

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 1-160 and 15-108.2 as follows:

6 (40 ILCS 5/1-160)

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

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

1 changes made to this Section by Public Act 98-596 are a
2 clarification of existing law and are intended to be
3 retroactive to January 1, 2011 (the effective date of Public
4 Act 96-889), notwithstanding the provisions of Section 1-103.1
5 of this Code.

6 This Section does not apply to a person who first becomes a
7 noncovered employee ~~member or participant~~ under Article 14 on
8 or after the implementation date of the plan created under
9 Section 1-161 for that Article, unless that person elects under
10 subsection (b) of Section 1-161 to instead receive the benefits
11 provided under this Section and the applicable provisions of
12 that Article.

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

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

22 This Section does not apply to a person who first becomes a
23 member or participant of an affected pension fund on or after 6
24 months after the resolution or ordinance date, as defined in
25 Section 1-162, unless that person elects under subsection (c)
26 of Section 1-162 to receive the benefits provided under this

1 Section and the applicable provisions of the Article under
2 which he or she is a member or participant.

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

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

17 (2) In Articles 8, 9, 10, 11, and 12, "highest average
18 annual salary for any 4 consecutive years within the last
19 10 years of service immediately preceding the date of
20 withdrawal".

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

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

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

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

26 (b-5) Beginning on January 1, 2011, for all purposes under

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

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

20 (c) A member or participant is entitled to a retirement
21 annuity upon written application if he or she has attained age
22 67 (beginning January 1, 2015, age 65 with respect to service
23 under Article 12 of this Code that is subject to this Section)
24 and has at least 10 years of service credit and is otherwise
25 eligible under the requirements of the applicable Article.

26 A member or participant who has attained age 62 (beginning

1 January 1, 2015, age 60 with respect to service under Article
2 12 of this Code that is subject to this Section) and has at
3 least 10 years of service credit and is otherwise eligible
4 under the requirements of the applicable Article may elect to
5 receive the lower retirement annuity provided in subsection (d)
6 of this Section.

7 (c-5) A person who first becomes a member or a participant
8 under Article 8 or Article 11 of this Code on or after the
9 effective date of this amendatory Act of the 100th General
10 Assembly, notwithstanding any other provision of this Code to
11 the contrary, is entitled to a retirement annuity upon written
12 application if he or she has attained age 65 and has at least
13 10 years of service credit under Article 8 or Article 11 of
14 this Code and is otherwise eligible under the requirements of
15 Article 8 or Article 11 of this Code, whichever is applicable.

16 (d) The retirement annuity of a member or participant who
17 is retiring after attaining age 62 (beginning January 1, 2015,
18 age 60 with respect to service under Article 12 of this Code
19 that is subject to this Section) with at least 10 years of
20 service credit shall be reduced by one-half of 1% for each full
21 month that the member's age is under age 67 (beginning January
22 1, 2015, age 65 with respect to service under Article 12 of
23 this Code that is subject to this Section).

24 (d-5) The retirement annuity of a person who first becomes
25 a member or a participant under Article 8 or Article 11 of this
26 Code on or after the effective date of this amendatory Act of

1 the 100th General Assembly who is retiring at age 60 with at
2 least 10 years of service credit under Article 8 or Article 11
3 shall be reduced by one-half of 1% for each full month that the
4 member's age is under age 65.

5 (d-10) Each person who first became a member or participant
6 under Article 8 or Article 11 of this Code on or after January
7 1, 2011 and prior to the effective date of this amendatory Act
8 of the 100th General Assembly shall make an irrevocable
9 election either:

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

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

26 The election provided for in this subsection shall be made

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

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

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

5 For the purposes of Section 1-103.1 of this Code, the
6 changes made to this Section by this amendatory Act of the
7 100th General Assembly are applicable without regard to whether
8 the employee was in active service on or after the effective
9 date of this amendatory Act of the 100th General Assembly.

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

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

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

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

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

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

1 required to pay a fine of \$1,000. Upon termination of that
2 contractual employment, the person's retirement annuity or
3 retirement pension payments shall resume and, if appropriate,
4 be recalculated under the applicable provisions of this Code.

5 (i) (Blank).

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

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

10 (40 ILCS 5/15-108.2)

11 Sec. 15-108.2. Tier 2 member. "Tier 2 member": A person who
12 first becomes a participant under this Article on or after
13 January 1, 2011 and before the implementation date, as defined
14 under subsection (a) of Section 1-161, determined by the Board
15 ~~6 months after the effective date of this amendatory Act of the~~
16 ~~100th General Assembly,~~ other than a person in the self-managed
17 plan established under Section 15-158.2 or a person who makes
18 the election under subsection (c) of Section 1-161, unless the
19 person is otherwise a Tier 1 member. The changes made to this
20 Section by this amendatory Act of the 98th General Assembly are
21 a correction of existing law and are intended to be retroactive
22 to the effective date of Public Act 96-889, notwithstanding the
23 provisions of Section 1-103.1 of this Code.

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

25 Section 99. Effective date. This Act takes effect upon

1 becoming law.