AN ACT concerning public employee benefits.

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

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

(5 ILCS 375/3) (from Ch. 127, par. 523)
Sec. 3. Definitions. Unless the context otherwise requires, the following words and phrases as used in this Act shall have the following meanings. The Department may define these and other words and phrases separately for the purpose of implementing specific programs providing benefits under this Act.
(a) "Administrative service organization" means any person, firm or corporation experienced in the handling of claims which is fully qualified, financially sound and capable of meeting the service requirements of a contract of administration executed with the Department.
(b) "Annuitant" means (1) an employee who retires, or has retired, on or after January 1, 1966 on an immediate annuity under the provisions of Articles 2, 14 (including an employee who has elected to receive an alternative retirement cancellation payment under Section 14-108.5 of the Illinois Pension Code in lieu of an annuity or who meets the criteria
for retirement, but in lieu of receiving an annuity under that Article has elected to receive an accelerated pension benefit payment under Section 14-147.5 of that Article, 15 (including an employee who has retired under the optional retirement program established under Section 15-158.2 or who meets the criteria for retirement but in lieu of receiving an annuity under that Article has elected to receive an accelerated pension benefit payment under Section 15-185.5 of the Article), paragraphs (2), (3), or (5) of Section 16-106 (including an employee who meets the criteria for retirement, but in lieu of receiving an annuity under that Article has elected to receive an accelerated pension benefit payment under Section 16-190.5 of the Illinois Pension Code), or Article 18 of the Illinois Pension Code; (2) any person who was receiving group insurance coverage under this Act as of March 31, 1978 by reason of his status as an annuitant, even though the annuity in relation to which such coverage was provided is a proportional annuity based on less than the minimum period of service required for a retirement annuity in the system involved; (3) any person not otherwise covered by this Act who has retired as a participating member under Article 2 of the Illinois Pension Code but is ineligible for the retirement annuity under Section 2-119 of the Illinois Pension Code; (4) the spouse of any person who is receiving a retirement annuity under Article 18 of the Illinois Pension Code and who is covered under a group health insurance program sponsored by a governmental employer
other than the State of Illinois and who has irrevocably
elected to waive his or her coverage under this Act and to have
his or her spouse considered as the "annuitant" under this Act
and not as a "dependent"; or (5) an employee who retires, or
has retired, from a qualified position, as determined according
to rules promulgated by the Director, under a qualified local
government, a qualified rehabilitation facility, a qualified
domestic violence shelter or service, or a qualified child
advocacy center. (For definition of "retired employee", see (p)
post).

(b-5) (Blank).

(b-6) (Blank).

(b-7) (Blank).

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

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

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

(f) "Contributory", when referred to as contributory coverage, shall mean optional coverages or benefits elected by the member toward the cost of which such member makes contribution, or which are funded in whole or in part through the acceptance of a reduction in earnings or the foregoing of an increase in earnings by an employee, as distinguished from noncontributory coverage or benefits which are paid entirely by
the State of Illinois without reduction of the member's salary.

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

(h) "Dependent", when the term is used in the context of the health and life plan, means a member's spouse and any child (1) from birth to age 26 including an adopted child, a child who lives with the member from the time of the filing of a petition for adoption until entry of an order of adoption, a stepchild or adjudicated child, or a child who lives with the member if such member is a court appointed guardian of the child or (2) age 19 or over who has a mental or physical disability from a cause originating prior to the age of 19 (age 26 if enrolled as an adult child dependent). For the health plan only, the term "dependent" also includes (1) any person enrolled prior to the effective date of this Section who is dependent upon the member to the extent that the member may
claim such person as a dependent for income tax deduction purposes and (2) any person who has received after June 30, 2000 an organ transplant and who is financially dependent upon the member and eligible to be claimed as a dependent for income tax purposes. A member requesting to cover any dependent must provide documentation as requested by the Department of Central Management Services and file with the Department any and all forms required by the Department.

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

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

(k) "Employee" means and includes each officer or employee in the service of a department who (1) receives his compensation for service rendered to the department on a warrant issued pursuant to a payroll certified by a department or on a warrant or check issued and drawn by a department upon a trust, federal or other fund or on a warrant issued pursuant to a payroll certified by an elected or duly appointed officer of the State or who receives payment of the performance of personal services on a warrant issued pursuant to a payroll certified by a Department and drawn by the Comptroller upon the State Treasurer against appropriations made by the General Assembly from any fund or against trust funds held by the State Treasurer, and (2) is employed full-time or part-time in a
position normally requiring actual performance of duty during not less than 1/2 of a normal work period, as established by the Director in cooperation with each department, except that persons elected by popular vote will be considered employees during the entire term for which they are elected regardless of hours devoted to the service of the State, and (3) except that "employee" does not include any person who is not eligible by reason of such person's employment to participate in one of the State retirement systems under Articles 2, 14, 15 (either the regular Article 15 system or the optional retirement program established under Section 15-158.2) or 18, or under paragraph (2), (3), or (5) of Section 16-106, of the Illinois Pension Code, but such term does include persons who are employed during the 6 month qualifying period under Article 14 of the Illinois Pension Code. Such term also includes any person who (1) after January 1, 1966, is receiving ordinary or accidental disability benefits under Articles 2, 14, 15 (including ordinary or accidental disability benefits under the optional retirement program established under Section 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of the Illinois Pension Code, for disability incurred after January 1, 1966, (2) receives total permanent or total temporary disability under the Workers' Compensation Act or Occupational Disease Act as a result of injuries sustained or illness contracted in the course of employment with the State of Illinois, or (3) is not otherwise covered under this Act and
has retired as a participating member under Article 2 of the
Illinois Pension Code but is ineligible for the retirement
annuity under Section 2-119 of the Illinois Pension Code.
However, a person who satisfies the criteria of the foregoing
definition of "employee" except that such person is made
ineligible to participate in the State Universities Retirement
System by clause (4) of subsection (a) of Section 15-107 of the
Illinois Pension Code is also an "employee" for the purposes of
this Act. "Employee" also includes any person receiving or
eligible for benefits under a sick pay plan established in
accordance with Section 36 of the State Finance Act. "Employee"
also includes (i) each officer or employee in the service of a
qualified local government, including persons appointed as
trustees of sanitary districts regardless of hours devoted to
the service of the sanitary district, (ii) each employee in the
service of a qualified rehabilitation facility, (iii) each
full-time employee in the service of a qualified domestic
violence shelter or service, and (iv) each full-time employee
in the service of a qualified child advocacy center, as
determined according to rules promulgated by the Director.

(1) "Member" means an employee, annuitant, retired
employee or survivor. In the case of an annuitant or retired
employee who first becomes an annuitant or retired employee on
or after the effective date of this amendatory Act of the 97th
General Assembly, the individual must meet the minimum vesting
requirements of the applicable retirement system in order to be
eligible for group insurance benefits under that system. In the case of a survivor who first becomes a survivor on or after the effective date of this amendatory Act of the 97th General Assembly, the deceased employee, annuitant, or retired employee upon whom the annuity is based must have been eligible to participate in the group insurance system under the applicable retirement system in order for the survivor to be eligible for group insurance benefits under that system.

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

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

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

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

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

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

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

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

(q-5) (Blank).

(q-6) (Blank).

(q-7) (Blank).
(r) "Medical services" means the services provided within the scope of their licenses by practitioners in all categories licensed under the Medical Practice Act of 1987.

(s) "Unit of local government" means any county, municipality, township, school district (including a combination of school districts under the Intergovernmental Cooperation Act), special district or other unit, designated as a unit of local government by law, which exercises limited governmental powers or powers in respect to limited governmental subjects, any not-for-profit association with a membership that primarily includes townships and township officials, that has duties that include provision of research service, dissemination of information, and other acts for the purpose of improving township government, and that is funded wholly or partly in accordance with Section 85-15 of the Township Code; any not-for-profit corporation or association, with a membership consisting primarily of municipalities, that operates its own utility system, and provides research, training, dissemination of information, or other acts to promote cooperation between and among municipalities that provide utility services and for the advancement of the goals and purposes of its membership; the Southern Illinois Collegiate Common Market, which is a consortium of higher education institutions in Southern Illinois; the Illinois Association of Park Districts; and any hospital provider that is owned by a county that has 100 or fewer hospital beds and
has not already joined the program. "Qualified local
government" means a unit of local government approved by the
Director and participating in a program created under
subsection (i) of Section 10 of this Act.

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

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

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

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

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

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

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

1. is not a "member" or "dependent" as defined in this Section; and
2. is a TRS benefit recipient's: (A) spouse, (B) dependent parent who is receiving at least half of his or her support from the TRS benefit recipient, or (C) natural, step, adjudicated, or adopted child who is (i) under age 26, (ii) was, on January 1, 1996, participating as a dependent beneficiary in the health insurance program offered under Article 16 of the Illinois Pension Code, or (iii) age 19 or over who has a mental or physical disability from a cause originating prior to the age of 19 (age 26 if enrolled as an adult child).

"TRS dependent beneficiary" does not include, as indicated under paragraph (2) of this subsection (w), a dependent of the survivor of a TRS benefit recipient who first becomes a dependent of a survivor of a TRS benefit recipient on or after
the effective date of this amendatory Act of the 97th General Assembly unless that dependent would have been eligible for coverage as a dependent of the deceased TRS benefit recipient upon whom the survivor benefit is based.

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

(y) (Blank).

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

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

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

(3) either (i) was a full-time employee of a community college district or an association of community college boards created under the Public Community College Act (other than an employee whose last employer under Article 15 of the Illinois Pension Code was a community college district subject to Article VII of the Public Community College Act) and was eligible to participate in a group health benefit plan as an employee during the time of employment with a community college district (other than a community college district subject to Article VII of the
Public Community College Act) or an association of community college boards, or (ii) is the survivor of a person described in item (i).

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

   (1) is not a "member" or "dependent" as defined in this Section; and
   (2) is a community college benefit recipient's: (A) spouse, (B) dependent parent who is receiving at least half of his or her support from the community college benefit recipient, or (C) natural, step, adjudicated, or adopted child who is (i) under age 26, or (ii) age 19 or over and has a mental or physical disability from a cause originating prior to the age of 19 (age 26 if enrolled as an adult child).

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

(bb) "Qualified child advocacy center" means any Illinois child advocacy center and its administrative offices funded by
the Department of Children and Family Services, as defined by
the Children's Advocacy Center Act (55 ILCS 80/), approved by
the Director and participating in a program created under
subsection (n) of Section 10.
(Source: P.A. 98-488, eff. 8-16-13; 99-143, eff. 7-27-15.)

(5 ILCS 375/10) (from Ch. 127, par. 530)
Sec. 10. Contributions by the State and members.
(a) The State shall pay the cost of basic non-contributory
group life insurance and, subject to member paid contributions
set by the Department or required by this Section and except as
provided in this Section, the basic program of group health
benefits on each eligible member, except a member, not
otherwise covered by this Act, who has retired as a
participating member under Article 2 of the Illinois Pension
Code but is ineligible for the retirement annuity under Section
2-119 of the Illinois Pension Code, and part of each eligible
member's and retired member's premiums for health insurance
coverage for enrolled dependents as provided by Section 9. The
State shall pay the cost of the basic program of group health
benefits only after benefits are reduced by the amount of
benefits covered by Medicare for all members and dependents who
are eligible for benefits under Social Security or the Railroad
Retirement system or who had sufficient Medicare-covered
government employment, except that such reduction in benefits
shall apply only to those members and dependents who (1) first
become eligible for such Medicare coverage on or after July 1, 1992; or (2) are Medicare-eligible members or dependents of a local government unit which began participation in the program on or after July 1, 1992; or (3) remain eligible for, but no longer receive Medicare coverage which they had been receiving on or after July 1, 1992. The Department may determine the aggregate level of the State's contribution on the basis of actual cost of medical services adjusted for age, sex or geographic or other demographic characteristics which affect the costs of such programs.

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

(a-1) (Blank).
(a-2) (Blank).
(a-3) (Blank).
(a-4) (Blank).
(a-5) (Blank).
Any annuitant, survivor, or retired employee may waive or terminate coverage in the program of group health benefits. Any such annuitant, survivor, or retired employee who has waived or terminated coverage may enroll or re-enroll in the program of group health benefits only during the annual benefit choice period, as determined by the Director; except that in the event of termination of coverage due to nonpayment of premiums, the annuitant, survivor, or retired employee may not re-enroll in the program.

Beginning on the effective date of this amendatory Act of the 97th General Assembly, the Director of Central Management Services shall, on an annual basis, determine the amount that the State shall contribute toward the basic program of group health benefits on behalf of annuitants (including individuals who (i) participated in the General Assembly Retirement System, the State Employees' Retirement System of Illinois, the State Universities Retirement System, the Teachers' Retirement System of the State of Illinois, or the Judges Retirement System of Illinois and (ii) qualify as annuitants under subsection (b) of Section 3 of this Act), survivors (including individuals who (i) receive an annuity as a survivor of an individual who participated in the General Assembly Retirement System, the State Employees' Retirement System of Illinois, the State Universities Retirement System,
the Teachers' Retirement System of the State of Illinois, or
the Judges Retirement System of Illinois and (ii) qualify as
survivors under subsection (q) of Section 3 of this Act), and
retired employees (as defined in subsection (p) of Section 3 of
this Act). The remainder of the cost of coverage for each
annuitant, survivor, or retired employee, as determined by the
Director of Central Management Services, shall be the
responsibility of that annuitant, survivor, or retired
employee.

Contributions required of annuitants, survivors, and
retired employees shall be the same for all retirement systems
and shall also be based on whether an individual has made an
Contributions may be based on annuitants', survivors', or
retired employees' Medicare eligibility, but may not be based
on Social Security eligibility.

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

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

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

The Department of Central Management Services, or any successor agency designated to procure healthcare contracts pursuant to this Act, is authorized to establish funds, separate accounts provided by any bank or banks as defined by the Illinois Banking Act, or separate accounts provided by any savings and loan association or associations as defined by the Illinois Savings and Loan Act of 1985 to be held by the Director, outside the State treasury, for the purpose of receiving the transfer of moneys from the Local Government Health Insurance Reserve Fund. The Department may promulgate rules further defining the methodology for the transfers. Any interest earned by moneys in the funds or accounts shall inure to the Local Government Health Insurance Reserve Fund. The transferred moneys, and interest accrued thereon, shall be used exclusively for transfers to administrative service organizations or their financial institutions for payments of claims to claimants and providers under the self-insurance health plan. The transferred moneys, and interest accrued thereon, shall not be used for any other purpose including, but not limited to, reimbursement of administration fees due the administrative service organization pursuant to its contract or contracts with the Department.
(a-10) To the extent that participation, benefits, or premiums under this Act are based on a person's service credit under an Article of the Illinois Pension Code, service credit terminated in exchange for an accelerated pension benefit payment under Section 14-147.5, 15-185.5, or 16-190.5 of that Code shall be included in determining a person's service credit for the purposes of this Act.

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

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

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

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

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

(g) The State shall not pay the cost of the basic non-contributory group life insurance, program of health benefits and other employee benefits for members who are
survivors as defined by paragraphs (1) and (2) of subsection (q) of Section 3 of this Act. The costs of benefits for these survivors shall be paid by the survivors or by the University of Illinois Cooperative Extension Service, or any combination thereof. However, the State shall pay the amount of the reduction in the cost of participation, if any, resulting from the amendment to subsection (a) made by this amendatory Act of the 91st General Assembly.

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

(i) Any unit of local government within the State of Illinois may apply to the Director to have its employees, annuitants, and their dependents provided group health coverage under this Act on a non-insured basis. To participate, a unit of local government must agree to enroll all of its employees, who may select coverage under either the State group
health benefits plan or a health maintenance organization that has contracted with the State to be available as a health care provider for employees as defined in this Act. A unit of local government must remit the entire cost of providing coverage under the State group health benefits plan or, for coverage under a health maintenance organization, an amount determined by the Director based on an analysis of the sex, age, geographic location, or other relevant demographic variables for its employees, except that the unit of local government shall not be required to enroll those of its employees who are covered spouses or dependents under this plan or another group policy or plan providing health benefits as long as (1) an appropriate official from the unit of local government attests that each employee not enrolled is a covered spouse or dependent under this plan or another group policy or plan, and (2) at least 50% of the employees are enrolled and the unit of local government remits the entire cost of providing coverage to those employees, except that a participating school district must have enrolled at least 50% of its full-time employees who have not waived coverage under the district's group health plan by participating in a component of the district's cafeteria plan. A participating school district is not required to enroll a full-time employee who has waived coverage under the district's health plan, provided that an appropriate official from the participating school district attests that the full-time employee has waived coverage by participating in a
component of the district's cafeteria plan. For the purposes of this subsection, "participating school district" includes a unit of local government whose primary purpose is education as defined by the Department's rules.

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

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

(1) In the first year of coverage, the rates shall be equal to the amount normally charged to State employees for elected optional coverages or for enrolled dependents coverages or other contributory coverages, or contributed by the State for basic insurance coverages on behalf of its employees, adjusted for differences between State employees and employees of the local government in age, sex, geographic location or other relevant demographic
variables, plus an amount sufficient to pay for the
additional administrative costs of providing coverage to
employees of the unit of local government and their
dependents.

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

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

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

The Local Government Health Insurance Reserve Fund is
hereby created as a nonappropriated trust fund to be held
outside the State Treasury, with the State Treasurer as
custodian. The Local Government Health Insurance Reserve Fund
shall be a continuing fund not subject to fiscal year limitations. The Local Government Health Insurance Reserve Fund is not subject to administrative charges or charge-backs, including but not limited to those authorized under Section 8h of the State Finance Act. All revenues arising from the administration of the health benefits program established under this Section shall be deposited into the Local Government Health Insurance Reserve Fund. Any interest earned on moneys in the Local Government Health Insurance Reserve Fund shall be deposited into the Fund. All expenditures from this Fund shall be used for payments for health care benefits for local government and rehabilitation facility employees, annuitants, and dependents, and to reimburse the Department or its administrative service organization for all expenses incurred in the administration of benefits. No other State funds may be used for these purposes.

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

(j) Any rehabilitation facility within the State of Illinois may apply to the Director to have its employees, annuitants, and their eligible dependent dependents provided group health coverage under this Act on a non-insured basis. To participate, a rehabilitation facility must agree to enroll all
of its employees and remit the entire cost of providing such coverage for its employees, except that the rehabilitation facility shall not be required to enroll those of its employees who are covered spouses or dependents under this plan or another group policy or plan providing health benefits as long as (1) an appropriate official from the rehabilitation facility attests that each employee not enrolled is a covered spouse or dependent under this plan or another group policy or plan, and (2) at least 50% of the employees are enrolled and the rehabilitation facility remits the entire cost of providing coverage to those employees. Employees of a participating rehabilitation facility who are not enrolled due to coverage under another group health policy or plan may enroll in the event of a qualifying change in status, special enrollment, special circumstance as defined by the Director, or during the annual Benefit Choice Period. A participating rehabilitation facility may also elect to cover its annuitants. Dependent coverage shall be offered on an optional basis, with the costs paid by the rehabilitation facility, its employees, or some combination of the 2 as determined by the rehabilitation facility. The rehabilitation facility shall be responsible for timely collection and transmission of dependent premiums.

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

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

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

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

(k) Any domestic violence shelter or service within the
State of Illinois may apply to the Director to have its
employees, annuitants, and their dependents provided group
health coverage under this Act on a non-insured basis. To
participate, a domestic violence shelter or service must agree
to enroll all of its employees and pay the entire cost of
providing such coverage for its employees. The domestic
violence shelter shall not be required to enroll those of its
employees who are covered spouses or dependents under this plan
or another group policy or plan providing health benefits as
long as (1) an appropriate official from the domestic violence
shelter attests that each employee not enrolled is a covered
spouse or dependent under this plan or another group policy or
plan and (2) at least 50% of the employees are enrolled and the
domestic violence shelter remits the entire cost of providing
coverage to those employees. Employees of a participating
domestic violence shelter who are not enrolled due to coverage
under another group health policy or plan may enroll in the
event of a qualifying change in status, special enrollment, or
special circumstance as defined by the Director or during the
annual Benefit Choice Period. A participating domestic
violence shelter may also elect to cover its annuitants.
Dependent coverage shall be offered on an optional basis, with
employees, or some combination of the 2 as determined by the
domestic violence shelter or service. The domestic violence
shelter or service shall be responsible for timely collection
and transmission of dependent premiums.

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

(1) In the first year of coverage, the rates shall be
equal to the amount normally charged to State employees for
elected optional coverages or for enrolled dependents
coverages or other contributory coverages on behalf of its
employees, adjusted for differences between State
employees and employees of the domestic violence shelter or
service in age, sex, geographic location or other relevant
demographic variables, plus an amount sufficient to pay for
the additional administrative costs of providing coverage
to employees of the domestic violence shelter or service
and their dependents.

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

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

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

The Director shall annually determine monthly rates of
payment subject to the following constraints: for those
community colleges with annuitants only enrolled, first year
rates shall be equal to the average cost to cover claims for a
State member adjusted for demographics, Medicare
participation, and other factors; and in the second year, a further adjustment of rates shall be made to reflect the actual first year's claims experience of the covered annuitants.

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

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

(n) Any child advocacy center within the State of Illinois may apply to the Director to have its employees, annuitants, and their dependents provided group health coverage under this Act on a non-insured basis. To participate, a child advocacy center must agree to enroll all of its employees and pay the entire cost of providing coverage for its employees. The child advocacy center shall not be required to enroll those of its employees who are covered spouses or dependents under this plan or another group policy or plan providing health benefits as long as (1) an appropriate official from the child advocacy center attests that each employee not enrolled is a covered spouse or dependent under this plan or another group policy or plan and (2) at least 50% of the employees are enrolled and the child advocacy center remits the entire cost of providing coverage to those employees. Employees of a participating child advocacy center who are not enrolled due to coverage under another group health policy or plan may enroll in the event of a qualifying change in status, special enrollment, or special
circumstance as defined by the Director or during the annual Benefit Choice Period. A participating child advocacy center may also elect to cover its annuitants. Dependent coverage shall be offered on an optional basis, with the costs paid by the child advocacy center, its employees, or some combination of the 2 as determined by the child advocacy center. The child advocacy center shall be responsible for timely collection and transmission of dependent premiums.

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

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

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

Monthly payments by the child advocacy center or its employees for group health insurance shall be deposited into
the Local Government Health Insurance Reserve Fund.
(Source: P.A. 97-695, eff. 7-1-12; 98-488, eff. 8-16-13.)


(40 ILCS 5/1-160)
(Text of Section WITHOUT the changes made by P.A. 98-641, which has been held unconstitutional)
Sec. 1-160. Provisions applicable to new hires.
(a) The provisions of this Section apply to a person who, on or after January 1, 2011, first becomes a member or a participant under any reciprocal retirement system or pension fund established under this Code, other than a retirement system or pension fund established under Article 2, 3, 4, 5, 6, 15 or 18 of this Code, notwithstanding any other provision of this Code to the contrary, but do not apply to any self-managed...
plan established under this Code, to any person with respect to service as a sheriff's law enforcement employee under Article 7, or to any participant of the retirement plan established under Section 22-101. Notwithstanding anything to the contrary in this Section, for purposes of this Section, a person who participated in a retirement system under Article 15 prior to January 1, 2011 shall be deemed a person who first became a member or participant prior to January 1, 2011 under any retirement system or pension fund subject to this Section. The changes made to this Section by Public Act 98-596 this amendatory Act of the 98th General Assembly are a clarification of existing law and are intended to be retroactive to January 1, 2011 (the effective date of Public Act 96-889), notwithstanding the provisions of Section 1-103.1 of this Code.

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

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

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

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

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

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

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

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

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

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

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

(c) A member or participant is entitled to a retirement annuity upon written application if he or she has attained age
A member or participant who has attained age 62 (beginning January 1, 2015, age 60 with respect to service under Article 12 of this Code that is subject to this Section) and has at least 10 years of service credit and is otherwise eligible under the requirements of the applicable Article may elect to receive the lower retirement annuity provided in subsection (d) of this Section.

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

(e) Any retirement annuity or supplemental annuity shall be subject to annual increases on the January 1 occurring either on or after the attainment of age 67 (beginning January 1, 2015, age 65 with respect to service under Article 12 of this Code that is subject to this Section) or the first anniversary of the annuity start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual
unadjusted percentage increase (but not less than zero) in the
consumer price index-u for the 12 months ending with the
September preceding each November 1, whichever is less, of the
originally granted retirement annuity. If the annual
unadjusted percentage change in the consumer price index-u for
the 12 months ending with the September preceding each November
1 is zero or there is a decrease, then the annuity shall not be
increased.

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

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

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

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

(i) (Blank).

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

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

(40 ILCS 5/1-161 new)

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

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

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

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

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

(d) "Final average salary" means the average monthly (or annual) salary obtained by dividing the total salary or earnings calculated under the Article applicable to the member or participant during the last 120 months (or 10 years) of service in which the total salary or earnings calculated under the applicable Article was the highest by the number of months (or years) of service in that period. For the purposes of a person to whom this Section applies, in this Code, "final average salary" shall be substituted for "final average
(e) Beginning July 1, 2018, for all purposes under this Code (including without limitation the calculation of benefits and employee contributions), the annual earnings, salary, compensation, or wages (based on the plan year) of a member or participant to whom this Section applies shall not at any time exceed the federal Social Security Wage Base then in effect.

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

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

(h) Any retirement annuity or supplemental annuity shall be subject to annual increases on the first anniversary of the annuity start date. Each annual increase shall be one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-w for the 12 months ending with the September preceding each November 1 of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-w for the 12 months ending with the
September preceding each November 1 is zero or there is a
decrease, then the annuity shall not be increased.

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

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

(j) In lieu of any other employee contributions, except for
the contribution to the defined contribution plan under
subsection (k) of this Section, each employee shall contribute 6.2% of his her or salary to the retirement system. However, the employee contribution under this subsection shall not exceed the amount of the total normal cost of the benefits for all members making contributions under this Section (except for the defined contribution plan under subsection (k) of this Section), expressed as a percentage of payroll and certified on or before January 15 of each year by the board of trustees of the retirement system. If the board of trustees of the retirement system certifies that the 6.2% employee contribution rate exceeds the normal cost of the benefits under this Section (except for the defined contribution plan under subsection (k) of this Section), then on or before December 1 of that year, the board of trustees shall certify the amount of the normal cost of the benefits under this Section (except for the defined contribution plan under subsection (k) of this Section), expressed as a percentage of payroll, to the State Actuary and the Commission on Government Forecasting and Accountability, and the employee contribution under this subsection shall be reduced to that amount beginning July 1 of that year. Thereafter, if the normal cost of the benefits under this Section (except for the defined contribution plan under subsection (k) of this Section), expressed as a percentage of payroll and certified on or before January 1 of each year by the board of trustees of the retirement system, exceeds 6.2% of salary, then on or before January 15 of that year, the board of
trustees shall certify the normal cost to the State Actuary and the Commission on Government Forecasting and Accountability, and the employee contributions shall revert back to 6.2% of salary beginning January 1 of the following year.

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

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

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

(3) Employer contributions shall vest when those contributions are paid into a member's or participant's account.
(4) The defined contribution plan shall provide a variety of options for investments. These options shall include investments handled by the Illinois State Board of Investment as well as private sector investment options.

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

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

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

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

(l) In the case of a conflict between the provisions of this Section and any other provision of this Code, the provisions of this Section shall control.
Sec. 1-162. Optional benefits for certain Tier 2 members of pension funds under Articles 8, 9, 10, 11, 12, and 17.

(a) As used in this Section:

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

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

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

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

(d) "Final average salary" means the average monthly (or
annual) salary obtained by dividing the total salary or earnings calculated under the Article applicable to the member or participant during the last 120 months (or 10 years) of service in which the total salary or earnings calculated under the applicable Article was the highest by the number of months (or years) of service in that period. For the purposes of a person who first becomes a member or participant of an affected pension fund on or after 6 months after the ordinance or resolution date, in this Code, "final average salary" shall be substituted for the following:

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

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

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

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

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

(h) Any retirement annuity or supplemental annuity shall be subject to annual increases on the first anniversary of the annuity start date. Each annual increase shall be one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-w for the 12 months ending with the September preceding each November 1 of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-w for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

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

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

(j) In lieu of any other employee contributions, except for the contribution to the defined contribution plan under subsection (k) of this Section, each employee shall contribute 6.2% of his her or salary to the affected pension fund. However, the employee contribution under this subsection shall not exceed the amount of the normal cost of the benefits under this Section (except for the defined contribution plan under subsection (k) of this Section), expressed as a percentage of payroll and determined on or before November 1 of each year by the board of trustees of the affected pension fund. If the board of trustees of the affected pension fund determines that
the 6.2% employee contribution rate exceeds the normal cost of
the benefits under this Section (except for the defined
contribution plan under subsection (k) of this Section), then
on or before December 1 of that year, the board of trustees
shall certify the amount of the normal cost of the benefits
under this Section (except for the defined contribution plan
under subsection (k) of this Section), expressed as a
percentage of payroll, to the State Actuary and the Commission
on Government Forecasting and Accountability, and the employee
contribution under this subsection shall be reduced to that
amount beginning January 1 of the following year. Thereafter,
if the normal cost of the benefits under this Section (except
for the defined contribution plan under subsection (k) of this
Section), expressed as a percentage of payroll and determined
on or before November 1 of each year by the board of trustees
of the affected pension fund, exceeds 6.2% of salary, then on
or before December 1 of that year, the board of trustees shall
certify the normal cost to the State Actuary and the Commission
on Government Forecasting and Accountability, and the employee
contributions shall revert back to 6.2% of salary beginning
January 1 of the following year.

(k) No later than 5 months after the resolution or
ordinance date, an affected pension fund shall prepare and
implement a defined contribution plan for members or
participants who are subject to this Section. The defined
contribution plan developed under this subsection shall be a
plan that aggregates employer and employee contributions in
individual participant accounts which, after meeting any other
requirements, are used for payouts after retirement in
accordance with this subsection and any other applicable laws.

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

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

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

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

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

(6) To the extent authorized under federal law and as
authorized by the affected pension fund, the defined
The contribution plan shall allow former participants in the plan to transfer or roll over employee and employer contributions, and the earnings thereon, into other qualified retirement plans.

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

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

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

(40 ILCS 5/1-167 new)

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

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

(b) If approved by the Board of the applicable pension fund
or retirement system, an active Tier 1 employee may make an irrevocable election to agree to delay his or her eligibility for automatic annual increases in retirement annuity and to reduce the amount of the automatic annual increases in his or her retirement annuity and survivor's annuity as provided in subsection (e) of Section 1-160.

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

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

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

(d) Each fund or system that conducts the election shall make a good faith effort to contact Tier 1 members subject to this Section. The fund or system shall describe the election, publish the details on its website, and publish those details in a regularly published newsletter or other existing public forum. Upon request, the fund or system shall offer Tier 1 employees an opportunity to receive information before making the election. The information may be provided through video materials, group presentations, individual consultation with a member or authorized representative of the fund or system in person or by telephone or other electronic means, or any
combination of those methods. The fund or system shall inform Tier 1 members that the member may also wish to obtain information and counsel relating to the election under this Section from any other available source, including, but not limited to, labor organizations and private counsel.

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

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

(40 ILCS 5/2-105.3 new)

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

(40 ILCS 5/2-108) (from Ch. 108 1/2, par. 2-108) (Text of Section WITHOUT the changes made by P.A. 98-599, which has been held unconstitutional)

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

(1) For members of the General Assembly, the total compensation paid to the member by the State for one year of service, including the additional amounts, if any, paid to the
member as an officer pursuant to Section 1 of "An Act in relation to the compensation and emoluments of the members of the General Assembly", approved December 6, 1907, as now or hereafter amended.

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

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

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

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

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

(40 ILCS 5/2-110.3 new)

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

(a) If approved by resolution of the Board, an active Tier
1 employee may make an irrevocable election to agree to delay
his or her eligibility for automatic annual increases in
retirement annuity as provided in subsection (a-1) of Section
2-119.1 and to have the amount of the automatic annual
increases in his or her retirement annuity and survivor's
annuity that are otherwise provided for in this Article
calculated, instead, as provided in subsection (a-1) of Section
2-119.1.

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

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

(d) The System shall make a good faith effort to contact
each Tier 1 employee subject to this Section. Such
correspondence shall describe the election to each Tier 1
employee. If the Tier 1 employee is not responsive, it is
sufficient for the System to publish the details of any
elections on its website or to publish those details in a
regularly published newsletter or other existing public forum.
Tier 1 employees who are subject to this Section shall be provided with an election packet containing information regarding their options, as well as the forms necessary to make the election. Upon request, the System shall offer Tier 1 employees an opportunity to receive information from the System before making the election. The information may be provided through video materials, group presentations, individual consultation with a member or authorized representative of the System in person or by telephone or other electronic means, or any combination of those methods. The System shall not provide advice or counseling with respect to the legal or tax circumstances of or consequences of making the election in subsection (a) of this Section.

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

In no event shall the System, its staff, or the Board be held liable for any information given to a member regarding the election under this Section. The System shall coordinate with other retirement systems administering an election in accordance with this amendatory Act of the 100th General Assembly to provide information concerning the impact of the election set forth in this Section.
(d-5) To the extent authorized under federal law and as authorized by the retirement system, a Tier 1 employee may transfer or roll over the consideration payment into other qualified retirement plans.

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

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

(40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)
(Text of Section WITHOUT the changes made by P.A. 98-599, which has been held unconstitutional)
Sec. 2-119.1. Automatic increase in retirement annuity.
(a) Except as provided in subsection (a-1), a participant who retires after June 30, 1967, and who has not received an initial increase under this Section before the effective date of this amendatory Act of 1991, shall, in January or July next following the first anniversary of retirement, whichever occurs first, and in the same month of each year thereafter, but in no event prior to age 60, have the amount of the originally granted retirement annuity increased as follows:
for each year through 1971, 1 1/2%; for each year from 1972
through 1979, 2%; and for 1980 and each year thereafter, 3%.
Annuitants who have received an initial increase under this
subsection prior to the effective date of this amendatory Act
of 1991 shall continue to receive their annual increases in the
same month as the initial increase.

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

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

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

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

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

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

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

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

(d) A participant who terminated service prior to July 1, 1967, with at least 14 years of service is entitled to an increase in retirement annuity beginning January, 1976, and to
additional increases in January of each year thereafter.

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

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

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

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

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

Sec. 2-126. Contributions by participants.

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

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

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

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

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

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

(f) As adequate and legal consideration provided under this amendatory Act of the 100th General Assembly for making an election under subsection (a) of Section 2-110.3, beginning on the effective date of the Tier 1 employee's election under subsection (a) of Section 2-110.3, in lieu of the contributions otherwise required under this Section, each Tier 1 employee who made the election under subsection (a) of Section 2-110.3 shall contribute 8.5% of each payment of salary toward the cost of
his or her retirement annuity and 1.85% of each payment of salary toward the cost of the survivor's annuity.

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

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

(40 ILCS 5/2-162)

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

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

(a) As used in this Section, "new benefit increase" means an increase in the amount of any benefit provided under this Article, or an expansion of the conditions of eligibility for any benefit under this Article, that results from an amendment to this Code that takes effect after the effective date of this
amendatory Act of the 94th General Assembly. "New benefit increase", however, does not include any benefit increase resulting from the changes made to this Article by this amendatory Act of the 100th General Assembly.

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

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

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

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

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

(e) Except as otherwise provided in the language creating
the new benefit increase, a new benefit increase that expires
under this Section continues to apply to persons who applied
and qualified for the affected benefit while the new benefit
increase was in effect and to the affected beneficiaries and
alternate payees of such persons, but does not apply to any
other person, including without limitation a person who
continues in service after the expiration date and did not
apply and qualify for the affected benefit while the new
benefit increase was in effect.
(Source: P.A. 94-4, eff. 6-1-05.)

(40 ILCS 5/2-165.1 new)

Sec. 2-165.1. Defined contribution plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(40 ILCS 5/2-166.1 new)

Sec. 2-166.1. Defined contribution plan; termination. If the defined contribution plan is terminated or becomes inoperative pursuant to law, then each participant in the plan
shall automatically be deemed to have been a contributing Tier 1 employee in the System's defined benefit plan during the time in which he or she participated in the defined contribution plan, and for that purpose the System shall be entitled to recover the amounts in the participant's defined contribution accounts.

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

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

Sec. 14-103.10. Compensation.

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

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

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

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

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

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

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

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

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

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

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

(40 ILCS 5/14-103.41 new)

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

(40 ILCS 5/14-106.5 new)

Sec. 14-106.5. Election by Tier 1 employees. (a) If approved by resolution of the Board, an active Tier 1 employee may make an irrevocable election to agree to delay
his or her eligibility for automatic annual increases in retirement annuity as provided in subsection (a-1) of Section 14-114 and to have the amount of the automatic annual increases in his or her retirement annuity and survivors or widow's annuity that are otherwise provided for in this Article calculated, instead, as provided in subsection (a-1) of Section 14-114.

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

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

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

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

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

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

(d-5) To the extent authorized under federal law and as
authorized by the retirement system, a Tier 1 employee may
transfer or roll over the consideration payment into other
qualified retirement plans.
(e) A member's election under this Section is not a
prohibited election under subdivision (j)(1) of Section 1-119
of this Code.
(f) No provision of this Section shall be interpreted in a
way that would cause the System to cease to be a qualified plan
under Section 401(a) of the Internal Revenue Code of 1986. The
provisions of this Section shall be subject to and implemented
in a manner that complies with Section 21 of Article V of the
Illinois Constitution.

(40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)
(Text of Section WITHOUT the changes made by P.A. 98-599,
which has been held unconstitutional)
Sec. 14-114. Automatic increase in retirement annuity.
(a) Subject to the provisions of subsections (a-1), any Any
person receiving a retirement annuity under this Article who
retires having attained age 60, or who retires before age 60
having at least 35 years of creditable service, or who retires
on or after January 1, 2001 at an age which, when added to the
number of years of his or her creditable service, equals at
least 85, shall, on January 1 next following the first full
year of retirement, have the amount of the then fixed and
payable monthly retirement annuity increased 3%. Any person
receiving a retirement annuity under this Article who retires before attainment of age 60 and with less than (i) 35 years of creditable service if retirement is before January 1, 2001, or (ii) the number of years of creditable service which, when added to the member's age, would equal 85, if retirement is on or after January 1, 2001, shall have the amount of the fixed and payable retirement annuity increased by 3% on the January 1 occurring on or next following (1) attainment of age 60, or (2) the first anniversary of retirement, whichever occurs later. However, for persons who receive the alternative retirement annuity under Section 14-110, references in this subsection (a) to attainment of age 60 shall be deemed to refer to attainment of age 55. For a person receiving early retirement incentives under Section 14-108.3 whose retirement annuity began after January 1, 1992 pursuant to an extension granted under subsection (e) of that Section, the first anniversary of retirement shall be deemed to be January 1, 1993. For a person who retires on or after June 28, 2001 and on or before October 1, 2001, and whose retirement annuity is calculated, in whole or in part, under Section 14-110 or subsection (g) or (h) of Section 14-108, the first anniversary of retirement shall be deemed to be January 1, 2002.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) Noncovered employees serving in a position in which
"eligible creditable service" as defined in Section 14-110 may be earned, 10.35% for retirement annuity and 0.9% for a widow or survivors annuity;

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

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

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

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

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

(40 ILCS 5/14-147.5 new)

Sec. 14-147.5. Accelerated pension benefit payment.
(a) As used in this Section:

"Eligible person" means a person who:

(1) has terminated service;

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

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

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

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

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

During a period of 3 months determined by the Board, an eligible person may irrevocably elect to receive an accelerated pension benefit payment in the amount that the System offers under this subsection in lieu of receiving any pension benefit. A person who elects to receive an accelerated pension benefit payment under this Section may not elect to proceed under the Retirement Systems Reciprocal Act with respect to service under this Article. The accelerated pension benefit payment shall be paid by the System.

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

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

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

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

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

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

(g) No provision of this Section shall be interpreted in a way that would cause the applicable System to cease to be a qualified plan under the Internal Revenue Code of 1986.
(40 ILCS 5/14-152.1)

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

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

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

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

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

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

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

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

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

(40 ILCS 5/14-155.1 new)

Sec. 14-155.1. Defined contribution plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(40 ILCS 5/14-155.2 new)

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

(a) As used in this Section:

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

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

(b) In lieu of the defined benefit plan, an eligible covered employee may irrevocably elect to participate in the defined contribution plan under this Section. The election to participate in the defined contribution plan must be made within 30 days after becoming an eligible covered employee. The election to participate in the defined contribution plan under this Section is voluntary and irrevocable.
(c) No later than July 1, 2018, the System shall prepare and implement a voluntary defined contribution plan for eligible covered employees. The defined contribution plan developed under this Section shall be a plan that aggregates employer and employee contributions in individual participant accounts which, after meeting any other requirements, are used for payouts after retirement in accordance with this Section and any other applicable laws.

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

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

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

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

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

(6) To the extent authorized under federal law and as authorized by the affected pension fund, the defined
contribution plan shall allow former participants in the plan to transfer or roll over employee and employer contributions, and the earnings thereon, into other qualified retirement plans.

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

(40 ILCS 5/14-156.1 new)

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

(40 ILCS 5/15-108.1)

Sec. 15-108.1. Tier 1 member; Tier 1 employee.
"Tier 1 member": A participant or an annuitant of a retirement annuity under this Article, other than a participant in the self-managed plan under Section 15-158.2, who first
became a participant or member before January 1, 2011 under any reciprocal retirement system or pension fund established under this Code, other than a retirement system or pension fund established under Articles 2, 3, 4, 5, 6, or 18 of this Code. "Tier 1 member" includes a person who first became a participant under this System before January 1, 2011 and who accepts a refund and is subsequently reemployed by an employer on or after January 1, 2011.

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

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

(40 ILCS 5/15-108.2)

Sec. 15-108.2. Tier 2 member. "Tier 2 member": A person who first becomes a participant under this Article on or after January 1, 2011 and before July 1, 2018, other than a person in the self-managed plan established under Section 15-158.2 or a person who makes the election under subsection (c) of Section
1-161, unless the person is otherwise a Tier 1 member. "Tier 2 member" does not include a person who makes the election under subsection (c-5) of Section 1-161. The changes made to this Section by this amendatory Act of the 98th General Assembly are a correction of existing law and are intended to be retroactive to the effective date of Public Act 96-889, notwithstanding the provisions of Section 1-103.1 of this Code.

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

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

Sec. 15-111. Earnings.

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

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

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

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

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

(b) For a Tier 2 member, the annual earnings shall not exceed $106,800; however, that amount shall annually thereafter be increased by the lesser of (i) 3\% of that amount, including all previous adjustments, or (ii) one half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the
September preceding each November 1, including all previous adjustments.

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

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

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

(40 ILCS 5/15-132.9 new)

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

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

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

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

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

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

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

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

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

(e) A member's election under this Section is not a prohibited election under subdivision (j)(1) of Section 1-119.
(f) No provision of this Section shall be interpreted in a way that would cause the System to cease to be a qualified plan under Section 401(a) of the Internal Revenue Code of 1986.

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

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

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

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

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

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

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

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

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

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

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

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

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

Rule 3: The retirement annuity of a participant who is employed at least one-half time during the period on which his or her final rate of earnings is based, shall be equal to the participant's years of service not to exceed 30, multiplied by (1) $96 if the participant's final rate of earnings is less than $3,500, (2) $108 if the final rate of earnings is at least $3,500 but less than $4,500, (3) $120 if the final rate of earnings is at least $4,500 but less than $5,500, (4) $132 if the final rate of earnings is at least $5,500 but less than $6,500, (5) $144 if the final rate of earnings is at least $6,500 but less than $7,500, (6) $156 if the final rate of earnings is at least $7,500 but less than $8,500, (7) $168 if the final rate of earnings is at least $8,500 but less than $9,500, and (8) $180 if the final rate of earnings is $9,500 or more, except that the annuity for those persons having made an election under Section 15-154(a-1) shall be calculated and
Rule 4: A participant who is at least age 50 and has 25 or more years of service as a police officer or firefighter, and a participant who is age 55 or over and has at least 20 but less than 25 years of service as a police officer or firefighter, shall be entitled to a retirement annuity of 2 1/4% of the final rate of earnings for each of the first 10 years of service as a police officer or firefighter, 2 1/2% for each of the next 10 years of service as a police officer or firefighter, and 2 3/4% for each year of service as a police officer or firefighter in excess of 20. The retirement annuity for all other service shall be computed under Rule 1. A Tier 2 member is eligible for a retirement annuity calculated under Rule 4 only if that Tier 2 member meets the service requirements for that benefit calculation as prescribed under this Rule 4 in addition to the applicable age requirement under subsection (a-5) of Section 15-135.

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

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

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

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

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

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

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

(b-5) The retirement annuity of a Tier 2 member who is
retiring after attaining age 62 with at least 10 years of service credit shall be reduced by 1/2 of 1% for each full month that the member's age is under age 67.

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

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

Effective January 1 immediately following the date the retirement annuity begins, the annuitant shall receive an increase in his or her monthly retirement annuity of 0.125% of the monthly retirement annuity provided under Rule 1, Rule 2, Rule 3, or Rule 4 contained in this Section, multiplied by the number of full months which elapsed from the date the retirement annuity payments began to January 1, 1972, plus 0.1667% of such annuity, multiplied by the number of full months which elapsed from January 1, 1972, or the date the retirement annuity payments began, whichever is later, to January 1, 1978, plus 0.25% of such annuity multiplied by the number of full months which elapsed from January 1, 1978, or
the date the retirement annuity payments began, whichever is later, to the effective date of the increase.

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

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

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

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

(1) The initial increase in retirement annuity under this Section shall occur on the January 1 occurring either on or after the attainment of age 67 or the fifth anniversary of the annuity start date, whichever is earlier.
(2) The amount of each automatic annual increase in retirement annuity or survivor annuity occurring on or after the effective date of that election shall be calculated as a percentage of the originally granted retirement annuity or survivor annuity, equal to 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

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

(d-5) A retirement annuity of a Tier 2 member shall receive annual increases on the January 1 occurring either on or after the attainment of age 67 or the first anniversary of the annuity start date, whichever is later. Each annual increase
shall be calculated at 3% or one half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

(e) If, on January 1, 1987, or the date the retirement annuity payment period begins, whichever is later, the sum of the retirement annuity provided under Rule 1 or Rule 2 of this Section and the automatic annual increases provided under the preceding subsection or Section 15-136.1, amounts to less than the retirement annuity which would be provided by Rule 3, the retirement annuity shall be increased as of January 1, 1987, or the date the retirement annuity payment period begins, whichever is later, to the amount which would be provided by Rule 3 of this Section. Such increased amount shall be considered as the retirement annuity in determining benefits provided under other Sections of this Article. This paragraph applies without regard to whether status as an employee terminated before the effective date of this amendatory Act of 1987, provided that the annuitant was employed at least one-half time during the period on which the final rate of earnings was based.
(f) A participant is entitled to such additional annuity as may be provided on an actuarially equivalent basis, by any accumulated additional contributions to his or her credit. However, the additional contributions made by the participant toward the automatic increases in annuity provided under this Section shall not be taken into account in determining the amount of such additional annuity.

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

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

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

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

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

Sec. 15-155. Employer contributions.

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

The Board shall determine the amount of State contributions required for each fiscal year on the basis of the actuarial tables and other assumptions adopted by the Board and the recommendations of the actuary, using the formula in subsection (a-1).
(a-1) For State fiscal years 2012 through 2045, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 90% of the total actuarial liabilities of the System by the end of State fiscal year 2045. In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2045 and shall be determined under the projected unit credit actuarial cost method.

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

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

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

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2007 is $252,064,100.
For each of State fiscal years 2008 through 2009, the State contribution to the System, as a percentage of the applicable employee payroll, shall be increased in equal annual increments from the required State contribution for State fiscal year 2007, so that by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

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

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

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

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

Notwithstanding any other provision of this Section, the
required State contribution for State fiscal year 2005 and for
fiscal year 2008 and each fiscal year thereafter, as calculated
under this Section and certified under Section 15-165, shall
not exceed an amount equal to (i) the amount of the required
State contribution that would have been calculated under this
Section for that fiscal year if the System had not received any
payments under subsection (d) of Section 7.2 of the General
Obligation Bond Act, minus (ii) the portion of the State's
total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued in fiscal year 2003 for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

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

(i) for each of fiscal year 2019 and 2020, the defined benefit normal cost of the defined benefit plan, less the employee contribution, for each employee of that employer who has elected or who is deemed to have elected the benefits under Section 1-161 or who has made the election under subsection (c) of Section 1-161; for fiscal year 2021
and each fiscal year thereafter, the defined benefit normal
cost of the defined benefit plan, less the employee
contribution, plus 2%, for each employee of that employer
who has elected or who is deemed to have elected the
benefits under Section 1-161 or who has made the election
under subsection (c) of Section 1-161; plus

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

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

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

The contributions required under this subsection (a-2)
shall be paid by an employer concurrently with that employer's
payroll payment period. The State, as the actual employer of an
employee, shall make the required contributions under this
subsection.
As used in this subsection, "academic year" means the 12-month period beginning September 1.

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

(b-1) The City of Urbana and the City of Champaign shall each make employer contributions to this System for their respective firefighter employees who participate in this System pursuant to subsection (h) of Section 15-107. The rate of contributions to be made by those municipalities shall be determined annually by the Board on the basis of the actuarial assumptions adopted by the Board and the recommendations of the actuary, and shall be expressed as a percentage of salary for each such employee. The Board shall certify the rate to the
affected municipalities as soon as may be practical. The
employer contributions required under this subsection shall be
remitted by the municipality to the System at the same time and
in the same manner as employee contributions.

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

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

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

(f) Normal costs under this Section means liability for
pensions and other benefits which accrues to the System because
of the credits earned for service rendered by the participants
during the fiscal year and expenses of administering the
System, but shall not include the principal of or any
redemption premium or interest on any bonds issued by the Board
or any expenses incurred or deposits required in connection
therewith.

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

Whenever it determines that a payment is or may be required
under this subsection (g), the System shall calculate the
amount of the payment and bill the employer for that amount.
The bill shall specify the calculations used to determine the
amount due. If the employer disputes the amount of the bill, it 
may, within 30 days after receipt of the bill, apply to the 
System in writing for a recalculation. The application must 
specify in detail the grounds of the dispute and, if the 
employer asserts that the calculation is subject to subsection 
(h) or (i) of this Section, must include an affidavit setting 
forth and attesting to all facts within the employer's 
knowledge that are pertinent to the applicability of subsection 
(h) or (i). Upon receiving a timely application for 
recalculation, the System shall review the application and, if 
appropriate, recalculate the amount due.

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

When assessing payment for any amount due under this 
subsection (g), the System shall include earnings, to the 
extent not established by a participant under Section 15-113.11 
or 15-113.12, that would have been paid to the participant had 
the participant not taken (i) periods of voluntary or 
involuntary furlough occurring on or after July 1, 2015 and on
or before June 30, 2017 or (ii) periods of voluntary pay reduction in lieu of furlough occurring on or after July 1, 2015 and on or before June 30, 2017. Determining earnings that would have been paid to a participant had the participant not taken periods of voluntary or involuntary furlough or periods of voluntary pay reduction shall be the responsibility of the employer, and shall be reported in a manner prescribed by the System.

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

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

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

When assessing payment for any amount due under subsection (g), the System shall exclude earnings increases resulting from overload work, including a contract for summer teaching, or overtime when the employer has certified to the System, and the
System has approved the certification, that: (i) in the case of
overloads (A) the overload work is for the sole purpose of
academic instruction in excess of the standard number of
instruction hours for a full-time employee occurring during the
academic year that the overload is paid and (B) the earnings
increases are equal to or less than the rate of pay for
academic instruction computed using the participant's current
salary rate and work schedule; and (ii) in the case of
overtime, the overtime was necessary for the educational
mission.

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

(i) When assessing payment for any amount due under
subsection (g), the System shall exclude any salary increase
described in subsection (h) of this Section given on or after
July 1, 2011 but before July 1, 2014 under a contract or
collective bargaining agreement entered into, amended, or
renewed on or after June 1, 2005 but before July 1, 2011.
Notwithstanding any other provision of this Section, any
payments made or salary increases given after June 30, 2014
shall be used in assessing payment for any amount due under
subsection (g) of this Section.

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

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

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

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

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

(k) The Illinois Community College Board shall adopt rules
for recommending lists of promotional positions submitted to
the Board by community colleges and for reviewing the
promotional lists on an annual basis. When recommending promotional lists, the Board shall consider the similarity of the positions submitted to those positions recognized for State universities by the State Universities Civil Service System. The Illinois Community College Board shall file a copy of its findings with the System. The System shall consider the findings of the Illinois Community College Board when making determinations under this Section. The System shall not exclude any earnings increases resulting from a promotion when the promotion was not submitted by a community college. Nothing in this subsection (k) shall require any community college to submit any information to the Community College Board.

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

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

(m) For purposes of determining the required State contribution to the system for a particular year, the actuarial value of assets shall be assumed to earn a rate of return equal
to the system's actuarially assumed rate of return.
(Source: P.A. 98-92, eff. 7-16-13; 98-463, eff. 8-16-13;
99-897, eff. 1-1-17.)

(40 ILCS 5/15-155.2 new)

Sec. 15-155.2. Individual employer accounts.

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

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

(c) Beginning in fiscal year 2019, the System shall assign
notional assets to each employer's account equal to the amounts
of employer contributions made pursuant to items (i) and (ii)
of subsection (a-2) of Section 15-155.
Sec. 15-157. Employee Contributions.

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

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

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

(c) Except as provided in subsection (c-5), in addition
to the amounts described in subsections (a) and (b) of this
Section, each participating employee shall make contributions
of 1% of earnings applicable under this system on and after
August 1, 1959. The contributions made under this subsection
(c) shall be considered as survivor's insurance contributions
for purposes of this Article if the employee is covered under
the traditional benefit package, and such contributions shall
be considered as additional contributions for purposes of this
Article if the employee is participating in the self-managed
plan or has elected to participate in the portable benefit
package and has completed the applicable one-year waiting
period. Contributions in excess of $80 during any fiscal year
beginning before August 31, 1969 and in excess of $120 during
any fiscal year thereafter until September 1, 1971 shall be
considered as additional contributions for purposes of this
Article.

(c-5) As adequate and legal consideration provided under
this amendatory Act of the 100th General Assembly for making an
election under subsection (a) of Section 15-132.9, beginning on
the effective date of the Tier 1 employee's election under
subsection (a) of Section 15-132.9, in lieu of the
contributions otherwise required under subsection (c), each
Tier 1 employee who made the election under subsection (a) of
Section 15-132.9 shall make contributions of 0.7% of earnings
applicable under this System and each Tier 1 employee who is a
police officer or firefighter who makes normal contributions of
8% of each payment of earnings applicable to employment as a
police officer or firefighter under this System and who made
the election under subsection (a) of Section 15-132.9 shall
make contributions of 0.55% of earnings applicable under this
System. The contributions made under this subsection (c-5)
shall be considered as survivor's insurance contributions for purposes of this Article and such contributions shall be considered as additional contributions for purposes of this Article if the employee has elected to participate in the portable benefit package and has completed the applicable one-year waiting period.

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

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

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

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

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

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

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

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

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

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

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

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

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

(a-5) On or before November 1 of each year, beginning November 1, 2012, the Board shall submit to the State Actuary, the Governor, and the General Assembly a proposed certification of the amount of the required State contribution to the System for the next fiscal year, along with all of the actuarial assumptions, calculations, and data upon which that proposed certification is based. On or before January 1 of each year, beginning January 1, 2013, the State Actuary shall issue a preliminary report concerning the proposed certification and identifying, if necessary, recommended changes in actuarial assumptions that the Board must consider before finalizing its certification of the required State contributions. On or before
January 15, 2013 and each January 15 thereafter, the Board shall certify to the Governor and the General Assembly the amount of the required State contribution for the next fiscal year. The Board's certification must note, in a written response to the State Actuary, any deviations from the State Actuary's recommended changes, the reason or reasons for not following the State Actuary's recommended changes, and the fiscal impact of not following the State Actuary's recommended changes on the required State contribution.

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

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

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

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

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

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

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

(40 ILCS 5/15-185.5 new)

Sec. 15-185.5. Accelerated pension benefit payment.

(a) As used in this Section:

"Eligible participant" means a participant who:

(1) is no longer a participating employee;

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

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

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

(5) is not a participant in the self-managed plan under Section 15-158.2.
"Pension benefit" means the benefits under this Article, or Article 1 as it relates to those benefits, including any anticipated annual increases, that an eligible participant is entitled to upon attainment of the applicable retirement age. "Pension benefit" also includes applicable survivor's or disability benefits.

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

During a period of 3 months determined by the Board, an eligible person may irrevocably elect to receive an accelerated pension benefit payment in the amount that the System offers under this subsection in lieu of receiving any pension benefit. A person who elects to receive an accelerated pension benefit payment under this Section may not elect to proceed under the
Retirement Systems Reciprocal Act with respect to service under this Article. The accelerated pension benefit payment shall be paid by the System.

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

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

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

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

(e) As a condition of receiving an accelerated pension benefit payment, an eligible participant must have another
retirement plan or account qualified under the Internal Revenue Code of 1986, as amended, for the accelerated pension benefit payment to be rolled into. The accelerated pension benefit payment under this Section may be subject to withholding or payment of applicable taxes, but to the extent permitted by federal law, a person who accepts an accelerated pension benefit payment under this Section must direct the System to pay all of that payment as a rollover into another retirement plan or account qualified under the Internal Revenue Code of 1986, as amended.

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

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

(40 ILCS 5/15-198)

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

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

(a) As used in this Section, "new benefit increase" means an increase in the amount of any benefit provided under this Article, or an expansion of the conditions of eligibility for any benefit under this Article, that results from an amendment to this Code that takes effect after the effective date of this
amendatory Act of the 94th General Assembly. "New benefit increase", however, does not include any benefit increase resulting from the changes made to this Article by this amendatory Act of the 100th General Assembly.

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

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

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

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

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

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

(40 ILCS 5/15-200.1 new)
Sec. 15-200.1. Defined contribution plan.
(a) By July 1, 2018, the System shall prepare and implement
a voluntary defined contribution plan for up to 5% of eligible
Tier 1 employees. The System shall determine the 5% cap by the
number of Tier 1 employees on the effective date of this Section. The defined contribution plan developed under this Section shall be a plan that aggregates employer and employee contributions in individual participant accounts which, after meeting any other requirements, are used for payouts after retirement in accordance with this Section and any other applicable laws.

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

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

(2) Participants in the defined contribution plan
shall pay employee contributions at the same rate as other participants under this Article as determined by the System.

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

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

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

(6) The defined contribution plan shall provide a variety of options for investments. These options shall
include investments handled by the System as well as private sector investment options.

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

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

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

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

(c) An eligible Tier 1 employee may irrevocably elect to participate in the defined contribution plan by filing with the System a written application to participate that is received by the System prior to its determination that 5% of eligible persons have elected to participate in the defined contribution
When the System first determines that 5% of eligible persons have elected to participate in the defined contribution plan, the System shall provide notice to previously eligible employees that the plan is no longer available and shall cease accepting applications to participate.

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

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

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

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

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

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

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

(40 ILCS 5/15-201.1 new)

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

(40 ILCS 5/16-107.1 new)

Sec. 16-107.1. Tier 1 employee. "Tier 1 employee": A teacher under this Article who first became a member or participant before January 1, 2011 under any reciprocal retirement system or pension fund established under this Code other than a retirement system or pension fund established under Article 2, 3, 4, 5, 6, or 18 of this Code. However, for the purposes of the election under Section 16-122.9, "Tier 1 employee" does not include a teacher under this Article who would qualify as a Tier 1 employee but who has made an irrevocable election on or before June 1, 2017 to retire from
service pursuant to the terms of an employment contract or a
collective bargaining agreement in effect on June 1, 2017,
excluding any extension, amendment, or renewal of that
agreement after that date, and has notified the System of that
election.

(40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)
(Text of Section WITHOUT the changes made by P.A. 98-599,
which has been held unconstitutional)

Sec. 16-121. Salary. "Salary": The actual compensation
received by a teacher during any school year and recognized by
the system in accordance with rules of the board. For purposes
of this Section, "school year" includes the regular school term
plus any additional period for which a teacher is compensated
and such compensation is recognized by the rules of the board.
Notwithstanding any other provision of this Section,
"salary" does not include any consideration payment made to a
Tier 1 employee.
(Source: P.A. 84-1028.)

(40 ILCS 5/16-122.9 new)
Sec. 16-122.9. Election by Tier 1 employees.
(a) If approved by resolution of the Board, an active Tier
1 employee may make an irrevocable election to agree to delay
his or her eligibility for automatic annual increases in
retirement annuity as provided in subsection (a-1) of Section
16-133.1 or subsection (b-1) of Section 16-136.1, whichever is applicable, and to have the amount of the automatic annual increases in his or her retirement annuity and survivor benefit that are otherwise provided for in this Article calculated, instead, as provided in subsection (a-1) of Section 16-133.1 or subsection (b-1) of Section 16-136.1, whichever is applicable.

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

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

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

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

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

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

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

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

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

(40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)
(Text of Section WITHOUT the changes made by P.A. 98-599, which has been held unconstitutional)

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

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

Except as otherwise provided in subsection (a-1), an annuitant shall first be entitled to an initial increase under this Section on the January 1 next following the first anniversary of retirement, or January 1 of the year next following attainment of age 61, whichever is later. At such time, the system shall pay an initial increase determined as follows:
(1) 1.5% of the originally granted retirement annuity or disability retirement annuity multiplied by the number of years elapsed, if any, from the date of retirement until January 1, 1972, plus

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

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

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

Except as otherwise provided in subsection (a-1), following the initial increase, automatic annual increases in annuity shall be payable on each January 1 thereafter during the lifetime of the annuitant, determined as a percentage of the originally granted retirement annuity or disability retirement annuity for increases granted prior to January 1, 1990, and calculated as a percentage of the total amount of annuity, including previous increases under this
Section, for increases granted on or after January 1, 1990, as follows: 1.5% for periods prior to January 1, 1972, 2% for periods after December 31, 1971 and prior to January 1, 1978, and 3% for periods after December 31, 1977.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Except as otherwise provided in subsection (b-1), if
applicable, an annuitant who has received an initial
increase under this Section shall be entitled, on each January
1 following the granting of the initial increase, to an
increase of 3% of the original monthly retirement annuity for
increases granted prior to January 1, 1990, and equal to 3% of the total annuity, including previous increases under this Section, for increases granted on or after January 1, 1990. The original monthly retirement annuity for computations under this subsection (b) shall be considered to be $83.34 for any annuitant entitled to benefits under Section 16-134. The minimum original disability retirement annuity for computations under this subsection (b) shall be considered to be $33.34 per month for any annuitant retired on account of disability.

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

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

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

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

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

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

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

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

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

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

Sec. 16-152. Contributions by members.

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

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

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

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

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

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

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

(2) Contributions of 0.60% towards the cost of survivor benefits. Such contributions shall not be credited to the individual account of the member and shall not be subject
to refund except as provided in Section 16-143.2.

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

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

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

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

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

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

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

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

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

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

(40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)
Sec. 16-158. Contributions by State and other employing units.

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

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

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

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

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

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

(a-5) On or before November 1 of each year, beginning November 1, 2012, the Board shall submit to the State Actuary, the Governor, and the General Assembly a proposed certification of the amount of the required State contribution to the System for the next fiscal year, along with all of the actuarial assumptions, calculations, and data upon which that proposed certification is based. On or before January 1 of each year, beginning January 1, 2013, the State Actuary shall issue a preliminary report concerning the proposed certification and identifying, if necessary, recommended changes in actuarial assumptions that the Board must consider before finalizing its certification of the required State contributions. On or before
January 15, 2013 and each January 15 thereafter, the Board shall certify to the Governor and the General Assembly the amount of the required State contribution for the next fiscal year. The Board's certification must note any deviations from the State Actuary's recommended changes, the reason or reasons for not following the State Actuary's recommended changes, and the fiscal impact of not following the State Actuary's recommended changes on the required State contribution.

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

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

(b-1) Beginning in State fiscal year 1996, on the 15th day of each month, or as soon thereafter as may be practicable, the Board shall submit vouchers for payment of State contributions to the System, in a total monthly amount of one-twelfth of the required annual State contribution certified under subsection (a-1). From the effective date of this amendatory Act of the 93rd General Assembly through June 30, 2004, the Board shall not submit vouchers for the remainder of fiscal year 2004 in excess of the fiscal year 2004 certified contribution amount determined under this Section after taking into consideration the transfer to the System under subsection (a) of Section
6z-61 of the State Finance Act. These vouchers shall be paid by
the State Comptroller and Treasurer by warrants drawn on the
funds appropriated to the System for that fiscal year.

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

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

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

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

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

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

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

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

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

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2011 is the amount recertified by the System on or before April 1, 2011 pursuant to subsection (a-1) of this Section and shall be made from the proceeds of bonds sold in fiscal year 2011 pursuant to Section 7.2 of the General Obligation Bond Act, less (i) the pro rata share of bond sale expenses determined by the System's share of total bond proceeds, (ii) any amounts received from the Common School Fund in fiscal year 2011, and (iii) any reduction in bond proceeds due to the issuance of discounted bonds, if applicable. This amount shall include, in addition to the amount certified by the System, an amount necessary to meet
employer contributions required by the State as an employer under paragraph (e) of this Section, which may also be used by the System for contributions required by paragraph (a) of Section 16-127.

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

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

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter, as calculated under this Section and certified under subsection (a-1), shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this
Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued in fiscal year 2003 for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

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

(i) for each of fiscal years 2019 and 2020, the defined benefit normal cost of the defined benefit plan, less the employee contribution, for each employee of that employer
who has elected or who is deemed to have elected the benefits under Section 1-161 or who has made the election under subsection (b) of Section 1-161; for fiscal year 2021 and each fiscal year thereafter, the defined benefit normal cost of the defined benefit plan, less the employee contribution, plus 2%, for each employee of that employer who has elected or who is deemed to have elected the benefits under Section 1-161 or who has made the election under subsection (b) of Section 1-161; plus

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

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

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

The contributions required under this subsection (b-4) shall be paid by an employer concurrently with that employer's
payroll payment period. The State, as the actual employer of an employee, shall make the required contributions under this subsection.

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

If members are paid from special trust or federal funds which are administered by the employing unit, whether school district or other unit, the employing unit shall pay to the System from such funds the full accruing retirement costs based upon that service, which, beginning July 1, 2014, shall be at a rate, expressed as a percentage of salary, equal to the total minimum contribution to the System to be made by the State for that fiscal year, including both normal cost and unfunded liability components, expressed as a percentage of payroll, as determined by the System under subsection (b-3) of this Section. Employer contributions, based on salary paid to members from federal funds, may be forwarded by the distributing agency of the State of Illinois to the System prior to allocation, in an amount determined in accordance with guidelines established by such agency and the System. Any contribution for fiscal year 2015 collected as a result of the change made by this amendatory Act of the 98th General Assembly shall be considered a State contribution under subsection (b-3)
(d) Effective July 1, 1986, any employer of a teacher as defined in paragraph (8) of Section 16-106 shall pay the employer's normal cost of benefits based upon the teacher's service, in addition to employee contributions, as determined by the System. Such employer contributions shall be forwarded monthly in accordance with guidelines established by the System.

However, with respect to benefits granted under Section 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8) of Section 16-106, the employer's contribution shall be 12% (rather than 20%) of the member's highest annual salary rate for each year of creditable service granted, and the employer shall also pay the required employee contribution on behalf of the teacher. For the purposes of Sections 16-133.4 and 16-133.5, a teacher as defined in paragraph (8) of Section 16-106 who is serving in that capacity while on leave of absence from another employer under this Article shall not be considered an employee of the employer from which the teacher is on leave.

(e) Beginning July 1, 1998, every employer of a teacher shall pay to the System an employer contribution computed as follows:

(1) Beginning July 1, 1998 through June 30, 1999, the employer contribution shall be equal to 0.3% of each teacher's salary.
(2) Beginning July 1, 1999 and thereafter, the employer contribution shall be equal to 0.58% of each teacher's salary.

The school district or other employing unit may pay these employer contributions out of any source of funding available for that purpose and shall forward the contributions to the System on the schedule established for the payment of member contributions.

These employer contributions are intended to offset a portion of the cost to the System of the increases in retirement benefits resulting from this amendatory Act of 1998.

Each employer of teachers is entitled to a credit against the contributions required under this subsection (e) with respect to salaries paid to teachers for the period January 1, 2002 through June 30, 2003, equal to the amount paid by that employer under subsection (a-5) of Section 6.6 of the State Employees Group Insurance Act of 1971 with respect to salaries paid to teachers for that period.

The additional 1% employee contribution required under Section 16-152 by this amendatory Act of 1998 is the responsibility of the teacher and not the teacher's employer, unless the employer agrees, through collective bargaining or otherwise, to make the contribution on behalf of the teacher.

If an employer is required by a contract in effect on May 1, 1998 between the employer and an employee organization to pay, on behalf of all its full-time employees covered by this
Article, all mandatory employee contributions required under this Article, then the employer shall be excused from paying the employer contribution required under this subsection (e) for the balance of the term of that contract. The employer and the employee organization shall jointly certify to the System the existence of the contractual requirement, in such form as the System may prescribe. This exclusion shall cease upon the termination, extension, or renewal of the contract at any time after May 1, 1998.

(f) If the amount of a teacher's salary for any school year used to determine final average salary exceeds the member's annual full-time salary rate with the same employer for the previous school year by more than 6%, the teacher's employer shall pay to the System, in addition to all other payments required under this Section and in accordance with guidelines established by the System, the present value of the increase in benefits resulting from the portion of the increase in salary that is in excess of 6%. This present value shall be computed by the System on the basis of the actuarial assumptions and tables used in the most recent actuarial valuation of the System that is available at the time of the computation. If a teacher's salary for the 2005-2006 school year is used to determine final average salary under this subsection (f), then the changes made to this subsection (f) by Public Act 94-1057 shall apply in calculating whether the increase in his or her salary is in excess of 6%. For the purposes of this Section,
change in employment under Section 10-21.12 of the School Code on or after June 1, 2005 shall constitute a change in employer. The System may require the employer to provide any pertinent information or documentation. The changes made to this subsection (f) by this amendatory Act of the 94th General Assembly apply without regard to whether the teacher was in service on or after its effective date.

Whenever it determines that a payment is or may be required under this subsection, the System shall calculate the amount of the payment and bill the employer for that amount. The bill shall specify the calculations used to determine the amount due. If the employer disputes the amount of the bill, it may, within 30 days after receipt of the bill, apply to the System in writing for a recalculation. The application must specify in detail the grounds of the dispute and, if the employer asserts that the calculation is subject to subsection (g) or (h) of this Section, must include an affidavit setting forth and attesting to all facts within the employer's knowledge that are pertinent to the applicability of that subsection. Upon receiving a timely application for recalculation, the System shall review the application and, if appropriate, recalculate the amount due.

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

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

When assessing payment for any amount due under subsection
(f), the System shall exclude salary increases paid to teachers
under contracts or collective bargaining agreements entered
into, amended, or renewed before June 1, 2005.

When assessing payment for any amount due under subsection
(f), the System shall exclude salary increases paid to a
teacher at a time when the teacher is 10 or more years from
retirement eligibility under Section 16-132 or 16-133.2.

When assessing payment for any amount due under subsection
(f), the System shall exclude salary increases resulting from
overload work, including summer school, when the school
district has certified to the System, and the System has
approved the certification, that (i) the overload work is for
the sole purpose of classroom instruction in excess of the
standard number of classes for a full-time teacher in a school
district during a school year and (ii) the salary increases are
equal to or less than the rate of pay for classroom instruction computed on the teacher's current salary and work schedule.

When assessing payment for any amount due under subsection (f), the System shall exclude a salary increase resulting from a promotion (i) for which the employee is required to hold a certificate or supervisory endorsement issued by the State Teacher Certification Board that is a different certification or supervisory endorsement than is required for the teacher's previous position and (ii) to a position that has existed and been filled by a member for no less than one complete academic year and the salary increase from the promotion is an increase that results in an amount no greater than the lesser of the average salary paid for other similar positions in the district requiring the same certification or the amount stipulated in the collective bargaining agreement for a similar position requiring the same certification.

When assessing payment for any amount due under subsection (f), the System shall exclude any payment to the teacher from the State of Illinois or the State Board of Education over which the employer does not have discretion, notwithstanding that the payment is included in the computation of final average salary.

(h) When assessing payment for any amount due under subsection (f), the System shall exclude any salary increase described in subsection (g) of this Section given on or after July 1, 2011 but before July 1, 2014 under a contract or
collective bargaining agreement entered into, amended, or renewed on or after June 1, 2005 but before July 1, 2011. Notwithstanding any other provision of this Section, any payments made or salary increases given after June 30, 2014 shall be used in assessing payment for any amount due under subsection (f) of this Section.

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

1. The number of recalculations required by the changes made to this Section by Public Act 94-1057 for each employer.
2. The dollar amount by which each employer's contribution to the System was changed due to recalculations required by Public Act 94-1057.
3. The total amount the System received from each employer as a result of the changes made to this Section by Public Act 94-4.
4. The increase in the required State contribution resulting from the changes made to this Section by Public Act 94-1057.

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

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

(k) For purposes of determining the required State contribution to the system for a particular year, the actuarial value of assets shall be assumed to earn a rate of return equal to the system's actuarially assumed rate of return.

(Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff. 6-18-12; 97-813, eff. 7-13-12; 98-674, eff. 6-30-14.)

(40 ILCS 5/16-158.3 new)

Sec. 16-158.3. Individual employer accounts.

(a) The System shall create and maintain an individual account for each employer for the purposes of determining employer contributions under subsection (b-4) of Section 16-158. Each employer's account shall be notionally charged with the liabilities attributable to that employer and credited with the assets attributable to that employer.

(b) Beginning in fiscal year 2019, the System shall assign notional liabilities to each employer's account, equal to the amount of the employer contributions required to be made by the employer pursuant to items (i) and (ii) of subsection (b-4) of
Section 16-158, plus any unfunded actuarial accrued liability associated with the defined benefits attributable to the employer's employees who first became members on or after July 1, 2018 and the employer's employees who made the election under subsection (c-5) of Section 1-161.

(c) Beginning in fiscal year 2019, the System shall assign notional assets to each employer's account equal to the amounts of employer contributions made pursuant to items (i) and (ii) of subsection (b-4) of Section 16-158.

(40 ILCS 5/16-190.5 new)
Sec. 16-190.5. Accelerated pension benefit payment.
(a) As used in this Section:
"Eligible person" means a person who:
(1) has terminated service;
(2) has accrued sufficient service credit to be eligible to receive a retirement annuity under this Article;
(3) is not a party to a pending divorce proceeding and does not have a QILDRO in effect against him or her under this Article; and
(4) does not have a QILDRO in effect against him or her under this Article.
"Pension benefit" means the benefits under this Article, or Article 1 as it relates to those benefits, including any anticipated annual increases, that an eligible person is
entitled to upon attainment of the applicable retirement age. "Pension benefit" also includes applicable survivor's or disability benefits.

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

During a period of 3 months determined by the Board, an eligible person may irrevocably elect to receive an accelerated pension benefit payment in the amount that the System offers under this subsection in lieu of receiving any pension benefit. A person who elects to receive an accelerated pension benefit payment under this Section may not elect to proceed under the Retirement Systems Reciprocal Act with respect to service under this Article. The accelerated pension benefit payment shall be paid by the System.
(c) A person's credits and creditable service under this Article shall be terminated upon the person's receipt of an accelerated pension benefit payment under this Section, and no other benefit shall be paid under this Article based on those terminated credits and creditable service, including any retirement, survivor, or other benefit; except that to the extent that participation, benefits, or premiums under the State Employees Group Insurance Act of 1971 are based on the amount of service credit, the terminated service credit shall be used for that purpose.

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

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

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

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

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

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

(40 ILCS 5/16-203)

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

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

(a) As used in this Section, "new benefit increase" means an increase in the amount of any benefit provided under this Article, or an expansion of the conditions of eligibility for any benefit under this Article, that results from an amendment to this Code that takes effect after June 1, 2005 (the effective date of Public Act 94-4). "New benefit increase", however, does not include any benefit increase resulting from the changes made to this Article by Public Act 95-910 or this
amendatory Act of the 100th General Assembly this amendatory
Act of the 95th General Assembly.

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

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

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

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

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

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

(40 ILCS 5/16-205.1 new)

Sec. 16-205.1. Defined contribution plan.

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

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

(1) Under the defined contribution plan, an active Tier 1 employee of this System could elect to cease accruing benefits in the defined benefit plan under this Article and begin accruing benefits for future service in the defined contribution plan. Service credit under the defined contribution plan may be used for determining retirement eligibility under the defined benefit plan. An active Tier 1 employee who elects to cease accruing benefits in his or her defined benefit plan shall be prohibited from purchasing service credit on or after the date of his or her election. A Tier 1 employee making the irrevocable election provided under this Section shall not receive interest accruals to his or her benefit under paragraph (A) of subsection (a) of Section 16-133 on or after the date of his or her election.

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

(3) State contributions shall be paid into the accounts of all participants in the defined contribution plan at a uniform rate, expressed as a percentage of salary and determined for each year. This rate shall be no higher than the employer's normal cost for Tier 1 employees in the defined benefit plan for that year, as determined by the System and expressed as a percentage of salary, and shall be no lower than 0% of salary. The State shall adjust this rate annually.

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

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

(6) The defined contribution plan shall provide a variety of options for investments. These options shall include investments in a fund created by the System and
(7) The defined contribution plan shall provide a variety of options for payouts to retirees and their survivors.

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

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

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

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

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

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

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

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

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

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

(h) The intent of this amendatory Act of the 100th General Assembly is to ensure that the State's normal cost of participation in the defined contribution plan is similar, and if possible equal, to the State's normal cost of participation in the defined benefit plan, unless a lower State's normal cost is necessary to ensure cost neutrality.
Sec. 16-206.1. Defined contribution plan; termination. If the defined contribution plan is terminated or becomes inoperative pursuant to law, then each participant in the plan shall automatically be deemed to have been a contributing Tier 1 employee in the System's defined benefit plan during the time in which he or she participated in the defined contribution plan, and for that purpose the System shall be entitled to recover the amounts in the participant's defined contribution accounts.

Sec. 17-106.05. Tier 1 employee. "Tier 1 employee": A teacher under this Article who first became a member or participant before January 1, 2011 under any reciprocal retirement system or pension fund established under this Code other than a retirement system or pension fund established under Article 2, 3, 4, 5, 6, or 18 of this Code. However, for the purposes of the election under Section 17-115.5, "Tier 1 employee" does not include a teacher under this Article who would qualify as a Tier 1 employee but who has made an irrevocable election on or before June 1, 2017 to retire from service pursuant to the terms of an employment contract or a collective bargaining agreement in effect on June 1, 2017, excluding any extension, amendment, or renewal of that agreement after that date, and has notified the Fund of that
Sec. 17-113.4. Salary. "Salary" means any income in any form that qualifies as "average salary" or "annual rate of salary" for purposes of paragraph (1) of subsection (c) of Section 17-116 and "salary" for payroll deduction purposes under Sections 17-130, 17-131, and 17-132.

Sec. 17-115.5. Election by Tier 1 employees.

(a) If approved by resolution of the Board, an active Tier 1 employee may make an irrevocable election to agree to delay his or her eligibility for automatic annual increases in service retirement pension as provided in Section 17-119.2 and to have the amount of the automatic annual increases in his or her service retirement pension and survivor's pension that are otherwise provided for in this Article calculated, instead, as provided in Section 17-119.2.

(b) As adequate and legal consideration provided under this amendatory Act of the 100th General Assembly for making an election under subsection (a) of this Section, each Tier 1 employee who has made an election under subsection (a) of this Section shall receive a consideration payment equal to 10% of the contributions made by or on behalf of the employee under Section 17-130 before the effective date of that election. The
Fund shall pay the amount of the consideration payment.

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

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

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

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

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

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

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

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

(40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)
Sec. 17-116. Service retirement pension.
(a) Each teacher having 20 years of service upon attainment
of age 55, or who thereafter attains age 55 shall be entitled
to a service retirement pension upon or after attainment of age
55; and each teacher in service on or after July 1, 1971, with
5 or more but less than 20 years of service shall be entitled
to receive a service retirement pension upon or after
attainment of age 62.

(b) The service retirement pension for a teacher who
retires on or after June 25, 1971, at age 60 or over, shall be
calculated as follows:

(1) For creditable service earned before July 1, 1998
that has not been augmented under Section 17-119.1: 1.67%
for each of the first 10 years of service; 1.90% for each
of the next 10 years of service; 2.10% for each year of
service in excess of 20 but not exceeding 30; and 2.30% for
each year of service in excess of 30, based upon average
salary as herein defined.

(2) For creditable service earned on or after July 1,
1998 by a member who has at least 30 years of creditable
service on July 1, 1998 and who does not elect to augment
service under Section 17-119.1: 2.3% of average salary for
each year of creditable service earned on or after July 1,
1998.

(3) For all other creditable service: 2.2% of average
salary for each year of creditable service.

(c) When computing such service retirement pensions, the
following conditions shall apply:

1. Average salary shall consist of the average annual
rate of salary for the 4 consecutive years of validated service within the last 10 years of service when such average annual rate was highest. In the determination of average salary for retirement allowance purposes, for members who commenced employment after August 31, 1979, that part of the salary for any year shall be excluded which exceeds the annual full-time salary rate for the preceding year by more than 20%. In the case of a member who commenced employment before August 31, 1979 and who receives salary during any year after September 1, 1983 which exceeds the annual full-time salary rate for the preceding year by more than 20%, an Employer and other employers of eligible contributors as defined in Section 17-106 shall pay to the Fund an amount equal to the present value of the additional service retirement pension resulting from such excess salary. The present value of the additional service retirement pension shall be computed by the Board on the basis of actuarial tables adopted by the Board. If a member elects to receive a pension from this Fund provided by Section 20-121, his salary under the State Universities Retirement System and the Teachers' Retirement System of the State of Illinois shall be considered in determining such average salary. Amounts paid after the effective date of this amendatory Act of 1991 for unused vacation time earned after that effective date shall not under any circumstances be included in the
calculation of average salary or the annual rate of salary for the purposes of this Article.

2. Proportionate credit shall be given for validated service of less than one year.

3. For retirement at age 60 or over the pension shall be payable at the full rate.

4. For separation from service below age 60 to a minimum age of 55, the pension shall be discounted at the rate of 1/2 of one per cent for each month that the age of the contributor is less than 60, but a teacher may elect to defer the effective date of pension in order to eliminate or reduce this discount. This discount shall not be applicable to any participant who has at least 34 years of service or a retirement pension of at least 74.6% of average salary on the date the retirement annuity begins.

5. No additional pension shall be granted for service exceeding 45 years. Beginning June 26, 1971 no pension shall exceed the greater of $1,500 per month or 75% of average salary as herein defined.

6. Service retirement pensions shall begin on the effective date of resignation, retirement, the day following the close of the payroll period for which service credit was validated, or the time the person resigning or retiring attains age 55, or on a date elected by the teacher, whichever shall be latest; provided that, for a person who first becomes a member after the effective date
of this amendatory Act of the 99th General Assembly, the benefit shall not commence more than one year prior to the date of the Fund's receipt of an application for the benefit.

7. A member who is eligible to receive a retirement pension of at least 74.6% of average salary and will attain age 55 on or before December 31 during the year which commences on July 1 shall be deemed to attain age 55 on the preceding June 1.

8. A member retiring after the effective date of this amendatory Act of 1998 shall receive a pension equal to 75% of average salary if the member is qualified to receive a retirement pension equal to at least 74.6% of average salary under this Article or as proportional annuities under Article 20 of this Code.

(d) Notwithstanding any other provision of this Section, annual salary does not include any consideration payment made to a Tier 1 employee.

(Source: P.A. 99-702, eff. 7-29-16.)

(40 ILCS 5/17-119.2 new)

Sec. 17-119.2. Automatic annual increases in service retirement pension and survivor's pension for certain Tier 1 employees. Notwithstanding any other provision of this Article, for a Tier 1 employee who made the election under subsection (a) of Section 17-115.5:
(1) The initial increase in service retirement pension shall occur on the January 1 occurring either on or after the attainment of age 67 or the fifth anniversary of the pension start date, whichever is earlier.

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

For the purposes of this Section, "consumer price index-u" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100. The new amount resulting from each annual adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the Board by November 1 of each year.
Sec. 17-130. Participants' contributions by payroll deductions.

(a) Except as provided in subsection (a-5), there shall be deducted from the salary of each teacher 7.50% of his salary for service or disability retirement pension and 0.5% of salary for the annual increase in base pension.

In addition, there shall be deducted from the salary of each teacher 1% of his salary for survivors' and children's pensions.

(a-5) As adequate and legal consideration provided under this amendatory Act of the 100th General Assembly for making an election under subsection (a) of Section 17-115.5, beginning on the effective date of the Tier 1 employee's election under subsection (a) of Section 17-115.5, in lieu of the contributions otherwise required under subsection (a), each Tier 1 employee who made the election under paragraph (1) of Section 17-115.5 shall make contributions of 7.50% of salary for service or disability retirement pension and 0.6% of salary for survivors' and children's pensions.

(b) An Employer and any employer of eligible contributors as defined in Section 17-106 is authorized to make the necessary deductions from the salaries of its teachers. Such amounts shall be included as a part of the Fund. An Employer and any employer of eligible contributors as defined in Section
17-106 shall formulate such rules and regulations as may be necessary to give effect to the provisions of this Section.

(c) All persons employed as teachers shall, by such employment, accept the provisions of this Article and of Sections 34-83 to 34-85, inclusive, of "The School Code", approved March 18, 1961, as amended, and thereupon become contributors to the Fund in accordance with the terms thereof. The provisions of this Article and of those Sections shall become a part of the contract of employment.

(d) A person who (i) was a member before July 1, 1998, (ii) retires with more than 34 years of creditable service, and (iii) does not elect to qualify for the augmented rate under Section 17-119.1 shall be entitled, at the time of retirement, to receive a partial refund of contributions made under this Section for service occurring after the later of June 30, 1998 or attainment of 34 years of creditable service, in an amount equal to 1.00% of the salary upon which those contributions were based.

(Source: P.A. 97-8, eff. 6-13-11.)

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

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

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

(a) Upon retirement of the employee, a proportional
retirement annuity shall be computed by each participating
system in which pension credit has been established on the
basis of pension credits under each system. The computation
shall be in accordance with the formula or method prescribed by
each participating system which is in effect at the date of the
employee's latest withdrawal from service covered by any of the
systems in which he has pension credits which he elects to have
considered under this Article. However, the amount of any
retirement annuity payable under the self-managed plan
established under Section 15-158.2 of this Code or under the
defined contribution plan established under Article 2, 14, 15,
or 16 of this Code depends solely on the value of the
participant's vested account balances and is not subject to any
proportional adjustment under this Section.

(a-5) For persons who participate in a defined contribution
plan established under Article 2, 14, 15, or 16 of this Code to
whom the provisions of this Article apply, the pension credits
established under the defined contribution plan may be
considered in determining eligibility for or the amount of the
defined benefit retirement annuity that is payable by any other
participating system.

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

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

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

(40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)
(Text of Section WITHOUT the changes made by P.A. 98-599,
which has been held unconstitutional)

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

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

For persons who participate in a defined contribution plan established under Article 2, 14, 15, or 16 of this Code to whom the provisions of this Article apply, the pension credits established under the defined contribution plan may be considered in determining eligibility for or the amount of the defined benefit survivor's annuity that is payable by any other participating system, but pension credits established in any other system shall not result in any right to or increase in the value of a survivor's annuity under the defined contribution plan, which depends solely on the options chosen and the value of the participant's vested account balances and is not subject to any proportional adjustment under this Section.

(Source: P.A. 91-887, eff. 7-6-00.)
Sec. 20-124. Maximum benefits.

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

If the combined annuities should exceed the highest maximum as determined in accordance with this Section, the respective annuities shall be reduced proportionately according to the ratio which the amount of each proportional annuity bears to the aggregate of all such annuities.

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

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

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

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

(c) In the case of a participant in a defined contribution plan established under Article 2, 14, 15, or 16 of this Code to whom the provisions of this Article apply:

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

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

(iii) Benefits payable under a defined contribution
plan established under Article 2, 14, 15, or 16 of this Code are not subject to proportionate reduction under this Section.

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

(40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)
(Text of Section WITHOUT the changes made by P.A. 98-599, which has been held unconstitutional)

Sec. 20-125. Return to employment - suspension of benefits.
If a retired employee returns to employment which is covered by a system from which he is receiving a proportional annuity under this Article, his proportional annuity from all participating systems shall be suspended during the period of re-employment, except that this suspension does not apply to any distributions payable under the self-managed plan established under Section 15-158.2 or under a defined contribution plan established under Article 2, 14, 15, or 16 of this Code.

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

Section 900. The State Mandates Act is amended by adding Section 8.41 as follows:

(30 ILCS 805/8.41 new)

Sec. 8.41. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 100th General Assembly.

Section 970. Severability. The provisions of this Act are severable under Section 1.31 of the Statute on Statutes.