



## 100TH GENERAL ASSEMBLY

### State of Illinois

2017 and 2018

SB0014

Introduced 1/11/2017, by Sen. John J. Cullerton

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the Chicago Municipal and Chicago Laborers Articles of the Illinois Pension Code. Makes changes to the retirement age for persons who first become participants on or after the effective date of the amendatory Act. Increases employee contribution for persons who first become participants on or after the effective date of the amendatory Act and makes other changes to the employee contribution rate. Provides that a person who first became a participant on or after January 1, 2011 and before the effective date may elect to be eligible for a reduced retirement age in exchange for an increase in employee contributions. Makes changes to the city's required contribution to each fund beginning in payment year 2018 and makes changes to provisions concerning employer contributions. Authorizes withholding from State grants in the case of nonpayment of the city's required contributions. Makes changes to provisions concerning felony forfeiture. Provides that if there is an injury or death for which death or disability benefits are payable, the fund may subrogate a claim made by that employee against a third party. In the Chicago Municipal Article, makes changes to the definition of "employee" and provides that a person who first becomes a city officer on or after the effective date of the amendatory Act shall not be eligible for the alternative annuity or alternative disability benefits. Makes other changes. Contains inseverability and severability provisions. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB100 06410 RPS 16449 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing  
5 Sections 1-160, 8-113, 8-173, 8-174, 8-243.2, 8-244, 8-244.1,  
6 8-251, 11-169, 11-170, 11-223.1, and 11-230 and by adding  
7 Sections 8-228.5, 11-125.9, and 11-197.7 as follows:

8 (40 ILCS 5/1-160)

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

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

12 (a) The provisions of this Section apply to a person who,  
13 on or after January 1, 2011, first becomes a member or a  
14 participant under any reciprocal retirement system or pension  
15 fund established under this Code, other than a retirement  
16 system or pension fund established under Article 2, 3, 4, 5, 6,  
17 15 or 18 of this Code, notwithstanding any other provision of  
18 this Code to the contrary, but do not apply to any self-managed  
19 plan established under this Code, to any person with respect to  
20 service as a sheriff's law enforcement employee under Article  
21 7, or to any participant of the retirement plan established  
22 under Section 22-101. Notwithstanding anything to the contrary  
23 in this Section, for purposes of this Section, a person who

1 participated in a retirement system under Article 15 prior to  
2 January 1, 2011 shall be deemed a person who first became a  
3 member or participant prior to January 1, 2011 under any  
4 retirement system or pension fund subject to this Section. The  
5 changes made to this Section by Public Act 98-596 ~~this~~  
6 ~~amendatory Act of the 98th General Assembly~~ are a clarification  
7 of existing law and are intended to be retroactive to January  
8 1, 2011 (the effective date of Public Act 96-889),  
9 notwithstanding the provisions of Section 1-103.1 of this Code.

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 under Article 8 or Article 11 of this Code on or after the  
16 effective date of this amendatory Act of the 100th General  
17 Assembly, notwithstanding any other provision of this Code to  
18 the contrary, is entitled to a retirement annuity upon written  
19 application if he or she has attained age 65 and has at least  
20 10 years of service credit under Article 8 or Article 11 of  
21 this Code and is otherwise eligible under the requirements of  
22 Article 8 or Article 11 of this Code, whichever is applicable.

23 (d) The retirement annuity of a member or participant who  
24 is retiring after attaining age 62 (beginning January 1, 2015,  
25 age 60 with respect to service under Article 12 of this Code  
26 that is subject to this Section) with at least 10 years of

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

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

12 (d-10) Each person who first became a member or participant  
13 under Article 8 or Article 11 of this Code on or after January  
14 1, 2011 and prior to the effective date of this amendatory Act  
15 of the 100th General Assembly shall make an irrevocable  
16 election either:

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

25 (ii) to not agree to item (i) of this subsection  
26 (d-10), in which case the member or participant shall

1 continue to be subject to the retirement age provisions in  
2 subsections (c) and (d) of this Section and the employee  
3 contributions for age and service annuity as provided in  
4 subsection (a) of Section 8-174 of this Code (for service  
5 under Article 8) or subsection (a) of Section 11-170 of  
6 this Code (for service under Article 11).

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

14 (e) Any retirement annuity or supplemental annuity shall be  
15 subject to annual increases on the January 1 occurring either  
16 on or after the attainment of age 67 (beginning January 1,  
17 2015, age 65 with respect to service under Article 12 of this  
18 Code that is subject to this Section and beginning on the  
19 effective date of this amendatory Act of the 100th General  
20 Assembly, age 65 with respect to persons who: (i) first became  
21 members or participants under Article 8 or Article 11 of this  
22 Code on or after the effective date of this amendatory Act of  
23 the 100th General Assembly; or (ii) first became members or  
24 participants under Article 8 or Article 11 of this Code on or  
25 after January 1, 2011 and before the effective date of this  
26 amendatory Act of the 100th General Assembly and made the

1 election under item (i) of subsection (d-10) of this Section)  
2 or the first anniversary of the annuity start date, whichever  
3 is later. Each annual increase shall be calculated at 3% or  
4 one-half the annual unadjusted percentage increase (but not  
5 less than zero) in the consumer price index-u for the 12 months  
6 ending with the September preceding each November 1, whichever  
7 is less, of the originally granted retirement annuity. If the  
8 annual unadjusted percentage change in the consumer price  
9 index-u for the 12 months ending with the September preceding  
10 each November 1 is zero or there is a decrease, then the  
11 annuity shall not be increased.

12 Notwithstanding Section 1-103.1 of this Code, the changes  
13 made to this Section by this amendatory Act of the 100th  
14 General Assembly are applicable without regard to whether the  
15 employee was in active service on or after the effective date  
16 of this amendatory Act of the 100th General Assembly.

17 (f) The initial survivor's or widow's annuity of an  
18 otherwise eligible survivor or widow of a retired member or  
19 participant who first became a member or participant on or  
20 after January 1, 2011 shall be in the amount of 66 2/3% of the  
21 retired member's or participant's retirement annuity at the  
22 date of death. In the case of the death of a member or  
23 participant who has not retired and who first became a member  
24 or participant on or after January 1, 2011, eligibility for a  
25 survivor's or widow's annuity shall be determined by the  
26 applicable Article of this Code. The initial benefit shall be



1 66 2/3% of the earned annuity without a reduction due to age. A  
2 child's annuity of an otherwise eligible child shall be in the  
3 amount prescribed under each Article if applicable. Any  
4 survivor's or widow's annuity shall be increased (1) on each  
5 January 1 occurring on or after the commencement of the annuity  
6 if the deceased member died while receiving a retirement  
7 annuity or (2) in other cases, on each January 1 occurring  
8 after the first anniversary of the commencement of the annuity.  
9 Each annual increase shall be calculated at 3% or one-half the  
10 annual unadjusted percentage increase (but not less than zero)  
11 in the 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 survivor's 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 (g) The benefits in Section 14-110 apply only if the person  
19 is a State policeman, a fire fighter in the fire protection  
20 service of a department, or a security employee of the  
21 Department of Corrections or the Department of Juvenile  
22 Justice, as those terms are defined in subsection (b) of  
23 Section 14-110. A person who meets the requirements of this  
24 Section is entitled to an annuity calculated under the  
25 provisions of Section 14-110, in lieu of the regular or minimum  
26 retirement annuity, only if the person has withdrawn from

1 service with not less than 20 years of eligible creditable  
2 service and has attained age 60, regardless of whether the  
3 attainment of age 60 occurs while the person is still in  
4 service.

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

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

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

12 (i) (Blank).

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

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

18 (40 ILCS 5/8-113) (from Ch. 108 1/2, par. 8-113)

19 Sec. 8-113. Municipal employee, employee, contributor, or  
20 participant. "Municipal employee", "employee", "contributor",  
21 or "participant":

22 (a) Any employee of an employer employed in the classified  
23 civil service thereof other than by temporary appointment or in  
24 a position excluded or exempt from the classified service by  
25 the Civil Service Act, or in the case of a city operating under

1 a personnel ordinance, any employee of an employer employed in  
2 the classified or career service under the provisions of a  
3 personnel ordinance, other than in a provisional or exempt  
4 position as specified in such ordinance or in rules and  
5 regulations formulated thereunder.

6 (b) Any employee in the service of an employer before the  
7 Civil Service Act came in effect for the employer.

8 (c) Any person employed by the board.

9 (d) Any person employed after December 31, 1949, but prior  
10 to January 1, 1984, in the service of the employer by temporary  
11 appointment or in a position exempt from the classified service  
12 as set forth in the Civil Service Act, or in a provisional or  
13 exempt position as specified in the personnel ordinance, who  
14 meets the following qualifications:

15 (1) has rendered service during not less than 12  
16 calendar months to an employer as an employee, officer, or  
17 official, 4 months of which must have been consecutive full  
18 normal working months of service rendered immediately  
19 prior to filing application to be included; and

20 (2) files written application with the board, while in  
21 the service, to be included hereunder.

22 (e) After December 31, 1949, any alderman or other officer  
23 or official of the employer, who files, while in office,  
24 written application with the board to be included hereunder.

25 (f) Beginning January 1, 1984, any person employed by an  
26 employer other than the Chicago Housing Authority or the Public

1 Building Commission of the city, whether or not such person is  
2 serving by temporary appointment or in a position exempt from  
3 the classified service as set forth in the Civil Service Act,  
4 or in a provisional or exempt position as specified in the  
5 personnel ordinance, provided that such person is neither (1)  
6 an alderman or other officer or official of the employer, nor  
7 (2) participating, on the basis of such employment, in any  
8 other pension fund or retirement system established under this  
9 Act.

10 (g) After December 31, 1959, any person employed in the law  
11 department of the city, or municipal court or Board of Election  
12 Commissioners of the city, who was a contributor and  
13 participant, on December 31, 1959, in the annuity and benefit  
14 fund in operation in the city on said date, by virtue of the  
15 Court and Law Department Employees' Annuity Act or the Board of  
16 Election Commissioners Employees' Annuity Act.

17 After December 31, 1959, the foregoing definition includes  
18 any other person employed or to be employed in the law  
19 department, or municipal court (other than as a judge), or  
20 Board of Election Commissioners (if his salary is provided by  
21 appropriation of the city council of the city and his salary  
22 paid by the city) -- subject, however, in the case of such  
23 persons not participants on December 31, 1959, to compliance  
24 with the same qualifications and restrictions otherwise set  
25 forth in this Section and made generally applicable to  
26 employees or officers of the city concerning eligibility for

1 participation or membership.

2 Notwithstanding any other provision in this Section, any  
3 person who first becomes employed in the law department of the  
4 city on or after the effective date of this amendatory Act of  
5 the 100th General Assembly shall be included within the  
6 foregoing definition, effective upon the date the person first  
7 becomes so employed, regardless of the nature of the  
8 appointment the person holds under the provisions of a  
9 personnel ordinance.

10 (h) After December 31, 1965, any person employed in the  
11 public library of the city -- and any other person -- who was a  
12 contributor and participant, on December 31, 1965, in the  
13 pension fund in operation in the city on said date, by virtue  
14 of the Public Library Employees' Pension Act.

15 (i) After December 31, 1968, any person employed in the  
16 house of correction of the city, who was a contributor and  
17 participant, on December 31, 1968, in the pension fund in  
18 operation in the city on said date, by virtue of the House of  
19 Correction Employees' Pension Act.

20 (j) Any person employed full-time on or after the effective  
21 date of this amendatory Act of the 92nd General Assembly by the  
22 Chicago Housing Authority who has elected to participate in  
23 this Fund as provided in subsection (a) of Section 8-230.9.

24 (k) Any person employed full-time by the Public Building  
25 Commission of the city who has elected to participate in this  
26 Fund as provided in subsection (d) of Section 8-230.7.

1 (Source: P.A. 92-599, eff. 6-28-02.)

2 (40 ILCS 5/8-173) (from Ch. 108 1/2, par. 8-173)

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

5 Sec. 8-173. Financing; tax levy.

6 (a) Except as provided in subsection (f) of this Section,  
7 the city council of the city shall levy a tax annually upon all  
8 taxable property in the city at a rate that will produce a sum  
9 which, when added to the amounts deducted from the salaries of  
10 the employees or otherwise contributed by them and the amounts  
11 deposited under subsection (f), will be sufficient for the  
12 requirements of this Article, but which when extended will  
13 produce an amount not to exceed the greater of the following:

14 (a) the sum obtained by the levy of a tax of .1093% of the  
15 value, as equalized or assessed by the Department of Revenue,  
16 of all taxable property within such city, or (b) the sum of  
17 \$12,000,000. However any city in which a Fund has been  
18 established and in operation under this Article for more than 3  
19 years prior to 1970 shall levy for the year 1970 a tax at a rate  
20 on the dollar of assessed valuation of all taxable property  
21 that will produce, when extended, an amount not to exceed 1.2  
22 times the total amount of contributions made by employees to  
23 the Fund for annuity purposes in the calendar year 1968, and,  
24 for the year 1971 and 1972 such levy that will produce, when  
25 extended, an amount not to exceed 1.3 times the total amount of

1 contributions made by employees to the Fund for annuity  
2 purposes in the calendar years 1969 and 1970, respectively; and  
3 for the year 1973 an amount not to exceed 1.365 times such  
4 total amount of contributions made by employees for annuity  
5 purposes in the calendar year 1971; and for the year 1974 an  
6 amount not to exceed 1.430 times such total amount of  
7 contributions made by employees for annuity purposes in the  
8 calendar year 1972; and for the year 1975 an amount not to  
9 exceed 1.495 times such total amount of contributions made by  
10 employees for annuity purposes in the calendar year 1973; and  
11 for the year 1976 an amount not to exceed 1.560 times such  
12 total amount of contributions made by employees for annuity  
13 purposes in the calendar year 1974; and for the year 1977 an  
14 amount not to exceed 1.625 times such total amount of  
15 contributions made by employees for annuity purposes in the  
16 calendar year 1975; and for the year 1978 and each year  
17 thereafter through levy year 2016, such levy as will produce,  
18 when extended, an amount not to exceed the total amount of  
19 contributions made by or on behalf of employees to the Fund for  
20 annuity purposes in the calendar year 2 years prior to the year  
21 for which the annual applicable tax is levied, multiplied by  
22 1.690 for the years 1978 through 1998 and by 1.250 for the year  
23 1999 and for each year thereafter through levy year 2016.  
24 Beginning in levy year 2017, and in each year thereafter, the  
25 levy shall not exceed the amount of the city's total required  
26 contribution to the Fund for the next payment year, as



1 determined under subsection (a-5). For the purposes of this  
2 Section, the payment year is the year immediately following the  
3 levy year.

4 The tax shall be levied and collected in like manner with  
5 the general taxes of the city, and shall be exclusive of and in  
6 addition to the amount of tax the city is now or may hereafter  
7 be authorized to levy for general purposes under any laws which  
8 may limit the amount of tax which the city may levy for general  
9 purposes. The county clerk of the county in which the city is  
10 located, in reducing tax levies under the provisions of any Act  
11 concerning the levy and extension of taxes, shall not consider  
12 the tax herein provided for as a part of the general tax levy  
13 for city purposes, and shall not include the same within any  
14 limitation of the percent of the assessed valuation upon which  
15 taxes are required to be extended for such city.

16 Revenues derived from such tax shall be paid to the city  
17 treasurer of the city as collected and held by the city  
18 treasurer ~~him~~ for the benefit of the fund.

19 If the payments on account of taxes are insufficient during  
20 any year to meet the requirements of this Article, the city may  
21 issue tax anticipation warrants against the current tax levy.

22 The city may continue to use other lawfully available funds  
23 in lieu of all or part of the levy, as provided under  
24 subsection (f) of this Section.

25 (a-5) (1) Beginning in payment year 2018, the city's  
26 required annual contribution to the Fund for payment years 2018

1 through 2022 shall be: for 2018, \$266,000,000; for 2019,  
2 \$344,000,000; for 2020, \$421,000,000; for 2021, \$499,000,000;  
3 and for 2022, \$576,000,000.

4 (2) For payment years 2023 through 2058, the city's  
5 required annual contribution to the Fund shall be the amount  
6 determined by the Fund to be equal to the sum of (i) the city's  
7 portion of the projected normal cost for that fiscal year, plus  
8 (ii) an amount determined on a level percentage of applicable  
9 employee payroll basis (reflecting any limits on individual  
10 participants' pay that apply for benefit and contribution  
11 purposes under this plan) that is sufficient to bring the total  
12 actuarial assets of the Fund up to 90% of the total actuarial  
13 liabilities of the Fund by the end of 2058.

14 (3) For payment years after 2058, the city's required  
15 annual contribution to the Fund shall be equal to the amount,  
16 if any, needed to bring the total actuarial assets of the Fund  
17 up to 90% of the total actuarial liabilities of the Fund as of  
18 the end of the year. In making the determinations under  
19 paragraphs (2) and (3) of this subsection, the actuarial  
20 calculations shall be determined under the entry age normal  
21 actuarial cost method, and any actuarial gains or losses from  
22 investment return incurred in a fiscal year shall be recognized  
23 in equal annual amounts over the 5-year period following the  
24 fiscal year.

25 To the extent that the city's contribution for any of the  
26 payment years referenced in this subsection is made with

1 property taxes, those property taxes shall be levied,  
2 collected, and paid to the Fund in a like manner with the  
3 general taxes of the city.

4 (a-10) If the city fails to transmit to the Fund  
5 contributions required of it under this Article by December 31  
6 of the year in which such contributions are due, the Fund may,  
7 after giving notice to the city, certify to the State  
8 Comptroller the amounts of the delinquent payments, and the  
9 Comptroller must, beginning in payment year 2018, deduct and  
10 deposit into the Fund the certified amounts or a portion of  
11 those amounts from the following proportions of grants of State  
12 funds to the city:

13 (1) in payment year 2018, one-third of the total amount  
14 of any grants of State funds to the city;

15 (2) in payment year 2019, two-thirds of the total  
16 amount of any grants of State funds to the city; and

17 (3) in payment year 2020 and each payment year  
18 thereafter, the total amount of any grants of State funds  
19 to the city.

20 The State Comptroller may not deduct from any grants of  
21 State funds to the city more than the amount of delinquent  
22 payments certified to the State Comptroller by the Fund.

23 (b) On or before July 1, 2017, and each July 1 thereafter  
24 ~~January 10, annually,~~ the board shall certify to ~~notify~~ the  
25 city council the annual amounts required under ~~of the~~  
26 ~~requirements of~~ this Article, for which ~~that~~ the tax herein

1 provided shall be levied for the following ~~that current~~ year.  
2 The board shall compute the amounts necessary to be credited to  
3 the reserves established and maintained as herein provided, and  
4 shall make an annual determination of the amount of the  
5 required city contributions, and certify the results thereof to  
6 the city council.

7 (c) In respect to employees of the city who are transferred  
8 to the employment of a park district by virtue of the "Exchange  
9 of Functions Act of 1957", the corporate authorities of the  
10 park district shall annually levy a tax upon all the taxable  
11 property in the park district at such rate per cent of the  
12 value of such property, as equalized or assessed by the  
13 Department of Revenue, as shall be sufficient, when added to  
14 the amounts deducted from their salaries and otherwise  
15 contributed by them to provide the benefits to which they and  
16 their dependents and beneficiaries are entitled under this  
17 Article. The city shall not levy a tax hereunder in respect to  
18 such employees.

19 The tax so levied by the park district shall be in addition  
20 to and exclusive of all other taxes authorized to be levied by  
21 the park district for corporate, annuity fund, or other  
22 purposes. The county clerk of the county in which the park  
23 district is located, in reducing any tax levied under the  
24 provisions of any act concerning the levy and extension of  
25 taxes shall not consider such tax as part of the general tax  
26 levy for park purposes, and shall not include the same in any

1 limitation of the per cent of the assessed valuation upon which  
2 taxes are required to be extended for the park district. The  
3 proceeds of the tax levied by the park district, upon receipt  
4 by the district, shall be immediately paid over to the city  
5 treasurer of the city for the uses and purposes of the fund.

6 The various sums to be contributed by the city and park  
7 district and allocated for the purposes of this Article, and  
8 any interest to be contributed by the city, shall be derived  
9 from the revenue from the taxes authorized in this Section or  
10 otherwise as expressly provided in this Section.

11 If it is not possible or practicable for the city to make  
12 contributions for age and service annuity and widow's annuity  
13 at the same time that employee contributions are made for such  
14 purposes, such city contributions shall be construed to be due  
15 and payable as of the end of the fiscal year for which the tax  
16 is levied and shall accrue thereafter with interest at the  
17 effective rate until paid.

18 (d) With respect to employees whose wages are funded as  
19 participants under the Comprehensive Employment and Training  
20 Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L.  
21 93-567, 88 Stat. 1845), hereinafter referred to as CETA,  
22 subsequent to October 1, 1978, and in instances where the board  
23 has elected to establish a manpower program reserve, the board  
24 shall compute the amounts necessary to be credited to the  
25 manpower program reserves established and maintained as herein  
26 provided, and shall make a periodic determination of the amount

1 of required contributions from the City to the reserve to be  
2 reimbursed by the federal government in accordance with rules  
3 and regulations established by the Secretary of the United  
4 States Department of Labor or his designee, and certify the  
5 results thereof to the City Council. Any such amounts shall  
6 become a credit to the City and will be used to reduce the  
7 amount which the City would otherwise contribute during  
8 succeeding years for all employees.

9 (e) In lieu of establishing a manpower program reserve with  
10 respect to employees whose wages are funded as participants  
11 under the Comprehensive Employment and Training Act of 1973, as  
12 authorized by subsection (d), the board may elect to establish  
13 a special municipality contribution rate for all such  
14 employees. If this option is elected, the City shall contribute  
15 to the Fund from federal funds provided under the Comprehensive  
16 Employment and Training Act program at the special rate so  
17 established and such contributions shall become a credit to the  
18 City and be used to reduce the amount which the City would  
19 otherwise contribute during succeeding years for all  
20 employees.

21 (f) In lieu of levying all or a portion of the tax required  
22 under this Section in any year, the city may deposit with the  
23 city treasurer ~~no later than March 1 of that year~~ for the  
24 benefit of the fund, to be held in accordance with this  
25 Article, an amount that, together with the taxes levied under  
26 this Section for that year, is not less than the amount of the

1 city contributions for that year as certified by the board to  
2 the city council. The deposit may be derived from any source  
3 legally available for that purpose, including, but not limited  
4 to, the proceeds of city borrowings. The making of a deposit  
5 shall satisfy fully the requirements of this Section for that  
6 year to the extent of the amounts so deposited. Amounts  
7 deposited under this subsection may be used by the fund for any  
8 of the purposes for which the proceeds of the tax levied by the  
9 city under this Section may be used, including the payment of  
10 any amount that is otherwise required by this Article to be  
11 paid from the proceeds of that tax.

12 (Source: P.A. 90-31, eff. 6-27-97; 90-655, eff. 7-30-98;  
13 90-766, eff. 8-14-98.)

14 (40 ILCS 5/8-174) (from Ch. 108 1/2, par. 8-174)

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

17 Sec. 8-174. Contributions for age and service annuities for  
18 present employees and future entrants. (a) Beginning on the  
19 effective date and prior to July 1, 1947, 3 1/4%; and beginning  
20 on July 1, 1947 and prior to July 1, 1953, 5%; and beginning  
21 July 1, 1953, and prior to January 1, 1972, 6%; and beginning  
22 January 1, 1972, 6-1/2% of each payment of the salary of each  
23 present employee and future entrant, except as provided in  
24 subsection (a-5) and (a-10), shall be contributed to the fund  
25 as a deduction from salary for age and service annuity.

1       (a-5) Except as provided in subsection (a-10), for an  
2 employee who on or after January 1, 2011 and prior to the  
3 effective date of this amendatory Act of the 100th General  
4 Assembly first became a member or participant under this  
5 Article and made the election under item (i) of subsection  
6 (d-10) of Section 1-160: prior to the effective date of this  
7 amendatory Act of the 100th General Assembly, 6.5%; and  
8 beginning on the effective date of this amendatory Act of the  
9 100th General Assembly and prior to January 1, 2018, 7.5%; and  
10 beginning January 1, 2018 and prior to January 1, 2019, 8.5%;  
11 and beginning January 1, 2019 and thereafter, employee  
12 contributions for those employees who made the election under  
13 item (i) of subsection (d-10) of Section 1-160 shall be the  
14 lesser of: (i) the total normal cost, calculated using the  
15 entry age normal actuarial method, projected for that fiscal  
16 year for the benefits and expenses of the plan of benefits  
17 applicable to those members and participants who first became  
18 members or participants on or after the effective date of this  
19 amendatory Act of the 100th General Assembly and to those  
20 employees who made the election under item (i) of subsection  
21 (d-10) of Section 1-160, but not less than 6.5% of each payment  
22 of salary combined with the employee contributions provided for  
23 in subsection (b) of Section 8-137 and Section 8-182 of this  
24 Article; or (ii) the aggregate employee contribution  
25 consisting of 9.5% of each payment of salary combined with the  
26 employee contributions provided for in subsection (b) of



1 Section 8-137 and 8-182 of this Article.

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

1 reached a funding ratio of 75%, the 5.5% of salary contribution  
2 for age and service annuity shall resume. An employee who made  
3 the election under item (ii) of subsection (d-10) of Section  
4 1-160 shall continue to have the contributions for age and  
5 service annuity determined under subsection (a) of this  
6 Section.

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

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

24 (a-10) For each employee who on or after the effective date  
25 of this amendatory Act of the 100th General Assembly first  
26 becomes a member or participant under this Article, 9.5% of

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

20 Beginning with the first pay period on or after the date  
21 when the funded ratio of the fund is first determined to have  
22 reached the 90% funding goal, and each pay period thereafter  
23 for as long as the fund maintains a funding ratio of 75% or  
24 more, employee contributions for age and service annuity for  
25 each employee subject to this subsection (a-10) shall be 5.5%  
26 of each payment of salary. If the funding ratio falls below

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

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

26 Such deductions beginning on the effective date and prior

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

14 (b) (Blank). ~~Concurrently with each employee contribution~~  
15 ~~beginning on the effective date and prior to July 1, 1947 the~~  
16 ~~city shall contribute 5 3/4%; and beginning on July 1, 1947 and~~  
17 ~~prior to July 1, 1953, 7%; and beginning July 1, 1953, 6% of~~  
18 ~~each payment of such salary until the employee attains age 65.~~

19 (c) Each employee contribution made prior to the date the  
20 age and service annuity for an employee is fixed and each  
21 corresponding city contribution shall be credited to the  
22 employee and allocated to the account of the employee for whose  
23 benefit it is 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 of the 100th General Assembly.

3 (Source: P.A. 93-654, eff. 1-16-04.)

4 (40 ILCS 5/8-228.5 new)

5 Sec. 8-228.5. Action by Fund against third party;  
6 subrogation. In those cases where the injury or death for which  
7 a disability or death benefit is payable under this Article was  
8 caused under circumstances creating a legal liability on the  
9 part of some person or entity (hereinafter "third party") to  
10 pay damages to the employee, legal proceedings may be taken  
11 against such third party to recover damages notwithstanding the  
12 Fund's payment of or liability to pay disability or death  
13 benefits under this Article. In such case, however, if the  
14 action against such third party is brought by the injured  
15 employee or his or her personal representative and judgment is  
16 obtained and paid, or settlement is made with such third party,  
17 either with or without suit, from the amount received by such  
18 employee or personal representative, then there shall be paid  
19 to the Fund the amount of money representing the death or  
20 disability benefits paid or to be paid to the disabled employee  
21 pursuant to the provisions of this Article. In all  
22 circumstances where the action against a third party is brought  
23 by the disabled employee or his or her personal representative,  
24 the Fund shall have a claim or lien upon any recovery, by  
25 judgment or settlement, out of which the disabled employee or

1 his or her personal representative might be compensated from  
2 such third party. The Fund may satisfy or enforce any such  
3 claim or lien only from that portion of a recovery that has  
4 been, or can be, allocated or attributed to past and future  
5 lost salary, which recovery is by judgment or settlement. The  
6 Fund's claim or lien shall not be satisfied or enforced from  
7 that portion of a recovery that has been, or can be, allocated  
8 or attributed to medical care and treatment, pain and  
9 suffering, loss of consortium, and attorney's fees and costs.

10 Where action is brought by the disabled employee or his or  
11 her personal representative he or she shall forthwith notify  
12 the Fund, by personal service or registered mail, of such fact  
13 and of the name of the court where such suit is brought, filing  
14 proof of such notice in such action. The Fund may, at any time  
15 thereafter, intervene in such action upon its own motion.  
16 Therefore, no release or settlement of claim for damages by  
17 reason of injury to the disabled employee, and no satisfaction  
18 of judgment in such proceedings, shall be valid without the  
19 written consent of the Board of Trustees authorized by this  
20 Code to administer the Fund created under this Article, except  
21 that such consent shall be provided expeditiously following a  
22 settlement or judgment.

23 In the event the disabled employee or his or her personal  
24 representative has not instituted an action against a third  
25 party at a time when only 3 months remain before such action  
26 would thereafter be barred by law, the Fund may, in its own

1 name or in the name of the personal representative, commence a  
2 proceeding against such third party seeking the recovery of all  
3 damages on account of injuries caused to the employee. From any  
4 amount so recovered, the Fund shall pay to the personal  
5 representative of such disabled employee all sums collected  
6 from such third party by judgment or otherwise in excess of the  
7 amount of disability or death benefits paid or to be paid under  
8 this Article to the disabled employee or his or her personal  
9 representative, and such costs, attorney's fees, and  
10 reasonable expenses as may be incurred by the Fund in making  
11 the collection or in enforcing such liability. The Fund's  
12 recovery shall be satisfied only from that portion of a  
13 recovery that has been, or can be, allocated or attributed to  
14 past and future lost salary, which recovery is by judgment or  
15 settlement. The Fund's recovery shall not be satisfied from  
16 that portion of the recovery that has been or can be allocated  
17 or attributed to medical care and treatment, pain and  
18 suffering, loss of consortium, and attorney's fees and costs.

19 Additionally, with respect to any right of subrogation  
20 asserted by the Fund under this Section, the Fund, in the  
21 exercise of discretion, may determine what amount from past or  
22 future salary shall be appropriate under the circumstances to  
23 collect from the recovery obtained on behalf of the disabled  
24 employee.

25 This Section applies only to persons who first become  
26 members or participants under this Article on or after the



1 effective date of this amendatory Act of 100th General  
2 Assembly.

3 (40 ILCS 5/8-243.2) (from Ch. 108 1/2, par. 8-243.2)

4 Sec. 8-243.2. Alternative annuity for city officers.

5 (a) For the purposes of this Section and Sections 8-243.1  
6 and 8-243.3, "city officer" means the city clerk, the city  
7 treasurer, or an alderman of the city elected by vote of the  
8 people, while serving in that capacity or as provided in  
9 subsection (f), who has elected to participate in the Fund.

10 (b) Any elected city officer, while serving in that  
11 capacity or as provided in subsection (f), may elect to  
12 establish alternative credits for an alternative annuity by  
13 electing in writing to make additional optional contributions  
14 in accordance with this Section and the procedures established  
15 by the board. Such elected city officer may discontinue making  
16 the additional optional contributions by notifying the Fund in  
17 writing in accordance with this Section and procedures  
18 established by the board.

19 Additional optional contributions for the alternative  
20 annuity shall be as follows:

21 (1) For service after the option is elected, an  
22 additional contribution of 3% of salary shall be  
23 contributed to the Fund on the same basis and under the  
24 same conditions as contributions required under Sections  
25 8-174 and 8-182.

1           (2) For service before the option is elected, an  
2           additional contribution of 3% of the salary for the  
3           applicable period of service, plus interest at the  
4           effective rate from the date of service to the date of  
5           payment. All payments for past service must be paid in full  
6           before credit is given. No additional optional  
7           contributions may be made for any period of service for  
8           which credit has been previously forfeited by acceptance of  
9           a refund, unless the refund is repaid in full with interest  
10          at the effective rate from the date of refund to the date  
11          of repayment.

12          (c) In lieu of the retirement annuity otherwise payable  
13          under this Article, any city officer elected by vote of the  
14          people who (1) has elected to participate in the Fund and make  
15          additional optional contributions in accordance with this  
16          Section, and (2) has attained age 55 with at least 10 years of  
17          service credit, or has attained age 60 with at least 8 years of  
18          service credit, may elect to have his retirement annuity  
19          computed as follows: 3% of the participant's salary at the time  
20          of termination of service for each of the first 8 years of  
21          service credit, plus 4% of such salary for each of the next 4  
22          years of service credit, plus 5% of such salary for each year  
23          of service credit in excess of 12 years, subject to a maximum  
24          of 80% of such salary. To the extent such elected city officer  
25          has made additional optional contributions with respect to only  
26          a portion of his years of service credit, his retirement

1 annuity will first be determined in accordance with this  
2 Section to the extent such additional optional contributions  
3 were made, and then in accordance with the remaining Sections  
4 of this Article to the extent of years of service credit with  
5 respect to which additional optional contributions were not  
6 made.

7 (d) In lieu of the disability benefits otherwise payable  
8 under this Article, any city officer elected by vote of the  
9 people who (1) has elected to participate in the Fund, and (2)  
10 has become permanently disabled and as a consequence is unable  
11 to perform the duties of his office, and (3) was making  
12 optional contributions in accordance with this Section at the  
13 time the disability was incurred, may elect to receive a  
14 disability annuity calculated in accordance with the formula in  
15 subsection (c). For the purposes of this subsection, such  
16 elected city officer shall be considered permanently disabled  
17 only if: (i) disability occurs while in service as an elected  
18 city officer and is of such a nature as to prevent him from  
19 reasonably performing the duties of his office at the time; and  
20 (ii) the board has received a written certification by at least  
21 2 licensed physicians appointed by it stating that such officer  
22 is disabled and that the disability is likely to be permanent.

23 (e) Refunds of additional optional contributions shall be  
24 made on the same basis and under the same conditions as  
25 provided under Sections 8-168, 8-170 and 8-171. Interest shall  
26 be credited at the effective rate on the same basis and under

1 the same conditions as for other contributions. Optional  
2 contributions shall be accounted for in a separate Elected City  
3 Officer Optional Contribution Reserve. Optional contributions  
4 under this Section shall be included in the amount of employee  
5 contributions used to compute the tax levy under Section 8-173.

6 (f) The effective date of this plan of optional alternative  
7 benefits and contributions shall be July 1, 1990, or the date  
8 upon which approval is received from the U.S. Internal Revenue  
9 Service, whichever is later.

10 The plan of optional alternative benefits and  
11 contributions shall not be available to any former city officer  
12 or employee receiving an annuity from the Fund on the effective  
13 date of the plan, unless he re-enters service as an elected  
14 city officer and renders at least 3 years of additional service  
15 after the date of re-entry. However, a person who holds office  
16 as a city officer on June 1, 1995 may elect to participate in  
17 the plan, to transfer credits into the Fund from other Articles  
18 of this Code, and to make the contributions required for prior  
19 service, until 30 days after the effective date of this  
20 amendatory Act of the 92nd General Assembly, notwithstanding  
21 the ending of his term of office prior to that effective date;  
22 in the event that the person is already receiving an annuity  
23 from this Fund or any other Article of this Code at the time of  
24 making this election, the annuity shall be recalculated to  
25 include any increase resulting from participation in the plan,  
26 with such increase taking effect on the effective date of the

1 election.

2 (g) Notwithstanding any other provision in this Section or  
3 in this Code to the contrary, any person who first becomes a  
4 city officer, as defined in this Section, on or after the  
5 effective date of this amendatory Act of the 100th General  
6 Assembly, shall not be eligible for the alternative annuity or  
7 alternative disability benefits as provided in subsections  
8 (a), (b), (c), and (d) of this Section or for the alternative  
9 survivor's benefits as provided in Section 8-243.3. Such person  
10 shall not be eligible, or be required, to make any additional  
11 contributions beyond those required of other participants  
12 under Sections 8-137, 8-174, and 8-182. The retirement annuity,  
13 disability benefits, and survivor's benefits for a person who  
14 first becomes a city officer on or after the effective date of  
15 this amendatory Act of the 100th General Assembly shall be  
16 determined pursuant to the provisions otherwise provided in  
17 this Article.

18 (Source: P.A. 92-599, eff. 6-28-02.)

19 (40 ILCS 5/8-244) (from Ch. 108 1/2, par. 8-244)

20 Sec. 8-244. Annuities, etc., exempt.

21 (a) All annuities, refunds, pensions, and disability  
22 benefits granted under this Article, shall be exempt from  
23 attachment or garnishment process and shall not be seized,  
24 taken, subjected to, detained, or levied upon by virtue of any  
25 judgment, or any process or proceeding whatsoever issued out of

1 or by any court in this State, for the payment and satisfaction  
2 in whole or in part of any debt, damage, claim, demand, or  
3 judgment against any annuitant, pensioner, participant, refund  
4 applicant, or other beneficiary hereunder.

5 (b) No annuitant, pensioner, refund applicant, or other  
6 beneficiary shall have any right to transfer or assign his  
7 annuity, refund, or disability benefit or any part thereof by  
8 way of mortgage or otherwise, except that:

9 (1) an annuitant or pensioner who elects or has elected  
10 to participate in a ~~non-profit group~~ hospital care plan or  
11 ~~group~~ medical surgical plan may with the approval of the  
12 board and in conformity with its regulations authorize the  
13 board to withhold from the pension or annuity the current  
14 premium for such coverage and pay such premium to the  
15 organization underwriting such plan;

16 (2) in the case of refunds, a participant may pledge by  
17 assignment, power of attorney, or otherwise, as security  
18 for a loan from a legally operating credit union making  
19 loans only to participants in certain public employee  
20 pension funds described in the Illinois Pension Code, all  
21 or part of any refund which may become payable to him in  
22 the event of his separation from service; and

23 (3) the board, in its discretion, may pay to the wife  
24 of any annuitant, pensioner, refund applicant, or  
25 disability beneficiary, such an amount out of her husband's  
26 annuity pension, refund, or disability benefit as any court

1 of competent jurisdiction may order, or such an amount as  
2 the board may consider necessary for the support of his  
3 wife or children, or both in the event of his disappearance  
4 or unexplained absence or of his failure to support such  
5 wife or children.

6 (c) The board may retain out of any future annuity,  
7 pension, refund or disability benefit payments, such amount, or  
8 amounts, as it may require for the repayment of any moneys paid  
9 to any annuitant, pensioner, refund applicant, or disability  
10 beneficiary through misrepresentation, fraud or error. Any  
11 such action of the board shall relieve and release the board  
12 and the fund from any liability for any moneys so withheld.

13 (d) Whenever an annuity or disability benefit is payable to  
14 a minor or to a person certified by a medical doctor to be  
15 under legal disability, the board, in its discretion and when  
16 it is in the best interest of the person concerned, may waive  
17 guardianship proceedings and pay the annuity or benefit to the  
18 person providing or caring for the minor or person under legal  
19 disability.

20 In the event that a person certified by a medical doctor to  
21 be under legal disability (i) has no spouse, blood relative, or  
22 other person providing or caring for him or her, (ii) has no  
23 guardian of his or her estate, and (iii) is confined to a  
24 Medicare approved, State certified nursing home or to a  
25 publicly owned and operated nursing home, hospital, or mental  
26 institution, the Board may pay any benefit due that person to

1 the nursing home, hospital, or mental institution, to be used  
2 for the sole benefit of the person under legal disability.

3 Payment in accordance with this subsection to a person,  
4 nursing home, hospital, or mental institution for the benefit  
5 of a minor or person under legal disability shall be an  
6 absolute discharge of the Fund's liability with respect to the  
7 amount so paid. Any person, nursing home, hospital, or mental  
8 institution accepting payment under this subsection shall  
9 notify the Fund of the death or any other relevant change in  
10 the status of the minor or person under legal disability.

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

12 (40 ILCS 5/8-244.1) (from Ch. 108 1/2, par. 8-244.1)

13 Sec. 8-244.1. Payment of annuity other than direct.

14 (a) The board, at the written direction and request of any  
15 annuitant, may, solely as an accommodation to such annuitant,  
16 pay the annuity due him to a bank, savings and loan association  
17 or any other financial institution insured by an agency of the  
18 federal government, for deposit to his account, or to a bank or  
19 trust company for deposit in a trust established by him for his  
20 benefit with such bank, savings and loan association or trust  
21 company, and such annuitant may withdraw such direction at any  
22 time. The board may also, in the case of any disability  
23 beneficiary or annuitant for whom no estate guardian has been  
24 appointed and who is confined in a publicly owned and operated  
25 mental institution, pay such disability benefit or annuity due



1 such person to the superintendent or other head of such  
2 institution or hospital for deposit to such person's trust fund  
3 account maintained for him by such institution or hospital, if  
4 by law such trust fund accounts are authorized or recognized.

5 (b) An annuitant formerly employed by the City of Chicago  
6 may authorize the withholding of a portion of his or her  
7 annuity for payment of dues to the labor organization which  
8 formerly represented the annuitant when the annuitant was an  
9 active employee; however, no withholding shall be required  
10 under this subsection for payment to one labor organization  
11 unless a minimum of 25 annuitants authorize such withholding.  
12 The Board shall prescribe a form for the authorization of  
13 withholding of dues, release of name, social security number  
14 and address and shall provide such forms to employees,  
15 annuitants and labor organizations upon request. Amounts  
16 withheld by the Board under this subsection shall be promptly  
17 paid over to the designated organizations, indicating the  
18 names, social security numbers and addresses of annuitants on  
19 whose behalf dues were withheld.

20 At the request and at the expense of the labor organization  
21 that formerly represented the annuitant, the City of Chicago  
22 shall coordinate mailings no more than twice in any  
23 twelve-month period to such annuitants and the Board shall  
24 supply current annuitant addresses to the City of Chicago upon  
25 request. These mailings shall be limited to informing the  
26 annuitants of their rights under this subsection (b), the form

1 authorizing the withholding of dues from their annuity and  
2 information supplied by the labor organization pertinent to the  
3 decision of whether to exercise the rights of this subsection.  
4 ~~To meet this obligation, the City of Chicago shall, upon~~  
5 ~~request, create and update records of all retirees for each~~  
6 ~~labor organization as far back in time as records permit,~~  
7 ~~including their names, addresses, phone numbers and social~~  
8 ~~security numbers.~~

9 (Source: P.A. 90-766, eff. 8-14-98.)

10 (40 ILCS 5/8-251) (from Ch. 108 1/2, par. 8-251)

11 Sec. 8-251. Felony conviction.

12 None of the benefits provided for in this Article shall be  
13 paid to any person who is convicted of any felony relating to  
14 or arising out of or in connection with his service as a  
15 municipal employee.

16 This section shall not operate to impair any contract or  
17 vested right heretofore acquired under any law or laws  
18 continued in this Article, nor to preclude the right to a  
19 refund.

20 Any refund required under this Article shall be calculated  
21 based on that person's contributions to the Fund, less the  
22 amount of any annuity benefit previously received by the person  
23 or his or her beneficiaries. The changes made to this Section  
24 by this amendatory Act of the 100th General Assembly apply only  
25 to persons who first become participants under this Article on

1 or after the effective date of this amendatory Act of the 100th  
2 General Assembly.

3 All future entrants entering service subsequent to July 11,  
4 1955 shall be deemed to have consented to the provisions of  
5 this section as a condition of coverage.

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

7 (40 ILCS 5/11-125.9 new)

8 Sec. 11-125.9 Action by Fund against third party;  
9 subrogation. In those cases where the injury or death for which  
10 a disability or death benefit is payable under this Article was  
11 caused under circumstances creating a legal liability on the  
12 part of some person or entity (hereinafter "third party") to  
13 pay damages to the employee, legal proceedings may be taken  
14 against such third party to recover damages notwithstanding the  
15 Fund's payment of or liability to pay disability or death  
16 benefits under this Article. In such case, however, if the  
17 action against such third party is brought by the injured  
18 employee or his or her personal representative and judgment is  
19 obtained and paid, or settlement is made with such third party,  
20 either with or without suit, from the amount received by such  
21 employee or personal representative, then there shall be paid  
22 to the Fund the amount of money representing the death or  
23 disability benefits paid or to be paid to the disabled employee  
24 pursuant to the provisions of this Article. In all  
25 circumstances where the action against a third party is brought

1 by the disabled employee or his or her personal representative,  
2 the Fund shall have a claim or lien upon any recovery, by  
3 judgment or settlement, out of which the disabled employee or  
4 his or her personal representative might be compensated from  
5 such third party. The Fund may satisfy or enforce any such  
6 claim or lien only from that portion of a recovery that has  
7 been, or can be, allocated or attributed to past and future  
8 lost salary, which recovery is by judgment or settlement. The  
9 Fund's claim or lien shall not be satisfied or enforced from  
10 that portion of a recovery that has been, or can be, allocated  
11 or attributed to medical care and treatment, pain and  
12 suffering, loss of consortium, and attorney's fees and costs.  
13 Where action is brought by the disabled employee or his or her  
14 personal representative he or she shall forthwith notify the  
15 Fund, by personal service or registered mail, of such fact and  
16 of the name of the court where such suit is brought, filing  
17 proof of such notice in such action. The Fund may, at any time  
18 thereafter, intervene in such action upon its own motion.  
19 Therefore, no release or settlement of claim for damages by  
20 reason of injury to the disabled employee, and no satisfaction  
21 of judgment in such proceedings, shall be valid without the  
22 written consent of the Board of Trustees authorized by this  
23 Code to administer the Fund created under this Article, except  
24 that such consent shall be provided expeditiously following a  
25 settlement or judgment.

26 In the event the disabled employee or his or her personal

1 representative has not instituted an action against a third  
2 party at a time when only 3 months remain before such action  
3 would thereafter be barred by law, the Fund may, in its own  
4 name or in the name of the personal representative, commence a  
5 proceeding against such third party seeking the recovery of all  
6 damages on account of injuries caused to the employee. From any  
7 amount so recovered, the Fund shall pay to the personal  
8 representative of such disabled employee all sums collected  
9 from such third party by judgment or otherwise in excess of the  
10 amount of disability or death benefits paid or to be paid under  
11 this Article to the disabled employee or his or her personal  
12 representative, and such costs, attorney's fees, and  
13 reasonable expenses as may be incurred by the Fund in making  
14 the collection or in enforcing such liability. The Fund's  
15 recovery shall be satisfied only from that portion of a  
16 recovery that has been, or can be, allocated or attributed to  
17 past and future lost salary, which recovery is by judgment or  
18 settlement. The Fund's recovery shall not be satisfied from  
19 that portion of the recovery that has been or can be allocated  
20 or attributed to medical care and treatment, pain and  
21 suffering, loss of consortium, and attorney's fees and costs.  
22 Additionally, with respect to any right of subrogation asserted  
23 by the Fund under this Section, the Fund, in the exercise of  
24 discretion, may determine what amount from past or future  
25 salary shall be appropriate under the circumstances to collect  
26 from the recovery obtained on behalf of the disabled employee.

1       This Section applies only to persons who first become  
2       members or participants under this Article on or after the  
3       effective date of this amendatory Act of 100th General  
4       Assembly.

5           (40 ILCS 5/11-169) (from Ch. 108 1/2, par. 11-169)

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

8           Sec. 11-169. Financing; tax levy.

9           (a) Except as provided in subsection (f) of this Section,  
10       the city council of the city shall levy a tax annually upon all  
11       taxable property in the city at the rate that will produce a  
12       sum which, when added to the amounts deducted from the salaries  
13       of the employees or otherwise contributed by them and the  
14       amounts deposited under subsection (f), will be sufficient for  
15       the requirements of this Article. For the years prior to the  
16       year 1950 the tax rate shall be as provided for under "The 1935  
17       Act". Beginning with the year 1950 to and including the year  
18       1969 such tax shall be not more than .036% annually of the  
19       value, as equalized or assessed by the Department of Revenue,  
20       of all taxable property within such city. Beginning with the  
21       year 1970 and each year thereafter through levy year 2016, the  
22       city shall levy a tax annually at a rate on the dollar of the  
23       value, as equalized or assessed by the Department of Revenue of  
24       all taxable property within such city that will produce, when  
25       extended, not to exceed an amount equal to the total amount of

1 contributions by the employees to the fund made in the calendar  
2 year 2 years prior to the year for which the annual applicable  
3 tax is levied, multiplied by 1.1 for the years 1970, 1971 and  
4 1972; 1.145 for the year 1973; 1.19 for the year 1974; 1.235  
5 for the year 1975; 1.280 for the year 1976; 1.325 for the year  
6 1977; 1.370 for the years 1978 through 1998; and 1.000 for the  
7 year 1999 and for each year thereafter through levy year 2016.  
8 Beginning in levy year 2017, and in each year thereafter, the  
9 levy shall not exceed the amount of the city's total required  
10 contribution to the Fund for the next payment year, as  
11 determined under subsection (a-5). For the purposes of this  
12 Section, the payment year is the year immediately following the  
13 levy year.

14 The tax shall be levied and collected in like manner with  
15 the general taxes of the city, and shall be exclusive of and in  
16 addition to the amount of tax the city is now or may hereafter  
17 be authorized to levy for general purposes under any laws which  
18 may limit the amount of tax which the city may levy for general  
19 purposes. The county clerk of the county in which the city is  
20 located, in reducing tax levies under the provisions of any Act  
21 concerning the levy and extension of taxes, shall not consider  
22 the tax herein provided for as a part of the general tax levy  
23 for city purposes, and shall not include the same within any  
24 limitation of the per cent of the assessed valuation upon which  
25 taxes are required to be extended for such city.

26 Revenues derived from such tax shall be paid to the city

1 treasurer of the city as collected and held by the city  
2 treasurer ~~him~~ for the benefit of the fund.

3 If the payments on account of taxes are insufficient during  
4 any year to meet the requirements of this Article, the city may  
5 issue tax anticipation warrants against the current tax levy.

6 The city may continue to use other lawfully available funds  
7 in lieu of all or part of the levy, as provided under  
8 subsection (f) of this Section.

9 (a-5) (1) Beginning in payment year 2018, the city's  
10 required annual contribution to the Fund for payment years 2018  
11 through 2022 shall be: for 2018, \$36,000,000; for 2019,  
12 \$48,000,000; for 2020, \$60,000,000; for 2021, \$72,000,000; and  
13 for 2022, \$84,000,000.

14 (2) For payment years 2023 through 2058, the city's  
15 required annual contribution to the Fund shall be the amount  
16 determined by the Fund to be equal to the sum of (i) the city's  
17 portion of projected normal cost for that fiscal year, plus  
18 (ii) an amount determined on a level percentage of applicable  
19 employee payroll basis that is sufficient to bring the total  
20 actuarial assets of the Fund up to 90% of the total actuarial  
21 liabilities of the Fund by the end of 2058.

22 (3) For payment years after 2058, the city's required  
23 annual contribution to the Fund shall be equal to the amount,  
24 if any, needed to bring the total actuarial assets of the Fund  
25 up to 90% of the total actuarial liabilities of the Fund as of  
26 the end of the year. In making the determinations under



1 paragraphs (2) and (3) of this subsection, the actuarial  
2 calculations shall be determined under the entry age normal  
3 actuarial cost method, and any actuarial gains or losses from  
4 investment return incurred in a fiscal year shall be recognized  
5 in equal annual amounts over the 5-year period following the  
6 fiscal year.

7 To the extent that the city's contribution for any of the  
8 payment years referenced in this subsection is made with  
9 property taxes, those property taxes shall be levied,  
10 collected, and paid to the Fund in a like manner with the  
11 general taxes of the city.

12 (a-10) If the city fails to transmit to the Fund  
13 contributions required of it under this Article by December 31  
14 of the year in which such contributions are due, the Fund may,  
15 after giving notice to the city, certify to the State  
16 Comptroller the amounts of the delinquent payments, and the  
17 Comptroller must, beginning in payment year 2018, deduct and  
18 deposit into the Fund the certified amounts or a portion of  
19 those amounts from the following proportions of grants of State  
20 funds to the city:

21 (1) in payment year 2018, one-third of the total amount  
22 of any grants of State funds to the city;

23 (2) in payment year 2019, two-thirds of the total  
24 amount of any grants of State funds to the city; and

25 (3) in payment year 2020 and each payment year  
26 thereafter, the total amount of any grants of State funds

1           to the city.

2           The State Comptroller may not deduct from any grants of  
3 State funds to the city more than the amount of delinquent  
4 payments certified to the State Comptroller by the Fund.

5           (b) On or before July 1, 2017, and each July 1 thereafter  
6 ~~January 10, annually,~~ the board shall certify to ~~notify~~ the  
7 city council the annual amounts required under ~~of the~~  
8 ~~requirement of~~ this Article, for which ~~that~~ the tax herein  
9 provided shall be levied for the following ~~that current~~ year.  
10 The board shall compute the amounts necessary for the purposes  
11 of this fund to be credited to the reserves established and  
12 maintained as herein provided, and shall make an annual  
13 determination of the amount of the required city contributions;  
14 and certify the results thereof to the city council.

15           (c) In respect to employees of the city who are transferred  
16 to the employment of a park district by virtue of "Exchange of  
17 Functions Act of 1957" the corporate authorities of the park  
18 district shall annually levy a tax upon all the taxable  
19 property in the park district at such rate per cent of the  
20 value of such property, as equalized or assessed by the  
21 Department of Revenue, as shall be sufficient, when added to  
22 the amounts deducted from their salaries and otherwise  
23 contributed by them, to provide the benefits to which they and  
24 their dependents and beneficiaries are entitled under this  
25 Article. The city shall not levy a tax hereunder in respect to  
26 such employees.

1           The tax so levied by the park district shall be in addition  
2 to and exclusive of all other taxes authorized to be levied by  
3 the park district for corporate, annuity fund, or other  
4 purposes. The county clerk of the county in which the park  
5 district is located, in reducing any tax levied under the  
6 provisions of any Act concerning the levy and extension of  
7 taxes shall not consider such tax as part of the general tax  
8 levy for park purposes, and shall not include the same in any  
9 limitation of the per cent of the assessed valuation upon which  
10 taxes are required to be extended for the park district. The  
11 proceeds of the tax levied by the park district, upon receipt  
12 by the district, shall be immediately paid over to the city  
13 treasurer of the city for the uses and purposes of the fund.

14           The various sums to be contributed by the city and  
15 allocated for the purposes of this Article, and any interest to  
16 be contributed by the city, shall be taken from the revenue  
17 derived from the taxes authorized in this Section, and no money  
18 of such city derived from any source other than the levy and  
19 collection of those taxes or the sale of tax anticipation  
20 warrants in accordance with the provisions of this Article  
21 shall be used to provide revenue for this Article, except as  
22 expressly provided in this Section.

23           If it is not possible for the city to make contributions  
24 for age and service annuity and widow's annuity concurrently  
25 with the employee's contributions made for such purposes, such  
26 city shall make such contributions as soon as possible and

1 practicable thereafter with interest thereon at the effective  
2 rate to the time they shall be made.

3 (d) With respect to employees whose wages are funded as  
4 participants under the Comprehensive Employment and Training  
5 Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L.  
6 93-567, 88 Stat. 1845), hereinafter referred to as CETA,  
7 subsequent to October 1, 1978, and in instances where the board  
8 has elected to establish a manpower program reserve, the board  
9 shall compute the amounts necessary to be credited to the  
10 manpower program reserves established and maintained as herein  
11 provided, and shall make a periodic determination of the amount  
12 of required contributions from the City to the reserve to be  
13 reimbursed by the federal government in accordance with rules  
14 and regulations established by the Secretary of the United  
15 States Department of Labor or his designee, and certify the  
16 results thereof to the City Council. Any such amounts shall  
17 become a credit to the City and will be used to reduce the  
18 amount which the City would otherwise contribute during  
19 succeeding years for all employees.

20 (e) In lieu of establishing a manpower program reserve with  
21 respect to employees whose wages are funded as participants  
22 under the Comprehensive Employment and Training Act of 1973, as  
23 authorized by subsection (d), the board may elect to establish  
24 a special municipality contribution rate for all such  
25 employees. If this option is elected, the City shall contribute  
26 to the Fund from federal funds provided under the Comprehensive

1 Employment and Training Act program at the special rate so  
2 established and such contributions shall become a credit to the  
3 City and be used to reduce the amount which the City would  
4 otherwise contribute during succeeding years for all  
5 employees.

6 (f) In lieu of levying all or a portion of the tax required  
7 under this Section in any year, the city may deposit ~~with the~~  
8 ~~city treasurer no later than March 1~~ of that year for the  
9 benefit of the fund, to be held in accordance with this  
10 Article, an amount that, together with the taxes levied under  
11 this Section for that year, is not less than the amount of the  
12 city contributions for that year as certified by the board to  
13 the city council. The deposit may be derived from any source  
14 legally available for that purpose, including, but not limited  
15 to, the proceeds of city borrowings. The making of a deposit  
16 shall satisfy fully the requirements of this Section for that  
17 year to the extent of the amounts so deposited. Amounts  
18 deposited under this subsection may be used by the fund for any  
19 of the purposes for which the proceeds of the tax levied by the  
20 city under this Section may be used, including the payment of  
21 any amount that is otherwise required by this Article to be  
22 paid from the proceeds of that tax.

23 (Source: P.A. 90-31, eff. 6-27-97; 90-766, eff. 8-14-98.)

24 (40 ILCS 5/11-170) (from Ch. 108 1/2, par. 11-170)

25 (Text of Section WITHOUT the changes made by P.A. 98-641,

1 which has been held unconstitutional)

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

4 (a) Beginning on the effective date and prior to July 1,  
5 1947, 3 1/4%; and beginning on July 1, 1947 and prior to July  
6 1, 1953, 5%; and beginning July 1, 1953 and prior to January 1,  
7 1972, 6%; and beginning January 1, 1972, 6 1/2% of each payment  
8 of the salary of each present employee, future entrant and  
9 re-entrant, except as provided in subsection (a-5) and (a-10),  
10 shall be contributed to the fund as a deduction from salary for  
11 age and service annuity.

12 (a-5) Except as provided in subsection (a-10), for an  
13 employee who on or after January 1, 2011 and prior to the  
14 effective date of this amendatory Act of the 100th General  
15 Assembly first became a member or participant under this  
16 Article and made the election under item (i) of subsection  
17 (d-10) of Section 1-160: prior to the effective date of this  
18 amendatory Act of the 100th General Assembly, 6.5%; and  
19 beginning on the effective date of this amendatory Act of the  
20 100th General Assembly and prior to January 1, 2018, 7.5%; and  
21 beginning January 1, 2018 and prior to January 1, 2019, 8.5%;  
22 and beginning January 1, 2019 and thereafter, employee  
23 contributions for those employees who made the election under  
24 item (i) of subsection (d-10) of Section 1-160 shall be the  
25 lesser of: (i) the total normal cost, calculated using the  
26 entry age normal actuarial method, projected for that fiscal

1 year for the benefits and expenses of the plan of benefits  
2 applicable to those members and participants who first became  
3 members or participants on or after the effective date of this  
4 amendatory Act of the 100th General Assembly and to those  
5 employees who made the election under item (i) of subsection  
6 (d-10) of Section 1-160, but not less than 6.5% of each payment  
7 of salary combined with the employee contributions provided for  
8 in subsection (b) of Section 11-134.1 and Section 11-174 of  
9 this Article; or (ii) the aggregate employee contribution  
10 consisting of 9.5% of each payment of salary combined with the  
11 employee contributions provided for in subsection (b) of  
12 Section 11-134.1 and 11-174 of this Article.

13 Beginning with the first pay period on or after the date  
14 when the funded ratio of the fund is first determined to have  
15 reached the 90% funding goal, and each pay period thereafter  
16 for as long as the fund maintains a funding ratio of 75% or  
17 more, employee contributions for age and service annuity for  
18 those employees who made the election under item (i) of  
19 subsection (d-10) of Section 1-160 shall be 5.5% of each  
20 payment of salary. If the funding ratio falls below 75%, then  
21 employee contributions for age and service annuity for those  
22 employees who made the election under item (i) of subsection  
23 (d-10) shall revert to the lesser of: (A) the total normal  
24 cost, calculated using the entry age normal actuarial method,  
25 projected for that fiscal year for the benefits and expenses of  
26 the plan of benefits applicable to those members and

1 participants who first became members or participants on or  
2 after the effective date of this amendatory Act of the 100th  
3 General Assembly and to those employees who made the election  
4 under item (i) of subsection (d-10) of Section 1-160, but not  
5 less than 6.5% of each payment of salary combined with the  
6 employee contributions provided for in subsection (b) of  
7 Section 11-134.1 and Section 11-174 of this Article; or (B) the  
8 aggregate employee contribution consisting of 9.5% of each  
9 payment of salary combined with the employee contributions  
10 provided for in subsection (b) of Section 11-134.1 and 11-174  
11 of this Article. If the fund once again is determined to have  
12 reached a funding ratio of 75%, the 5.5% of salary contribution  
13 for age and service annuity shall resume. An employee who made  
14 the election under item (ii) of subsection (d-10) of Section  
15 1-160 shall continue to have the contributions for age and  
16 service annuity determined under subsection (a) of this  
17 Section.

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

24 The normal cost, for the purposes of this subsection (a-5)  
25 and subsection (a-10), shall be calculated by an independent  
26 enrolled actuary mutually agreed upon by the fund and the City.



1 The fees and expenses of the independent actuary shall be the  
2 responsibility of the City. For purposes of this subsection  
3 (a-5), the fund and the City shall both be considered to be the  
4 clients of the actuary, and the actuary shall utilize  
5 participant data and actuarial standards to calculate the  
6 normal cost. The fund shall provide information that the  
7 actuary requests in order to calculate the applicable normal  
8 cost.

9 (a-10) For each employee who on or after the effective date  
10 of this amendatory Act of the 100th General Assembly first  
11 becomes a member or participant under this Article, 9.5% of  
12 each payment of salary shall be contributed to the fund as a  
13 deduction from salary for age and service annuity. Beginning  
14 January 1, 2018 and each year thereafter, employee  
15 contributions for each employee subject to this subsection  
16 (a-10) shall be the lesser of: (i) the total normal cost,  
17 calculated using the entry age normal actuarial method,  
18 projected for that fiscal year for the benefits and expenses of  
19 the plan of benefits applicable to those members and  
20 participants who first become members or participants on or  
21 after the effective date of this amendatory Act of the 100th  
22 General Assembly and to those employees who made the election  
23 under item (i) of subsection (d-10) of Section 1-160, but not  
24 less than 6.5% of each payment of salary combined with the  
25 employee contributions provided for in subsection (b) of  
26 Section 11-134.1 and Section 11-174 of this Article; or (ii)

1 the aggregate employee contribution consisting of 9.5% of each  
2 payment of salary combined with the employee contributions  
3 provided for in subsection (b) of Section 11-134.1 and Section  
4 11-174 of this Article.

5 Beginning with the first pay period on or after the date  
6 when the funded ratio of the fund is first determined to have  
7 reached the 90% funding goal, and each pay period thereafter  
8 for as long as the fund maintains a funding ratio of 75% or  
9 more, employee contributions for age and service annuity for  
10 each employee subject to this subsection (a-10) shall be 5.5%  
11 of each payment of salary. If the funding ratio falls below  
12 75%, then employee contributions for age and service annuity  
13 for each employee subject to this subsection (a-10) shall  
14 revert to the lesser of: (A) the total normal cost, calculated  
15 using the entry age normal actuarial method, projected for that  
16 fiscal year for the benefits and expenses of the plan of  
17 benefits applicable to those members and participants who first  
18 become members or participants on or after the effective date  
19 of this amendatory Act of the 100th General Assembly and to  
20 those employees who made the election under item (i) of  
21 subsection (d-10) of Section 1-160, but not less than 6.5% of  
22 each payment of salary combined with the employee contributions  
23 provided for in subsection (b) of Section 11-134.1 and Section  
24 11-174 of this Article; or (B) the aggregate employee  
25 contribution consisting of 9.5% of each payment of salary  
26 combined with the employee contributions provided for in

1 subsection (b) of Section 11-134.1 and Section 11-174 of this  
2 Article. If the fund once again is determined to have reached a  
3 funding ratio of 75%, the 5.5% of salary contribution for age  
4 and service annuity shall resume.

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

11 Such deductions beginning on the effective date and prior  
12 to June 30, 1947, inclusive shall be made for a future entrant  
13 while he is in service until he attains age 65, and for a  
14 present employee while he is in service until the amount so  
15 deducted from his salary with interest at the rate of 4% per  
16 annum shall be equal to the sum which would have accumulated to  
17 his credit from sums deducted from his salary if deductions at  
18 the rate herein stated had been made during his entire service  
19 until he attained age 65 with interest at 4% per annum for the  
20 period subsequent to his attainment of age 65. Such deductions  
21 beginning July 1, 1947 shall be made and continued for  
22 employees while in the service.

23 (b) (Blank). ~~Concurrently with each employee contribution,~~  
24 ~~the city shall contribute beginning on the effective date and~~  
25 ~~prior to July 1, 1947, 5 3/4%; and beginning July 1, 1947 and~~  
26 ~~prior to July 1, 1953, 7%; and beginning July 1, 1953, 6% of~~

1 ~~each payment of such salary until the employee attains age 65.~~

2 (c) Each employee contribution made prior to the date age  
3 and service annuity for an employee is fixed and each  
4 corresponding city contribution shall be allocated to the  
5 account of and credited to the employee for whose benefit it is  
6 made.

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

11 (Source: P.A. 81-1536.)

12 (40 ILCS 5/11-197.7 new)

13 Sec. 11-197.7. Payment of annuity other than direct. The  
14 board, at the written direction and request of any annuitant,  
15 may, solely as an accommodation to such annuitant, pay the  
16 annuity due him or her to a bank, savings and loan association,  
17 or any other financial institution insured by an agency of the  
18 federal government, for deposit to his or her account, or to a  
19 bank or trust company for deposit in a trust established by him  
20 or her for his benefit with such bank, savings and loan  
21 association, or trust company, and such annuitant may withdraw  
22 such direction at any time. The board may also, in the case of  
23 any disability beneficiary or annuitant for whom no estate  
24 guardian has been appointed and who is confined in a publicly  
25 owned and operated mental institution, pay such disability

1 benefit or annuity due such person to the superintendent or  
2 other head of such institution or hospital for deposit to such  
3 person's trust fund account maintained for him or her by such  
4 institution or hospital, if by law such trust fund accounts are  
5 authorized or recognized.

6 (40 ILCS 5/11-223.1) (from Ch. 108 1/2, par. 11-223.1)

7 Sec. 11-223.1. Assignment for health, hospital and medical  
8 insurance.

9 The board may provide, by regulation, that any annuitant or  
10 pensioner, may assign his annuity or disability benefit, or any  
11 part thereof, for the purpose of premium payment for a  
12 membership for the annuitant, and his or her spouse and  
13 children, in a ~~non-profit group~~ hospital care plan or ~~group~~  
14 medical surgical plan, provided, however, that the board may,  
15 in its discretion, terminate the right of assignment. Any such  
16 hospital or medical insurance plan may include provision for  
17 the beneficiaries thereof who rely on treatment by spiritual  
18 means alone through prayer for healing in accordance with the  
19 tenets and practice of a well recognized religious  
20 denomination.

21 Upon the adoption of a regulation permitting such  
22 assignment, the board shall establish and administer a plan for  
23 the maintenance of the insurance plan membership by the  
24 annuitant or pensioner.

25 (Source: Laws 1965, p. 2290.)

1 (40 ILCS 5/11-230) (from Ch. 108 1/2, par. 11-230)

2 Sec. 11-230. Felony conviction.

3 None of the benefits provided in this Article shall be paid  
4 to any person who is convicted of any felony relating to or  
5 arising out of or in connection with his service as employee.

6 This section shall not operate to impair any contract or  
7 vested right heretofore acquired under any law or laws  
8 continued in this Article, nor to preclude the right to a  
9 refund.

10 Any refund required under this Article shall be calculated  
11 based on that person's contributions to the Fund, less the  
12 amount of any annuity benefit previously received by the person  
13 or his or beneficiaries. The changes made to this Section by  
14 this amendatory Act of the 100th General Assembly apply only to  
15 persons who first become members or participants under this  
16 Article on or after the effective date of this amendatory Act  
17 of the 100th General Assembly.

18 All future entrants entering service after July 11, 1955,  
19 shall be deemed to have consented to the provisions of this  
20 section as a condition of coverage.

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

22 (40 ILCS 5/8-173.1 rep.)

23 (40 ILCS 5/11-169.1 rep.)

24 Section 10. The Illinois Pension Code is amended by

1 repealing Sections 8-173.1 and 11-169.1.

2 Section 90. The State Mandates Act is amended by adding  
3 Section 8.41 as follows:

4 (30 ILCS 805/8.41 new)

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

9 Section 97. Inseverability and severability. The changes  
10 made by this Act are inseverable, except that the changes made  
11 to Sections 8-228.5 and 11-125.9 of the Illinois Pension Code  
12 are severable under Section 1.31 of the Statute on Statutes.

13 Section 99. Effective date. This Act takes effect upon  
14 becoming law.

## 1 INDEX

## 2 Statutes amended in order of appearance

3 40 ILCS 5/1-160

4 40 ILCS 5/8-113 from Ch. 108 1/2, par. 8-113

5 40 ILCS 5/8-173 from Ch. 108 1/2, par. 8-173

6 40 ILCS 5/8-174 from Ch. 108 1/2, par. 8-174

7 40 ILCS 5/8-228.5 new

8 40 ILCS 5/8-243.2 from Ch. 108 1/2, par. 8-243.2

9 40 ILCS 5/8-244 from Ch. 108 1/2, par. 8-244

10 40 ILCS 5/8-244.1 from Ch. 108 1/2, par. 8-244.1

11 40 ILCS 5/8-251 from Ch. 108 1/2, par. 8-251

12 40 ILCS 5/11-125.9 new

13 40 ILCS 5/11-169 from Ch. 108 1/2, par. 11-169

14 40 ILCS 5/11-170 from Ch. 108 1/2, par. 11-170

15 40 ILCS 5/11-197.7 new

16 40 ILCS 5/11-223.1 from Ch. 108 1/2, par. 11-223.1

17 40 ILCS 5/11-230 from Ch. 108 1/2, par. 11-230

18 40 ILCS 5/8-173.1 rep.

19 40 ILCS 5/11-169.1 rep.

20 30 ILCS 805/8.41 new