



Rep. Michael J. Zalewski

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1 AMENDMENT TO HOUSE BILL 4811

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 4811 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by  
5 changing Sections 1-160, 8-162, 8-174, 11-170, and 11-197.7 as  
6 follows:

7 (40 ILCS 5/1-160)

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

9 (a) The provisions of this Section apply to a person who,  
10 on or after January 1, 2011, first becomes a member or a  
11 participant under any reciprocal retirement system or pension  
12 fund established under this Code, other than a retirement  
13 system or pension fund established under Article 2, 3, 4, 5, 6,  
14 15 or 18 of this Code, notwithstanding any other provision of  
15 this Code to the contrary, but do not apply to any self-managed  
16 plan established under this Code, to any person with respect to

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

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

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

26 This Section does not apply to a person who elects under

1 subsection (c-5) of Section 1-161 to receive the benefits under  
2 Section 1-161.

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

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

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

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

1 withdrawal".

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

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

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

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

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

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

1 (c) A member or participant is entitled to a retirement  
2 annuity upon written application if he or she has attained age  
3 67 (beginning January 1, 2015, age 65 with respect to service  
4 under Article 12 of this Code that is subject to this Section)  
5 and has at least 10 years of service credit and is otherwise  
6 eligible under the requirements of the applicable Article.

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

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

25 (d) The retirement annuity of a member or participant who  
26 is retiring after attaining age 62 (beginning January 1, 2015,

1 age 60 with respect to service under Article 12 of this Code  
2 that is subject to this Section) with at least 10 years of  
3 service credit shall be reduced by one-half of 1% for each full  
4 month that the member's age is under age 67 (beginning January  
5 1, 2015, age 65 with respect to service under Article 12 of  
6 this Code that is subject to this Section).

7 (d-5) The retirement annuity payable under Article 8 or  
8 Article 11 to an eligible of a person subject to subsection  
9 (c-5) of this Section ~~who first becomes a member or a~~  
10 ~~participant under Article 8 or Article 11 of this Code on or~~  
11 ~~after the effective date of this amendatory Act of the 100th~~  
12 ~~General Assembly~~ who is retiring at age 60 with at least 10  
13 years of service credit ~~under Article 8 or Article 11~~ shall be  
14 reduced by one-half of 1% for each full month that the member's  
15 age is under age 65.

16 (d-10) Each person who first became a member or participant  
17 under Article 8 or Article 11 of this Code on or after January  
18 1, 2011 and prior to the effective date of this amendatory Act  
19 of the 100th General Assembly shall make an irrevocable  
20 election either:

21 (i) to be eligible for the reduced retirement age  
22 provided in subsections (c-5) and (d-5) of this Section,  
23 the eligibility for which is conditioned upon the member or  
24 participant agreeing to the increases in employee  
25 contributions for age and service annuities provided in  
26 subsection (a-5) of Section 8-174 of this Code (for service

1 under Article 8) or subsection (a-5) of Section 11-170 of  
2 this Code (for service under Article 11); or

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

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

18 (e) Any retirement annuity or supplemental annuity shall be  
19 subject to annual increases on the January 1 occurring either  
20 on or after the attainment of age 67 (beginning January 1,  
21 2015, age 65 with respect to service under Article 12 of this  
22 Code that is subject to this Section and beginning on the  
23 effective date of this amendatory Act of the 100th General  
24 Assembly, age 65 with respect to service under Article 8 or  
25 Article 11 for eligible persons who: (i) are subject to  
26 subsection (c-5) of this Section ~~first became members or~~

1 ~~participants under Article 8 or Article 11 of this Code on or~~  
2 ~~after the effective date of this amendatory Act of the 100th~~  
3 ~~General Assembly; or (ii) first became members or participants~~  
4 ~~under Article 8 or Article 11 of this Code on or after January~~  
5 ~~1, 2011 and before the effective date of this amendatory Act of~~  
6 ~~the 100th General Assembly and made the election under item (i)~~  
7 of subsection (d-10) of this Section) or the first anniversary  
8 of the annuity start date, whichever is later. Each annual  
9 increase shall be calculated at 3% or one-half the annual  
10 unadjusted percentage increase (but not less than zero) in the  
11 consumer price index-u for the 12 months ending with the  
12 September preceding each November 1, whichever is less, of the  
13 originally granted retirement annuity. If the annual  
14 unadjusted percentage change in the consumer price index-u for  
15 the 12 months ending with the September preceding each November  
16 1 is zero or there is a decrease, then the annuity shall not be  
17 increased.

18 For the purposes of Section 1-103.1 of this Code, the  
19 changes made to this Section by this amendatory Act of the  
20 100th General Assembly are applicable without regard to whether  
21 the employee was in active service on or after the effective  
22 date of this amendatory Act of the 100th General Assembly.

23 (f) The initial survivor's or widow's annuity of an  
24 otherwise eligible survivor or widow of a retired member or  
25 participant who first became a member or participant on or  
26 after January 1, 2011 shall be in the amount of 66 2/3% of the



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

24 (g) The benefits in Section 14-110 apply only if the person  
25 is a State policeman, a fire fighter in the fire protection  
26 service of a department, or a security employee of the

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

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

25 If a person who first becomes a member of a retirement  
26 system or pension fund subject to this Section on or after

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

18 (i) (Blank).

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

22 (Source: P.A. 100-23, eff. 7-6-17; 100-201, eff. 8-18-17;  
23 100-563, eff. 12-8-17.)

24 (40 ILCS 5/8-162) (from Ch. 108 1/2, par. 8-162)

25 Sec. 8-162. Proof of disability, duty and ordinary.

1 Proof of duty or ordinary disability shall be furnished to  
2 the board by at least one licensed and practicing physician  
3 appointed by the board. The board may require other evidence of  
4 disability. Each disabled employee who receives duty or  
5 ordinary disability benefit shall be examined at least once a  
6 year, or a longer period of time as determined by the board, by  
7 one or more licensed and practicing physicians appointed by the  
8 board. When the disability ceases, the board shall discontinue  
9 payment of the benefit and the employee shall be returned to  
10 active service.

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

12 (40 ILCS 5/8-174) (from Ch. 108 1/2, par. 8-174)

13 Sec. 8-174. Contributions for age and service annuities for  
14 present employees and future entrants.

15 (a) Beginning on the effective date and prior to July 1,  
16 1947, 3 1/4%; and beginning on July 1, 1947 and prior to July  
17 1, 1953, 5%; and beginning July 1, 1953, and prior to January  
18 1, 1972, 6%; and beginning January 1, 1972, 6-1/2% of each  
19 payment of the salary of each present employee and future  
20 entrant, except as provided in subsection (a-5) and (a-10),  
21 shall be contributed to the fund as a deduction from salary for  
22 age and service annuity.

23 (a-5) Except as provided in subsection (a-10), for an  
24 employee who ~~on or after January 1, 2011 and prior to the~~  
25 ~~effective date of this amendatory Act of the 100th General~~

1 ~~Assembly first became a member or participant under this~~  
2 ~~Article and~~ made the election under item (i) of subsection  
3 (d-10) of Section 1-160: prior to the effective date of this  
4 amendatory Act of the 100th General Assembly, 6.5%; and  
5 beginning on the effective date of this amendatory Act of the  
6 100th General Assembly and prior to January 1, 2018, 7.5%; and  
7 beginning January 1, 2018 and prior to January 1, 2019, 8.5%;  
8 and beginning January 1, 2019 and thereafter, employee  
9 contributions for those employees who made the election under  
10 item (i) of subsection (d-10) of Section 1-160 shall be the  
11 lesser of: (i) the total normal cost, calculated using the  
12 entry age normal actuarial method, projected for the prior ~~that~~  
13 fiscal year for the benefits and expenses of the plan of  
14 benefits applicable to those members and participants who first  
15 became members or participants on or after the effective date  
16 of this amendatory Act of the 100th General Assembly and to  
17 those employees who made the election under item (i) of  
18 subsection (d-10) of Section 1-160, but not less than 6.5% of  
19 each payment of salary combined with the employee contributions  
20 provided for in subsection (b) of Section 8-137 and Section  
21 8-182 of this Article; or (ii) the aggregate employee  
22 contribution consisting of 9.5% of each payment of salary  
23 combined with the employee contributions provided for in  
24 subsection (b) of Section 8-137 and 8-182 of this Article.

25 For the one-year period beginning ~~Beginning~~ with the first  
26 pay period in January of each year ~~on or~~ after the date when

1 the funded ratio of the fund as determined in the annual  
2 actuarial valuation is first determined to have reached the 90%  
3 funding goal, and each subsequent one-year ~~pay~~ period  
4 thereafter for as long as the fund maintains a funding ratio of  
5 75% or more, employee contributions for age and service annuity  
6 for those employees who made the election under item (i) of  
7 subsection (d-10) of Section 1-160 shall be 5.5% of each  
8 payment of salary. If the funding ratio falls below 75%, then  
9 employee contributions for age and service annuity for those  
10 employees who made the election under item (i) of subsection  
11 (d-10) shall revert to the lesser of: (A) the total normal  
12 cost, calculated using the entry age normal actuarial method,  
13 projected for the prior ~~that~~ fiscal year for the benefits and  
14 expenses of the plan of benefits applicable to those members  
15 and participants who first became members or participants on or  
16 after the effective date of this amendatory Act of the 100th  
17 General Assembly and to those employees who made the election  
18 under item (i) of subsection (d-10) of Section 1-160, but not  
19 less than 6.5% of each payment of salary combined with the  
20 employee contributions provided for in subsection (b) of  
21 Section 8-137 and Section 8-182 of this Article; or (B) the  
22 aggregate employee contribution consisting of 9.5% of each  
23 payment of salary combined with the employee contributions  
24 provided for in subsection (b) of Section 8-137 and 8-182 of  
25 this Article. If the fund once again is determined to have  
26 reached a funding ratio of 75%, the 5.5% of salary contribution

1 for age and service annuity shall resume. An employee who made  
2 the election under item (ii) of subsection (d-10) of Section  
3 1-160 shall continue to have the contributions for age and  
4 service annuity determined under subsection (a) of this  
5 Section.

6 If contributions are reduced to less than the aggregate  
7 employee contribution described in item (ii) or item (B) of  
8 this subsection due to application of the normal cost  
9 criterion, the employee contribution amount shall be  
10 consistent ~~for from July 1 of the fiscal year through June 30~~  
11 ~~of~~ that fiscal year.

12 The normal cost, for the purposes of this subsection (a-5)  
13 and subsection (a-10), shall be calculated by an independent  
14 enrolled actuary mutually agreed upon by the fund and the City.  
15 The fees and expenses of the independent actuary shall be the  
16 responsibility of the City. For purposes of this subsection  
17 (a-5), the fund and the City shall both be considered to be the  
18 clients of the actuary, and the actuary shall utilize  
19 participant data and actuarial standards to calculate the  
20 normal cost. The fund shall provide information that the  
21 actuary requests in order to calculate the applicable normal  
22 cost.

23 (a-10) For each employee subject to subsection (c-5) of  
24 Section 1-160 ~~who on or after the effective date of this~~  
25 ~~amendatory Act of the 100th General Assembly first becomes a~~  
26 ~~member or participant under this Article,~~ 9.5% of each payment

1 of salary shall be contributed to the fund as a deduction from  
2 salary for age and service annuity. Beginning January 1, 2018  
3 and each year thereafter, employee contributions for each  
4 employee subject to this subsection (a-10) shall be the lesser  
5 of: (i) the total normal cost, calculated using the entry age  
6 normal actuarial method, projected for the prior ~~that~~ fiscal  
7 year for the benefits and expenses of the plan of benefits  
8 applicable to those members and participants who first become  
9 members or participants on or after the effective date of this  
10 amendatory Act of the 100th General Assembly and to those  
11 employees who made the election under item (i) of subsection  
12 (d-10) of Section 1-160, but not less than 6.5% of each payment  
13 of salary combined with the employee contributions provided for  
14 in subsection (b) of Section 8-137 and Section 8-182 of this  
15 Article; or (ii) the aggregate employee contribution  
16 consisting of 9.5% of each payment of salary combined with the  
17 employee contributions provided for in subsection (b) of  
18 Section 8-137 and Section 8-182 of this Article.

19 For the one-year period beginning ~~Beginning~~ with the first  
20 pay period in January of each year ~~on or~~ after the date when  
21 the funded ratio of the fund as determined in the annual  
22 actuarial valuation is first determined to have reached the 90%  
23 funding goal, and each subsequent one-year ~~pay~~ period  
24 thereafter for as long as the fund maintains a funding ratio of  
25 75% or more, employee contributions for age and service annuity  
26 for each employee subject to this subsection (a-10) shall be



1 5.5% of each payment of salary. If the funding ratio falls  
2 below 75%, then employee contributions for age and service  
3 annuity for each employee subject to this subsection (a-10)  
4 shall revert to the lesser of: (A) the total normal cost,  
5 calculated using the entry age normal actuarial method,  
6 projected for the prior ~~that~~ fiscal year for the benefits and  
7 expenses of the plan of benefits applicable to those members  
8 and participants who first become members or participants on or  
9 after the effective date of this amendatory Act of the 100th  
10 General Assembly and to those employees who made the election  
11 under item (i) of subsection (d-10) of Section 1-160, but not  
12 less than 6.5% of each payment of salary combined with the  
13 employee contributions provided for in subsection (b) of  
14 Section 8-137 and Section 8-182 of this Article; or (B) the  
15 aggregate employee contribution consisting of 9.5% of each  
16 payment of salary combined with the employee contributions  
17 provided for in subsection (b) of Section 8-137 and Section  
18 8-182 of this Article. If the fund once again is determined to  
19 have reached a funding ratio of 75%, the 5.5% of salary  
20 contribution for age and service annuity shall resume.

21 If contributions are reduced to less than the aggregate  
22 employee contribution described in item (ii) or item (B) of  
23 this subsection (a-10) due to application of the normal cost  
24 criterion, the employee contribution amount shall be  
25 consistent for ~~from July 1 of the fiscal year through June 30~~  
26 ~~of~~ that fiscal year.

1           Such deductions beginning on the effective date and prior  
2 to July 1, 1947 shall be made for a future entrant while he is  
3 in the service until he attains age 65 and for a present  
4 employee while he is in the service until the amount so  
5 deducted from his salary with the amount deducted from his  
6 salary or paid by him according to law to any municipal pension  
7 fund in force on the effective date with interest on both such  
8 amounts at 4% per annum equals the sum that would have been to  
9 his credit from sums deducted from his salary if deductions at  
10 the rate herein stated had been made during his entire service  
11 until he attained age 65 with interest at 4% per annum for the  
12 period subsequent to his attainment of age 65. Such deductions  
13 beginning July 1, 1947 shall be made and continued for  
14 employees while in the service.

15           (b) Concurrently with each employee contribution, the city  
16 shall contribute beginning on the effective date and prior to  
17 July 1, 1947, 5 3/4%; and beginning July 1, 1947 and prior to  
18 July 1, 1953, 7%; and beginning July 1, 1953 and prior to July  
19 6, 2017, 6% of each payment of such salary until the employee  
20 attains age 65. Beginning July 6, 2017, the Fund shall credit  
21 sums equal to 6% of each payment of such salary for annuity  
22 purposes. The amounts credited for annuity purposes shall not  
23 be credited for refund purposes ~~(Blank)~~.

24           (c) Each employee contribution made prior to the date the  
25 age and service annuity for an employee is fixed and each  
26 corresponding city contribution shall be credited to the

1 employee and allocated to the account of the employee for whose  
2 benefit it is made.

3 (d) Notwithstanding Section 1-103.1, the changes to this  
4 Section made by this amendatory Act of the 100th General  
5 Assembly apply regardless of whether the employee was in active  
6 service on or after the effective date of this amendatory Act  
7 of the 100th General Assembly.

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

9 (40 ILCS 5/11-170) (from Ch. 108 1/2, par. 11-170)

10 Sec. 11-170. Contributions for age and service annuities  
11 for present employees, future entrants and re-entrants.

12 (a) Beginning on the effective date and prior to July 1,  
13 1947, 3 1/4%; and beginning on July 1, 1947 and prior to July  
14 1, 1953, 5%; and beginning July 1, 1953 and prior to January 1,  
15 1972, 6%; and beginning January 1, 1972, 6 1/2% of each payment  
16 of the salary of each present employee, future entrant and  
17 re-entrant, except as provided in subsection (a-5) and (a-10),  
18 shall be contributed to the fund as a deduction from salary for  
19 age and service annuity.

20 (a-5) Except as provided in subsection (a-10), for an  
21 employee who ~~on or after January 1, 2011 and prior to the~~  
22 ~~effective date of this amendatory Act of the 100th General~~  
23 ~~Assembly first became a member or participant under this~~  
24 ~~Article and~~ made the election under item (i) of subsection  
25 (d-10) of Section 1-160: prior to the effective date of this

1 amendatory Act of the 100th General Assembly, 6.5%; and  
2 beginning on the effective date of this amendatory Act of the  
3 100th General Assembly and prior to January 1, 2018, 7.5%; and  
4 beginning January 1, 2018 and prior to January 1, 2019, 8.5%;  
5 and beginning January 1, 2019 and thereafter, employee  
6 contributions for those employees who made the election under  
7 item (i) of subsection (d-10) of Section 1-160 shall be the  
8 lesser of: (i) the total normal cost, calculated using the  
9 entry age normal actuarial method, projected for the prior ~~that~~  
10 fiscal year for the benefits and expenses of the plan of  
11 benefits applicable to those members and participants who first  
12 became members or participants on or after the effective date  
13 of this amendatory Act of the 100th General Assembly and to  
14 those employees who made the election under item (i) of  
15 subsection (d-10) of Section 1-160, but not less than 6.5% of  
16 each payment of salary combined with the employee contributions  
17 provided for in subsection (b) of Section 11-134.1 and Section  
18 11-174 of this Article; or (ii) the aggregate employee  
19 contribution consisting of 9.5% of each payment of salary  
20 combined with the employee contributions provided for in  
21 subsection (b) of Section 11-134.1 and 11-174 of this Article.

22 For the one-year period beginning ~~Beginning~~ with the first  
23 pay period in January of each year ~~on or after~~ the date when  
24 the funded ratio of the fund as determined in the annual  
25 actuarial valuation is first determined to have reached the 90%  
26 funding goal, and each subsequent one-year ~~pay~~ period

1 thereafter for as long as the fund maintains a funding ratio of  
2 75% or more, employee contributions for age and service annuity  
3 for those employees who made the election under item (i) of  
4 subsection (d-10) of Section 1-160 shall be 5.5% of each  
5 payment of salary. If the funding ratio falls below 75%, then  
6 employee contributions for age and service annuity for those  
7 employees who made the election under item (i) of subsection  
8 (d-10) shall revert to the lesser of: (A) the total normal  
9 cost, calculated using the entry age normal actuarial method,  
10 projected for the prior ~~that~~ fiscal year for the benefits and  
11 expenses of the plan of benefits applicable to those members  
12 and participants who first became members or participants on or  
13 after the effective date of this amendatory Act of the 100th  
14 General Assembly and to those employees who made the election  
15 under item (i) of subsection (d-10) of Section 1-160, but not  
16 less than 6.5% of each payment of salary combined with the  
17 employee contributions provided for in subsection (b) of  
18 Section 11-134.1 and Section 11-174 of this Article; or (B) the  
19 aggregate employee contribution consisting of 9.5% of each  
20 payment of salary combined with the employee contributions  
21 provided for in subsection (b) of Section 11-134.1 and 11-174  
22 of this Article. If the fund once again is determined to have  
23 reached a funding ratio of 75%, the 5.5% of salary contribution  
24 for age and service annuity shall resume. An employee who made  
25 the election under item (ii) of subsection (d-10) of Section  
26 1-160 shall continue to have the contributions for age and

1 service annuity determined under subsection (a) of this  
2 Section.

3 If contributions are reduced to less than the aggregate  
4 employee contribution described in item (ii) or item (B) of  
5 this subsection due to application of the normal cost  
6 criterion, the employee contribution amount shall be  
7 consistent ~~for from July 1 of the fiscal year through June 30~~  
8 ~~of~~ that fiscal year.

9 The normal cost, for the purposes of this subsection (a-5)  
10 and subsection (a-10), shall be calculated by an independent  
11 enrolled actuary mutually agreed upon by the fund and the City.  
12 The fees and expenses of the independent actuary shall be the  
13 responsibility of the City. For purposes of this subsection  
14 (a-5), the fund and the City shall both be considered to be the  
15 clients of the actuary, and the actuary shall utilize  
16 participant data and actuarial standards to calculate the  
17 normal cost. The fund shall provide information that the  
18 actuary requests in order to calculate the applicable normal  
19 cost.

20 (a-10) For each employee subject to subsection (c-5) of  
21 Section 1-160 ~~who on or after the effective date of this~~  
22 ~~amendatory Act of the 100th General Assembly first becomes a~~  
23 ~~member or participant under this Article~~, 9.5% of each payment  
24 of salary shall be contributed to the fund as a deduction from  
25 salary for age and service annuity. Beginning January 1, 2018  
26 and each year thereafter, employee contributions for each

1 employee subject to this subsection (a-10) shall be the lesser  
2 of: (i) the total normal cost, calculated using the entry age  
3 normal actuarial method, projected for the prior ~~that~~ fiscal  
4 year for the benefits and expenses of the plan of benefits  
5 applicable to those members and participants who first become  
6 members or participants on or after the effective date of this  
7 amendatory Act of the 100th General Assembly and to those  
8 employees who made the election under item (i) of subsection  
9 (d-10) of Section 1-160, but not less than 6.5% of each payment  
10 of salary combined with the employee contributions provided for  
11 in subsection (b) of Section 11-134.1 and Section 11-174 of  
12 this Article; or (ii) the aggregate employee contribution  
13 consisting of 9.5% of each payment of salary combined with the  
14 employee contributions provided for in subsection (b) of  
15 Section 11-134.1 and Section 11-174 of this Article.

16 For the one-year period beginning ~~Beginning~~ with the first  
17 pay period in January of each year ~~on or~~ after the date when  
18 the funded ratio of the fund as determined in the annual  
19 actuarial valuation is first determined to have reached the 90%  
20 funding goal, and each subsequent one-year ~~pay~~ period  
21 thereafter for as long as the fund maintains a funding ratio of  
22 75% or more, employee contributions for age and service annuity  
23 for each employee subject to this subsection (a-10) shall be  
24 5.5% of each payment of salary. If the funding ratio falls  
25 below 75%, then employee contributions for age and service  
26 annuity for each employee subject to this subsection (a-10)

1 shall revert to the lesser of: (A) the total normal cost,  
2 calculated using the entry age normal actuarial method,  
3 projected for the prior ~~that~~ fiscal year for the benefits and  
4 expenses of the plan of benefits applicable to those members  
5 and participants who first become members or participants on or  
6 after the effective date of this amendatory Act of the 100th  
7 General Assembly and to those employees who made the election  
8 under item (i) of subsection (d-10) of Section 1-160, but not  
9 less than 6.5% of each payment of salary combined with the  
10 employee contributions provided for in subsection (b) of  
11 Section 11-134.1 and Section 11-174 of this Article; or (B) the  
12 aggregate employee contribution consisting of 9.5% of each  
13 payment of salary combined with the employee contributions  
14 provided for in subsection (b) of Section 11-134.1 and Section  
15 11-174 of this Article. If the fund once again is determined to  
16 have reached a funding ratio of 75%, the 5.5% of salary  
17 contribution for age and service annuity shall resume.

18 If contributions are reduced to less than the aggregate  
19 employee contribution described in item (ii) or item (B) of  
20 this subsection (a-10) due to application of the normal cost  
21 criterion, the employee contribution amount shall be  
22 consistent for ~~from July 1 of the fiscal year through June 30~~  
23 ~~of~~ that fiscal year.

24 Such deductions beginning on the effective date and prior  
25 to June 30, 1947, inclusive shall be made for a future entrant  
26 while he is in service until he attains age 65, and for a



1 present employee while he is in service until the amount so  
2 deducted from his salary with interest at the rate of 4% per  
3 annum shall be equal to the sum which would have accumulated to  
4 his credit from sums deducted from his salary if deductions at  
5 the rate herein stated had been made during his entire service  
6 until he attained age 65 with interest at 4% per annum for the  
7 period subsequent to his attainment of age 65. Such deductions  
8 beginning July 1, 1947 shall be made and continued for  
9 employees while in the service.

10 (b) Concurrently with each employee contribution, the city  
11 shall contribute beginning on the effective date and prior to  
12 July 1, 1947, 5 3/4%; and beginning July 1, 1947 and prior to  
13 July 1, 1953, 7%; and beginning July 1, 1953 and prior to July  
14 6, 2017, 6% of each payment of such salary until the employee  
15 attains age 65. Beginning July 6, 2017, the Fund shall credit  
16 sums equal to 6% of each payment of such salary for annuity  
17 purposes. The amounts credited for annuity purposes shall not  
18 be credited for refund purposes ~~(Blank)~~.

19 (c) Each employee contribution made prior to the date age  
20 and service annuity for an employee is fixed and each  
21 corresponding city contribution shall be allocated to the  
22 account of and credited to the employee for whose benefit it is  
23 made.

24 (d) Notwithstanding Section 1-103.1, the changes to this  
25 Section made by this amendatory Act of the 100th General  
26 Assembly apply regardless of whether the employee was in active

1 service on or after the effective date of this amendatory Act.

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

3 (40 ILCS 5/11-197.7)

4 Sec. 11-197.7. Payment of annuity other than direct. The  
5 board, at the written direction and request of any annuitant,  
6 may, solely as an accommodation to such annuitant, pay the  
7 annuity due him or her to a bank, savings and loan association,  
8 or any other financial institution insured by an agency of the  
9 federal government, for deposit to his or her account, or to a  
10 bank or trust company for deposit in a trust established by him  
11 or her for his benefit with such bank, savings and loan  
12 association, or trust company, and such annuitant may withdraw  
13 such direction at any time. An annuitant who directs the board  
14 to pay the annuity due him or her to a financial institution  
15 shall hold the board and the fund harmless from any claim or  
16 loss related to any error as to whether the financial  
17 institution is or continues to be federally insured. ~~The board~~  
18 ~~may also, in the case of any disability beneficiary or~~  
19 ~~annuitant for whom no estate guardian has been appointed and~~  
20 ~~who is confined in a publicly owned and operated mental~~  
21 ~~institution, pay such disability benefit or annuity due such~~  
22 ~~person to the superintendent or other head of such institution~~  
23 ~~or hospital for deposit to such person's trust fund account~~  
24 ~~maintained for him or her by such institution or hospital, if~~  
25 ~~by law such trust fund accounts are authorized or recognized.~~

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

2 Section 99. Effective date. This Act takes effect upon  
3 becoming law.".