) As a condition of receiving an accelerated pension
23 benefit payment, an eligible person must have another
24 retirement plan or account qualified under the Internal Revenue
25 Code of 1986, as amended, for the accelerated pension benefit
26 payment to be rolled into. The accelerated pension benefit

1 payment under this Section may be subject to withholding or
2 payment of applicable taxes, but to the extent permitted by
3 federal law, a person who receives an accelerated pension
4 benefit payment under this Section must direct the System to
5 pay all of that payment as a rollover into another retirement
6 plan or account qualified under the Internal Revenue Code of
7 1986, as amended.

8 (f) The Board shall adopt any rules necessary to implement
9 this Section.

10 (g) No provision of this Section shall be interpreted in a
11 way that would cause the applicable System to cease to be a
12 qualified plan under the Internal Revenue Code of 1986.

13 (40 ILCS 5/16-203)

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

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

18 (a) As used in this Section, "new benefit increase" means
19 an increase in the amount of any benefit provided under this
20 Article, or an expansion of the conditions of eligibility for
21 any benefit under this Article, that results from an amendment
22 to this Code that takes effect after June 1, 2005 (the
23 effective date of Public Act 94-4). "New benefit increase",
24 however, does not include any benefit increase resulting from
25 the changes made to this Article by Public Act 95-910 or this

1 ~~amendatory Act of the 100th General Assembly this amendatory~~
2 ~~Act of the 95th General Assembly.~~

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

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

12 Every new benefit increase is contingent upon the General
13 Assembly providing the additional funding required under this
14 subsection. The Commission on Government Forecasting and
15 Accountability shall analyze whether adequate additional
16 funding has been provided for the new benefit increase and
17 shall report its analysis to the Public Pension Division of the
18 Department of Insurance ~~Financial and Professional Regulation~~.

19 A new benefit increase created by a Public Act that does not
20 include the additional funding required under this subsection
21 is null and void. If the Public Pension Division determines
22 that the additional funding provided for a new benefit increase
23 under this subsection is or has become inadequate, it may so
24 certify to the Governor and the State Comptroller and, in the
25 absence of corrective action by the General Assembly, the new
26 benefit increase shall expire at the end of the fiscal year in

1 which the certification is made.

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

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

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

19 (40 ILCS 5/16-205.1 new)

20 Sec. 16-205.1. Defined contribution plan.

21 (a) By July 1, 2018, the System shall prepare and implement
22 a voluntary defined contribution plan for up to 5% of eligible
23 active Tier 1 employees. The System shall determine the 5% cap
24 by the number of active Tier 1 employees on the effective date
25 of this Section. The defined contribution plan developed under

1 this Section shall be a plan that aggregates employer and
2 employee contributions in individual participant accounts
3 which, after meeting any other requirements, are used for
4 payouts after retirement in accordance with this Section and
5 any other applicable laws.

6 As used in this Section, "defined benefit plan" means the
7 retirement plan available under this Article to Tier 1
8 employees who have not made the election authorized under this
9 Section.

10 (1) Under the defined contribution plan, an active Tier
11 1 employee of this System could elect to cease accruing
12 benefits in the defined benefit plan under this Article and
13 begin accruing benefits for future service in the defined
14 contribution plan. Service credit under the defined
15 contribution plan may be used for determining retirement
16 eligibility under the defined benefit plan. An active Tier
17 1 employee who elects to cease accruing benefits in his or
18 her defined benefit plan shall be prohibited from
19 purchasing service credit on or after the date of his or
20 her election. A Tier 1 employee making the irrevocable
21 election provided under this Section shall not receive
22 interest accruals to his or her benefit under paragraph (A)
23 of subsection (a) of Section 16-133 on or after the date of
24 his or her election.

25 (2) Participants in the defined contribution plan
26 shall pay employee contributions at the same rate as Tier 1

1 employees in this System who do not participate in the
2 defined contribution plan.

3 (3) State contributions shall be paid into the accounts
4 of all participants in the defined contribution plan at a
5 uniform rate, expressed as a percentage of salary and
6 determined for each year. This rate shall be no higher than
7 the employer's normal cost for Tier 1 employees in the
8 defined benefit plan for that year, as determined by the
9 System and expressed as a percentage of salary, and shall
10 be no lower than 0% of salary. The State shall adjust this
11 rate annually.

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

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

24 (6) The defined contribution plan shall provide a
25 variety of options for investments. These options shall
26 include investments in a fund created by the System and

1 managed in accordance with legal and fiduciary standards,
2 as well as investment options otherwise available.

3 (7) The defined contribution plan shall provide a
4 variety of options for payouts to retirees and their
5 survivors.

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

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

16 (b) Only persons who are active Tier 1 employees of the
17 System on the effective date of this Section are eligible to
18 participate in the defined contribution plan. Participation in
19 the defined contribution plan shall be limited to the first 5%
20 of eligible persons who elect to participate. The election to
21 participate in the defined contribution plan is voluntary and
22 irrevocable.

23 (c) An eligible Tier 1 employee may irrevocably elect to
24 participate in the defined contribution plan by filing with the
25 System a written application to participate that is received by
26 the System prior to its determination that 5% of eligible

1 persons have elected to participate in the defined contribution
2 plan.

3 When the System first determines that 5% of eligible
4 persons have elected to participate in the defined contribution
5 plan, the System shall provide notice to previously eligible
6 employees that the plan is no longer available and shall cease
7 accepting applications to participate.

8 (d) The System shall make a good faith effort to contact
9 each active Tier 1 employee who is eligible to participate in
10 the defined contribution plan. Such correspondence shall
11 describe the option to join the defined contribution plan to
12 each of these employees. If the employee is not responsive to
13 other means of contact, it is sufficient for the System to
14 publish the details of the option on its website.

15 Upon request for further information describing the
16 option, the System shall provide employees with information
17 from the System before exercising the option to join the plan,
18 including information on the impact to their vested benefits or
19 non-vested service. The individual consultation shall include
20 projections of the member's defined benefits at retirement or
21 earlier termination of service and the value of the member's
22 account at retirement or earlier termination of service. The
23 System shall not provide advice or counseling with respect to
24 whether the employee should exercise the option. The System
25 shall inform Tier 1 employees who are eligible to participate
26 in the defined contribution plan that they may also wish to

1 obtain information and counsel relating to their option from
2 any other available source, including, but not limited to,
3 labor organizations, private counsel, and financial advisors.

4 (e) In no event shall the System, its staff, its authorized
5 representatives, or the Board be liable for any information
6 given to an employee under this Section. The System may
7 coordinate with other retirement systems administering a
8 defined contribution plan in accordance with this amendatory
9 Act of the 100th General Assembly to provide information
10 concerning the impact of the option set forth in this Section.

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

15 (g) The System shall report on its progress under this
16 Section, including the available details of the defined
17 contribution plan and the System's plans for informing eligible
18 Tier 1 employees about the plan, to the Governor and the
19 General Assembly.

20 (h) The intent of this amendatory Act of the 100th General
21 Assembly is to ensure that the State's normal cost of
22 participation in the defined contribution plan is similar, and
23 if possible equal, to the State's normal cost of participation
24 in the defined benefit plan, unless a lower State's normal cost
25 is necessary to ensure cost neutrality.

1 (40 ILCS 5/16-206.1 new)

2 Sec. 16-206.1. Defined contribution plan; termination. If
3 the defined contribution plan is terminated or becomes
4 inoperative pursuant to law, then each participant in the plan
5 shall automatically be deemed to have been a contributing Tier
6 1 employee in the System's defined benefit plan during the time
7 in which he or she participated in the defined contribution
8 plan, and for that purpose the System shall be entitled to
9 recover the amounts in the participant's defined contribution
10 accounts.

11 (40 ILCS 5/17-106.05 new)

12 Sec. 17-106.05. Tier 1 employee. "Tier 1 employee": A
13 teacher under this Article who first became a member or
14 participant before January 1, 2011 under any reciprocal
15 retirement system or pension fund established under this Code
16 other than a retirement system or pension fund established
17 under Article 2, 3, 4, 5, 6, or 18 of this Code. However, for
18 the purposes of the election under Section 17-115.5, "Tier 1
19 employee" does not include a teacher under this Article who
20 would qualify as a Tier 1 employee but who has made an
21 irrevocable election on or before June 1, 2017 to retire from
22 service pursuant to the terms of an employment contract or a
23 collective bargaining agreement in effect on June 1, 2017,
24 excluding any extension, amendment, or renewal of that
25 agreement after that date, and has notified the Fund of that

1 election.

2 (40 ILCS 5/17-113.4 new)

3 Sec. 17-113.4. Salary. "Salary" means any income in any
4 form that qualifies as "average salary" or "annual rate of
5 salary" for purposes of paragraph (1) of subsection (c) of
6 Section 17-116 and "salary" for payroll deduction purposes
7 under Sections 17-130, 17-131, and 17-132.

8 (40 ILCS 5/17-115.5 new)

9 Sec. 17-115.5. Election by Tier 1 employees.

10 (a) If approved by resolution of the Board, an active Tier
11 1 employee may make an irrevocable election to agree to delay
12 his or her eligibility for automatic annual increases in
13 service retirement pension as provided in Section 17-119.2 and
14 to have the amount of the automatic annual increases in his or
15 her service retirement pension and survivor's pension that are
16 otherwise provided for in this Article calculated, instead, as
17 provided in Section 17-119.2.

18 (b) As adequate and legal consideration provided under this
19 amendatory Act of the 100th General Assembly for making an
20 election under subsection (a) of this Section, each Tier 1
21 employee who has made an election under subsection (a) of this
22 Section shall receive a consideration payment equal to 10% of
23 the contributions made by or on behalf of the employee under
24 Section 17-130 before the effective date of that election. The

1 Fund shall pay the amount of the consideration payment.

2 (c) A Tier 1 employee who does not make the election under
3 subsection (a) of this Section shall not be subject to the
4 benefits of subsection (b) of this Section.

5 (d) The Fund shall make a good faith effort to contact each
6 Tier 1 employee subject to this Section. Such correspondence
7 shall describe the election to each Tier 1 employee. If the
8 Tier 1 employee is not responsive, it is sufficient for the
9 Fund to publish the details of any elections on its website or
10 to publish those details in a regularly published newsletter or
11 other existing public forum.

12 Tier 1 employees who are subject to this Section shall be
13 provided with an election packet containing information
14 regarding their options, as well as the forms necessary to make
15 the election. Upon request, the Fund shall offer Tier 1
16 employees an opportunity to receive information from the Fund
17 before making the election. The information may be provided
18 through video materials, group presentations, individual
19 consultation with a member or authorized representative of the
20 Fund in person or by telephone or other electronic means, or
21 any combination of those methods. The Fund shall not provide
22 advice or counseling with respect to the legal or tax
23 circumstances of or consequences of making the election in
24 subsection (a) of this Section.

25 The Fund shall inform Tier 1 employees in the election
26 packet required under this subsection that the Tier 1 employee

1 may also wish to obtain information and counsel relating to the
2 election under this Section from any other available source,
3 including, but not limited to, labor organizations and private
4 counsel.

5 In no event shall the Fund, its staff, or the Board be held
6 liable for any information given to a member regarding the
7 election under this Section. The Fund shall coordinate with
8 other retirement systems administering an election in
9 accordance with this amendatory Act of the 100th General
10 Assembly to provide information concerning the impact of the
11 election set forth in this Section.

12 (d-5) To the extent authorized under federal law and as
13 authorized by the Fund, a Tier 1 employee may transfer or roll
14 over the consideration payment into other qualified retirement
15 plans.

16 (e) A member's election under this Section is not a
17 prohibited election under subdivision (j)(1) of Section 1-119
18 of this Code.

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

22 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)

23 Sec. 17-116. Service retirement pension.

24 (a) Each teacher having 20 years of service upon attainment
25 of age 55, or who thereafter attains age 55 shall be entitled

1 to a service retirement pension upon or after attainment of age
2 55; and each teacher in service on or after July 1, 1971, with
3 5 or more but less than 20 years of service shall be entitled
4 to receive a service retirement pension upon or after
5 attainment of age 62.

6 (b) The service retirement pension for a teacher who
7 retires on or after June 25, 1971, at age 60 or over, shall be
8 calculated as follows:

9 (1) For creditable service earned before July 1, 1998
10 that has not been augmented under Section 17-119.1: 1.67%
11 for each of the first 10 years of service; 1.90% for each
12 of the next 10 years of service; 2.10% for each year of
13 service in excess of 20 but not exceeding 30; and 2.30% for
14 each year of service in excess of 30, based upon average
15 salary as herein defined.

16 (2) For creditable service earned on or after July 1,
17 1998 by a member who has at least 30 years of creditable
18 service on July 1, 1998 and who does not elect to augment
19 service under Section 17-119.1: 2.3% of average salary for
20 each year of creditable service earned on or after July 1,
21 1998.

22 (3) For all other creditable service: 2.2% of average
23 salary for each year of creditable service.

24 (c) When computing such service retirement pensions, the
25 following conditions shall apply:

26 1. Average salary shall consist of the average annual

1 rate of salary for the 4 consecutive years of validated
2 service within the last 10 years of service when such
3 average annual rate was highest. In the determination of
4 average salary for retirement allowance purposes, for
5 members who commenced employment after August 31, 1979,
6 that part of the salary for any year shall be excluded
7 which exceeds the annual full-time salary rate for the
8 preceding year by more than 20%. In the case of a member
9 who commenced employment before August 31, 1979 and who
10 receives salary during any year after September 1, 1983
11 which exceeds the annual full time salary rate for the
12 preceding year by more than 20%, an Employer and other
13 employers of eligible contributors as defined in Section
14 17-106 shall pay to the Fund an amount equal to the present
15 value of the additional service retirement pension
16 resulting from such excess salary. The present value of the
17 additional service retirement pension shall be computed by
18 the Board on the basis of actuarial tables adopted by the
19 Board. If a member elects to receive a pension from this
20 Fund provided by Section 20-121, his salary under the State
21 Universities Retirement System and the Teachers'
22 Retirement System of the State of Illinois shall be
23 considered in determining such average salary. Amounts
24 paid after the effective date of this amendatory Act of
25 1991 for unused vacation time earned after that effective
26 date shall not under any circumstances be included in the

1 calculation of average salary or the annual rate of salary
2 for the purposes of this Article.

3 2. Proportionate credit shall be given for validated
4 service of less than one year.

5 3. For retirement at age 60 or over the pension shall
6 be payable at the full rate.

7 4. For separation from service below age 60 to a
8 minimum age of 55, the pension shall be discounted at the
9 rate of 1/2 of one per cent for each month that the age of
10 the contributor is less than 60, but a teacher may elect to
11 defer the effective date of pension in order to eliminate
12 or reduce this discount. This discount shall not be
13 applicable to any participant who has at least 34 years of
14 service or a retirement pension of at least 74.6% of
15 average salary on the date the retirement annuity begins.

16 5. No additional pension shall be granted for service
17 exceeding 45 years. Beginning June 26, 1971 no pension
18 shall exceed the greater of \$1,500 per month or 75% of
19 average salary as herein defined.

20 6. Service retirement pensions shall begin on the
21 effective date of resignation, retirement, the day
22 following the close of the payroll period for which service
23 credit was validated, or the time the person resigning or
24 retiring attains age 55, or on a date elected by the
25 teacher, whichever shall be latest; provided that, for a
26 person who first becomes a member after the effective date

1 of this amendatory Act of the 99th General Assembly, the
2 benefit shall not commence more than one year prior to the
3 date of the Fund's receipt of an application for the
4 benefit.

5 7. A member who is eligible to receive a retirement
6 pension of at least 74.6% of average salary and will attain
7 age 55 on or before December 31 during the year which
8 commences on July 1 shall be deemed to attain age 55 on the
9 preceding June 1.

10 8. A member retiring after the effective date of this
11 amendatory Act of 1998 shall receive a pension equal to 75%
12 of average salary if the member is qualified to receive a
13 retirement pension equal to at least 74.6% of average
14 salary under this Article or as proportional annuities
15 under Article 20 of this Code.

16 (d) Notwithstanding any other provision of this Section,
17 annual salary does not include any consideration payment made
18 to a Tier 1 employee.

19 (Source: P.A. 99-702, eff. 7-29-16.)

20 (40 ILCS 5/17-119.2 new)

21 Sec. 17-119.2. Automatic annual increases in service
22 retirement pension and survivor's pension for certain Tier 1
23 employees. Notwithstanding any other provision of this
24 Article, for a Tier 1 employee who made the election under
25 subsection (a) of Section 17-115.5:

1 (1) The initial increase in service retirement pension
2 shall occur on the January 1 occurring either on or after
3 the attainment of age 67 or the fifth anniversary of the
4 pension start date, whichever is earlier.

5 (2) The amount of each automatic annual increase in
6 service retirement pension or survivor's pension occurring
7 on or after the effective date of that election shall be
8 calculated as a percentage of the originally granted
9 service retirement pension or survivor's pension, equal to
10 3% or one-half the annual unadjusted percentage increase
11 (but not less than zero) in the consumer price index-u for
12 the 12 months ending with the September preceding each
13 November 1, whichever is less. If the annual unadjusted
14 percentage change in the consumer price index-u for the 12
15 months ending with the September preceding each November 1
16 is zero or there is a decrease, then the annuity shall not
17 be increased.

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

1 (40 ILCS 5/17-130) (from Ch. 108 1/2, par. 17-130)

2 Sec. 17-130. Participants' contributions by payroll
3 deductions.

4 (a) Except as provided in subsection (a-5), there ~~There~~
5 shall be deducted from the salary of each teacher 7.50% of his
6 salary for service or disability retirement pension and 0.5% of
7 salary for the annual increase in base pension.

8 In addition, there shall be deducted from the salary of
9 each teacher 1% of his salary for survivors' and children's
10 pensions.

11 (a-5) As adequate and legal consideration provided under
12 this amendatory Act of the 100th General Assembly for making an
13 election under subsection (a) of Section 17-115.5, beginning on
14 the effective date of the Tier 1 employee's election under
15 subsection (a) of Section 17-115.5, in lieu of the
16 contributions otherwise required under subsection (a), each
17 Tier 1 employee who made the election under paragraph (1) of
18 Section 17-115.5 shall make contributions of 7.50% of salary
19 for service or disability retirement pension and 0.6% of salary
20 for survivors' and children's pensions.

21 (b) An Employer and any employer of eligible contributors
22 as defined in Section 17-106 is authorized to make the
23 necessary deductions from the salaries of its teachers. Such
24 amounts shall be included as a part of the Fund. An Employer
25 and any employer of eligible contributors as defined in Section

1 17-106 shall formulate such rules and regulations as may be
2 necessary to give effect to the provisions of this Section.

3 (c) All persons employed as teachers shall, by such
4 employment, accept the provisions of this Article and of
5 Sections 34-83 to 34-85, inclusive, of "The School Code",
6 approved March 18, 1961, as amended, and thereupon become
7 contributors to the Fund in accordance with the terms thereof.
8 The provisions of this Article and of those Sections shall
9 become a part of the contract of employment.

10 (d) A person who (i) was a member before July 1, 1998, (ii)
11 retires with more than 34 years of creditable service, and
12 (iii) does not elect to qualify for the augmented rate under
13 Section 17-119.1 shall be entitled, at the time of retirement,
14 to receive a partial refund of contributions made under this
15 Section for service occurring after the later of June 30, 1998
16 or attainment of 34 years of creditable service, in an amount
17 equal to 1.00% of the salary upon which those contributions
18 were based.

19 (Source: P.A. 97-8, eff. 6-13-11.)

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

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

23 Sec. 20-121. Calculation of proportional retirement
24 annuities.

25 (a) Upon retirement of the employee, a proportional

1 retirement annuity shall be computed by each participating
2 system in which pension credit has been established on the
3 basis of pension credits under each system. The computation
4 shall be in accordance with the formula or method prescribed by
5 each participating system which is in effect at the date of the
6 employee's latest withdrawal from service covered by any of the
7 systems in which he has pension credits which he elects to have
8 considered under this Article. However, the amount of any
9 retirement annuity payable under the self-managed plan
10 established under Section 15-158.2 of this Code or under the
11 defined contribution plan established under Article 2, 14, 15,
12 or 16 of this Code depends solely on the value of the
13 participant's vested account balances and is not subject to any
14 proportional adjustment under this Section.

15 (a-5) For persons who participate in a defined contribution
16 plan established under Article 2, 14, 15, or 16 of this Code to
17 whom the provisions of this Article apply, the pension credits
18 established under the defined contribution plan may be
19 considered in determining eligibility for or the amount of the
20 defined benefit retirement annuity that is payable by any other
21 participating system.

22 (b) Combined pension credit under all retirement systems
23 subject to this Article shall be considered in determining
24 whether the minimum qualification has been met and the formula
25 or method of computation which shall be applied, except as may
26 be otherwise provided with respect to vesting in State or

1 employer contributions in a defined contribution plan. If a
2 system has a step-rate formula for calculation of the
3 retirement annuity, pension credits covering previous service
4 which have been established under another system shall be
5 considered in determining which range or ranges of the
6 step-rate formula are to be applicable to the employee.

7 (c) Interest on pension credit shall continue to accumulate
8 in accordance with the provisions of the law governing the
9 retirement system in which the same has been established during
10 the time an employee is in the service of another employer, on
11 the assumption such employee, for interest purposes for pension
12 credit, is continuing in the service covered by such retirement
13 system.

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

15 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

18 Sec. 20-123. Survivor's annuity. The provisions governing
19 a retirement annuity shall be applicable to a survivor's
20 annuity. Appropriate credits shall be established for
21 survivor's annuity purposes in those participating systems
22 which provide survivor's annuities, according to the same
23 conditions and subject to the same limitations and restrictions
24 herein prescribed for a retirement annuity. If a participating
25 system has no survivor's annuity benefit, or if the survivor's

1 annuity benefit under that system is waived, pension credit
2 established in that system shall not be considered in
3 determining eligibility for or the amount of the survivor's
4 annuity which may be payable by any other participating system.

5 For persons who participate in the self-managed plan
6 established under Section 15-158.2 or the portable benefit
7 package established under Section 15-136.4, pension credit
8 established under Article 15 may be considered in determining
9 eligibility for or the amount of the survivor's annuity that is
10 payable by any other participating system, but pension credit
11 established in any other system shall not result in any right
12 to a survivor's annuity under the Article 15 system.

13 For persons who participate in a defined contribution plan
14 established under Article 2, 14, 15, or 16 of this Code to whom
15 the provisions of this Article apply, the pension credits
16 established under the defined contribution plan may be
17 considered in determining eligibility for or the amount of the
18 defined benefit survivor's annuity that is payable by any other
19 participating system, but pension credits established in any
20 other system shall not result in any right to or increase in
21 the value of a survivor's annuity under the defined
22 contribution plan, which depends solely on the options chosen
23 and the value of the participant's vested account balances and
24 is not subject to any proportional adjustment under this
25 Section.

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

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

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

4 Sec. 20-124. Maximum benefits.

5 (a) In no event shall the combined retirement or survivors
6 annuities exceed the highest annuity which would have been
7 payable by any participating system in which the employee has
8 pension credits, if all of his pension credits had been
9 validated in that system.

10 If the combined annuities should exceed the highest maximum
11 as determined in accordance with this Section, the respective
12 annuities shall be reduced proportionately according to the
13 ratio which the amount of each proportional annuity bears to
14 the aggregate of all such annuities.

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

18 (i) For purposes of calculating the combined
19 retirement annuity and the proportionate reduction, if
20 any, in a retirement annuity other than one payable under
21 the self-managed plan, the amount of the Article 15
22 retirement annuity shall be deemed to be the highest
23 annuity to which the annuitant would have been entitled if
24 he or she had participated in the traditional benefit
25 package as defined in Section 15-103.1 rather than the

1 self-managed plan.

2 (ii) For purposes of calculating the combined
3 survivor's annuity and the proportionate reduction, if
4 any, in a survivor's annuity other than one payable under
5 the self-managed plan, the amount of the Article 15
6 survivor's annuity shall be deemed to be the highest
7 survivor's annuity to which the survivor would have been
8 entitled if the deceased employee had participated in the
9 traditional benefit package as defined in Section 15-103.1
10 rather than the self-managed plan.

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

13 (c) In the case of a participant in a defined contribution
14 plan established under Article 2, 14, 15, or 16 of this Code to
15 whom the provisions of this Article apply:

16 (i) For purposes of calculating the combined
17 retirement annuity and the proportionate reduction, if
18 any, in a defined benefit retirement annuity, any benefit
19 payable under the defined contribution plan shall not be
20 considered.

21 (ii) For purposes of calculating the combined
22 survivor's annuity and the proportionate reduction, if
23 any, in a defined benefit survivor's annuity, any benefit
24 payable under the defined contribution plan shall not be
25 considered.

26 (iii) Benefits payable under a defined contribution

1 plan established under Article 2, 14, 15, or 16 of this
2 Code are not subject to proportionate reduction under this
3 Section.

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

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

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

8 Sec. 20-125. Return to employment - suspension of benefits.

9 If a retired employee returns to employment which is covered by
10 a system from which he is receiving a proportional annuity
11 under this Article, his proportional annuity from all
12 participating systems shall be suspended during the period of
13 re-employment, except that this suspension does not apply to
14 any distributions payable under the self-managed plan
15 established under Section 15-158.2 or under a defined
16 contribution plan established under Article 2, 14, 15, or 16 of
17 this Code.

18 The provisions of the Article under which such employment
19 would be covered shall govern the determination of whether the
20 employee has returned to employment, and if applicable the
21 exemption of temporary employment or employment not exceeding a
22 specified duration or frequency, for all participating systems
23 from which the retired employee is receiving a proportional
24 annuity under this Article, notwithstanding any contrary
25 provisions in the other Articles governing such systems.

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

2 (40 ILCS 5/2-165 rep.)

3 (40 ILCS 5/2-166 rep.)

4 (40 ILCS 5/14-155 rep.)

5 (40 ILCS 5/14-156 rep.)

6 (40 ILCS 5/15-200 rep.)

7 (40 ILCS 5/15-201 rep.)

8 (40 ILCS 5/16-205 rep.)

9 (40 ILCS 5/16-206 rep.)

10 Section 15. The Illinois Pension Code is amended by
11 repealing Sections 2-165, 2-166, 14-155, 14-156, 15-200,
12 15-201, 16-205, and 16-206.

13 Section 900. The State Mandates Act is amended by adding
14 Section 8.41 as follows:

15 (30 ILCS 805/8.41 new)

16 Sec. 8.41. Exempt mandate. Notwithstanding Sections 6 and 8
17 of this Act, no reimbursement by the State is required for the
18 implementation of any mandate created by this amendatory Act of
19 the 100th General Assembly.

20 Section 970. Severability. The provisions of this Act are
21 severable under Section 1.31 of the Statute on Statutes.