AMENDMENT TO SENATE BILL 779

AMENDMENT NO. ______. Amend Senate Bill 779, AS AMENDED, by replacing everything after the enacting clause with the following:

(40 ILCS 5/1-160)

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

(a) The provisions of this Section apply to a person who, on or after January 1, 2011, first becomes a member or a participant under any reciprocal retirement system or pension fund established under this Code, other than a retirement system or pension fund established under Article 2, 3, 4, 5, 6, 15 or 18 of this Code, notwithstanding any other provision of this Code to the contrary, but do not apply to any self-managed plan established under this Code, to any person with respect to service as a sheriff's law enforcement employee under Article 7, or to any participant of the retirement plan established under Section 22-101. Notwithstanding anything to the contrary in this Section, for purposes of this Section, a person who participated in a retirement system under Article 15 prior to January 1, 2011 shall be deemed a person who first became a member or participant prior to January 1, 2011 under any retirement system or pension fund subject to this Section. The changes made to this Section by Public Act 98-596 are a clarification of existing law and are intended to be retroactive to January 1, 2011 (the effective date of Public Act 96-889), notwithstanding the provisions of Section 1-103.1 of this Code.

This Section does not apply to a person who participates in the Hybrid Plan under Article 14 with respect to his or her
participation in the Hybrid Plan under that Article first becomes a member or participant under Article 14 on or after the implementation date of the plan created under Section 1-161 for that Article, unless that person elects under subsection (b) of Section 1-161 to instead receive the benefits provided under this Section and the applicable provisions of that Article.

This Section does not apply to a person who participates in the Optional Hybrid Plan under Article 16 with respect to his or her participation in the Optional Hybrid Plan under that Article first becomes a member or participant under Article 16 on or after the implementation date of the plan created under Section 1-161 for that Article, unless that person elects under subsection (b) of Section 1-161 to instead receive the benefits provided under this Section and the applicable provisions of that Article.

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

This Section does not apply to a person who first becomes a member or participant of an affected pension fund on or after 6 months after the resolution or ordinance date, as defined in Section 1-162, unless that person elects under subsection (c) of Section 1-162 to receive the benefits provided under this Section and the applicable provisions of the Article under which he or she is a member or participant.
(b) "Final average salary" means the average monthly (or annual) salary obtained by dividing the total salary or earnings calculated under the Article applicable to the member or participant during the 96 consecutive months (or 8 consecutive years) of service within the last 120 months (or 10 years) of service in which the total salary or earnings calculated under the applicable Article was the highest by the number of months (or years) of service in that period. For the purposes of a person who first becomes a member or participant of any retirement system or pension fund to which this Section applies on or after January 1, 2011, in this Code, "final average salary" shall be substituted for the following:

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

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

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

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

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

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

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

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

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

A member or participant who has attained age 62 (beginning January 1, 2015, age 60 with respect to service under Article 12 of this Code that is subject to this Section) and has at
least 10 years of service credit and is otherwise eligible under the requirements of the applicable Article may elect to receive the lower retirement annuity provided in subsection (d) of this Section. The option prescribed by the preceding sentence shall not apply to a noncovered employee who made the election under subsection (c) of Section 14-155.1.

(c-5) A person who first becomes a member or a participant under Article 8 or Article 11 of this Code on or after the effective date of this amendatory Act of the 100th General Assembly, notwithstanding any other provision of this Code to the contrary, is entitled to a retirement annuity upon written application if he or she has attained age 65 and has at least 10 years of service credit under Article 8 or Article 11 of this Code and is otherwise eligible under the requirements of Article 8 or Article 11 of this Code, whichever is applicable.

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

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

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

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

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

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

(e) Any retirement annuity or supplemental annuity shall be
subject to annual increases on the January 1 occurring either
on or after the attainment of age 67 (beginning January 1,
2015, age 65 with respect to service under Article 12 of this
Code that is subject to this Section and beginning on the
effective date of this amendatory Act of the 100th General
Assembly, age 65 with respect to persons who: (i) first became
members or participants under Article 8 or Article 11 of this
Code on or after the effective date of this amendatory Act of
the 100th General Assembly; or (ii) first became members or
participants under Article 8 or Article 11 of this Code on or
after January 1, 2011 and before the effective date of this
amendatory Act of the 100th General Assembly and made the
election under item (i) of subsection (d-10) of this Section)
or the first anniversary of the annuity start date, whichever
is later. Each annual increase shall be calculated at 3% or
one-half the annual unadjusted percentage increase (but not
less than zero) in the consumer price index-u for the 12 months
ending with the September preceding each November 1, whichever
is less, of the originally granted retirement annuity. If the
annual unadjusted percentage change in the consumer price
index-u for the 12 months ending with the September preceding
each November 1 is zero or there is a decrease, then the
annuity shall not be increased.

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

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

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

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

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

(i) (Blank).

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

(k) All earnings credits for a noncovered employee under Article 14 of this Code who makes the election under subsection (c) of Section 14-155.1 shall be considered in the determination of final average salary for any benefits payable under this Section.

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

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

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

Sec. 14-103.10. Compensation.

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

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

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

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

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

(d) For periods of service after September 30, 1985, compensation also includes any remuneration for personal services not included as "wages" under the Social Security Enabling Act, which is deducted for purposes of participation in a program established pursuant to Section 125 of the Internal Revenue Code or its successor laws.
(e) For members for which Section 1-160 applies for periods of service on and after January 1, 2011, all remuneration for personal services performed defined as "wages" under the Social Security Enabling Act, excluding remuneration that is in excess of the annual earnings, salary, or wages of a member or participant, as provided in subsection (b-5) of Section 1-160, but including any benefits received by an employee under a sick pay plan in effect before January 1, 1981. Compensation shall exclude lump sum salary payments:

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

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

(g) For all purposes under this Code (including without limitation the calculation of benefits and employee contributions), beginning on the effective date of participation in the Hybrid Plan, the compensation of a Hybrid Plan member shall not at any time exceed the federal Social Security Wage Base then in effect.

(Source: P.A. 98-449, eff. 8-16-13.)
Sec. 14-103.12. Final average compensation.

(a) For retirement and survivor annuities, "final average compensation" means the monthly compensation obtained by dividing the total compensation of an employee during the period of: (1) the 48 consecutive months of service within the last 120 months of service in which the total compensation was the highest, or (2) the total period of service, if less than 48 months, by the number of months of service in such period; provided that for purposes of a retirement annuity the average compensation for the last 12 months of the 48-month period shall not exceed the final average compensation by more than 25%.

(b) For death and disability benefits, in the case of a full-time employee, "final average compensation" means the greater of (1) the rate of compensation of the employee at the date of death or disability multiplied by 1 in the case of a salaried employee, by 174 in the case of an hourly employee, and by 22 in the case of a per diem employee, or (2) for benefits commencing on or after January 1, 1991, final average compensation as determined under subsection (a).

For purposes of this paragraph, full or part-time status shall be certified by the employing agency. Final rate of compensation for a part-time employee shall be the total compensation earned during the last full calendar month prior to the date of death or disability.

(c) Notwithstanding the provisions of subsection (a), for
the purpose of calculating retirement and survivor annuities of
persons with at least 20 years of eligible creditable service
as defined in Section 14-110, "final average compensation"
means the monthly rate of compensation received by the person
on the last day of eligible creditable service (but not to
exceed 115% of the average monthly compensation received by the
person for the last 24 months of service, unless the person was
in service as a State policeman before the effective date of
this amendatory Act of 1997), or the average monthly
compensation received by the person for the last 48 months of
service prior to retirement, whichever is greater.

(d) Notwithstanding the provisions of subsection (a), for a
person who was receiving, on the date of retirement or death, a
disability benefit calculated under subdivision (b)(2) of this
Section, the final average compensation used to calculate the
disability benefit may be used for purposes of calculating the
retirement and survivor annuities.

(e) In computing the final average compensation, periods of
military leave shall not be considered.

(f) The changes to this Section made by this amendatory Act
of 1997 (redefining final average compensation for members
under the alternative formula) apply to members who retire on
or after January 1, 1998, without regard to whether employment
terminated before the effective date of this amendatory Act of
1997.

(g) For a member on leave of absence without pay who
purchases service credit for such period of leave pursuant to subsection (l) of Section 14-104, earnings are assumed to be equal to the rate of compensation in effect immediately prior to the leave. If no contributions are required to establish service credit for the period of leave, the member may elect to establish earnings credit for the leave period within 48 months after returning to work by making the employee and employer contributions required by subsection (l) of Section 14-104, based on the rate of compensation in effect immediately prior to the leave, plus interest at the actuarially assumed rate. In determining the contributions required for establishing service credit under this subsection (g), the interest shall be calculated from the beginning of the leave of absence to the date of payment.

(h) For a Hybrid Plan member, "final average compensation" means the monthly compensation obtained by dividing the total compensation of a Hybrid Plan member during the period of (1) the final 120 consecutive months of service or (2) the total period of service, if less than 120 months, by the number of months of service in such period.

(Source: P.A. 96-525, eff. 8-14-09.)

(40 ILCS 5/14-103.40a new)

Sec. 14-103.40a. Tier 1 member. "Tier 1 member": A member of this System who first became a member or participant before January 1, 2011 under any reciprocal retirement system or
pension fund established under this Code other than a 
retirement system or pension fund established under Article 2,
3, 4, 5, 6, or 18 of this Code.

(40 ILCS 5/14-103.41 new)

Sec. 14-103.41. Hybrid Plan. "Hybrid Plan": The defined 
benefit and defined contribution retirement program maintained 
under the System as referenced in Section 14-155.1 of the Code.

(40 ILCS 5/14-103.42 new)

Sec. 14-103.42. Hybrid Plan member. "Hybrid Plan member": A 
noncovered employee who elects to participate in the Hybrid 
Plan. "Hybrid Plan member" also includes a noncovered employee 
who begins participation in the Hybrid Plan in the manner 
prescribed by subsection (d) of Section 14-155.1.

(40 ILCS 5/14-103.43 new)

Sec. 14-103.43. Consumer price index-w. "Consumer price 
index-w": The index published by the Bureau of Labor Statistics 
of the United States Department of Labor that measures the 
average change in prices of goods and services purchased by 
Urban Wage Earners and Clerical Workers, United States city 
average, all items, 1982-84 = 100. The new amount resulting 
from each annual adjustment shall be determined by the Public 
Pension Division of the Department of Insurance and made 
available to the boards of the retirement systems and pension
funds by November 1 of each year.

(40 ILCS 5/14-103.44 new)

Sec. 14-103.44. Hybrid Plan total normal cost rate. "Hybrid Plan total normal cost rate": The total normal cost of the benefits of all members of the System making contributions to the defined benefit portion of the Hybrid Plan, expressed as a percentage of pensionable payroll.

(40 ILCS 5/14-104) (from Ch. 108 1/2, par. 14-104)

Sec. 14-104. Service for which contributions permitted. The provisions of this Section shall not apply to a Hybrid Plan member.

Contributions provided for in this Section shall cover the period of service granted. Except as otherwise provided in this Section, the contributions shall be based upon the employee's compensation and contribution rate in effect on the date he last became a member of the System; provided that for all employment prior to January 1, 1969 the contribution rate shall be that in effect for a noncovered employee on the date he last became a member of the System. Except as otherwise provided in this Section, contributions permitted under this Section shall include regular interest from the date an employee last became a member of the System to the date of payment.

These contributions must be paid in full before retirement either in a lump sum or in installment payments in accordance
with such rules as may be adopted by the board.

(a) Any member may make contributions as required in this Section for any period of service, subsequent to the date of establishment, but prior to the date of membership.

(b) Any employee who had been previously excluded from membership because of age at entry and subsequently became eligible may elect to make contributions as required in this Section for the period of service during which he was ineligible.

(c) An employee of the Department of Insurance who, after January 1, 1944 but prior to becoming eligible for membership, received salary from funds of insurance companies in the process of rehabilitation, liquidation, conservation or dissolution, may elect to make contributions as required in this Section for such service.

(d) Any employee who rendered service in a State office to which he was elected, or rendered service in the elective office of Clerk of the Appellate Court prior to the date he became a member, may make contributions for such service as required in this Section. Any member who served by appointment of the Governor under the Civil Administrative Code of Illinois and did not participate in this System may make contributions as required in this Section for such service.

(e) Any person employed by the United States government or any instrumentality or agency thereof from January 1, 1942 through November 15, 1946 as the result of a transfer from
State service by executive order of the President of the United States shall be entitled to prior service credit covering the period from January 1, 1942 through December 31, 1943 as provided for in this Article and to membership service credit for the period from January 1, 1944 through November 15, 1946 by making the contributions required in this Section. A person so employed on January 1, 1944 but whose employment began after January 1, 1942 may qualify for prior service and membership service credit under the same conditions.

(f) An employee of the Department of Labor of the State of Illinois who performed services for and under the supervision of that Department prior to January 1, 1944 but who was compensated for those services directly by federal funds and not by a warrant of the Auditor of Public Accounts paid by the State Treasurer may establish credit for such employment by making the contributions required in this Section. An employee of the Department of Agriculture of the State of Illinois, who performed services for and under the supervision of that Department prior to June 1, 1963, but was compensated for those services directly by federal funds and not paid by a warrant of the Auditor of Public Accounts paid by the State Treasurer, and who did not contribute to any other public employee retirement system for such service, may establish credit for such employment by making the contributions required in this Section.

(g) Any employee who executed a waiver of membership within
60 days prior to January 1, 1944 may, at any time while in the service of a department, file with the board a rescission of such waiver. Upon making the contributions required by this Section, the member shall be granted the creditable service that would have been received if the waiver had not been executed.

(h) Until May 1, 1990, an employee who was employed on a full-time basis by a regional planning commission for at least 5 continuous years may establish creditable service for such employment by making the contributions required under this Section, provided that any credits earned by the employee in the commission's retirement plan have been terminated.

(i) Any person who rendered full time contractual services to the General Assembly as a member of a legislative staff may establish service credit for up to 8 years of such services by making the contributions required under this Section, provided that application therefor is made not later than July 1, 1991.

(j) By paying the contributions otherwise required under this Section, plus an amount determined by the Board to be equal to the employer's normal cost of the benefit plus interest, but with all of the interest calculated from the date the employee last became a member of the System or November 19, 1991, whichever is later, to the date of payment, an employee may establish service credit for a period of up to 4 years spent in active military service for which he does not qualify for credit under Section 14-105, provided that (1) he was not
dishonorably discharged from such military service, and (2) the amount of service credit established by a member under this subsection (j), when added to the amount of military service credit granted to the member under subsection (b) of Section 14-105, shall not exceed 5 years. The change in the manner of calculating interest under this subsection (j) made by this amendatory Act of the 92nd General Assembly applies to credit purchased by an employee on or after its effective date and does not entitle any person to a refund of contributions or interest already paid. In compliance with Section 14-152.1 of this Act concerning new benefit increases, any new benefit increase as a result of the changes to this subsection (j) made by Public Act 95-483 is funded through the employee contributions provided for in this subsection (j). Any new benefit increase as a result of the changes made to this subsection (j) by Public Act 95-483 is exempt from the provisions of subsection (d) of Section 14-152.1.

(k) An employee who was employed on a full-time basis by the Illinois State's Attorneys Association Statewide Appellate Assistance Service LEAA-ILEC grant project prior to the time that project became the State's Attorneys Appellate Service Commission, now the Office of the State's Attorneys Appellate Prosecutor, an agency of State government, may establish creditable service for not more than 60 months service for such employment by making contributions required under this Section.
(1) By paying the contributions otherwise required under this Section, plus an amount determined by the Board to be equal to the employer's normal cost of the benefit plus interest, a member may establish service credit for periods of less than one year spent on authorized leave of absence from service, provided that (1) the period of leave began on or after January 1, 1982 and (2) any credit established by the member for the period of leave in any other public employee retirement system has been terminated. A member may establish service credit under this subsection for more than one period of authorized leave, and in that case the total period of service credit established by the member under this subsection may exceed one year. In determining the contributions required for establishing service credit under this subsection, the interest shall be calculated from the beginning of the leave of absence to the date of payment.

(1-5) By paying the contributions otherwise required under this Section, plus an amount determined by the Board to be equal to the employer's normal cost of the benefit plus interest, a member may establish service credit for periods of up to 2 years spent on authorized leave of absence from service, provided that during that leave the member represented or was employed as an officer or employee of a statewide labor organization that represents members of this System. In determining the contributions required for establishing service credit under this subsection, the interest shall be
calculated from the beginning of the leave of absence to the
date of payment.

(m) Any person who rendered contractual services to a
member of the General Assembly as a worker in the member's
district office may establish creditable service for up to 3
years of those contractual services by making the contributions
required under this Section. The System shall determine a
full-time salary equivalent for the purpose of calculating the
required contribution. To establish credit under this
subsection, the applicant must apply to the System by March 1,
1998.

(n) Any person who rendered contractual services to a
member of the General Assembly as a worker providing
constituent services to persons in the member's district may
establish creditable service for up to 8 years of those
contractual services by making the contributions required
under this Section. The System shall determine a full-time
salary equivalent for the purpose of calculating the required
contribution. To establish credit under this subsection, the
applicant must apply to the System by March 1, 1998.

(o) A member who participated in the Illinois Legislative
Staff Internship Program may establish creditable service for
up to one year of that participation by making the contribution
required under this Section. The System shall determine a
full-time salary equivalent for the purpose of calculating the
required contribution. Credit may not be established under this
subsection for any period for which service credit is
established under any other provision of this Code.

(p) By paying the contributions otherwise required under
this Section, plus an amount determined by the Board to be
equal to the employer's normal cost of the benefit plus
interest, a member may establish service credit for a period of
up to 8 years during which he or she was employed by the
Visually Handicapped Managers of Illinois in a vending program
operated under a contractual agreement with the Department of
Rehabilitation Services or its successor agency.

This subsection (p) applies without regard to whether the
person was in service on or after the effective date of this
amendatory Act of the 94th General Assembly. In the case of a
person who is receiving a retirement annuity on that effective
date, the increase, if any, shall begin to accrue on the first
annuity payment date following receipt by the System of the
contributions required under this subsection (p).

(q) By paying the required contributions under this
Section, plus an amount determined by the Board to be equal to
the employer's normal cost of the benefit plus interest, an
employee who was laid off but returned to any State employment
may establish creditable service for the period of the layoff,
provided that (1) the applicant applies for the creditable
service under this subsection (q) within 6 months after July
27, 2010 (the effective date of Public Act 96-1320), (2) the
applicant does not receive credit for that period under any
other provision of this Code, (3) at the time of the layoff, 
the applicant is not in an initial probationary status 
consistent with the rules of the Department of Central 
Management Services, and (4) the total amount of creditable 
service established by the applicant under this subsection (q) 
does not exceed 3 years. For service established under this 
subsection (q), the required employee contribution shall be 
based on the rate of compensation earned by the employee on the 
date of returning to employment after the layoff and the 
contribution rate then in effect, and the required interest 
shall be calculated at the actuarially assumed rate from the 
date of returning to employment after the layoff to the date of 
payment. Funding for any new benefit increase, as defined in 
Section 14-152.1 of this Act, that is created under this 
subsection (q) will be provided by the employee contributions 
required under this subsection (q).

(r) A member who participated in the University of Illinois 
Government Public Service Internship Program (GPSI) may 
establish creditable service for up to 2 years of that 
participation by making the contribution required under this 
Section, plus an amount determined by the Board to be equal to 
the employer's normal cost of the benefit plus interest. The 
System shall determine a full-time salary equivalent for the 
purpose of calculating the required contribution. Credit may 
not be established under this subsection for any period for 
which service credit is established under any other provision
of this Code.

(s) A member who worked as a nurse under a contractual agreement for the Department of Public Aid, or its successor agency, the Department of Human Services, in the Client Assessment Unit and was subsequently determined to be a State employee by the United States Internal Revenue Service and the Illinois Labor Relations Board may establish creditable service for those contractual services by making the contributions required under this Section. To establish credit under this subsection, the applicant must apply to the System by July 1, 2008.

The Department of Human Services shall pay an employer contribution based upon an amount determined by the Board to be equal to the employer's normal cost of the benefit, plus interest.

In compliance with Section 14-152.1 added by Public Act 94-4, the cost of the benefits provided by Public Act 95-583 are offset by the required employee and employer contributions.

(t) Any person who rendered contractual services on a full-time basis to the Illinois Institute of Natural Resources and the Illinois Department of Energy and Natural Resources may establish creditable service for up to 4 years of those contractual services by making the contributions required under this Section, plus an amount determined by the Board to be equal to the employer's normal cost of the benefit plus interest at the actuarially assumed rate from the first day of
the service for which credit is being established to the date of payment. To establish credit under this subsection (t), the applicant must apply to the System within 6 months after July 27, 2010 (the effective date of Public Act 96-1320).

(u) By paying the required contributions under this Section, plus an amount determined by the Board to be equal to the employer's normal cost of the benefit, plus interest, a member may establish creditable service and earnings credit for periods of furlough beginning on or after July 1, 2008. To receive this credit, the participant must (i) apply in writing to the System before December 31, 2011 and (ii) not receive compensation for the furlough period. For service established under this subsection, the required employee contribution shall be based on the rate of compensation earned by the employee immediately following the date of the first furlough day in the time period specified in this subsection (u), and the required interest shall be calculated at the actuarially assumed rate from the date of the furlough to the date of payment.

(v) Any member who rendered full-time contractual services to an Illinois Veterans Home operated by the Department of Veterans' Affairs may establish service credit for up to 8 years of such services by making the contributions required under this Section, plus an amount determined by the Board to be equal to the employer's normal cost of the benefit, plus interest at the actuarially assumed rate. To establish credit
under this subsection, the applicant must apply to the System no later than 6 months after July 27, 2010 (the effective date of Public Act 96-1320).

(Source: P.A. 96-97, eff. 7-27-09; 96-718, eff. 8-25-09; 96-775, eff. 8-28-09; 96-961, eff. 7-2-10; 96-1000, eff. 7-2-10; 96-1320, eff. 7-27-10; 96-1535, eff. 3-4-11; 97-333, 8-12-11.)

(40 ILCS 5/14-104.3) (from Ch. 108 1/2, par. 14-104.3)

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

Sec. 14-104.3. Notwithstanding provisions contained in Section 14-103.10, any member who at the time of retirement and after December 6, 1983 receives compensation in a lump sum for accumulated vacation, sickness, or personal business may receive service credit for such periods by making contributions within 90 days of withdrawal, based on the rate of compensation in effect immediately prior to retirement and the contribution rate then in effect. Any Hybrid Plan member who receives compensation in a lump sum for accumulated vacation, sickness, or personal business may not receive service credit for such periods. Exercising the option provided in this Section shall not change a member's date of withdrawal or final average compensation for purposes of computing the amount or effective date of a retirement annuity. Any annuitant who establishes service credit as herein provided shall have his retirement
annuity adjusted retroactively to the date of retirement.
(Source: P.A. 83-1362.)

(40 ILCS 5/14-107)  (from Ch. 108 1/2, par. 14-107)
(Text of Section WITHOUT the changes made by P.A. 98-599, which has been held unconstitutional)

Sec. 14-107. Retirement annuity - service and age - conditions.

(a) A member is entitled to a retirement annuity after having at least 8 years of creditable service.

(b) A member who has at least 35 years of creditable service may claim his or her retirement annuity at any age. A member having at least 8 years of creditable service but less than 35 may claim his or her retirement annuity upon or after attainment of age 60 or, beginning January 1, 2001, any lesser age which, when added to the number of years of his or her creditable service, equals at least 85. A member upon or after attainment of age 55 having at least 25 years of creditable service (30 years if retirement is before January 1, 2001) may elect to receive the lower retirement annuity provided in paragraph (c) of Section 14-108 of this Code. For purposes of the rule of 85, portions of years shall be counted in whole months.

(c) Notwithstanding subsections (a) and (b) of this Section, a Hybrid Plan member is entitled to an unreduced retirement annuity upon application if he or she has attained
the normal retirement age determined by the Social Security Administration for that Hybrid Plan member's year of birth, but no earlier than 67 years of age, and has at least 10 years of service credit and is otherwise eligible under the requirements of this Code.

(d) A Hybrid Plan member that has at least 10 years of service credit and is otherwise eligible under the requirements of this Code may elect to receive a lower retirement annuity beginning at any time within the 60-month period preceding the attainment of his or her normal retirement age determined by the Social Security Administration for that Hybrid Plan member's year of birth, but no earlier than 62 years of age. The retirement annuity shall be reduced by one-half of 1% for each full month that the member's age is under the greater of age 67 or the normal retirement age determined by the Social Security Administration for that Hybrid Plan member's year of birth.

(e) The allowance shall begin with the first full calendar month specified in the member's application therefor, the first day of which shall not be before the date of withdrawal as approved by the board. Regardless of the date of withdrawal, the allowance need not begin within one year of application therefor.

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

(40 ILCS 5/14-108) (from Ch. 108 1/2, par. 14-108)
Sec. 14-108. Amount of retirement annuity. A member who has contributed to the System for at least 12 months shall be entitled to a prior service annuity for each year of certified prior service credited to him, except that a member shall receive 1/3 of the prior service annuity for each year of service for which contributions have been made and all of such annuity shall be payable after the member has made contributions for a period of 3 years. Proportionate amounts shall be payable for service of less than a full year after completion of at least 12 months.

The total period of service to be considered in establishing the measure of prior service annuity shall include service credited in the Teachers' Retirement System of the State of Illinois and the State Universities Retirement System for which contributions have been made by the member to such systems; provided that at least 1 year of the total period of 3 years prescribed for the allowance of a full measure of prior service annuity shall consist of membership service in this system for which credit has been granted.

(a) In the case of a member who retires on or after January 1, 1998 and is a noncovered employee, the retirement annuity for membership service and prior service shall be 2.2% of final average compensation for each year of service. Any service credit established as a covered employee shall be computed as
stated in paragraph (b).

(b) In the case of a member who retires on or after January 1, 1998 and is a covered employee, the retirement annuity for membership service and prior service shall be computed as stated in paragraph (a) for all service credit established as a noncovered employee; for service credit established as a covered employee it shall be 1.67% of final average compensation for each year of service.

(b-5) Notwithstanding Section 14-110 and subsection (a) of this Section, the amount of the retirement annuity to which a Hybrid Plan member is entitled shall be computed by multiplying 1.25% for each year of service credit by his or her final average compensation. This subsection (b-5) shall only apply to service accumulated on or after the Hybrid Plan member begins participating in the Hybrid Plan.

(b-6) A Hybrid Plan member who made the election under subsection (c) of Section 14-155.1 shall receive a retirement annuity from the System based on the sum of his or her total accrued service credit as follows:

(i) The applicable percentage rate of the final average compensation multiplied by each year of service prior to the member's election to participate in the Hybrid Plan. The final average compensation for the purposes of this item (i) shall be the amount specified in subsection (b) of Section 1-160 and shall be limited as described under subsection (b-5) of Section 1-160.
(ii) 1.25% of the final average compensation multiplied by each year of service as a Hybrid Plan member. The final average compensation for the purposes of this item (ii) shall be the amount specified in subsection (h) of Section 14-103.12 and shall be limited as described under subsection (g) of Section 14-103.10.

All compensation credits for a noncovered employee under this Code who makes the election under subsection (c) of Section 14-155.1 shall be considered in the determination of final average compensation for any benefits payable under this Code.

(b-7) The retirement annuity of a Hybrid Plan member that is a State policeman or a fire fighter in the fire protection service of a department, as those terms are defined in subsection (b) of Section 14-110 shall not exceed 80% of final average compensation.

(c) For a member retiring after attaining age 55 but before age 60 with at least 30 but less than 35 years of creditable service if retirement is before January 1, 2001, or with at least 25 but less than 30 years of creditable service if retirement is on or after January 1, 2001, the retirement annuity shall be reduced by 1/2 of 1% for each month that the member's age is under age 60 at the time of retirement.

(d) A retirement annuity shall not exceed 75% of final average compensation, subject to such extension as may result from the application of Section 14-114 or Section 14-115. This
subsection shall not apply to a Hybrid Plan member that is a State policeman or a fire fighter in the fire protection service of a department, as those terms are defined in subsection (b) of Section 14-110.

(e) The retirement annuity payable to any covered employee who is a member of the System and in service on January 1, 1969, or in service thereafter in 1969 as a result of legislation enacted by the Illinois General Assembly transferring the member to State employment from county employment in a county Department of Public Aid in counties of 3,000,000 or more population, under a plan of coordination with the Old Age, Survivors and Disability provisions thereof, if not fully insured for Old Age Insurance payments under the Federal Old Age, Survivors and Disability Insurance provisions at the date of acceptance of a retirement annuity, shall not be less than the amount for which the member would have been eligible if coordination were not applicable.

(f) The retirement annuity payable to any covered employee who is a member of the System and in service on January 1, 1969, or in service thereafter in 1969 as a result of the legislation designated in the immediately preceding paragraph, if fully insured for Old Age Insurance payments under the Federal Social Security Act at the date of acceptance of a retirement annuity, shall not be less than an amount which when added to the Primary Insurance Benefit payable to the member upon attainment of age 65 under such Federal Act, will equal
the annuity which would otherwise be payable if the coordinated plan of coverage were not applicable.

(g) In the case of a member who is a noncovered employee, the retirement annuity for membership service as a security employee of the Department of Corrections or security employee of the Department of Human Services shall be: if retirement occurs on or after January 1, 2001, 3% of final average compensation for each year of creditable service; or if retirement occurs before January 1, 2001, 1.9% of final average compensation for each of the first 10 years of service, 2.1% for each of the next 10 years of service, 2.25% for each year of service in excess of 20 but not exceeding 30, and 2.5% for each year in excess of 30; except that the annuity may be calculated under subsection (a) rather than this subsection (g) if the resulting annuity is greater.

(h) In the case of a member who is a covered employee, the retirement annuity for membership service as a security employee of the Department of Corrections or security employee of the Department of Human Services shall be: if retirement occurs on or after January 1, 2001, 2.5% of final average compensation for each year of creditable service; if retirement occurs before January 1, 2001, 1.67% of final average compensation for each of the first 10 years of service, 1.90% for each of the next 10 years of service, 2.10% for each year of service in excess of 20 but not exceeding 30, and 2.30% for each year in excess of 30.
(i) For the purposes of this Section and Section 14-133 of this Act, the term "security employee of the Department of Corrections" and the term "security employee of the Department of Human Services" shall have the meanings ascribed to them in subsection (c) of Section 14-110.

(j) The retirement annuity computed pursuant to paragraphs (g) or (h) shall be applicable only to those security employees of the Department of Corrections and security employees of the Department of Human Services who have at least 20 years of membership service and who are not eligible for the alternative retirement annuity provided under Section 14-110. However, persons transferring to this System under Section 14-108.2 or 14-108.2c who have service credit under Article 16 of this Code may count such service toward establishing their eligibility under the 20-year service requirement of this subsection; but such service may be used only for establishing such eligibility, and not for the purpose of increasing or calculating any benefit.

(k) (Blank).

(l) The changes to this Section made by this amendatory Act of 1997 (changing certain retirement annuity formulas from a stepped rate to a flat rate) apply to members who retire on or after January 1, 1998, without regard to whether employment terminated before the effective date of this amendatory Act of 1997. An annuity shall not be calculated in steps by using the new flat rate for some steps and the superseded stepped rate...
for other steps of the same type of service.

(m) For the purposes of this Section, "applicable percentage rate" means the benefit formula rate applicable to a noncovered employee as determined by either subsection (b) of Section 14-108 or subsection (a) of Section 14-110 based upon the type of service performed by that noncovered employee prior to the date of the election.

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

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

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

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

(a) Any person receiving a retirement annuity under this Article who retires having attained age 60, or who retires before age 60 having at least 35 years of creditable service, or who retires on or after January 1, 2001 at an age which, when added to the number of years of his or her creditable service, equals at least 85, shall, on January 1 next following the first full year of retirement, have the amount of the then fixed and payable monthly retirement annuity increased 3%. Any person receiving a retirement annuity under this Article who retires before attainment of age 60 and with less than (i) 35 years of creditable service if retirement is before January 1, 2001, or (ii) the number of years of creditable service which, when added to the member's age, would equal 85, if retirement
is on or after January 1, 2001, shall have the amount of the fixed and payable retirement annuity increased by 3% on the January 1 occurring on or next following (1) attainment of age 60, or (2) the first anniversary of retirement, whichever occurs later. However, for persons who receive the alternative retirement annuity under Section 14-110, references in this subsection (a) to attainment of age 60 shall be deemed to refer to attainment of age 55. For a person receiving early retirement incentives under Section 14-108.3 whose retirement annuity began after January 1, 1992 pursuant to an extension granted under subsection (e) of that Section, the first anniversary of retirement shall be deemed to be January 1, 1993. For a person who retires on or after June 28, 2001 and on or before October 1, 2001, and whose retirement annuity is calculated, in whole or in part, under Section 14-110 or subsection (g) or (h) of Section 14-108, the first anniversary of retirement shall be deemed to be January 1, 2002.

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

Beginning January 1, 1990, all automatic annual increases payable under this Section shall be calculated as a percentage of the total annuity payable at the time of the increase, including previous increases granted under this Article.

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

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

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

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

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

(f) The retirement annuity of a Hybrid Plan member shall receive annual increases on the January 1 on or after the attainment of the applicable retirement age determined by the Social Security Administration (but no earlier than age 67) or the first anniversary of the annuity start date, whichever is later. Each annual increase shall be one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-w for the 12 months ending with the September preceding each November 1 of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-w for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

(Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01; 92-651, eff. 7-11-02.)
Sec. 14-121. Amount of survivors annuity. A survivors annuity beneficiary shall be entitled upon death of the member to a single sum payment of $1,000, payable pro rata among all persons entitled thereto, together with a survivors annuity payable at the rates and under the conditions specified in this Article.

(a) If the survivors annuity beneficiary is a spouse, the survivors annuity shall be 30% of final average compensation subject to a maximum payment of $400 per month.

(b) If an eligible child or children under the care of a spouse also survives the member, such spouse as natural guardian of the child or children shall receive, in addition to the foregoing annuity, 20% of final average compensation on account of each such child and 10% of final average compensation divided pro rata among such children, subject to a maximum payment on account of all survivor annuity beneficiaries of $600 per month, or 80% of the member's final average compensation, whichever is the lesser.

(c) If the survivors annuity beneficiary or beneficiaries consists of an unmarried child or children, the amount of survivors annuity shall be 20% of final average compensation to each child, and 10% of final average compensation divided pro rata among all such children entitled to such annuity, subject to a maximum payment to all children combined of $600 per month.
or 80% of the member's final average compensation, whichever is the lesser.

(d) If the survivors annuity beneficiary is one or more dependent parents, the annuity shall be 20% of final average compensation to each parent and 10% of final average compensation divided pro rata among the parents who qualify for this annuity, subject to a maximum payment to both dependent parents of $400 per month.

(e) The survivors annuity to the spouse, children or dependent parents of a member whose death occurs after the date of last withdrawal, or after retirement, or while in service following reentry into service after retirement but before completing 1 1/2 years of additional creditable service, shall not exceed the lesser of 80% of the member's earned retirement annuity at the date of death or the maximum previously established in this Section.

(f) In applying the limitation prescribed on the combined payments to 2 or more survivors annuity beneficiaries, the annuity on account of each beneficiary shall be reduced pro rata until such time as the number of beneficiaries makes the reduction no longer applicable.

(g) Except as otherwise provided in this subsection (g), a survivors annuity payable on account of any covered employee who has been a covered employee for at least 18 months at date of death or last withdrawal, whichever is the later, shall be reduced by 1/2 of the survivors benefits to which his
beneficiaries are eligible under the federal Social Security Act, except that (1) the survivors annuity payable under this Article shall not be reduced by any increase under that Act which occurs after the offset required by this subsection is first applied to that annuity, (2) for benefits granted on or after January 1, 1992, the offset under this subsection (g) shall not exceed 50% of the amount of survivors annuity otherwise payable.

Beginning July 1, 2009, the offset under this subsection (g) shall no longer be applied to any survivors annuity of any person who began receiving retirement benefits or a survivors annuity prior to January 1, 1998.

Beginning July 1, 2009, the offset under this subsection (g) shall no longer be applied to the survivors annuity of any person who began receiving a survivors annuity on or after January 1, 1998 and before the effective date of this amendatory Act of the 95th General Assembly.

Any person who began receiving retirement benefits after January 1, 1998 and before the effective date of this amendatory Act of the 95th General Assembly may, during a one-time election period established by the System, elect to reduce his or her retirement annuity by 3.825% in exchange for not having the offset under this subsection (g) applied to his or her survivors annuity.

Any employee in service on the effective date of this amendatory Act of the 95th General Assembly may, at the time of
retirement, elect to reduce his or her retirement annuity by
3.825% in exchange for not having the offset under this
subsection (g) applied to his or her survivors annuity.
If a survivors annuity is payable to the widow of an
employee based on the employee's death in service, then the
offset under this subsection (g) shall no longer be applied to
the survivors annuity.
A retiree who elects to reduce his or her retirement
annuity under this subsection (g) in exchange for not having
the offset applied may make an irrevocable election to
eliminate the reduction of his or her retirement annuity if
there is a change in marital status due to death or divorce,
but the retiree is not entitled to reimbursement of any benefit
reduction prior to the election.
(h) The minimum payment to a beneficiary hereunder shall be
$60 per month, which shall be reduced in accordance with the
limitation prescribed on the combined payments to all
beneficiaries of a member.
(i) Subject to the conditions set forth in Section 14-120,
the minimum total survivors annuity benefit payable to the
survivors annuity beneficiaries of a deceased member or
annuitant whose death occurs on or after January 1, 1984, shall
be 50% of the amount of retirement annuity that was or would
have been payable to the deceased on the date of death,
regardless of the age of the deceased on such date. If the
minimum total benefit provided by this subsection exceeds the
maximum otherwise imposed by this Section, the minimum total benefit shall nevertheless be payable. Any increase in the total survivors annuity benefit resulting from the operation of this subsection shall be divided among the survivors annuity beneficiaries of the deceased in proportion to their shares of the total survivors annuity benefit otherwise payable under this Section.

(j) Any survivors annuity beneficiary whose annuity terminates due to any condition specified in this Article other than death shall be entitled to a refund of the excess, if any, of the accumulated contributions of the member plus credited interest over all payments to the member and beneficiary or beneficiaries, exclusive of the single sum payment of $1,000, provided no future survivors or reversionary annuity benefits are payable.

(k) Upon the death of the last eligible recipient of a survivors annuity the excess, if any, of the member's accumulated contributions plus credited interest over all annuity payments to the member and survivors exclusive of the single sum payment of $1,000, shall be paid to the named beneficiary of the last eligible survivor, or if none has been named, to the estate of the last eligible survivor, provided no reversionary annuity is payable.

(l) On January 1, 1981, any survivor who was receiving a survivors annuity on or before January 1, 1971, shall have his survivors annuity then being paid increased by 1% for each full
year which has elapsed from the date the annuity began. On January 1, 1982, any survivor who began receiving a survivor's annuity after January 1, 1971, but before January 1, 1981, shall have his survivor's annuity then being paid increased by 1% for each full year that has elapsed from the date the annuity began. On January 1, 1987, any survivor who began receiving a survivor's annuity on or before January 1, 1977, shall have the monthly survivor's annuity increased by $1 for each full year which has elapsed since the date the survivor's annuity began.

(m) Beginning January 1, 1990, every survivor's annuity shall be increased (1) on each January 1 occurring on or after the commencement of the annuity if the deceased member died while receiving a retirement annuity, or (2) in other cases, on each January 1 occurring on or after the first anniversary of the commencement of the annuity, by an amount equal to 3% of the current amount of the annuity, including any previous increases under this Article. Such increases shall apply without regard to whether the deceased member was in service on or after the effective date of Public Act 86-1488, but shall not accrue for any period prior to January 1, 1990.

(n) Notwithstanding the provisions of this Section, the initial survivor's annuity of an eligible survivor of a Hybrid Plan member shall be calculated as provided under this subsection.

(1) In the case of the death of a member receiving a
retirement annuity, the initial survivor's annuity shall be in the amount of 66 2/3% of such retirement annuity.

(2) In the case of the death of a Hybrid Plan member who has not retired, the initial survivor's annuity shall be in the amount of 66 2/3% of the deceased Hybrid Plan member's earned retirement annuity.

If 2 or more persons are eligible to receive survivor's annuities based on the same deceased Hybrid Plan member, the calculation of the survivor's benefits shall be based on the total calculation of the survivor's annuity and divided pro rata.

The initial survivor's annuity of an eligible survivor to whom this subsection (n) applies shall be increased on each January 1 occurring on or after the commencement of the annuity. Each annual increase shall be one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-w for the 12 months ending with the September preceding each November 1 of the originally granted survivor's annuity. If the annual unadjusted percentage change in the consumer price index-w for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

(Source: P.A. 95-1043, eff. 3-26-09.)

(40 ILCS 5/14-130) (from Ch. 108 1/2, par. 14-130)

Sec. 14-130. Refunds; rules.
(a) Upon withdrawal a member is entitled to receive, upon written request, a refund of the member's contributions, including credits granted while in receipt of disability benefits, without credited interest. The board, in its discretion may withhold payment of the refund of a member's contributions for a period not to exceed 1 year after the member has ceased to be an employee.

In the case of a Hybrid Plan member, this Section shall apply solely to the defined benefit portion of the Hybrid Plan.

For purposes of this Section, a member will be considered to have withdrawn from service if a change in, or transfer of, his position results in his becoming ineligible for continued membership in this System and eligible for membership in another public retirement system under this Act.

(b) A member receiving a refund forfeits and relinquishes all accrued rights in the System, including all accumulated creditable service. If the person again becomes a member of the System and establishes at least 2 years of creditable service, the member may repay all the moneys previously refunded or a portion of the moneys previously refunded representing contributions for one or more whole months of creditable service. If a member repays a portion of moneys previously refunded, he or she may later repay some or all of the remaining portion of those previously refunded moneys. However, a former member may restore credits previously forfeited by acceptance of a refund without returning to
service by applying in writing and repaying to the System, by
April 1, 1993, the amount of the refund plus regular interest
calculated from the date of refund to the date of repayment.

The repayment of refunds issued prior to January 1, 1984
shall consist of the amount refunded plus 5% interest per annum
compounded annually for the period from the date of the refund
to the end of the month in which repayment is made. The
repayment of refunds issued after January 1, 1984 shall consist
of the amount refunded plus regular interest for the period
from the date of refund to the end of the month in which
repayment is made. The repayment of the refund of a person who
accepts an alternative retirement cancellation payment under
Section 14-108.5 shall consist of the entire amount paid to the
person under subsection (c) of Section 14-108.5 plus regular
interest for the period from the date of the refund to the end
of the month in which repayment is made. However, in the case
of a refund that is repaid in a lump sum between January 1,
1991 and July 1, 1991, repayment shall consist of the amount
refunded plus interest at the rate of 2.5% per annum compounded
annually from the date of the refund to the end of the month in
which repayment is made.

Upon repayment, the member shall receive credit for the
service for which the refund has been repaid, and the
corresponding member contributions and regular interest that
was forfeited by acceptance of the refund, as well as regular
interest for the period of non-membership. Such repayment shall
be made in full before retirement either in a lump sum or in installment payments in accordance with such rules as may be adopted by the board.

For a Hybrid Plan member who made the election under subsection (c) of Section 14-155.1, the amount repaid shall be restored in the proportions attributable to service associated with the plan prescribed by Section 1-160 and as a Hybrid Plan member, respectively.

(b-5) The Board may adopt rules governing the repayment of refunds and establishment of credits in cases involving awards of back pay or reinstatement. The rules may authorize repayment of a refund in installment payments and may waive the payment of interest on refund amounts repaid in full within a specified period.

(c) A member no longer in service who is unmarried and does not have an eligible survivors annuity beneficiary on the date of application therefor is entitled to a refund of contributions for widow's annuity or survivors annuity purposes, or both, as the case may be, without interest. A widow's annuity or survivors annuity shall not be payable upon the death of a person who has received this refund, unless prior to that death the amount of the refund has been repaid to the System, together with regular interest from the date of the refund to the date of repayment.

(d) Any member who has service credit in any position for which an alternative retirement annuity is provided and in
relate to which an increase in the rate of employee
collection is required, shall be entitled to a refund,
without interest, of that part of the member's employee
collection which results from that increase in the employee
collection rate if the member does not qualify for that alternative
collection annuity at the time of retirement.
(Source: P.A. 93-839, eff. 7-30-04; 94-455, eff. 8-4-05.)

(40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)
(Text of Section WITHOUT the changes made by P.A. 98-599,
which has been held unconstitutional)

Sec. 14-133. Contributions on behalf of members.
(a) Each participating employee shall make contributions
to the System, based on the employee's compensation, as
follows:

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

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

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

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

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

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

(a-5) Notwithstanding subsection (a), for the first plan year containing the implementation date of the Hybrid Plan, a Hybrid Plan member shall make contributions to the System at 5.4% of compensation for the retirement annuity, and 0.8% of compensation for the survivor's annuity. For each plan year thereafter, each Hybrid Plan member shall contribute the lesser of 5.4% of compensation or 87.1% of the total normal cost of
the defined benefit portion of the Hybrid Plan, rounded to the nearest tenth of a percent, for the retirement annuity. Additionally, for each plan year thereafter, each Hybrid Plan member shall contribute the lesser of 0.8% of compensation or 12.9% of the total normal cost of the defined benefit portion of the Hybrid Plan, rounded to the nearest tenth of a percent, for the survivor's annuity.

(a-10) Prior to the date of the plan election under Section 14-155.1, a noncovered employee eligible to make that election shall contribute at the applicable rates provided under subsection (a) of this Section. If a noncovered employee elects to participate in the Hybrid Plan, any excess employee contributions made prior to the date of the election shall be credited to the employee's defined contribution account under Section 14-155.2.

(a-15) By the January 15 occurring on or after the implementation date of the Hybrid Plan under Section 14-155.1, and by every January 15 thereafter, the Board must certify the Hybrid Plan total normal cost rate. By the January 15 occurring on or after the implementation date of the Hybrid Plan under Section 14-155.1, and by every January 15 thereafter, if the employee contribution rate differs from the certified Hybrid Plan total normal cost rate under subsection (c) of Section 14-135.08, then the total employee contribution rate under subsection (a-10) shall be equal to the lesser of the certified Hybrid Plan total normal cost rate or 6.2%, but not less than
0%, beginning July 1 of that year.

(a-20) A Hybrid Plan member shall not make contributions on compensation that exceeds the limitation prescribed under subsection (g) of Section 14-103.10.

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

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

(40 ILCS 5/14-133.1) (from Ch. 108 1/2, par. 14-133.1)
Sec. 14-133.1. Pickup of contributions.

(a) Each department shall pick up the employee contributions required by Section 14-133 and employee contributions required under subsection (b) of Section 14-155.2 to the extent so designated under the defined contribution plan under that Section for all compensation earned after December 31, 1981, and the contributions so picked up shall be treated as employer contributions in determining tax treatment under the United States Internal Revenue Code; however, each department shall continue to withhold federal and State income taxes based upon these contributions until the Internal Revenue Service or the federal courts rule that
pursuant to Section 414(h) of the United States Internal Revenue Code, these contributions shall not be included as gross income of the employee until such time as they are distributed or made available.

The department shall pay these employee contributions from the same fund which is used in paying earnings to the employee. The department may pick up these contributions by a reduction in the cash salary of the employee or by an offset against a future salary increase or by a combination of a reduction in salary and offset against a future salary increase. If employee contributions are picked up they shall be treated for all purposes of this Article 14 in the same manner and to the same extent as employee contributions made prior to the date picked up.

(b) Subject to the requirements of federal law, an employee of a department may elect to have the department pick up optional contributions that the employee has elected to pay to the System, and the contributions so picked up shall be treated as employer contributions for the purposes of determining federal tax treatment. The department shall pick up the contributions by a reduction in the cash salary of the employee and shall pay the contributions from the same fund that is used to pay earnings to the employee. The election to have optional contributions picked up is irrevocable and the optional contributions may not thereafter be prepaid, by direct payment or otherwise. If the provision authorizing the optional
contribution requires payment by a stated date (rather than the
date of withdrawal or retirement), that requirement shall be
deemed to have been satisfied if (i) on or before the stated
date the employee executes a valid irrevocable election to have
the contributions picked up under this subsection, and (ii) the
picked-up contributions are in fact paid to the System as
provided in the election.

(Source: P.A. 90-448, eff. 8-16-97; 90-766, eff. 8-14-98.)

(40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)
Sec. 14-135.08. To certify required State contributions.

(a) To certify to the Governor and to each department, on
or before November 15 of each year until November 15, 2011, the
required rate for State contributions to the System for the
next State fiscal year, as determined under subsection (b) of
Section 14-131. The certification to the Governor under this
subsection (a) shall include a copy of the actuarial
recommendations upon which the rate is based and shall
specifically identify the System's projected State normal cost
for that fiscal year.

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

(b) The certifications under subsections (a) and (a-5) shall include an additional amount necessary to pay all principal of and interest on those general obligation bonds due the next fiscal year authorized by Section 7.2(a) of the General Obligation Bond Act and issued to provide the proceeds deposited by the State with the System in July 2003, representing deposits other than amounts reserved under Section 7.2(c) of the General Obligation Bond Act. For State fiscal year 2005, the Board shall make a supplemental certification of the additional amount necessary to pay all principal of and interest on those general obligation bonds due in State fiscal years 2004 and 2005 authorized by Section
7.2(a) of the General Obligation Bond Act and issued to provide
the proceeds deposited by the State with the System in July
2003, representing deposits other than amounts reserved under
Section 7.2(c) of the General Obligation Bond Act, as soon as
practical after the effective date of this amendatory Act of
the 93rd General Assembly.

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

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

On or before April 1, 2011, the Board shall recalculate and
recertify to the Governor and to each department the amount of
the required State contribution to the System for State fiscal
year 2011, applying the changes made by Public Act 96-889 to
the System's assets and liabilities as of June 30, 2009 as
though Public Act 96-889 was approved on that date.
By November 1, 2017, the Board shall submit recalculate and recertify to the State Actuary, the Governor, and the General Assembly a proposed recertification of the amount of the required State contribution to the System for State fiscal year 2018, taking into account the changes in the required State contributions made by Public Act 100-23 this amendatory Act of the 100th General Assembly. On or before January 1, 2018, the State Actuary shall review the assumptions and valuations underlying the Board's revised certification and issue a preliminary report concerning the proposed recertification and identifying, if necessary, recommended changes in actuarial assumptions that the Board must consider before finalizing its recertification certification of the required State contributions. On or before January 15, 2018, the Board shall recertify to the Governor and the General Assembly the amount of the required State contribution for State fiscal year 2018. The Board's recertification final certification must note any deviations from the State Actuary's recommended changes, the reason or reasons for not following the State Actuary's recommended changes, and the fiscal impact of not following the State Actuary's recommended changes on the required State contribution.

(c) On or before November 1 of each year, beginning with the November 1 occurring after the implementation date of the Hybrid Plan, the Board shall submit to the State Actuary, the Governor, and the General Assembly a proposed certification of
the Hybrid Plan total normal cost rate as defined in Section 14-103.44, along with all of the actuarial assumptions, calculations, and data upon which the proposed certification is based. On or before January 1 of each year, beginning with the January 1 occurring after the implementation date of the Hybrid Plan, the State Actuary shall issue a preliminary report concerning the proposed certification and identifying, if necessary, recommended changes in actuarial assumptions that the Board must consider before finalizing its certification of the Hybrid Plan total normal cost rate. On or before the January 15 occurring after the implementation date of the Hybrid Plan and each January 15 thereafter, the Board shall certify to the Governor and the General Assembly the Hybrid Plan total normal cost rate as defined under Section 14-103.44. The Board's certification must note, any deviations from the State Actuary's recommended changes, the reason or reasons for not following the State Actuary's recommended changes, and the fiscal impact of not following the State Actuary's recommended changes on the required State contribution.

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

(40 ILCS 5/14-155.1 new)

Sec. 14-155.1. Hybrid Plan.

(a) Effective on the date of the implementation date of the Hybrid Plan, each eligible noncovered employee shall be given the choice to participate in the Hybrid Plan.
Notwithstanding any other provision of this Code to the contrary, the provisions of this Section apply to a noncovered employee who first becomes a member on or after the implementation date of the Hybrid Plan and who does not make the election under subsection (b). The provisions of this Section also apply to service credit earned on or after the date of an election made under subsection (c) of this Section. However, the provisions of this Section do not apply to a covered employee or to a Tier 1 member.

As used in this Section and Section 1-160, "implementation date" means the earliest date upon which the Board authorizes members to begin participating in the Hybrid Plan. The Board shall endeavor to make such participation available as soon as possible after the effective date of this Section and shall establish an implementation date by Board resolution. The Board shall obtain a favorable ruling from the U.S. Internal Revenue Service prior to allowing any member to make an election under this Section.

(b) In lieu of the benefits provided under this Section, a member eligible for the plan under this Section may irrevocably elect the benefits under Section 1-160 and the benefits otherwise applicable to that member. The election must be made within 90 days after the System notifies the member of his or her participation in the System. The System shall establish procedures for making this election.

(c) A noncovered employee eligible to participate in the
Hybrid Plan who was a member of the System prior to the implementation date of the Hybrid Plan may irrevocably elect to begin participating in the Hybrid Plan effective on the beginning of the first payroll period immediately following his or her election. The election under this subsection must be made within 90 days after the plan's implementation date and in accordance with rules prescribed by the Board. For a noncovered employee eligible to participate in the Hybrid Plan that returns to service after the implementation date, the election must be made within 90 days after the System notifies the member of his or her eligibility to elect to participate in the Hybrid Plan. All service credit earned after the date of the election shall be calculated in accordance with the provisions of the Hybrid Plan. For a noncovered employee making the election under this subsection, all service completed under the System shall count for purposes of determining retirement eligibility and vesting under both the Hybrid Plan and the plan provided by Section 1-160.

For a noncovered employee who makes the election under this subsection (c), no period of service within a plan year shall result in more than one year of combined service credit. If service credit must be reduced to satisfy this subsection (c), then service credits established under the Hybrid Plan shall be forfeited first.

(d) A noncovered employee who first begins participating in the System on or after the implementation date of the Hybrid
Plan shall participate in the plan prescribed under Section 1-160 until he or she makes an election or is deemed to have made an election under this Section. If a member who first becomes a participant in the System on or after the implementation date of the Hybrid Plan does not make an election in accordance with the timeline prescribed under this Section, then he or she shall begin participation in the Hybrid Plan by default beginning on the first payroll period immediately following the event that caused him or her to default into the Hybrid Plan.

(e) A noncovered employee eligible to participate in the Hybrid Plan shall be provided with information prescribed by the System that describes the retirement program choices.

(f) The System shall obtain a favorable ruling from the U.S. Internal Revenue Service prior to allowing any member to make the election under this Section.

(g) The elections under subsections (b) and (c) of this Section are one-time, irrevocable elections. If an employee terminates employment after making an irrevocable election under either of those subsections, then upon his or her subsequent re-employment as a noncovered employee with a department covered by this Article, such election shall automatically apply to him or her.

If an employee is enrolled in the Hybrid Plan by default as provided in subsection (d) of this Section, such action shall be deemed an irrevocable election. If such employee terminates
employment after that deemed election, then upon his or her subsequent re-employment as a noncovered employee with a department covered by this Article, that election shall automatically apply to him or her.

(h) In no event shall the System, its staff, its authorized representatives, or the Board be liable for any election under this Article.

(40 ILCS 5/14-155.2 new)

Sec. 14-155.2. Defined contribution portion of the Hybrid Plan.

(a) The System shall prepare and implement a defined contribution program for individuals who elect to participate in the Hybrid Plan pursuant to Section 14-155.1. The defined contribution portion of the Hybrid Plan shall consist of one or more defined contribution plans (and may include existing plans maintained by other State entities) that each meet the definition of an "eligible retirement plan" as that term is defined under Section 402(c)(8)(B) of the Internal Revenue Code of 1986, as amended.

No person shall begin participating in the defined contribution program, except for a defined contribution plan under the defined contribution program that has received a determination letter before the effective date of this amendatory Act of the 100th General Assembly or, in the case of plans established after the effective date of this amendatory
Act of the 100th General Assembly, until such plan has been determined by the U.S. Internal Revenue Service to satisfy the applicable requirements of the Internal Revenue Code of 1986, as amended, for its type of eligible retirement plan (whether by determination letter, opinion letter, or private letter ruling); except that in the case of an arrangement of a type for which an Internal Revenue Service approval process is not available as of the implementation date (such as a plan described in Section 403(b) that is not a prototype or volume submitter plan as defined in Internal Revenue Service guidance), participants may commence participation in such plan as of the implementation date specified by the Board without regard to the fact that Internal Revenue Service approval of the arrangement cannot be obtained.

(b) Each participant shall contribute 4% of his or her compensation to the defined contribution plan.

(c) Employer contributions shall begin on the first pay period following the date the participant has been employed with the same employer for at least one year. For a Hybrid Plan member who has been employed with the same employer for at least one year on the date of his or her election, employer contributions shall begin on the first pay period that begins after the System receives notice of the member's election. The rate of employer contributions, expressed as a percentage of earnings, may be set for individual employees, but shall be no higher than 6% of earnings and shall be no lower than 2% of
(d) Employer contributions shall vest when those contributions are paid into a participant's account.

(e) The defined contribution plan shall provide a variety of options for investments.

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

(g) To the extent authorized under federal law and as authorized by the System, the defined contribution plan shall allow former participants in the plan to transfer or roll over employee and employer contributions, and the earnings thereon, into other "eligible retirement plans" as defined, and as permitted, under Section 402(c)(8) of the Internal Revenue Code of 1986, as amended.

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

(i) The Board may delegate the administrative function of the defined contribution program to another State entity.

(40 ILCS 5/15-103.4 new)

Sec. 15-103.4. Optional Hybrid Plan. "Optional Hybrid Plan": The combined defined benefit and defined contribution retirement program maintained under the System as referenced in
Sections 15-158.24 and 15-158.25.

(40 ILCS 5/15-108.2)

Sec. 15-108.2. Tier 2 defined benefit member. "Tier 2 defined benefit member": A person who first becomes a participant under this Article on or after January 1, 2011 and before 6 months after the effective date of this amendatory Act of the 100th General Assembly, other than a person in the self-managed plan or the Optional Hybrid Plan established under Section 15-158.2 or a person who makes the election under subsection (c) of Section 1-161, unless the person is otherwise a Tier 1 member. The changes made to this Section by Public Act 98-596 this amendatory Act of the 98th General Assembly are a correction of existing law and are intended to be retroactive to January 1, 2011 (the effective date of Public Act 96-889), notwithstanding the provisions of Section 1-103.1 of this Code. (Source: P.A. 100-23, eff. 7-6-17.)

(40 ILCS 5/15-108.3 new)

Sec. 15-108.3. Tier 2 hybrid plan member. "Tier 2 hybrid plan member": A person who participates in the Optional Hybrid Plan.

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

Sec. 15-111. Earnings.

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

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

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

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

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

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

(b-5) For all purposes under this Article, for a Tier 2 hybrid plan member, the annual earnings shall not exceed the federal Social Security Wage base then in effect. The earnings limit under this subsection (b-5) shall begin on the first day
of the first pay period following the effective date of the
employee's election or deemed election under subsection (g) of
Section 15-134.5 or Section 15-134.6.

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

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

(40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)
Sec. 15-112. Final rate of earnings. "Final rate of
earnings":

(a) This subsection (a) applies only to a Tier 1 member.
For an employee who is paid on an hourly basis or who
receives an annual salary in installments during 12 months of
each academic year, the average annual earnings during the 48
consecutive calendar month period ending with the last day of
final termination of employment or the 4 consecutive academic
years of service in which the employee's earnings were the
highest, whichever is greater. For any other employee, the
average annual earnings during the 4 consecutive academic years
of service in which his or her earnings were the highest. For
an employee with less than 48 months or 4 consecutive academic
years of service, the average earnings during his or her entire
period of service. The earnings of an employee with more than
36 months of service under item (a) of Section 15-113.1 prior
to the date of becoming a participant are, for such period, considered equal to the average earnings during the last 36 months of such service.

(b) This subsection (b) applies to a Tier 2 defined benefit member.

For an employee who is paid on an hourly basis or who receives an annual salary in installments during 12 months of each academic year, the average annual earnings obtained by dividing by 8 the total earnings of the employee during the 96 consecutive months in which the total earnings were the highest within the last 120 consecutive calendar month period ending with the last day of final months prior to termination of employment or the 8 consecutive academic years of service in which the employee's earnings were the highest out of the last 10 consecutive academic years prior to the last day of final termination of employment, whichever is greater.

For any other employee, the average annual earnings during the 8 consecutive academic years within the 10 years prior to termination in which the employee's earnings were the highest. For an employee with less than 96 consecutive months or 8 consecutive academic years of service, whichever is necessary, the average earnings during his or her entire period of service.

(b-5) This subsection (b-5) applies to a Tier 2 hybrid plan member.

For an employee who is paid on an hourly basis or who
receives an annual salary in installments during 12 months of each academic year, the average annual earnings during the last 120 consecutive calendar month period ending with the last day of final termination of employment or the last 10 consecutive academic years of service prior to the last day of final termination of employment, whichever is greater.

For any other employee, the average annual earnings during the 10 consecutive academic years of service prior to the last day of final termination of employment.

For an employee with less than 120 consecutive months or 10 consecutive academic years of service, whichever is necessary, the average earnings during his or her entire period of service.

(c) For an employee on leave of absence with pay, or on leave of absence without pay who makes contributions during such leave, earnings are assumed to be equal to the basic compensation on the date the leave began.

(d) For an employee on disability leave, earnings are assumed to be equal to the basic compensation on the date disability occurs or the average earnings during the 24 months immediately preceding the month in which disability occurs, whichever is greater.

(e) For a Tier 1 member who retires on or after the effective date of this amendatory Act of 1997 with at least 20 years of service as a firefighter or police officer under this Article, the final rate of earnings shall be the annual rate of
earnings received by the participant on his or her last day as a firefighter or police officer under this Article, if that is greater than the final rate of earnings as calculated under the other provisions of this Section.

(f) If a Tier 1 member is an employee for at least 6 months during the academic year in which his or her employment is terminated, the annual final rate of earnings shall be 25% of the sum of (1) the annual basic compensation for that year, and (2) the amount earned during the 36 months immediately preceding that year, if this is greater than the final rate of earnings as calculated under the other provisions of this Section.

(g) In the determination of the final rate of earnings for an employee, that part of an employee's earnings for any academic year beginning after June 30, 1997, which exceeds the employee's earnings with that employer for the preceding year by more than 20 percent shall be excluded; in the event that an employee has more than one employer this limitation shall be calculated separately for the earnings with each employer. In making such calculation, only the basic compensation of employees shall be considered, without regard to vacation or overtime or to contracts for summer employment.

(h) The following are not considered as earnings in determining final rate of earnings: (1) severance or separation pay, (2) retirement pay, (3) payment for unused sick leave, and (4) payments from an employer for the period used in
determining final rate of earnings for any purpose other than
(i) services rendered, (ii) leave of absence or vacation
granted during that period, and (iii) vacation of up to 56 work
days allowed upon termination of employment; except that, if
the benefit has been collectively bargained between the
employer and the recognized collective bargaining agent
pursuant to the Illinois Educational Labor Relations Act,
payment received during a period of up to 2 academic years for
unused sick leave may be considered as earnings in accordance
with the applicable collective bargaining agreement, subject
to the 20% increase limitation of this Section. Any unused sick
leave considered as earnings under this Section shall not be
taken into account in calculating service credit under Section
15-113.4.

(i) Intermittent periods of service shall be considered as
consecutive in determining final rate of earnings.
(Source: P.A. 98-92, eff. 7-16-13; 99-450, eff. 8-24-15.)

(40 ILCS 5/15-113) (from Ch. 108 1/2, par. 15-113)
Sec. 15-113. Service. "Service":
(a) The periods defined in Sections 15-113.1 through
15-113.9 and Sections Section 15-113.11 through 15-113.12.
(b) For Tier 2 hybrid plan members, service shall not
include the periods defined in subsection (c) of Section
15-113.1, Section 15-113.2, Section 15-113.3, and Sections
15-113.5 through 15-113.12.
Sec. 15-118. Annuity. "Annuity":

(a) For Tier 1 members and Tier 2 defined benefit members:
A series of monthly payments, payable as of the first day of each calendar month during the annuity payment period, the first payment to be made as of the first day of the calendar month coincidental with or next following the first day of the annuity payment period and the last payment to be made as of the first day of the calendar month in which the annuitant dies or the annuity payment period ends. An annuitant may authorize the board to deduct from the annuity, premiums due under any group hospital-medical insurance program which is sponsored or approved by any employer.

(b) For Tier 2 hybrid plan members: A series of monthly payments, payable from the defined benefit portion of the Optional Hybrid Plan, as of the first day of each calendar month during the annuity payment period, the first payment to be made as of the first day of the calendar month coincidental with or next following the first day of the annuity payment period and the last payment to be made as of the first day of the calendar month in which the annuitant dies or the annuity payment period ends. An annuitant may authorize the board to deduct from the annuity, premiums due under any group hospital-medical insurance program which is sponsored or approved by any employer.
Sec. 15-134.5. Retirement program elections for Tier 1 members and for individuals who first become participants prior to the implementation date of the Optional Hybrid Plan.

(a) All participating employees are participants under the traditional benefit package prior to January 1, 1998.

Effective as of the date that an employer elects, as described in Section 15-158.2, to offer to its employees the portable benefit package and the self-managed plan as alternatives to the traditional benefit package, each of that employer's eligible employees (as defined in subsection (b)) shall be given the choice to elect which retirement program he or she wishes to participate in with respect to all periods of covered employment occurring on and after the effective date of the employee's election. The retirement program election made by an eligible employee must be made in writing, in the manner prescribed by the System, and within the time period described in subsection (d) or (d-1).

Subject to subsection (g) of this Section, the employee election authorized by this Section is a one-time, irrevocable election. If an employee terminates employment after making the election provided under this subsection (a), then upon his or her subsequent re-employment with an employer the original
An eligible employee who fails to make this election shall, by default, participate in the traditional benefit package.

(b) "Eligible employee" means an employee (as defined in Section 15-107) who is either a currently eligible employee or a newly eligible employee. For purposes of this Section, a "currently eligible employee" is an employee who is employed by an employer on the effective date on which the employer offers to its employees the portable benefit package and the self-managed plan as alternatives to the traditional benefit package. A "newly eligible employee" is an employee who first becomes employed by an employer after the effective date on which the employer offers its employees the portable benefit package and the self-managed plan as alternatives to the traditional benefit package. A newly eligible employee participates in the traditional benefit package until he or she makes an election to participate in the portable benefit package or the self-managed plan. If an employee does not elect to participate in the portable benefit package or the self-managed plan, he or she shall continue to participate in the traditional benefit package by default.

(c) An eligible employee who at the time he or she is first eligible to make the election described in subsection (a) does not have sufficient age and service to qualify for a retirement
annuity under Section 15-135 may elect to participate in the
traditional benefit package, the portable benefit package, or
the self-managed plan. An eligible employee who has sufficient
age and service to qualify for a retirement annuity under
Section 15-135 at the time he or she is first eligible to make
the election described in subsection (a) may elect to
participate in the traditional benefit package or the portable
benefit package, but may not elect to participate in the
self-managed plan.

(d) A currently eligible employee must make this election
within one year after the effective date of the employer's
adoption of the self-managed plan.

A newly eligible employee must make this election within 6
months after the date on which the System receives the report
of status certification from the employer. If an employee
elects to participate in the self-managed plan, no employer
contributions shall be remitted to the self-managed plan when
the employee's account balance transfer is made. Employer
contributions to the self-managed plan shall commence as of the
first pay period that begins after the System receives the
employee's election.

(d-1) A newly eligible employee who, prior to the effective
date of this amendatory Act of the 91st General Assembly, fails
to make the election within the period provided under
subsection (d) and participates by default in the traditional
benefit package may make a late election to participate in the
portable benefit package or the self-managed plan instead of
the traditional benefit package at any time within 6 months
after the effective date of this amendatory Act of the 91st
General Assembly.

(e) If a currently eligible employee elects the portable
benefit package, that election shall not become effective until
the one-year anniversary of the date on which the election is
filed with the System, provided the employee remains
continuously employed by the employer throughout the one-year
waiting period, and any benefits payable to or on account of
the employee before such one-year waiting period has ended
shall not be determined under the provisions applicable to the
portable benefit package but shall instead be determined in
accordance with the traditional benefit package. If a currently
eligible employee who has elected the portable benefit package
terminates employment covered by the System before the one-year
waiting period has ended, then no benefits shall be determined
under the portable benefit package provisions while he or she
is inactive in the System and upon re-employment with an
employer covered by the System he or she shall begin a new
one-year waiting period before the provisions of the portable
benefit package become effective.

(f) An eligible employee shall be provided with written
information prepared or prescribed by the System which
describes the employee's retirement program choices. The
eligible employee shall be offered an opportunity to receive
counseling from the System prior to making his or her election. This counseling may consist of videotaped materials, group presentations, benefit estimators, individual consultation with an employee or authorized representative of the System in person or by telephone or other electronic means, or any combination of these methods.

(g) An employee who is a Tier 2 defined benefit member shall be given the choice to elect to participate in the Optional Hybrid Plan with respect to all periods of covered employment occurring on or after the effective date of the employee's election. The election must be made in writing, in the manner prescribed by the System, and shall occur under the deadlines and procedures established by the System. If an employee elects to participate in the Optional Hybrid Plan, no employer contributions shall be remitted to the defined contribution portion of the Optional Hybrid Plan when the employee's initial account balance transfer is made. Employer contributions under the defined benefit portion of the Optional Hybrid Plan shall commence as of the first pay period following the effective date of the employee's election under this subsection (g).

(1) The employee election authorized under this subsection (g) is a one-time, irrevocable election. If an employee terminates employment after making the election provided under this subsection (g), then upon his or her subsequent re-employment with an employer under this
Article, the election made under this subsection (g) shall continue to apply. An employee who fails to make this election shall, by default, continue to be a Tier 2 defined benefit member.

(2) Written information prepared by the System describing the retirement program choices under this subsection (g) shall be made available to employees. An employee shall be offered an opportunity to receive counseling from the System prior to making his or her election. This counseling may consist of videotaped materials, group presentations, benefit estimators, individual consultation with an employee or authorized representative of the System in person or by telephone or other electronic means, or any combination of these methods.

(3) The System shall obtain a favorable ruling from the U.S. Internal Revenue Service prior to allowing any participant to make the election under this subsection (g).

(4) In no event shall the System, its staff, its authorized representatives, or the Board be liable for any election under this Article.

(h) This Section applies to Tier 1 members and to individuals who first become participants of the System prior to the implementation date of the Optional Hybrid Plan.

(Source: P.A. 90-766, eff. 8-14-98; 91-887, eff. 7-6-00.)
Sec. 15-134.6. Retirement program elections for individuals who are not otherwise Tier 1 members who first become participants on or after the implementation date of the Optional Hybrid Plan.

This Section shall apply to individuals who are not otherwise Tier 1 members who first become participants of the System on or after the implementation date of the Optional Hybrid Plan.

(a) An employee who first becomes a participant of the System on or after the implementation date of the Optional Hybrid Plan shall be given the choice to elect which retirement program he or she wishes to participate in with respect to all periods of covered employment occurring on or after the effective date of the employee's election. The retirement program election made by an employee must be made in writing, in the manner prescribed by the System, and within the time period described in subsection (b). Employees may have the choice among the following retirement programs:

(1) the Traditional Benefit Package as a Tier 2 defined benefit member;

(2) the Portable Benefit Package as a Tier 2 defined benefit member;

(3) the Self-Managed Plan; or

(4) the Optional Hybrid Plan.

(b) Employees who first become participants of the System
on or after the implementation date shall make an election within 90 calendar days from the date on which the System receives the report of status certification from the employer. If an employee elects to participate in the Self-Managed Plan or the Optional Hybrid Plan, no employer contributions shall be remitted to the Self-Managed Plan or the defined contribution portion of the Optional Hybrid Plan when the employee's initial account balance transfer is made. Employer contributions to the Self-Managed Plan or the defined benefit portion of the Optional Hybrid Plan shall commence as of the first pay period following the effective date of the employee's election or deemed election under subsection (a) of this Section.

(c) The employee election authorized under this Section is a one-time, irrevocable election. If an employee terminates employment after making the election provided under subsection (a), then upon his or her subsequent re-employment with an employer under this Article, the election or deemed election made under subsection (a) shall continue to apply. An employee who fails to make this election shall, by default, participate in the Optional Hybrid Plan as a Tier 2 hybrid plan member.

(d) Written information prepared by the System describing the retirement program choices under subsection (a) shall be made available to employees. An employee shall be offered an opportunity to receive counseling from the System prior to making his or her election. This counseling may consist of videotaped materials, group presentations, benefit estimators,
individual consultation with an employee or authorized representative of the System in person or by telephone or other electronic means, or any combination of these methods.

(e) If the employee elects to participate in the Optional Hybrid Plan under this Section, any portion of employee contributions made at a rate above the rate of employee contributions for Tier 2 hybrid plan members shall be transferred to the employee's defined contribution account under Section 15-158.25.

(f) For the period beginning with the date of employment until the first pay period following the effective date of the employee's election or deemed election under this Section, the rate of employer contributions for the employee shall be the employer normal cost rate for Tier 2 defined benefit plan members.

(g) The System shall obtain a favorable ruling from the U.S. Internal Revenue Service prior to allowing any participant to make the election under this Section.

(h) In no event shall the System, its staff, its authorized representatives, or the Board be liable for any election under this Article.

(40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)
(Text of Section WITHOUT the changes made by P.A. 98-599, which has been held unconstitutional)

Sec. 15-135. Retirement annuities - Conditions.
(a) This subsection (a) applies only to a Tier 1 member. A participant who retires in one of the following specified years with the specified amount of service is entitled to a retirement annuity at any age under the retirement program applicable to the participant:

- 35 years if retirement is in 1997 or before;
- 34 years if retirement is in 1998;
- 33 years if retirement is in 1999;
- 32 years if retirement is in 2000;
- 31 years if retirement is in 2001;
- 30 years if retirement is in 2002 or later.

A participant with 8 or more years of service after September 1, 1941, is entitled to a retirement annuity on or after attainment of age 55.

A participant with at least 5 but less than 8 years of service after September 1, 1941, is entitled to a retirement annuity on or after attainment of age 62.

A participant who has at least 25 years of service in this system as a police officer or firefighter is entitled to a retirement annuity on or after the attainment of age 50, if Rule 4 of Section 15-136 is applicable to the participant.

(a-5) A Tier 2 defined benefit member is entitled to a retirement annuity upon written application if he or she has attained age 67 and has at least 10 years of service credit and is otherwise eligible under the requirements of this Article. A Tier 2 defined benefit member who has attained age 62 and has
at least 10 years of service credit and is otherwise eligible under the requirements of this Article may elect to receive the lower retirement annuity provided in subsection (b-5) of Section 15-136 of this Article.

(a-10) A Tier 2 hybrid plan member is entitled to a retirement annuity without an age reduction if he or she has attained the normal retirement age determined by the Social Security Administration for that member's year of birth, but no earlier than 67 years of age, and has at least 10 years of service credit and is otherwise eligible under the requirements of this Article. A Tier 2 hybrid plan member who is no more than 5 years away from the normal retirement age determined by the Social Security Administration for that member's year of birth, but is not younger than 62 years of age, and is otherwise eligible under the requirements of this Article may elect to receive the lower retirement annuity provided in subsection (b-10) of Section 15-136 of this Article.

(b) The annuity payment period shall begin on the date specified by the participant or the recipient of a disability retirement annuity submitting a written application. For a participant, the date on which the annuity payment period begins, which date shall not be prior to termination of employment or more than one year before the application is received by the board; however, if the participant is not an employee of an employer participating in this System or in a participating system as defined in Article 20 of this Code on
April 1 of the calendar year next following the calendar year in which the participant attains age 70 1/2, the annuity payment period shall begin on that date regardless of whether an application has been filed. For a recipient of a disability retirement annuity, the date on which the annuity payment period begins shall not be prior to the discontinuation of the disability retirement annuity under Section 15-153.2.

(c) An annuity is not payable if the amount provided under Section 15-136 is less than $10 per month.

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

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

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

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

(a) For Tier 1 members and Tier 2 defined benefit members, the amount of the participant's retirement annuity, expressed in the form of a single-life annuity, shall be
determined by whichever of the following rules is applicable and provides the largest annuity:

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

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

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

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

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

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

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

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

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

Rule 3: The retirement annuity of a participant who is employed at least one-half time during the period on which his or her final rate of earnings is based, shall be equal to the participant's years of service not to exceed 30, multiplied by (1) $96 if the participant's final rate of earnings is less
than $3,500, (2) $108 if the final rate of earnings is at least $3,500 but less than $4,500, (3) $120 if the final rate of earnings is at least $4,500 but less than $5,500, (4) $132 if the final rate of earnings is at least $5,500 but less than $6,500, (5) $144 if the final rate of earnings is at least $6,500 but less than $7,500, (6) $156 if the final rate of earnings is at least $7,500 but less than $8,500, (7) $168 if the final rate of earnings is at least $8,500 but less than $9,500, and (8) $180 if the final rate of earnings is $9,500 or more, except that the annuity for those persons having made an election under Section 15-154(a-1) shall be calculated and payable under the portable retirement benefit program pursuant to the provisions of Section 15-136.4.

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

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

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

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

(a-1) The retirement annuity for a Tier 2 hybrid plan member shall be 1.25% of final rate of earnings for each year of service.

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

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

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

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

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

(b-10) The retirement annuity of a Tier 2 hybrid plan member who is no more than 5 years away from the normal retirement age determined by the Social Security Administration for that member's year of birth, but is not younger than 62 years of age, with at least 10 years of service credit shall be reduced by 1/2 of 1% for each full month that the member's age is under the greater of age 67 or the normal retirement age determined by the Social Security Administration.
Administration for that member's year of birth.

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

(d) A Tier 1 member whose status as an employee terminates after August 14, 1969 shall receive automatic increases in his or her retirement annuity as follows:

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

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

Beginning January 1, 1990, all automatic annual increases
payable under this Section shall be calculated as a percentage
of the total annuity payable at the time of the increase,
including all increases previously granted under this Article.

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

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

(d-10) A retirement annuity of a Tier 2 hybrid plan member shall receive annual increases on the January 1 occurring either on or after the attainment of the applicable retirement age (but no earlier than age 67) or the first anniversary of the annuity start date, whichever is later. Each annual increase shall be calculated at one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-w for the 12 months ending with the September preceding each November 1 of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-w for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

For the purposes of this subsection (d-10), "consumer price index-w" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by Urban Wage Earners and Clerical Workers, United States city average, all items, 1982-84 = 100. The new amount resulting from each annual adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the board by November 1 of each year.

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

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

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

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

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

(Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12; 98-92, eff. 7-16-13.)
Sec. 15-136.3. Minimum retirement annuity.

(a) Beginning January 1, 1997, any person who is receiving a monthly retirement annuity under this Article which, after inclusion of (1) all one-time and automatic annual increases to which the person is entitled, (2) any supplemental annuity payable under Section 15-136.1, and (3) any amount deducted under Section 15-138 or 15-140 to provide a reversionary annuity, is less than the minimum monthly retirement benefit amount specified in subsection (b) of this Section, shall be entitled to a monthly supplemental payment equal to the difference.

(b) For purposes of the calculation in subsection (a), the minimum monthly retirement benefit amount is the sum of $25 for each year of service credit, up to a maximum of 30 years of service.

(c) This Section applies to Tier 1 members and Tier 2 defined benefit members all persons receiving a retirement annuity under this Article, without regard to whether or not employment terminated prior to the effective date of this Section.

(d) This Section does not apply to Tier 2 hybrid plan members.

(Source: P.A. 98-92, eff. 7-16-13.)
Sec. 15-139. Retirement annuities; cancellation; suspended during employment.

(a) If an annuitant returns to employment for an employer within 60 days after the beginning of the retirement annuity payment period, the retirement annuity shall be cancelled, and the annuitant shall refund to the System the total amount of the retirement annuity payments which he or she received. If the retirement annuity is cancelled, the participant shall continue to participate in the System.

(b) If an annuitant retires prior to age 60 and receives or becomes entitled to receive during any month compensation in excess of the monthly retirement annuity (including any automatic annual increases) for services performed after the date of retirement for any employer under this System, that portion of the monthly retirement annuity provided by employer contributions shall not be payable.

If an annuitant retires at age 60 or over and receives or becomes entitled to receive during any academic year compensation in excess of the difference between his or her highest annual earnings prior to retirement and his or her annual retirement annuity computed under Rule 1, Rule 2, Rule 3, or Rule 4 of subsection (a) of Section 15-136, under subsection (a-1) of Section 15-136, or under Section 15-136.4, for services performed after the date of retirement for any employer under this System, that portion of the monthly retirement annuity provided by employer contributions shall be
reduced by an amount equal to the compensation that exceeds such difference.

However, any remuneration received for serving as a member of the Illinois Educational Labor Relations Board shall be excluded from "compensation" for the purposes of this subsection (b), and serving as a member of the Illinois Educational Labor Relations Board shall not be deemed to be a return to employment for the purposes of this Section. This provision applies without regard to whether service was terminated prior to the effective date of this amendatory Act of 1991.

"Academic year", as used in this subsection (b), means the 12-month period beginning September 1.

(c) If an employer certifies that an annuitant has been reemployed on a permanent and continuous basis or in a position in which the annuitant is expected to serve for at least 9 months, the annuitant shall resume his or her status as a participating employee and shall be entitled to all rights applicable to participating employees upon filing with the board an election to forgo all annuity payments during the period of reemployment. Upon subsequent retirement, the retirement annuity shall consist of the annuity which was terminated by the reemployment, plus the additional retirement annuity based upon service granted during the period of reemployment, but the combined retirement annuity shall not exceed the maximum annuity applicable on the date of the last
The total service and earnings credited before and after the initial date of retirement shall be considered in determining eligibility of the employee or the employee's beneficiary to benefits under this Article, and in calculating final rate of earnings.

In determining the death benefit payable to a beneficiary of an annuitant who again becomes a participating employee under this Section, accumulated normal and additional contributions shall be considered as the sum of the accumulated normal and additional contributions at the date of initial retirement and the accumulated normal and additional contributions credited after that date, less the sum of the annuity payments received by the annuitant.

The survivors insurance benefits provided under Section 15-145 shall not be applicable to an annuitant who resumes his or her status as a participating employee, unless the annuitant, at the time of initial retirement, has a survivors insurance beneficiary who could qualify for such benefits or the annuitant repaid the survivors insurance contribution refund or additional annuity under subsection (c-5) of Section 15-154.

If the participant's employment is terminated because of circumstances other than death before 9 months from the date of reemployment, the provisions of this Section regarding resumption of status as a participating employee shall not
apply. The normal and survivors insurance contributions which are deducted during this period shall be refunded to the annuitant without interest, and subsequent benefits under this Article shall be the same as those which were applicable prior to the date the annuitant resumed employment.

The amendments made to this Section by this amendatory Act of the 91st General Assembly apply without regard to whether the annuitant was in service on or after the effective date of this amendatory Act.

(Source: P.A. 98-92, eff. 7-16-13; 98-596, eff. 11-19-13; 99-682, eff. 7-29-16.)

(40 ILCS 5/15-139.1)

Sec. 15-139.1. Tier 2 defined benefit member and Tier 2 hybrid plan member retirement annuities; suspended during employment. If a Tier 2 defined benefit member or a Tier 2 hybrid plan member is receiving a retirement annuity under this System and becomes a member or participant under any other system or fund created by this Code and is employed on a full-time basis, then the person's retirement annuity shall be suspended during that employment. Upon termination of that employment, the person's retirement annuity shall resume and be recalculated if recalculation is provided for under this Article.

(Source: P.A. 98-92, eff. 7-16-13.)
Sec. 15-145.1. Survivor's insurance annuities and lump sum payments for Tier 2 defined benefit members and Tier 2 hybrid plan members; amount. Survivor eligibility, vesting, and conditions for a survivor's insurance annuity and lump sum payment amount payable to a survivor's insurance beneficiary of a deceased Tier 2 defined benefit member or Tier 2 hybrid plan member shall be determined under the provisions of this Article applicable to survivor's insurance beneficiaries of a deceased Tier 1 member; however, the amount of a survivor's insurance annuity, including the annual increases thereon, shall be calculated pursuant to this Section. The initial survivor's insurance annuity of a survivors insurance beneficiary of a Tier 2 defined benefit annuitant or Tier 2 hybrid plan annuitant shall be in the amount of 66 2/3% of the Tier 2 defined benefit member or Tier 2 hybrid plan member's retirement annuity at the date of death. In the case of the death of a Tier 2 defined benefit member or Tier 2 hybrid plan member who has not retired, eligibility for a survivor's insurance benefit shall be determined by the applicable Section of this Article. The initial benefit shall be 66 2/3% of the earned annuity without a reduction due to age. A survivor's insurance annuity shall be increased (1) on each January 1 occurring on or after the commencement of the annuity if the deceased Tier 2 defined benefit member or Tier 2 hybrid plan member died while receiving a retirement annuity or (2) in
other cases, on each January 1 occurring after the first anniversary of the commencement of the benefit. **For a Tier 2 defined benefit member, each annual increase shall be calculated at 3% or one half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted survivor's insurance annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the survivor's insurance annuity shall not be increased.**

**For a Tier 2 hybrid plan member, each annual increase shall be calculated at one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-w for the 12 months ending with the September preceding each November 1 of the originally granted survivor's insurance annuity. If the annual unadjusted percentage change in the consumer price index-w for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.**

A beneficiary of a Tier 2 defined benefit member or a Tier 2 hybrid plan member who elects the Portable Benefit Package provided under this Article shall not be eligible for the survivor's insurance annuity that is provided under this Section. If 2 or more persons are eligible to receive
survivor's insurance annuities as provided under this Section based on the same deceased Tier 2 defined benefit member or Tier 2 hybrid plan member, the calculation of the survivor's insurance annuities shall be based on the total calculation of the survivor's insurance annuity and divided pro rata. The changes made to this Section by Public Act 98-596 this amendatory Act of the 98th General Assembly are a clarification of existing law and are intended to be retroactive to January 1, 2011 (the effective date of Public Act 96-889), notwithstanding the provisions of Section 1-103.1 of this Code. (Source: P.A. 98-92, eff. 7-16-13; 98-596, eff. 11-19-13.)

(40 ILCS 5/15-146) (from Ch. 108 1/2, par. 15-146)
Sec. 15-146. Survivors insurance benefits - Minimum amounts.

(a) The minimum total survivors annuity payable on account of the death of a participant shall be 50% of the retirement annuity which would have been provided under Rule 1, Rule 2, or Rule 3 of Section 15-136 upon the participant's attainment of the minimum age at which the penalty for early retirement would not be applicable or the date of the participant's death, whichever is later, on the basis of credits earned prior to the time of death.

(b) The minimum total survivors annuity payable on account of the death of an annuitant shall be 50% of the retirement annuity which is payable under Section 15-136 at the time of
death or 50% of the disability retirement annuity payable under
Section 15-153.2. This minimum survivors annuity shall apply to
each participant and annuitant who dies after September 16,
1979, whether or not his or her employee status terminates
before or after that date.

(c) If an annuitant has elected a reversionary annuity, the
retirement annuity referred to in this Section is that which
would have been payable had such election not been filed.

(d) Beginning January 1, 2002, any person who is receiving
a survivors annuity under this Article which, after inclusion
of all one-time and automatic annual increases to which the
person is entitled, is less than the sum of $17.50 for each
year (up to a maximum of 30 years) of the deceased member's
service credit, shall be entitled to a monthly supplemental
payment equal to the difference.

If 2 or more persons are receiving survivors annuities
based on the same deceased member, the calculation of the
supplemental payment under this subsection shall be based on
the total of those annuities and divided pro rata. The
supplemental payment is not subject to any limitation on the
maximum amount of the annuity and shall not be included in the
calculation of any automatic annual increase under Section
15-145.

(e) This Section only applies to Tier 1 members and Tier 2
defined benefit members.

(Source: P.A. 98-92, eff. 7-16-13.)
Sec. 15-154. Refunds.

(a) A participant whose status as an employee is terminated, regardless of cause, or who has been on lay off status for more than 120 days, and who is not on leave of absence, is entitled to a refund of contributions upon application; except that not more than one such refund application may be made during any academic year. In the case of a Tier 2 hybrid plan member, this Section shall apply solely to the defined benefit portion of the Optional Hybrid Plan.

Except as set forth in subsections (a-1) and (a-2), the refund shall be the sum of the accumulated normal, additional, and survivors insurance contributions, plus the entire contribution made by the participant under Section 15-113.3, less the amount of interest credited on these contributions each year in excess of 4 1/2% of the amount on which interest was calculated.

(a-1) A person who elects, in accordance with the requirements of Section 15-134.5, to participate in the portable benefit package and who becomes a participating employee under that retirement program upon the conclusion of the one-year waiting period applicable to the portable benefit package election shall have his or her refund calculated in accordance with the provisions of subsection (a-2).

(a-2) The refund payable to a participant described in
subsection (a-1) shall be the sum of the participant's accumulated normal and additional contributions, as defined in Sections 15-116 and 15-117, plus the entire contribution made by the participant under Section 15-113.3. If the participant terminates with 5 or more years of service for employment as defined in Section 15-113.1, he or she shall also be entitled to a distribution of employer contributions in an amount equal to the sum of the accumulated normal and additional contributions, as defined in Sections 15-116 and 15-117.

(b) Upon acceptance of a refund, the participant forfeits all accrued rights and credits in the System, and if subsequently reemployed, the participant shall be considered a new employee subject to all the qualifying conditions for participation and eligibility for benefits applicable to new employees. If such person again becomes a participating employee and continues as such for 2 years, or is employed by an employer and participates for at least 2 years in the Federal Civil Service Retirement System, all such rights, credits, and previous status as a participant shall be restored upon repayment of the amount of the refund, together with compound interest thereon from the date the refund was issued to the date of repayment at the rate of 6% per annum through August 31, 1982, and at the effective rates after that date. When a participant in the portable benefit package who received a refund which included a distribution of employer contributions repays a refund pursuant to this Section,
one-half of the amount repaid shall be deemed the member's reinstated accumulated normal and additional contributions and the other half shall be allocated as an employer contribution to the System, except that any amount repaid for previously purchased military service credit under Section 15-113.3 shall be accounted for as such. For a Tier 2 hybrid plan member who made the election under subsection (g) of Section 15-134.5, the amount repaid shall be restored in the proportions attributable to service as a Tier 2 defined benefit member and a Tier 2 hybrid plan member, respectively.

(c) Except as otherwise provided under subsection (c-5), if a participant covered under the traditional benefit package has made survivors insurance contributions, but has no survivors insurance beneficiary upon retirement, he or she shall be entitled to elect a refund of the accumulated survivors insurance contributions, or to elect an additional annuity the value of which is equal to the accumulated survivors insurance contributions. This election must be made prior to the date the person's retirement annuity is approved by the System.

(c-5) Notwithstanding subsection (c), an annuitant who retired prior to June 1, 2011 and made the election under subsection (c), and who thereafter became, and remains, either:

(1) a party to a civil union or a party to a legal relationship that is recognized as a civil union or marriage under the Illinois Religious Freedom Protection and Civil Union Act on or after June 1, 2011; or
(2) a party to a marriage under the Illinois Marriage and Dissolution of Marriage Act on or after February 26, 2014; or

(3) a party to a marriage, civil union or other legal relationship that, at the time it was formed, was not legally recognized in Illinois but was subsequently recognized as a civil union or marriage under the Illinois Religious Freedom Protection and Civil Union Act on or after June 1, 2011, a marriage under the Illinois Marriage and Dissolution of Marriage Act on or after February 26, 2014, or both;

may make a one-time, irrevocable election to repay the refund or additional annuity payments received under subsection (c), together with compound interest thereon at the actuarially assumed rate of return from the date the refund was issued or the date each additional annuity payment was issued to the date of repayment. The annuitant shall submit proof of party status for item (1), (2), or (3) in the form of a valid marriage certificate or a civil union certificate with any additional requirements the Board prescribes by rulemaking. The election must be received by the System (i) within a period of one year beginning 5 months after the effective date of this amendatory Act of the 99th General Assembly and (ii) prior to the date of death of the annuitant.

To the extent permitted under the Internal Revenue Code of 1986, as amended, the full repayment shall be made within a
period beginning on the date of the election and ending on the
earlier of the 24th month thereafter or the date of the
annuitant's death. If an annuitant fails to make the repayment
within the required period, any payments made shall be
returned, without interest, to the annuitant (or to the
annuitant's estate if the payments ceased due to death), and
survivors insurance benefits under Section 15-145 shall not be
payable upon the annuitant's death.

Upon such repayment, all forfeited survivors insurance
benefit rights and credits under Section 15-145 shall be
restored. This repayment right shall not alter or modify any
eligibility requirement for survivors insurance beneficiaries
under this Article applicable upon the annuitant's death. The
repayment shall be irrevocable. No person shall have a claim or
right to the repaid amounts in a manner not otherwise provided
for under this Article in the event that: the marriage, civil
union, or other legal relationship described in this subsection
is dissolved, annulled, or declared invalid by a court of
competent jurisdiction; or the other party to the marriage,
civil union, or other legal relationship predeceases the
annuitant or otherwise fails to qualify as a survivors
insurance beneficiary upon the annuitant's death.

For purposes of this subsection (c-5), the term "annuitant"
shall include an annuitant who resumed his or her status as a
participating employee under Section 15-139(c).

(d) A participant, upon application, is entitled to a
refund of his or her accumulated additional contributions attributable to the additional contributions described in the last sentence of subsection (c) of Section 15-157. Upon the acceptance of such a refund of accumulated additional contributions, the participant forfeits all rights and credits which may have accrued because of such contributions.

(e) A participant who terminates his or her employee status and elects to waive service credit under Section 15-154.2, is entitled to a refund of the accumulated normal, additional and survivors insurance contributions, if any, which were credited the participant for this service, or to an additional annuity the value of which is equal to the accumulated normal, additional and survivors insurance contributions, if any; except that not more than one such refund application may be made during any academic year. Upon acceptance of this refund, the participant forfeits all rights and credits accrued because of this service.

(f) If a police officer or firefighter receives a retirement annuity under Rule 1 or 3 of Section 15-136, he or she shall be entitled at retirement to a refund of the difference between his or her accumulated normal contributions and the normal contributions which would have accumulated had such person filed a waiver of the retirement formula provided by Rule 4 of Section 15-136.

(g) If, at the time of retirement, a participant would be entitled to a retirement annuity under Rule 1, 2, 3, 4, or 5 of
Section 15-136, or under Section 15-136.4, that exceeds the maximum specified in clause (1) of subsection (c) of Section 15-136, he or she shall be entitled to a refund of the employee contributions, if any, paid under Section 15-157 after the date upon which continuance of such contributions would have otherwise caused the retirement annuity to exceed this maximum, plus compound interest at the effective rates.

(Source: P.A. 99-450, eff. 8-24-15; 99-682, eff. 7-29-16.)

(40 ILCS 5/15-154.3 new)

Sec. 15-154.3. Calculation of retirement benefits for Tier 2 defined benefit members who elect to participate in the Optional Hybrid Plan.

(a) A Tier 2 defined benefit member who elects under subsection (g) of Section 15-134.5 to participate in the Optional Hybrid Plan is entitled to a retirement annuity without an age reduction if he or she has attained the normal retirement age determined by the Social Security Administration for that member's year of birth, but no earlier than 67 years of age, and has at least 10 years of service credit with respect to all service accrued and is otherwise eligible under the requirements of this Article. A Tier 2 defined benefit member who elects to participate in the Optional Hybrid Plan under subsection (g) of Section 15-134.5 shall be eligible to retire within 5 years of the normal retirement age determined by the Social Security Administration.
Administration for that member's year of birth, but no earlier than age 62, with a reduced annuity as provided in subsection (b-10) of Section 15-136.

(b) No period of service within an academic year shall result in more than one year of combined service credit. If service credit must be reduced to satisfy this subsection (b), then service credits established under the Optional Hybrid Plan shall be forfeited first.

(c) A Tier 2 defined benefit member who elects under subsection (g) of Section 15-134.5 to participate in the Optional Hybrid Plan shall receive a combined retirement annuity from the System based on the sum of his or her total accrued service credit under this Article as follows:

(i) 2.2% of the final rate of earnings multiplied by each year of service as a Tier 2 defined benefit member. The final rate of earnings for purposes of this item (i) of subsection (c) shall be the amount specified in subsection (b) of Section 15-112, except the earnings taken into account shall be limited as described under subsection (b) of Section 15-111.

(ii) 1.25% of final rate of earnings multiplied by each year of service as a Tier 2 hybrid plan member. The final rate of earnings for purposes of this item (ii) of subsection (c) shall be the amount specified in subsection (b-5) of Section 15-112.

(d) The retirement annuity of a Tier 2 defined benefit
member who elects to participate in the Optional Hybrid Plan under subsection (g) of Section 15-134.5 shall receive annual increases on the January 1 occurring either on or after the attainment of the applicable retirement age (but no earlier than age 67) or the first anniversary of the annuity start date, whichever is later. Each annual increase shall be calculated at one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-w for the 12 months ending with the September preceding each November 1 of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-w for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

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

(40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)
Sec. 15-155. Employer contributions.
(a) The State of Illinois shall make contributions by appropriations of amounts which, together with the other employer contributions from trust, federal, and other funds, employee contributions, income from investments, and other income of this System, will be sufficient to meet the cost of maintaining and administering the System on a 90% funded basis in accordance with actuarial recommendations.

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

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

For each of State fiscal years 2018, 2019, and 2020, the State shall make an additional contribution to the System equal to 2% of the total payroll of each employee who is deemed to have elected the benefits under Section 1-161 or who has made...
the election under subsection (c) of Section 1-161.

A change in the required State contribution based on an actuarial or investment assumption that increases or decreases the required State contribution and first applies to the required State contribution in State fiscal year 2018 or thereafter shall be implemented in equal annual amounts over a 5-year period beginning in the State fiscal year in which the actuarial change first applies to the required State contribution.

A change in the required State contribution based on an actuarial or investment assumption that increases or decreases the required State contribution and first applied to the required State contribution in fiscal year 2014, 2015, 2016, or 2017 shall be implemented:

(i) as already applied in State fiscal years before 2018; and

(ii) in the portion of the 5-year period beginning in the State fiscal year in which the actuarial change first applied that occurs in State fiscal year 2018 or thereafter, by calculating the change in equal annual amounts over that 5-year period and then implementing it at the resulting annual rate in each of the remaining fiscal years in that 5-year period.

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

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

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

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

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

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

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

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

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

(a-1.5) For each of State fiscal years 2018, 2019, and
2020, the State shall make an additional contribution to the
System equal to 2% of the total payroll of (1) Tier 2 hybrid plan members and (2) Tier 2 defined benefit members who first participate under this Article on or after the implementation date of the Optional Hybrid Plan.

(a-2) Beginning in fiscal year 2018, each employer under this Article shall pay to the System a required contribution determined as a percentage of projected payroll and sufficient to produce an annual amount equal to:

(i) for each of fiscal years 2018, 2019, and 2020, the defined benefit normal cost of the defined benefit plan, less the employee contribution, for each employee of that employer who is (1) a Tier 2 hybrid plan member or (2) a Tier 2 defined benefit member who first participates under this Article on or after the implementation date of the Optional Hybrid Plan has elected or who is deemed to have elected the benefits under Section 1-161 or who has made the election under subsection (c) of Section 1-161; for fiscal year 2021 and each fiscal year thereafter, the defined benefit normal cost of the defined benefit plan, less the employee contribution, plus 2%, for each employee of that employer who is (1) a Tier 2 hybrid plan member or (2) a Tier 2 defined benefit member who first participates under this Article on or after the implementation date of the Optional Hybrid Plan has elected or who is deemed to have elected the benefits under Section 1-161 or who has made the election under subsection (c) of Section 1-161;
plus

(ii) the amount required for that fiscal year to
amortize any unfunded actuarial accrued liability
associated with the present value of liabilities
attributable to the defined benefits of (1) Tier 2 hybrid
plan members and (2) Tier 2 defined benefit members who
first participate under this Article on or after the
implementation date of the Optional Hybrid Plan employer's
account under Section 15-155.2, determined as a level
percentage of payroll over a 30-year rolling amortization
period.

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

In determining the contributions required under item (ii)
of this subsection, the amount shall be computed by the System
on the basis of the actuarial assumptions and tables used in
the most recent actuarial valuation of the System that is
available at the time of the computation. The System shall
determine an aggregate rate for all employers, expressed as a
percentage of projected payroll.

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

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

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

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

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

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

(e) The State Comptroller shall draw warrants payable to the System upon proper certification by the System or by the employer in accordance with the appropriation laws and this Code.
(f) Normal costs under this Section means liability for pensions and other benefits which accrues to the System because of the credits earned for service rendered by the participants during the fiscal year and expenses of administering the System, but shall not include the principal of or any redemption premium or interest on any bonds issued by the Board or any expenses incurred or deposits required in connection therewith.

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

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

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

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

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

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

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

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

When assessing payment for any amount due under subsection (g), the System shall exclude any earnings increase resulting from (i) a promotion for which the employee moves from one classification to a higher classification under the State Universities Civil Service System, (ii) a promotion in academic rank for a tenured or tenure-track faculty position, or (iii) a promotion that the Illinois Community College Board has recommended in accordance with subsection (k) of this Section. These earnings increases shall be excluded only if the promotion is to a position that has existed and been filled by a member for no less than one complete academic year and the earnings increase as a result of the promotion is an increase that results in an amount no greater than the average salary paid for other similar positions.
(i) When assessing payment for any amount due under subsection (g), the System shall exclude any salary increase described in subsection (h) of this Section given on or after July 1, 2011 but before July 1, 2014 under a contract or collective bargaining agreement entered into, amended, or renewed on or after June 1, 2005 but before July 1, 2011. Notwithstanding any other provision of this Section, any payments made or salary increases given after June 30, 2014 shall be used in assessing payment for any amount due under subsection (g) of this Section.

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

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

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

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

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

(j-5) For State fiscal academic years beginning on or after
July 1, 2017, if the amount of a participant's earnings for any State fiscal school year, determined on a full-time equivalent basis, exceeds the amount of the salary set by law for the Governor as of July 1 of that fiscal year, the participant's employer shall pay to the System, in addition to all other payments required under this Section and in accordance with guidelines established by the System, an amount determined by the System to be equal to the employer normal cost, as established by the System and expressed as a total percentage of payroll, multiplied by the amount of earnings in excess of the amount of the salary set by law for the Governor. This amount shall be computed by the System on the basis of the actuarial assumptions and tables used in the most recent actuarial valuation of the System that is available at the time of the computation. The System may require the employer to provide any pertinent information or documentation. If there is no salary set by law for the Governor as of July 1 of that fiscal year, the most recent salary set by law for the Governor shall be used for purposes of this calculation.

Whenever it determines that a payment is or may be required under this subsection, the System shall calculate the amount of the payment and bill the employer for that amount. The bill shall specify the calculation calculations used to determine the amount due. If the employer disputes the amount of the bill, it may, within 30 days after receipt of the bill, apply to the System in writing for a recalculation. The application
must specify in detail the grounds of the dispute. Upon receiving a timely application for recalculation, the System shall review the application and, if appropriate, recalculate the amount due.

The employer contributions required under this subsection may be paid in full in the form of a lump sum within 90 days after issuance receipt of the bill. If the employer contributions are not paid within 90 days after issuance receipt of the bill, then interest will be charged at a rate equal to the System's annual actuarially assumed rate of return on investment compounded annually from the first 91st day of the calendar month occurring on or after the 90th day after issuance receipt of the bill. All payments must be made concluded within 3 years after issuance the employer's receipt of the bill.

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

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

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

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

(Source: P.A. 99-897, eff. 1-1-17; 100-23, eff. 7-6-17.)

(40 ILCS 5/15-155.1 new)

Sec. 15-155.1. Actions to enforce payments by employers.

(a) Except as otherwise specified, if any employer fails to transmit to the System contributions required of it under this Article or contributions collected by it from its participating
employees for the purposes of this Article for more than 120
days after the payment of those contributions is due, the
Board, after giving notice to that employer, may certify to the
State Comptroller the amounts of such delinquent payments in
accordance with any applicable rules of the Comptroller, and
the Comptroller shall deduct the amounts so certified or any
part thereof from any payments of State funds to the employer
involved and shall remit the amount so deducted to the System.
If State funds from which such deductions may be made are not
available or if deductions are delayed for longer than 120 days
after the date of the certification to the Comptroller, the
Board may proceed against the employer to recover the amounts
of such delinquent payments in the appropriate circuit court.

(b) Except as otherwise specified, if any employer that is
a community college district fails to transmit to the System
contributions required of it under this Article or
contributions collected by it from its participating employees
for the purposes of this Article for more than 120 days after
the payment of those contributions is due, the Board, after
giving notice to that employer, may certify the fact of such
delinquent payment to the county treasurer of the county in
which that employer is located, who shall thereafter remit the
amounts collected from any taxes levied by the employer
directly to the System. If the funds from which such
remittances may be made are not available or if the remittances
are delayed for longer than 120 days after the date of the
certification to the county treasurer, the Board may proceed
against the employer to recover the amounts of such delinquent
payments in the appropriate circuit court.

(c) Nothing in this Section prohibits the Board from
proceeding against an employer to recover the amounts of any
delinquent payments in the appropriate circuit court.

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

Sec. 15-157. Employee Contributions.

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

Each participating employee who is a Tier 2 hybrid plan
member shall make contributions towards the retirement
benefits payable under the Optional Hybrid Plan from each
payment of earnings equal to 5% of earnings for the first plan
year containing the implementation date of the Optional Hybrid
Plan. For each plan year thereafter, each Tier 2 hybrid plan
member shall contribute the lesser of 5% of earnings or 81.25% of the Optional Hybrid Plan normal cost rate (but not less than 0%), rounded to the nearest tenth of a percent. These contributions are to be considered as normal contributions for purposes of this Article.

Each participant who is a police officer or firefighter who is a Tier 1 member or a Tier 2 defined benefit member shall make normal contributions of 8% of each payment of earnings applicable to employment as a police officer or firefighter under this system on or after September 1, 1981, unless he or she files with the board within 60 days after the effective date of this amendatory Act of 1991 or 60 days after the board receives notice that he or she is employed as a police officer or firefighter, whichever is later, a written notice waiving the retirement formula provided by Rule 4 of Section 15-136. This waiver shall be irrevocable. If a participant had met the conditions set forth in Section 15-132.1 prior to the effective date of this amendatory Act of 1991 but failed to make the additional normal contributions required by this paragraph, he or she may elect to pay the additional contributions plus compound interest at the effective rate. If such payment is received by the board, the service shall be considered as police officer service in calculating the retirement annuity under Rule 4 of Section 15-136. While performing service described in clause (i) or (ii) of Rule 4 of Section 15-136, a participating employee shall be deemed to be employed as a
firefighter for the purpose of determining the rate of employee contributions under this Section.

(b) Starting September 1, 1969, each participating employee who is a Tier 1 member or a Tier 2 defined benefit member shall make additional contributions of 1/2 of 1% of earnings to finance a portion of the cost of the annual increases in retirement annuity provided under Section 15-136, except that with respect to participants in the self-managed plan this additional contribution shall be used to finance the benefits obtained under that retirement program.

Each participating employee who is a Tier 2 hybrid plan member shall make additional contributions equal to 0.4% of earnings for the first plan year containing the implementation date of the Optional Hybrid Plan. For each plan year thereafter, each Tier 2 hybrid plan member shall contribute the lesser of 0.4% of earnings or 6.25% of the Optional Hybrid Plan normal cost rate (but not less than 0%), rounded to the nearest tenth of a percent, to finance a portion of the cost of the annual increases in retirement annuity provided under Section 15-136.

(c) In addition to the amounts described in subsections (a) and (b) of this Section, each participating employee who is a Tier 1 member or a Tier 2 defined benefit member shall make contributions of 1% of earnings applicable under this system on and after August 1, 1959.

In addition to the amounts described in subsections (a)
and (b) of this Section, each participating employee who is a Tier 2 hybrid plan member shall make contributions equal to 0.8% of earnings for the first plan year containing the implementation date of the Optional Hybrid Plan. For each plan year thereafter, each Tier 2 hybrid plan member shall contribute the lesser of 0.8% of earnings or 12.5% of the Optional Hybrid Plan normal cost rate (but not less than 0%), rounded to the nearest tenth of a percent, under this System.

The contributions made under this subsection (c) shall be considered as survivor's insurance contributions for purposes of this Article if the employee is covered under the traditional benefit package, and such contributions shall be considered as additional contributions for purposes of this Article if the employee is participating in the self-managed plan or has elected to participate in the portable benefit package and has completed the applicable one-year waiting period. Contributions in excess of $80 during any fiscal year beginning before August 31, 1969 and in excess of $120 during any fiscal year thereafter until September 1, 1971 shall be considered as additional contributions for purposes of this Article.

(d) If the board by board rule so permits and subject to such conditions and limitations as may be specified in its rules, a participant may make other additional contributions of such percentage of earnings or amounts as the participant shall elect in a written notice thereof received by the board.
(e) That fraction of a participant's total accumulated normal contributions, the numerator of which is equal to the number of years of service in excess of that which is required to qualify for the maximum retirement annuity, and the denominator of which is equal to the total service of the participant, shall be considered as accumulated additional contributions. The determination of the applicable maximum annuity and the adjustment in contributions required by this provision shall be made as of the date of the participant's retirement.

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

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

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

(i) A Tier 2 hybrid plan member shall not make contributions on earnings that exceed the limitation as
prescribed under subsection (b-5) of Section 15-111 of this Article. The contributions under this Section shall commence on the first pay period following the effective date of the employee's election or deemed election under subsection (g) of Section 15-134.5 or Section 15-134.6.

(j) A Tier 2 hybrid plan member may not make contributions for the purchase of service credit under this Article, unless the purchase is under Section 1-118 of this Code. However, a Tier 2 hybrid plan member may repay a refund under the provisions of Section 15-154.

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

(40 ILCS 5/15-157.1) (from Ch. 108 1/2, par. 15-157.1)

Sec. 15-157.1. Pickup of employee contributions.

(a) Each employer shall pick up the employee contributions required under subsections (a), (b), and (c) of Section 15-157 and employee contributions under subsection (b) of Section 15-158.25 to the extent so designated under the defined contribution plan under that Section for all earnings payments made on and after January 1, 1981, and the contributions so picked up shall be treated as employer contributions in determining tax treatment under the United States Internal Revenue Code. These contributions shall not be included as gross income of the participant until such time as they are distributed or made available. The employer shall pay these employee contributions from the same source of funds which is
used in paying earnings to the employee. The employer may pick
up these contributions by a reduction in the cash salary of the
participants, or by an offset against a future salary increase,
or by a combination of a reduction in salary and offset against
a future salary increase.

(b) Subject to the requirements of federal law, a
participating employee may elect to have the employer pick up
optional contributions that the participant has elected to pay
to the System under Section 15-157(g), and the contributions so
picked up shall be treated as employer contributions for the
purposes of determining federal tax treatment under the federal
Internal Revenue Code of 1986. These contributions shall not be
included as gross income of the participant until such time as
they are distributed or made available. The employer shall pick
up the contributions by a reduction in the cash salary of the
participant and shall pay the contributions from the same
source of funds that is used to pay earnings to the
participant. The election to have optional contributions
picked up is irrevocable.

(Source: P.A. 90-32, eff. 6-27-97; 90-448, eff. 8-16-97.)

(40 ILCS 5/15-158.2)

Sec. 15-158.2. Self-managed plan.

(a) Purpose. The General Assembly finds that it is
important for colleges and universities to be able to attract
and retain the most qualified employees and that in order to
attract and retain these employees, colleges and universities should have the flexibility to provide a defined contribution plan as an alternative for eligible employees who elect not to participate in a defined benefit retirement program provided under this Article. Accordingly, the State Universities Retirement System is hereby authorized to establish and administer a self-managed plan, which shall offer participating employees the opportunity to accumulate assets for retirement through a combination of employee and employer contributions that may be invested in mutual funds, collective investment funds, or other investment products and used to purchase annuity contracts, either fixed or variable or a combination thereof. The plan must be qualified under the Internal Revenue Code of 1986.

(b) Adoption by employers. Each employer subject to this Article may elect to adopt the self-managed plan established under this Section; this election is irrevocable. An employer's election to adopt the self-managed plan makes available to the eligible employees of that employer the elections described in Section 15-134.5.

The State Universities Retirement System shall be the plan sponsor for the self-managed plan and shall prepare a plan document and prescribe such rules and procedures as are considered necessary or desirable for the administration of the self-managed plan. Consistent with its fiduciary duty to the participants and beneficiaries of the self-managed plan, the
Board of Trustees of the System may delegate aspects of plan administration as it sees fit to companies authorized to do business in this State, to the employers, or to a combination of both.

(c) Selection of service providers and funding vehicles. The System, in consultation with the employers, shall solicit proposals to provide administrative services and funding vehicles for the self-managed plan from insurance and annuity companies and mutual fund companies, banks, trust companies, or other financial institutions authorized to do business in this State. In reviewing the proposals received and approving and contracting with no fewer than 2 and no more than 7 companies, the Board of Trustees of the System shall consider, among other things, the following criteria:

(1) the nature and extent of the benefits that would be provided to the participants;

(2) the reasonableness of the benefits in relation to the premium charged;

(3) the suitability of the benefits to the needs and interests of the participating employees and the employer;

(4) the ability of the company to provide benefits under the contract and the financial stability of the company; and

(5) the efficacy of the contract in the recruitment and retention of employees.

The System, in consultation with the employers, shall
periodically review each approved company. A company may continue to provide administrative services and funding vehicles for the self-managed plan only so long as it continues to be an approved company under contract with the Board.

(d) Employee Direction. Employees who are participating in the program must be allowed to direct the transfer of their account balances among the various investment options offered, subject to applicable contractual provisions. The participant shall not be deemed a fiduciary by reason of providing such investment direction. A person who is a fiduciary shall not be liable for any loss resulting from such investment direction and shall not be deemed to have breached any fiduciary duty by acting in accordance with that direction. The System shall provide advance notice to the participant of the participant's obligation to direct the investment of employee and employer contributions into one or more investment funds selected by the System at the time he or she makes his or her initial retirement plan selection. If a participant fails to direct the investment of employee and employer contributions into the various investment options offered to the participant when making his or her initial retirement election choice, that failure shall require the System to invest the employee and employer contributions in a default investment fund on behalf of the participant, and the investment shall be deemed to have been made at the participant's investment direction. The participant has the right to transfer account balances out of
the default investment fund during time periods designated by
the System. Neither the System nor the employer guarantees any
of the investments in the employee's account balances.

(e) Participation. An employee eligible to participate in
the self-managed plan must make a written election in
accordance with the provisions of Section 15-134.5 and the
procedures established by the System. Participation in the
self-managed plan by an electing employee shall begin on the
first day of the first pay period following the later of the
date the employee's election is filed with the System or the
effective date as of which the employee's employer begins to
offer participation in the self-managed plan. Employers may not
make the self-managed plan available earlier than January 1,
1998. An employee's participation in any other retirement
program administered by the System under this Article shall
terminate on the date that participation in the self-managed
plan begins.

An employee who has elected to participate in the
self-managed plan under this Section must continue
participation while employed in an eligible position, and may
not participate in any other retirement program administered by
the System under this Article while employed by that employer
or any other employer that has adopted the self-managed plan,
unless the self-managed plan is terminated in accordance with
subsection (i).

Notwithstanding any other provision of this Article, a Tier
2 member shall have the option to enroll in the self-managed plan. Participation in the self-managed plan under this Section shall constitute membership in the State Universities Retirement System.

A participant under this Section shall be entitled to the benefits of Article 20 of this Code.

(f) Establishment of Initial Account Balance. If at the time an employee elects to participate in the self-managed plan he or she has rights and credits in the System due to previous participation in the traditional benefit package, the System shall establish for the employee an opening account balance in the self-managed plan, equal to the amount of contribution refund that the employee would be eligible to receive under Section 15-154 if the employee terminated employment on that date and elected a refund of contributions, except that this hypothetical refund shall include interest at the effective rate for the respective years. The System shall transfer assets from the defined benefit retirement program to the self-managed plan, as a tax free transfer in accordance with Internal Revenue Service guidelines, for purposes of funding the employee's opening account balance.

(g) No Duplication of Service Credit. Notwithstanding any other provision of this Article, an employee may not purchase or receive service or service credit applicable to any other retirement program administered by the System under this
Article for any period during which the employee was a participant in the self-managed plan established under this Section.

(h) Contributions. The self-managed plan shall be funded by contributions from employees participating in the self-managed plan and employer contributions as provided in this Section. The contribution rate for employees participating in the self-managed plan under this Section shall be equal to the employee contribution rate for Tier 1 members other participants in the System, as provided in Section 15-157. This required contribution shall be made as an "employer pick-up" under Section 414(h) of the Internal Revenue Code of 1986 or any successor Section thereof. Any employee participating in the System's traditional benefit package prior to his or her election to participate in the self-managed plan shall continue to have the employer pick up the contributions required under Section 15-157. However, the amounts picked up after the election of the self-managed plan shall be remitted to and treated as assets of the self-managed plan. In no event shall an employee have an option of receiving these amounts in cash. Employees may make additional contributions to the self-managed plan in accordance with procedures prescribed by the System, to the extent permitted under rules prescribed by the System.

The program shall provide for employer contributions to be credited to each self-managed plan participant at a rate of
7.6% of the participating employee's salary, less the amount used by the System to provide disability benefits for the employee. The employer shall pay the employer contributions for employees of the employer who first participate in the self-managed plan on or after the implementation date of the Optional Hybrid Plan. The amounts so credited shall be paid into the participant's self-managed plan accounts in a manner to be prescribed by the System.

An amount of employer contribution, not exceeding 1% of the participating employee's salary, shall be used for the purpose of providing the disability benefits of the System to the employee. Prior to the beginning of each plan year under the self-managed plan, the Board of Trustees shall determine, as a percentage of salary, the amount of employer contributions to be allocated during that plan year for providing disability benefits for employees in the self-managed plan.

The State of Illinois shall make contributions by appropriations to the System of the employer contributions required for employees who participate in the self-managed plan under this Section. The amount required shall be certified by the Board of Trustees of the System and paid by the State in accordance with Section 15-165. The System shall not be obligated to remit the required employer contributions to any of the insurance and annuity companies, mutual fund companies, banks, trust companies, financial institutions, or other sponsors of any of the funding vehicles offered under the
self-managed plan until it has received the required employer
contributions from the State. In the event of a deficiency in
the amount of State contributions, the System shall implement
those procedures described in subsection (c) of Section 15-165
to obtain the required funding from the General Revenue Fund.

(i) Termination. The self-managed plan authorized under
this Section may be terminated by the System, subject to the
terms of any relevant contracts, and the System shall have no
obligation to reestablish the self-managed plan under this
Section. This Section does not create a right to continued
participation in any self-managed plan set up by the System
under this Section. If the self-managed plan is terminated, the
participants shall have the right to participate in one of the
other retirement programs offered by the System and receive
service credit in such other retirement program for any years
of employment following the termination.

(j) Vesting; Withdrawal; Return to Service. A participant
in the self-managed plan becomes vested in the employer
contributions credited to his or her accounts in the
self-managed plan on the earliest to occur of the following:
(1) completion of 5 years of service with an employer described
in Section 15-106; (2) the death of the participating employee
while employed by an employer described in Section 15-106, if
the participant has completed at least 1 1/2 years of service;
or (3) the participant's election to retire and apply the
reciprocal provisions of Article 20 of this Code.
A participant in the self-managed plan who receives a distribution of his or her vested amounts from the self-managed plan while not yet eligible for retirement under this Article (and Article 20, if applicable) shall forfeit all service credit and accrued rights in the System; if subsequently re-employed, the participant shall be considered a new employee. If a former participant again becomes a participating employee (or becomes employed by a participating system under Article 20 of this Code) and continues as such for at least 2 years, all such rights, service credits, and previous status as a participant shall be restored upon repayment of the amount of the distribution, without interest.

(k) Benefit amounts. If an employee who is vested in employer contributions terminates employment, the employee shall be entitled to a benefit which is based on the account values attributable to both employer and employee contributions and any investment return thereon. If an employee who is not vested in employer contributions terminates employment, the employee shall be entitled to a benefit based solely on the account values attributable to the employee's contributions and any investment return thereon, and the employer contributions and any investment return thereon shall be forfeited. Any employer contributions which are forfeited shall be held in escrow by the company investing those contributions and shall be used as directed by the System for future allocations of employer contributions or for the
restoration of amounts previously forfeited by former participants who again become participating employees.  
(Source: P.A. 98-92, eff. 7-16-13; 99-897, eff. 1-1-17.)

(40 ILCS 5/15-158.24 new)

Sec. 15-158.24. Defined benefit portion of the Optional Hybrid Plan. The System shall offer one or more of the following retirement plans under the defined benefit portion of the Optional Hybrid Plan: (1) the Traditional Benefit Package under Section 15-103.1; and (2) the Portable Benefit Package under Section 15-103.2. The defined contribution provisions shall be governed by Section 15-158.25. The System shall endeavor to make such participation in the Optional Hybrid Plan available as soon as possible after July 6, 2017 (the effective date of Public Act 100-23) and shall establish an implementation date by board resolution. The implementation date of the Optional Hybrid Plan shall be the earliest date upon which the board authorizes members to begin participating in the Optional Hybrid Plan.

(40 ILCS 5/15-158.25 new)

Sec. 15-158.25. Defined contribution program.

(a) The System shall prepare and implement a defined contribution program.

The defined contribution program shall consist of one or more defined contribution plans (and may include existing plans
maintained by the System or one of its affiliates) that each meet the definition of an "eligible retirement plan" as that term is defined under Section 402(c)(8)(B)(iii), (iv), (v), or (vi) of the Internal Revenue Code of 1986, as amended. The defined contribution program shall be designed to permit participants to make elective deferrals, subject to the terms and conditions of the applicable plan and the requirements of the U.S. Internal Revenue Service.

To the extent authorized under federal law and as authorized by the System, the defined contribution program shall allow former participants in the plan to transfer or roll over employee and employer contributions, and the earnings thereon, into other "eligible retirement plans" as defined, and as permitted, under Section 402(c)(8) of the Internal Revenue Code of 1986, as amended.

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

No person shall begin participating in the defined contribution program, unless a defined contribution plan under the defined contribution program as of the effective date of this amendatory Act of the 100th General Assembly has already received a determination letter or, in the case of plans established after the effective date of this amendatory Act of
the 100th General Assembly, until such plan has been determined by the U.S. Internal Revenue Service to satisfy the applicable requirements of the Internal Revenue Code of 1986, as amended, for its type of eligible retirement plan (whether by determination letter, opinion letter, or private letter ruling); except that in the case of an arrangement of a type for which an Internal Revenue Service approval process is not available as of the implementation date (such as a plan described in Section 403(b) that is not a prototype or volume submitter plan as defined in IRS guidance), participants may commence participation in such plan as of the implementation date specified by the Board without regard to the fact that Internal Revenue Service approval of the arrangement cannot be obtained.

(b) The defined contribution program under this Section shall be used to meet the requirements of the defined contribution portion of the Optional Hybrid Plan, subject to the following conditions:

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

(2) Employer contributions shall commence as of the first pay period following the date the participant has been employed with the same employer for at least one year. The rate of employer contributions, expressed as a percentage of earnings, may be set for individual employees, but shall be no higher than 6% of earnings and
shall be no lower than 2% of earnings.

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

(4) The defined contribution plan shall provide a variety of options for investments.

(5) The defined contribution plan shall provide a variety of options for payouts for participants and their beneficiaries.

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

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

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

On or before May 1, 2004, the Board shall recalculate and recertify to the Governor the amount of the required State contribution to the System for State fiscal year 2005, taking into account the amounts appropriated to and received by the System under subsection (d) of Section 7.2 of the General Obligation Bond Act.
On or before July 1, 2005, the Board shall recalculate and recertify to the Governor the amount of the required State contribution to the System for State fiscal year 2006, taking into account the changes in required State contributions made by this amendatory Act of the 94th General Assembly.

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

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

(a-10) By November 1, 2017, the Board shall submit
recalculate and recertify to the State Actuary, the Governor,
and the General Assembly a proposed recertification of the
amount of the required State contribution to the System for
State fiscal year 2018, taking into account the changes in the
required State contribution contributions made by this
amendatory Act of the 100th General Assembly. On or before
January 1, 2018, the State Actuary shall review the
assumptions and valuations underlying the Board's revised
certification and issue a preliminary report concerning the
proposed recertification and identifying, if necessary,
recommended changes in actuarial assumptions that the Board
must consider before finalizing its recertification
certification of the required State contributions. On or before
January 15, 2018, the Board shall recertify to the Governor and
the General Assembly the amount of the required State
contribution for State fiscal year 2018. The Board's final
recertification certification must note, in a written response
to the State Actuary, any deviations from the State Actuary's
recommended changes, the reason or reasons for not following
the State Actuary's recommended changes, and the fiscal impact of not following the State Actuary's recommended changes on the required State contribution.

(a-15) On or before November 1 of each year, beginning with the November 1 occurring after the implementation date of the Optional Hybrid Plan, the Board shall submit to the State Actuary, the Governor, and the General Assembly a proposed certification of the Optional Hybrid Plan normal cost rate, along with all of the actuarial assumptions, calculations, and data upon which the proposed certification is based. The "Optional Hybrid Plan normal cost rate" means the total normal cost of the benefits of all members of the System making contributions to the defined benefit portion of the Optional Hybrid Plan, expressed as a percentage of pensionable payroll.

On or before January 1 of each year, beginning with the January 1 occurring after the implementation date of the Optional Hybrid Plan, the State Actuary shall issue a preliminary report concerning the proposed certification and identifying, if necessary, recommended changes in actuarial assumptions that the Board must consider before finalizing its certification of the Optional Hybrid Plan normal cost rate. On or before the January 15 occurring after the implementation date of the Optional Hybrid Plan and each January 15 thereafter, the Board shall certify to the Governor and the General Assembly the Optional Hybrid Plan normal cost rate to be effective July 1 of the following State fiscal year. The Board's certification must
note, in a written response to the State Actuary, any
deviations from the State Actuary's recommended changes, the
reason or reasons for not following the State Actuary's
recommended changes, and the fiscal impact of not following the
State Actuary's recommended changes on the required State
contribution.

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

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

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

(c-5) Beginning on the August 1 occurring on or after the implementation date of the Optional Hybrid Plan and for each August 1 thereafter through August 1, 2020, the Board shall submit vouchers for the payment of 2% of the total payroll of (1) Tier 2 hybrid plan members and (2) Tier 2 defined benefit members who first participate under this Article on or after the implementation date of the Optional Hybrid Plan. These vouchers shall be paid by the State Comptroller and Treasurer by August 31 of each year through August 31, 2020 by warrants drawn on the funds appropriated to the System for that fiscal year.

If in any month the amount remaining unexpended from all other appropriations to the System for the applicable fiscal year (including the appropriations to the System under Section 8.12 of the State Finance Act and Section 1 of the State Pension Funds Continuing Appropriation Act) is less than the amount lawfully vouchered under this subsection (c-5), the difference shall be paid from the General Revenue Fund under the continuing appropriation authority provided in Section 1.1
(d) So long as the payments received are the full amount lawfully vouchered under this Section, payments received by the System under this Section shall be applied first toward the employer contribution to the self-managed plan established under Section 15-158.2. Payments shall be applied second toward the employer's portion of the normal costs of the System, as defined in subsection (f) of Section 15-155. The balance shall be applied toward the unfunded actuarial liabilities of the System.

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

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

(40 ILCS 5/16-106.4a new)

Sec. 16-106.4a. Tier 1 member; Tier 2 member. "Tier 1 member": A member under this Article who first became a member
or participant before January 1, 2011 under any reciprocal
retirement system or pension fund established under this Code
other than a retirement system or pension fund established
under Article 2, 3, 4, 5, 6, or 18 of this Code.

"Tier 2 member": A person who first becomes a member under
this Article or a reciprocal system, other than a system
created under Article 2, 3, 4, 5, 6, or 18, on or after January
1, 2011 unless the person is otherwise a Tier 1 member.

Sec. 16-106.7. Traditional Tier 2 benefit. "Traditional Tier 2 benefit": The benefit provided for under Section 1-160 and any related Sections as implemented by the System.

Sec. 16-111. Beneficiary. "Beneficiary": Any person, organization or other entity designated in writing to receive or any person receiving a survivor benefit or reversionary annuity provided by this system or granted under any superseded retirement fund or system, including anyone designated in writing to receive all or a portion of a defined contribution account established under Section 16-139, but not an individual who is in receipt of a defined contribution account but not an annuity as allowed by that Section.

(Source: P.A. 83-1440.)
Sec. 16-111.1. Annuitant. "Annuitant": Any person retired
on a retirement annuity or disability retirement annuity under
this system or any superseded retirement fund or system,
including a person who is in receipt of benefits under Section
16-139.
(Source: P.A. 83-1440.)

Sec. 16-127. Computation of creditable service.
(a) Each member shall receive regular credit for all
service as a teacher from the date membership begins, for which
satisfactory evidence is supplied and all contributions have
been paid.

(b) Except for a participant in the Optional Hybrid Plan
under Section 16-139, the following periods of service
shall earn optional credit and each member shall receive credit
for all such service for which satisfactory evidence is
supplied and all contributions have been paid as of the date
specified:

(1) Prior service as a teacher.

(2) Service in a capacity essentially similar or
equivalent to that of a teacher, in the public common
schools in school districts in this State not included
within the provisions of this System, or of any other State, territory, dependency or possession of the United States, or in schools operated by or under the auspices of the United States, or under the auspices of any agency or department of any other State, and service during any period of professional speech correction or special education experience for a public agency within this State or any other State, territory, dependency or possession of the United States, and service prior to February 1, 1951 as a recreation worker for the Illinois Department of Public Safety, for a period not exceeding the lesser of 2/5 of the total creditable service of the member or 10 years. The maximum service of 10 years which is allowable under this paragraph shall be reduced by the service credit which is validated by other retirement systems under paragraph (i) of Section 15-113 and paragraph 1 of Section 17-133. Credit granted under this paragraph may not be used in determination of a retirement annuity or disability benefits unless the member has at least 5 years of creditable service earned subsequent to this employment with one or more of the following systems: Teachers' Retirement System of the State of Illinois, State Universities Retirement System, and the Public School Teachers' Pension and Retirement Fund of Chicago. Whenever such service credit exceeds the maximum allowed for all purposes of this Article, the first service rendered in
of time shall be considered. The changes to this subdivision (b)(2) made by Public Act 86-272 shall apply not only to persons who on or after its effective date (August 23, 1989) are in service as a teacher under the System, but also to persons whose status as such a teacher terminated prior to such effective date, whether or not such person is an annuitant on that date.

(3) Any periods immediately following teaching service, under this System or under Article 17, (or immediately following service prior to February 1, 1951 as a recreation worker for the Illinois Department of Public Safety) spent in active service with the military forces of the United States; periods spent in educational programs that prepare for return to teaching sponsored by the federal government following such active military service; if a teacher returns to teaching service within one calendar year after discharge or after the completion of the educational program, a further period, not exceeding one calendar year, between time spent in military service or in such educational programs and the return to employment as a teacher under this System; and a period of up to 2 years of active military service not immediately following employment as a teacher.

The changes to this Section and Section 16-128 relating to military service made by P.A. 87-794 shall apply not only to persons who on or after its effective date are in
service as a teacher under the System, but also to persons
whose status as a teacher terminated prior to that date,
whether or not the person is an annuitant on that date. In
the case of an annuitant who applies for credit allowable
under this Section for a period of military service that
did not immediately follow employment, and who has made the
required contributions for such credit, the annuity shall
be recalculated to include the additional service credit,
with the increase taking effect on the date the System
received written notification of the annuitant's intent to
purchase the credit, if payment of all the required
contributions is made within 60 days of such notice, or
else on the first annuity payment date following the date
of payment of the required contributions. In calculating
the automatic annual increase for an annuity that has been
recalculated under this Section, the increase attributable
to the additional service allowable under P.A. 87-794 shall
be included in the calculation of automatic annual
increases accruing after the effective date of the
recalculation.

Credit for military service shall be determined as
follows: if entry occurs during the months of July, August,
or September and the member was a teacher at the end of the
immediately preceding school term, credit shall be granted
from July 1 of the year in which he or she entered service;
if entry occurs during the school term and the teacher was
in teaching service at the beginning of the school term, credit shall be granted from July 1 of such year. In all other cases where credit for military service is allowed, credit shall be granted from the date of entry into the service.

The total period of military service for which credit is granted shall not exceed 5 years for any member unless the service: (A) is validated before July 1, 1964, and (B) does not extend beyond July 1, 1963. Credit for military service shall be granted under this Section only if not more than 5 years of the military service for which credit is granted under this Section is used by the member to qualify for a military retirement allotment from any branch of the armed forces of the United States. The changes to this subdivision (b)(3) made by Public Act 86-272 shall apply not only to persons who on or after its effective date (August 23, 1989) are in service as a teacher under the System, but also to persons whose status as such a teacher terminated prior to such effective date, whether or not such person is an annuitant on that date.

(4) Any periods served as a member of the General Assembly.

(5)(i) Any periods for which a teacher, as defined in Section 16-106, is granted a leave of absence, provided he or she returns to teaching service creditable under this System or the State Universities Retirement System
following the leave; (ii) periods during which a teacher is involuntarily laid off from teaching, provided he or she returns to teaching following the lay-off; (iii) periods prior to July 1, 1983 during which a teacher ceased covered employment due to pregnancy, provided that the teacher returned to teaching service creditable under this System or the State Universities Retirement System following the pregnancy and submits evidence satisfactory to the Board documenting that the employment ceased due to pregnancy; and (iv) periods prior to July 1, 1983 during which a teacher ceased covered employment for the purpose of adopting an infant under 3 years of age or caring for a newly adopted infant under 3 years of age, provided that the teacher returned to teaching service creditable under this System or the State Universities Retirement System following the adoption and submits evidence satisfactory to the Board documenting that the employment ceased for the purpose of adopting an infant under 3 years of age or caring for a newly adopted infant under 3 years of age. However, total credit under this paragraph (5) may not exceed 3 years.

Any qualified member or annuitant may apply for credit under item (iii) or (iv) of this paragraph (5) without regard to whether service was terminated before the effective date of this amendatory Act of 1997. In the case of an annuitant who establishes credit under item (iii) or
(iv), the annuity shall be recalculated to include the additional service credit. The increase in annuity shall take effect on the date the System receives written notification of the annuitant's intent to purchase the credit, if the required evidence is submitted and the required contribution paid within 60 days of that notification, otherwise on the first annuity payment date following the System's receipt of the required evidence and contribution. The increase in an annuity recalculated under this provision shall be included in the calculation of automatic annual increases in the annuity accruing after the effective date of the recalculation.

Optional credit may be purchased under this subsection (b)(5) for periods during which a teacher has been granted a leave of absence pursuant to Section 24-13 of the School Code. A teacher whose service under this Article terminated prior to the effective date of P.A. 86-1488 shall be eligible to purchase such optional credit. If a teacher who purchases this optional credit is already receiving a retirement annuity under this Article, the annuity shall be recalculated as if the annuitant had applied for the leave of absence credit at the time of retirement. The difference between the entitled annuity and the actual annuity shall be credited to the purchase of the optional credit. The remainder of the purchase cost of the optional credit shall be paid on or before April 1, 1992.
The change in this paragraph made by Public Act 86-273 shall be applicable to teachers who retire after June 1, 1989, as well as to teachers who are in service on that date.

(6) Any days of unused and uncompensated accumulated sick leave earned by a teacher. The service credit granted under this paragraph shall be the ratio of the number of unused and uncompensated accumulated sick leave days to 170 days, subject to a maximum of 2 years of service credit. Prior to the member's retirement, each former employer shall certify to the System the number of unused and uncompensated accumulated sick leave days credited to the member at the time of termination of service. The period of unused sick leave shall not be considered in determining the effective date of retirement. A member is not required to make contributions in order to obtain service credit for unused sick leave.

Credit for sick leave shall, at retirement, be granted by the System for any retiring regional or assistant regional superintendent of schools at the rate of 6 days per year of creditable service or portion thereof established while serving as such superintendent or assistant superintendent.

(7) Periods prior to February 1, 1987 served as an employee of the Illinois Mathematics and Science Academy for which credit has not been terminated under Section
(8) Service as a substitute teacher for work performed prior to July 1, 1990.

(9) Service as a part-time teacher for work performed prior to July 1, 1990.

(10) Up to 2 years of employment with Southern Illinois University - Carbondale from September 1, 1959 to August 31, 1961, or with Governors State University from September 1, 1972 to August 31, 1974, for which the teacher has no credit under Article 15. To receive credit under this item (10), a teacher must apply in writing to the Board and pay the required contributions before May 1, 1993 and have at least 12 years of service credit under this Article.

(b-1) A member may establish optional credit for up to 2 years of service as a teacher or administrator employed by a private school recognized by the Illinois State Board of Education, provided that the teacher (i) was certified under the law governing the certification of teachers at the time the service was rendered, (ii) applies in writing on or after August 1, 2009 and on or before August 1, 2012, (iii) supplies satisfactory evidence of the employment, (iv) completes at least 10 years of contributing service as a teacher as defined in Section 16-106, and (v) pays the contribution required in subsection (d-5) of Section 16-128. The member may apply for credit under this subsection and pay the required contribution before completing the 10 years of contributing service required.
under item (iv), but the credit may not be used until the item
(iv) contributing service requirement has been met.

(c) The service credits specified in this Section shall be
granted only if: (1) such service credits are not used for
credit in any other statutory tax-supported public employee
retirement system other than the federal Social Security
program; and (2) the member makes the required contributions as
specified in Section 16-128. Except as provided in subsection
(b-1) of this Section, the service credit shall be effective as
of the date the required contributions are completed.

Any service credits granted under this Section shall
terminate upon cessation of membership for any cause.

Credit may not be granted under this Section covering any
period for which an age retirement or disability retirement
allowance has been paid.

(Source: P.A. 96-546, eff. 8-17-09.)

(40 ILCS 5/16-136) (from Ch. 108 1/2, par. 16-136)

Sec. 16-136. Reversionary annuity. Except for a
participant in the Optional Hybrid Plan established under
Section 16-139, a member entitled to a retirement annuity may
elect at the time of retirement to receive a reduced retirement
annuity and provide with the actuarial value of the reduction,
determined on an actuarial equivalent basis, a reversionary
annuity for any person who is dependent upon the member at the
time of retirement, as named in a written direction filed with
the system as a part of the application for the retirement annuity, provided that the reversionary annuity is not less than $10 per month, nor more than the reduced retirement annuity to which the member is entitled. The condition of dependency must be established and proved to the satisfaction of the system before the election becomes effective.

The reversionary annuity shall begin as of the first day of the month following the month in which the death of the annuitant occurs, provided, that the designated beneficiary is then living. If the designated beneficiary predeceases the annuitant, the reversionary annuity shall not be payable, and beginning the first of the month following notification of the designated beneficiary's death, the System shall pay the annuitant the retirement annuity he or she would have received but for the reversionary annuity election.

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

(40 ILCS 5/16-136.2) (from Ch. 108 1/2, par. 16-136.2)

Sec. 16-136.2. Minimum retirement annuity.

(a) Except for a participant in the Optional Hybrid Plan established under Section 16-139, any annuitant receiving a retirement annuity under this Article is entitled to such additional amount of retirement annuity under this Section, if necessary, that is sufficient to provide a minimum retirement annuity of $10 per month for each year of creditable service forming the basis of the retirement annuity, up to $300 per
month for 30 or more years of creditable service. Effective January 1, 1984, the minimum retirement annuity under this Section is $15 per month per year of service up to $450 per month. Beginning January 1, 1996, the minimum retirement annuity payable under this Section shall be $25 per month for each year of creditable service, up to a maximum of $750 per month for 30 or more years of creditable service.

An annuitant entitled to an increase in retirement annuity under this Section shall be entitled to such increase in retirement annuity effective the later of (1) September 1 following attainment of age 60; (2) September 1 following the first anniversary in retirement; or (3) the first of the month following receipt of the required qualifying contribution from the annuitant.

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

(c) The minimum retirement annuity provided under this Section shall continue to be paid only to the extent that funds are available in the minimum retirement annuity reserve established under Section 16-186.3.
(d) The annual increase provided on and after September 1, 1977 under Section 16-136.1 and on and after January 1, 1978 under Section 16-133.1 shall be paid in addition to the minimum retirement annuity. Where an initial increase is first payable on or after September 1, 1977, only that portion of the increase based on the period in retirement after August 31, 1976, under Section 16-136.1 and after December 31, 1976, under Section 16-133.1 may be added to the minimum retirement annuity.

(Source: P.A. 89-21, eff. 6-6-95; 89-25, eff. 6-21-95.)

(40 ILCS 5/16-136.4) (from Ch. 108 1/2, par. 16-136.4)

Sec. 16-136.4. Single-sum retirement benefit.

(a) Except for a participant in the Optional Hybrid Plan established under Section 16-139, a member who has less than 5 years of creditable service shall be entitled, upon written application to the board, to receive a retirement benefit payable in a single sum upon or after the member's attainment of age 65. However, the benefit shall not be paid while the member is employed as a teacher in the schools included under this Article or Article 17, unless the System is required by federal law to make payment due to the member's age.

(b) The retirement benefit shall consist of a single sum that is the actuarial equivalent of a life annuity consisting of 1.67% of the member's final average salary for each year of creditable service. In determining the amount of the benefit, a
fractional year shall be granted proportional credit.

For the purposes of this Section, final average salary shall be the average salary of the member's highest 4 consecutive years of service as determined under rules of the board. For a member with less than 4 consecutive years of service, final average salary shall be the average salary during the member's entire period of service. In the determination of final average salary for members other than elected officials and their appointees when such appointees are allowed by statute, that part of a member's salary which exceeds the member's annual full-time salary rate with the same employer for the preceding year by more than 20% shall be excluded. The exclusion shall not apply in any year in which the member's creditable earnings are less than 50% of the preceding year's mean salary for downstate teachers as determined by the survey of school district salaries provided in Section 2-3.103 of the School Code.

(c) The retirement benefit determined under this Section shall be available to all members who render teaching service after July 1, 1947 for which member contributions are required.

(d) Upon acceptance of the retirement benefit, all of the member's accrued rights and credits in the System are forfeited. Receipt of a single-sum retirement benefit under this Section does not make a person an "annuitant" for the purposes of this Article, nor a "benefit recipient" for the purposes of Sections 16-153.1 through 16-153.4.
Sec. 16-139. Optional Hybrid Plan.

(a) A Tier 2 member may elect to receive, in lieu of other benefits provided for under this Article or Article 1, benefits under an Optional Hybrid Plan. The Board shall establish the Optional Hybrid Plan after receiving all necessary rulings and approvals from the Internal Revenue Service and in a time frame established by the Board in the best interest of the membership. The System shall not provide advice or counseling with respect to the legal or tax circumstances of or consequences of making the election under this Section. In no event shall the System, its staff, or the Board be held liable for any information given to a member regarding the election options under this Section.

A Tier 2 member may elect to participate in the Optional Hybrid Plan with respect to service credit earned on or after the date established by the System as of the first date of enrollment by making an irrevocable election on forms provided by the System and otherwise in accordance with policies established by the System to make the election. Any service credit earned by a member on or after he or she has made the election and established in the Optional Hybrid Plan shall accrue a benefit and require employee and employer contributions in accordance with this Section. Any service
credit earned prior to the time of election and establishment in the Optional Hybrid Plan shall be credited to the member in accordance with the benefits provided to a Tier 2 member as those benefits existed at the time the Tier 2 service credit was earned.

Upon retirement, a Tier 2 member who made an election under this subsection shall have his or her annuity calculated (1) for the service credit earned prior to making the election and establishing participation in the Optional Hybrid Plan, using the calculations in place at the time that service credit was earned and (2) for the service credit earned after making the election and establishing participation in the Optional Hybrid Plan, using the calculations provided in this Section.

For purposes of determining an annuity under this Section, "final average salary" means the 10 highest salaried consecutive years, and the same 10-year period shall be used in calculating the annuity under both the Optional Hybrid Plan and the traditional Tier 2 benefit.

For purposes of any vesting requirement under the traditional Tier 2 benefit or the Optional Hybrid Plan, the total service credit in the System will be used.

(b) Members who first become members of the System on or after the establishment of the Optional Hybrid Plan shall make a one-time irrevocable election, through a process established by the System, to participate in either the traditional Tier 2 benefit or the Optional Hybrid Plan. The member shall have 90
days after he or she first becomes a member to make this election. If the member fails to make an election under this Section, the member shall be deemed to have elected to participate in the Optional Hybrid Plan.

During the period prior to the member making an election, the employer shall collect the greater of employee contributions equal to (1) the contributions required for the traditional Tier 2 benefit or (2) the employee contributions required for the Optional Hybrid Plan. If the member elects the Optional Hybrid Plan and the employee contributions required under this Article were less than the employee contributions actually collected, the amount actually collected less the amount required to be collected shall be deposited into the employee's defined contribution account. During the period prior to the member making an election, no money shall be placed into the employee's defined contribution account.

(c) The Optional Hybrid Plan shall provide an annuity. The annuity shall be calculated as follows:

(1) Final average salary shall be equal to the total salary allowed as pensionable by the System of the highest paid consecutive 10 years, divided by 10.

(2) The pensionable salary for any year shall not exceed the federal Social Security Wage Base in effect for that year.

(3) The System shall multiply each year of service credit by 1.25% which in no case shall result in a number
higher than 75%.

(4) The annuity shall be equal to the final average salary established under items (1) and (2) of this subsection multiplied by the percentage number established in item (3) of this subsection.

(5) The annuity shall be payable to any member who has at least 10 years of service credit and who is at least age 67, except as provided under paragraph (6) of this subsection. Any member who has less than 10 years of service credit shall be entitled to a refund of employee contributions under this subsection (c).

(6) Any member who retires before age 67, but after age 62 under this subsection (c) may make such an election by reducing the amount calculated under paragraph (3) of subsection (c) of Section 16-139 by an amount determined by the board to be equal to 0.5% multiplied by the number of months less than age 67 and expressed as a percentage and subtracted from the total percentage under paragraph (3) of this subsection.

(d) The Optional Hybrid Plan annuity, survivor annuity, or disability annuity shall be increased on an annual basis. An annuitant shall first be entitled to an initial increase under this subsection on the January 1 next following the first anniversary of retirement and shall be increased on each January 1 following the initial increase. The annual increase shall be one-half the annual unadjusted percentage increase in
the consumer price index-w for the 12 months ending with the September preceding each November 1 of the originally granted annuity. If the annual unadjusted percentage change in the consumer price index-w for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased. The increase shall be applied to the total amount of the annuity for the previous year. The consumer price index-w for the 12 months ending with the September preceding each November 1 shall be the amount determined by the Public Pension Division of the Department of Insurance based on the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by Urban Wage Earners and Clerical Workers, United States city average, all items, 1982-84 = 100 and made available to the Board by the Division by November 1 of each year.

(e) The survivor, who otherwise meets the eligibility requirements established under this Article, of a member who made an election for the Optional Hybrid Plan shall be eligible to receive survivor benefits, as established for a Tier 2 member who elected the traditional Tier 2 benefit, except that the annuity, salary, and any other applicable calculations shall be made in accordance with this Section.

(f) A member who elected the Optional Hybrid Plan is entitled to disability benefits, occupational disability
benefits, disability retirement annuity, and any increases otherwise allowable to a Tier 2 member who elected the traditional Tier 2 benefit, except that calculations of annuities, annual increases, salary and any other applicable calculations shall be made in accordance with this Section.

(g) On or before January 15 of each year, the Board shall determine an amount to be equal to the normal cost of benefits for the benefits described under this Section, expressed as a percentage of total salary associated with members who receive a benefit under this Section, and shall certify that amount to the State Actuary and the Commission on Government Forecasting and Accountability.

(h) A member making an election under this Section shall, in addition to any annuity granted under this Section, be entitled to a defined contribution account. The account shall be established and maintained by the System, in accordance with all applicable federal and State laws. The account shall aggregate employer and employee contributions. The account shall allow for a variety of investment options. The System may deduct from the account any costs associated with or fees for operating the account and the investment options of the account. The system shall establish rules and procedures that are in accordance with all applicable laws and established best practices for the creation and maintenance of the accounts. To the extent authorized under law and by the System, the account shall provide options for payouts to retirees and their
beneficiaries, including allowing the transfer of the balance of the account for former employees. In addition to the amounts stipulated by this Section, the System may allow the deposit or transfer of additional moneys into the account consistent with relevant laws.

(i) The member must contribute, as a contribution to the defined benefit portion of the Optional Hybrid Plan, the lesser of (1) the member's salary multiplied by the percentage established under subsection (g) of this Section or (2) 6.2% of the member's salary.

(j) In any year in which the amount established under subsection (g) of this Section is greater than 6.2%, the employer must contribute, in addition to any other required employer contribution, the difference between the amount established under subsection (g) of this Section and 6.2% multiplied by the total salary of all members who are employed by the employer.

(k) The member must contribute no less than 4% of salary, as otherwise determined under this Section, into his or her defined contribution account.

(l) The employer must contribute no less than 2% and no greater than 6% of the applicable member's salary, as otherwise determined under this Section, into the employee's defined contribution account. These contributions are not required from an employer for an employee who has been employed for less than one year.
(m) The System shall establish procedures for collecting and depositing all moneys into the defined contribution account.

(n) The member shall designate a beneficiary for the amount in the defined contribution account who will receive the balance of the account upon the death of the member. In the case where no beneficiary is named, the balance of the account shall become the property of the deceased member's estate.

(o) The Board shall determine a number, expressed as a percentage of payroll, on an annual basis, equal to the cost attributable for survivor benefits and otherwise included in the employee contribution made under this Section. The System shall provide a refund to any participant of the Optional Hybrid Plan equal to the contributions from the employee made in accordance with this subsection (o) if the member makes an irrevocable election, in a manner prescribed by the System, to receive the refund and forfeit any survivor benefits provided under the Optional Hybrid Plan.

(40 ILCS 5/16-143.2) (from Ch. 108 1/2, par. 16-143.2)

Sec. 16-143.2. Refund of contributions for survivor benefits at retirement.

(a) Except for a participant in the Optional Hybrid Plan established under Section 16-139, if at the time of applying for a retirement annuity under Section 16-132, or while in receipt of such a retirement annuity, a member does not have a
dependent beneficiary as defined in paragraph (3) of Section 16-140, such member may be granted, upon written request, a refund of actual contributions for survivor benefits, without interest. Members will be eligible for a refund of contributions for survivor benefits as provided in the previous sentence notwithstanding the fact that they began receiving retirement benefits prior to this amendatory Act of 1985. Acceptance of the refund will forfeit all rights to survivor benefits under Sections 16-140 through 16-143.

(b) Except as provided under subsection (c), an annuitant who reestablishes membership following acceptance of refund of contributions for survivor benefits under subsection (a) of this Section may reinstate eligibility for benefits provided under Sections 16-140 through 16-143 only through: (1) repayment of such refund together with regular interest thereon from the date of the refund to the date of repayment, and (2) completion of one year of creditable service following acceptance of such refund. If membership is reestablished and the above conditions (1) and (2) are not met, an additional refund, representing contributions made following the previous refund will be provided upon the member's death or retirement, whichever is applicable.

(c) Notwithstanding subsection (b), an annuitant who has received a refund under subsection (a) may, during a period of one year beginning 5 months after the effective date of this amendatory Act of the 99th General Assembly, make an election
to reestablish rights to survivor benefits under Sections 16-140 through 16-143 by paying to the System:

(1) the total amount of the refund received for actual contributions; and

(2) interest on the amount of the refund at the actuarially assumed rate of return for the period starting on the date of receipt of the refund and ending when the annuitant has made an election under this subsection (c).

The System may allow an individual to repay this refund through: a tax-deferred lump sum payment in full; substantially equal monthly installments over a period of at least one but not more than 24 months by reducing the annuitant's monthly benefit over the established number of months by the amount of the otherwise applicable contribution; or a combination thereof. To the extent permitted under the Internal Revenue Code of 1986, as amended, for federal and State tax purposes, the monthly amount by which the annuitant's benefit is reduced shall not be treated as a contribution by the annuitant, but rather as a reduction of the annuitant's monthly benefit.

If a member makes an election under this subsection (c) and the contributions required in items (1) and (2) of this subsection (c) are not paid in full, an additional one-time lump sum refund representing contributions made following the previous refund shall be provided to the named beneficiary or beneficiaries on file with the System or, if none, to the member's estate, when the member dies.
Sec. 16-152. Contributions by members.

(a) Each member shall make contributions for membership service to this System as follows:

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

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

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

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

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

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

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

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

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

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

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

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

(f) For a member who elects the Optional Hybrid Plan under Section 16-139, the employee shall make the contributions outlined in that Section in lieu of any other contributions under this Article.

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

(40 ILCS 5/16-152.1) (from Ch. 108 1/2, par. 16-152.1)
Sec. 16-152.1. Pickup of contributions.
(a) Each employer may pick up the member contributions required under Section 16-152 or Section 16-139 for all salary
earned after December 31, 1981. If an employer decides not to pick up the member contributions, the amount that would have been picked up shall continue to be deducted from salary. If contributions are picked up, they shall be treated as employer contributions in determining tax treatment under the United States Internal Revenue Code. The employer shall pay these member contributions from the same source of funds which is used in paying salary to the member. The employer may pick up these contributions by a reduction in the cash salary of the member or by an offset against a future salary increase or by a combination of a reduction in salary and offset against a future salary increase. If member contributions are picked up, they shall be treated for all purposes of this Article 16 in the same manner as member contributions made prior to the date the pick up began.

(b) The State Board of Education shall pick up the contributions of regional superintendents required under Section 16-152 or Section 16-139 for all salary earned for the 1982 calendar year and thereafter.

(c) Effective July 1, 1983, each employer shall pick up the member contributions required under Section 16-152 or Section 16-139 for all salary earned after such date. Contributions so picked up shall be treated as employer contributions in determining tax treatment under the United States Internal Revenue Code. The employer shall pay these member contributions from the same source of funds which is used in paying salary to
the member. The employer may pick up these contributions by a reduction in the cash salary of the member or by an offset against a future salary increase or by a combination of a reduction in salary and offset against a future salary increase. Member contributions so picked up shall be treated for all purposes of this Article 16 in the same manner as member contributions made prior to the date the pick up began.

(d) Subject to the requirements of federal law and the rules of the board, beginning July 1, 1998 a member who is employed on a full-time basis may elect to have the employer pick up optional contributions that the member has elected to pay to the System, and the contributions so picked up shall be treated as employer contributions for the purposes of determining federal tax treatment. The election to have optional contributions picked up is irrevocable. At the time of making the election, the member shall execute a binding, irrevocable payroll deduction authorization. Upon receiving notice of the election, the employer shall pick up the contributions by a reduction in the cash salary of the member and shall pay the contributions from the same source of funds that is used to pay earnings to the member.

(Source: P.A. 90-448, eff. 8-16-97.)

(40 ILCS 5/16-154) (from Ch. 108 1/2, par. 16-154)
Sec. 16-154. Deductions from salary.
(a) Required contributions. The governing body of each
school district and of each employing unit coming under this
System, and the State Comptroller or other State officer
certifying payroll vouchers, including payments of salary or
wages to teachers, shall pick up or retain on every pay day the
contributions required under Section 16-152 or Section 16-139
of each member. Each governing body or officer shall furnish a
statement to each member showing the amount picked up or
retained from his or her salary.

(b) Optional contributions. For the purposes of this
Section and Section 16-152.1, "optional contributions" means
contributions that a member elects to make in order to
establish optional service credit or to reinstate creditable
service that was terminated upon payment of a refund.

The governing body of each school district and of each
employing unit coming under this System and the State
Comptroller or other State officer certifying payroll vouchers
shall take the steps necessary to comply with the requirements
of Section 414(h)(2) of the Internal Revenue Code of 1986, as
amended, to permit the pickup of optional contributions on a
tax-deferred basis. Beginning July 1, 1998, a school district
or other employing unit shall not withhold optional
contributions from the salary of any member on an after-tax
basis.

(Source: P.A. 90-448, eff. 8-16-97.)

(40 ILCS 5/16-155) (from Ch. 108 1/2, par. 16-155)
Sec. 16-155. Report to system and payment of deductions.

(a) The governing body of each school district shall make two deposits each month. The deposit for member contributions for salary paid between the first and the fifteenth of the month is due by the 25th of the month. The deposit of member contributions for salary paid between the sixteenth and last day of the month is due by the 10th of the following month. All required contributions for salary earned during a school term are due by July 10 next following the close of such school term.

The governing body of each State institution coming under this retirement system, the State Comptroller or other State officer certifying payroll vouchers including payments of salary or wages to teachers, and any other employer of teachers, shall, monthly, forward to the secretary of the retirement system the member contributions required under this Article.

Each employer specified above shall, prior to August 15 of each year, forward to the System a detailed statement, verified in all cases of school districts by the secretary or clerk of the district, of the amounts so contributed since the period covered by the last previous annual statement, together with required contributions not yet forwarded, such payments being payable to the System.

Each employer specified above shall forward all information necessary for the implementation and ongoing
management of the defined contribution accounts established under Section 16-139 in a manner and timeline established by the System.

The board may prescribe rules governing the form, content, investigation, control, and supervision of such statements and may establish additional interim employer reporting requirements as the Board deems necessary. If no teacher in a school district comes under the provisions of this Article, the governing body of the district shall so state under the oath of its secretary to this system, and shall at the same time forward a copy of the statement to the regional superintendent of schools.

(b) If the governing body of an employer that is not a State agency fails to forward such required contributions within the time permitted in subsection (a) above, the System shall notify the employer of an additional amount due, equal to the greater of the following: (1) an amount representing the interest lost by the system due to late forwarding of contributions, calculated for the number of days which the employer is late in forwarding contributions at a rate of interest prescribed by the board, based on its investment experience; or (2) $50.

(c) If the system, on August 15, is not in receipt of the detailed statements required under this Section of any school district or other employing unit, such school district or other employing unit shall pay to the system an amount equal to $250
for each day that elapses from August 15, until the day such
statement is filed with the system.
(Source: P.A. 99-450, eff. 8-24-15.)

(40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)
Sec. 16-158. Contributions by State and other employing
units.
(a) The State shall make contributions to the System by
means of appropriations from the Common School Fund and other
State funds of amounts which, together with other employer
contributions, employee contributions, investment income, and
other income, will be sufficient to meet the cost of
maintaining and administering the System on a 90% funded basis
in accordance with actuarial recommendations.
The Board shall determine the amount of State contributions
required for each fiscal year on the basis of the actuarial
tables and other assumptions adopted by the Board and the
recommendations of the actuary, using the formula in subsection
(b-3).
(a-1) Annually, on or before November 15 until November 15,
2011, the Board shall certify to the Governor the amount of the
required State contribution for the coming fiscal year. The
certification under this subsection (a-1) shall include a copy
of the actuarial recommendations upon which it is based and
shall specifically identify the System's projected State
normal cost for that fiscal year.
On or before May 1, 2004, the Board shall recalculate and recertify to the Governor the amount of the required State contribution to the System for State fiscal year 2005, taking into account the amounts appropriated to and received by the System under subsection (d) of Section 7.2 of the General Obligation Bond Act.

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

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

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

(a-10) By November 1, 2017, the Board shall recalculate and recertify to the State Actuary, the Governor, and the General Assembly the amount of the State contribution to the System for State fiscal year 2018, taking into account the changes in required State contributions made by Public Act 100-23 this amendatory Act of the 100th General Assembly. The State Actuary shall review the assumptions and valuations underlying the Board's revised certification and issue a preliminary report concerning the proposed recertification and identifying, if necessary, recommended changes in actuarial assumptions that the Board must consider before finalizing its certification of the required State contributions. The Board's final certification must note any deviations from the State Actuary's recommended changes, the reason or reasons for not following
the State Actuary's recommended changes, and the fiscal impact
of not following the State Actuary's recommended changes on the
required State contribution.

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

(b-1) Beginning in State fiscal year 1996, on the 15th day
of each month, or as soon thereafter as may be practicable, the
Board shall submit vouchers for payment of State contributions
to the System, in a total monthly amount of one-twelfth of the
required annual State contribution certified under subsection
(a-1). From March 5, 2004 (the effective date of Public Act
93-665) this amendatory Act of the 93rd General Assembly
through June 30, 2004, the Board shall not submit vouchers for
the remainder of fiscal year 2004 in excess of the fiscal year
2004 certified contribution amount determined under this
Section after taking into consideration the transfer to the
System under subsection (a) of Section 6z-61 of the State
Finance Act. These vouchers shall be paid by the State
Comptroller and Treasurer by warrants drawn on the funds
appropriated to the System for that fiscal year.

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

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

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

For each of State fiscal years 2018, 2019, and 2020, the State shall make an additional contribution to the System equal to 2% of the total payroll of each employee who is a Tier 2 member who is (1) hired on or after the date the Board establishes the Optional Hybrid Plan under Section 16-139 or (2) who has elected to participate in the Optional Hybrid Plan under Section 16-139 deemed to have elected the benefits under Section 1-161 or who has made the election under subsection (c) of Section 1-161.
A change in an actuarial or investment assumption that increases or decreases the required State contribution and first applies in State fiscal year 2018 or thereafter shall be implemented in equal annual amounts over a 5-year period beginning in the State fiscal year in which the actuarial change first applies to the required State contribution.

A change in an actuarial or investment assumption that increases or decreases the required State contribution and first applied to the State contribution in fiscal year 2014, 2015, 2016, or 2017 shall be implemented:

(i) as already applied in State fiscal years before 2018; and

(ii) in the portion of the 5-year period beginning in the State fiscal year in which the actuarial change first applied that occurs in State fiscal year 2018 or thereafter, by calculating the change in equal annual amounts over that 5-year period and then implementing it at the resulting annual rate in each of the remaining fiscal years in that 5-year period.

For State fiscal years 1996 through 2005, the State contribution to the System, as a percentage of the applicable employee payroll, shall be increased in equal annual increments so that by State fiscal year 2011, the State is contributing at the rate required under this Section; except that in the following specified State fiscal years, the State contribution to the System shall not be less than the following indicated
percentages of the applicable employee payroll, even if the indicated percentage will produce a State contribution in excess of the amount otherwise required under this subsection and subsection (a), and notwithstanding any contrary certification made under subsection (a-1) before May 27, 1998 (the effective date of Public Act 90-582) this amendatory Act of 1998: 10.02% in FY 1999; 10.77% in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY 2003; and 13.56% in FY 2004.

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

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

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

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

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

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

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

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

(b-4) Beginning in fiscal year 2018, each employer under this Article shall pay to the System a required contribution determined as a percentage of projected payroll and sufficient to produce an annual amount equal to:

(i) for each of fiscal years 2018, 2019, and 2020, the defined benefit normal cost of the defined benefit plan, less the employee contribution, for each employee of that employer who is a Tier 2 member who is (1) hired on or after the date the Board establishes the Optional Hybrid Plan under Section 16-139 or (2) who has elected to participate in the Optional Hybrid Plan under Section 16-139 has elected or who is deemed to have elected the benefits under Section 1-161 or who has made the election under subsection (b) of Section 1-161; for fiscal year 2021 and each fiscal year thereafter, the defined benefit normal cost of the defined benefit plan, less the employee contribution, plus 2%, for each employee of that employer
who is a Tier 2 member who is (1) hired on or after the date
the Board establishes the Optional Hybrid Plan under
Section 16-139 or (2) who has elected to participate in the
Optional Hybrid Plan under Section 16-139 has elected or
who is deemed to have elected the benefits under Section
1-161 or who has made the election under subsection (b) of
Section 1-161; plus
(ii) the amount required for that fiscal year to
amortize any unfunded actuarial accrued liability
associated with the present value of liabilities
attributable to the employer's account under Section
16-158.3, determined as a level percentage of payroll over
a 30-year rolling amortization period.
In determining contributions required under item (i) of
this subsection, the System shall determine an aggregate rate
for all employers, expressed as a percentage of projected
payroll.
In determining the contributions required under item (ii)
of this subsection, the amount shall be computed by the System
on the basis of the actuarial assumptions and tables used in
the most recent actuarial valuation of the System that is
available at the time of the computation.
The contributions required under this subsection (b-4)
shall be paid by an employer concurrently with that employer's
payroll payment period. The State, as the actual employer of an
employee, shall make the required contributions under this
subsection.

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

If members are paid from special trust or federal funds which are administered by the employing unit, whether school district or other unit, the employing unit shall pay to the System from such funds the full accruing retirement costs based upon that service, which, beginning July 1, 2017, shall be at a rate, expressed as a percentage of salary, equal to the total employer's normal cost, expressed as a percentage of payroll, as determined by the System. Employer contributions, based on salary paid to members from federal funds, may be forwarded by the distributing agency of the State of Illinois to the System prior to allocation, in an amount determined in accordance with guidelines established by such agency and the System. Any contribution for fiscal year 2015 collected as a result of the change made by Public Act 98-674, this amendatory Act of the 98th General Assembly, shall be considered a State contribution under subsection (b-3) of this Section.

(d) Effective July 1, 1986, any employer of a teacher as defined in paragraph (8) of Section 16-106 shall pay the employer's normal cost of benefits based upon the teacher's service, in addition to employee contributions, as determined
by the System. Such employer contributions shall be forwarded monthly in accordance with guidelines established by the System.

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

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

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

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

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

These employer contributions are intended to offset a
portion of the cost to the System of the increases in
retirement benefits resulting from Public Act 90-582 this

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

The additional 1% employee contribution required under
Section 16-152 by Public Act 90-582 this amendatory Act of 1998
is the responsibility of the teacher and not the teacher's
employer, unless the employer agrees, through collective
bargaining or otherwise, to make the contribution on behalf of
the teacher.

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

(f) If the amount of a teacher's salary for any school year
used to determine final average salary exceeds the member's
annual full-time salary rate with the same employer for the
previous school year by more than 6%, the teacher's employer
shall pay to the System, in addition to all other payments
required under this Section and in accordance with guidelines
established by the System, the present value of the increase in
benefits resulting from the portion of the increase in salary
that is in excess of 6%. This present value shall be computed
by the System on the basis of the actuarial assumptions and
tables used in the most recent actuarial valuation of the
System that is available at the time of the computation. If a
teacher's salary for the 2005-2006 school year is used to
determine final average salary under this subsection (f), then
the changes made to this subsection (f) by Public Act 94-1057
shall apply in calculating whether the increase in his or her
salary is in excess of 6%. For the purposes of this Section,
change in employment under Section 10-21.12 of the School Code
on or after June 1, 2005 shall constitute a change in employer.
The System may require the employer to provide any pertinent
information or documentation. The changes made to this subsection (f) by Public Act 94-1111 this amendatory Act of the 94th General Assembly apply without regard to whether the teacher was in service on or after its effective date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i-5) For school years beginning on or after July 1, 2017, if the amount of a participant's salary for any school year, determined on a full-time equivalent basis, exceeds the amount of the salary set for the Governor, the participant's employer shall pay to the System, in addition to all other payments required under this Section and in accordance with guidelines established by the System, an amount determined by the System to be equal to the employer normal cost, as established by the
System and expressed as a total percentage of payroll, multiplied by the amount of salary in excess of the amount of the salary set for the Governor. This amount shall be computed by the System on the basis of the actuarial assumptions and tables used in the most recent actuarial valuation of the System that is available at the time of the computation. The System may require the employer to provide any pertinent information or documentation.

Whenever it determines that a payment is or may be required under this subsection, the System shall calculate the amount of the payment and bill the employer for that amount. The bill shall specify the calculations used to determine the amount due. If the employer disputes the amount of the bill, it may, within 30 days after receipt of the bill, apply to the System in writing for a recalculation. The application must specify in detail the grounds of the dispute. Upon receiving a timely application for recalculation, the System shall review the application and, if appropriate, recalculate the amount due.

The employer contributions required under this subsection may be paid in the form of a lump sum within 90 days after receipt of the bill. If the employer contributions are not paid within 90 days after receipt of the bill, then interest will be charged at a rate equal to the System's annual actuarially assumed rate of return on investment compounded annually from the 91st day after receipt of the bill. Payments must be concluded within 3 years after the employer's receipt of the
(j) For purposes of determining the required State contribution to the System, the value of the System's assets shall be equal to the actuarial value of the System's assets, which shall be calculated as follows:

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

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

(Source: P.A. 100-23, eff. 7-6-17; 100-340, eff. 8-25-17; revised 9-25-17.)

(40 ILCS 5/16-189.1) (from Ch. 108 1/2, par. 16-189.1)

Sec. 16-189.1. Benefits payable monthly. Except for a defined contribution account balance created under Section 16-139, retirement annuities and other benefits, unless otherwise specified in this Article, shall be paid in 12 monthly installments as of the first day of each month and shall cover the preceding month or proportionate part thereof.
then due. Provided, however, upon the death of a member in receipt of a benefit, an annuitant or a beneficiary, benefits shall be paid through the last day of the month in which death occurs.

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

(40 ILCS 5/16-191) (from Ch. 108 1/2, par. 16-191)

Sec. 16-191. No gain or profit on investments. No trustee or employee of the board shall have any interest in the gains or profits of any investment made by the board, or as such receive any pay or emolument for his or her services. No trustee or employee of the board shall, directly or indirectly, for himself or herself or as an agent, in any manner use such gains or profits except to make current and necessary payments authorized by the board. No trustee or employee of the board shall become an endorser or surety or in any manner an obligor for moneys loaned or borrowed from the board.

This Section does not apply to an individual's defined contribution account that he or she is otherwise entitled to by virtue of his or her membership in the system.

Any person violating any of the provisions of this section is guilty of a petty offense.

(Source: P.A. 83-1440.)

(40 ILCS 5/16-197) (from Ch. 108 1/2, par. 16-197)

Sec. 16-197. Undivided interest.
All assets of the system shall be invested as one fund and no person, group of persons or entity shall have any right other than to an undivided interest in the whole, and all references to the reserves shall be construed as not requiring a segregation of assets but only the maintenance of a separate account indicating the equities in the assets as a whole.

This Section does not apply to defined contribution accounts.

(Source: Laws 1963, p. 161.)

Section 10. The Illinois Pension Code is amended by repealing Sections 1-161, 14-103.40, 15-155.2, 16-106.4, and 16-158.3.

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

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

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