



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB2279

by Rep. Thomas Morrison

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. With respect to the 5 State-funded Retirement Systems: requires each System to prepare and implement a Tier 3 plan by July 1, 2020 that aggregates State and employee contributions in individual participant accounts that are used for payouts after retirement. Provides that a Tier 1 or Tier 2 participant may irrevocably elect to participate in the Tier 3 plan instead of the defined benefit plan and may also elect to terminate all participation in the defined benefit plan and to have a specified amount credited to his or her account under the Tier 3 plan. Makes related changes in the State Employees Group Insurance Act of 1971. In the Downstate Teachers, State Employees, and State Universities Articles, authorizes a person to elect not to participate or to terminate participation in those Systems. In the General Assembly and Judges Articles, authorizes a participant to terminate his or her participation in the System. In the Illinois Municipal Retirement Fund (IMRF), State Employees, State Universities, and Downstate Teachers Articles, for participants who first become participants on or after the effective date, prohibits (i) payments for unused sick or vacation time from being used to calculate pensionable salary and (ii) unused sick or vacation time from being used to establish service credit. In the Downstate Teachers Article, prohibits an employer from making employee contributions on behalf of an employee, except for the sole purpose of allowing an employee to make pre-tax contributions. Amends the Illinois Educational Labor Relations Act to prohibit collective bargaining over that prohibition. Effective immediately.

LRB101 09158 RPS 54252 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

1 AN ACT concerning public employee benefits.

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

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

6 (5 ILCS 375/3) (from Ch. 127, par. 523)

7 Sec. 3. Definitions. Unless the context otherwise
8 requires, the following words and phrases as used in this Act
9 shall have the following meanings. The Department may define
10 these and other words and phrases separately for the purpose of
11 implementing specific programs providing benefits under this
12 Act.

13 (a) "Administrative service organization" means any
14 person, firm or corporation experienced in the handling of
15 claims which is fully qualified, financially sound and capable
16 of meeting the service requirements of a contract of
17 administration executed with the Department.

18 (b) "Annuitant" means (1) an employee who retires, or has
19 retired, on or after January 1, 1966 on an immediate annuity
20 under the provisions of Article ~~Articles~~ 2 (including an
21 employee who, in lieu of receiving an annuity under that
22 Article, has retired under the Tier 3 plan established under
23 Section 2-165.5 of that Article), 14 (including an employee who

1 has elected to receive an alternative retirement cancellation
2 payment under Section 14-108.5 of the Illinois Pension Code in
3 lieu of an annuity; an employee who, in lieu of receiving an
4 annuity under that Article, has retired under the Tier 3 plan
5 established under Section 14-155.5 of that Article; or an
6 employee who meets the criteria for retirement, but in lieu of
7 receiving an annuity under that Article has elected to receive
8 an accelerated pension benefit payment under Section 14-147.5
9 of that Article), or 15 (including an employee who has retired
10 under the optional retirement program established under
11 Section 15-158.2 or the Tier 3 plan established under Section
12 15-155.5 of the Illinois Pension Code or who meets the criteria
13 for retirement but in lieu of receiving an annuity under that
14 Article has elected to receive an accelerated pension benefit
15 payment under Section 15-185.5 of the Article), paragraphs (2),
16 (3), or (5) of Section 16-106 (including an employee who meets
17 the criteria for retirement, but in lieu of receiving an
18 annuity under that Article has elected to receive an
19 accelerated pension benefit payment under Section 16-190.5 of
20 the Illinois Pension Code or an employee who, in lieu of
21 receiving an annuity under that Article, has retired under the
22 Tier 3 plan established under Section 16-205.5 of the Illinois
23 Pension Code), or Article 18 (including an employee who, in
24 lieu of receiving an annuity under that Article, has retired
25 under the Tier 3 plan established under Section 18-121.5 of
26 that Article) of the Illinois Pension Code; (2) any person who

1 was receiving group insurance coverage under this Act as of
2 March 31, 1978 by reason of his status as an annuitant, even
3 though the annuity in relation to which such coverage was
4 provided is a proportional annuity based on less than the
5 minimum period of service required for a retirement annuity in
6 the system involved; (3) any person not otherwise covered by
7 this Act who has retired as a participating member under
8 Article 2 of the Illinois Pension Code but is ineligible for
9 the retirement annuity under Section 2-119 of the Illinois
10 Pension Code; (4) the spouse of any person who is receiving a
11 retirement annuity under Article 18 of the Illinois Pension
12 Code and who is covered under a group health insurance program
13 sponsored by a governmental employer other than the State of
14 Illinois and who has irrevocably elected to waive his or her
15 coverage under this Act and to have his or her spouse
16 considered as the "annuitant" under this Act and not as a
17 "dependent"; or (5) an employee who retires, or has retired,
18 from a qualified position, as determined according to rules
19 promulgated by the Director, under a qualified local
20 government, a qualified rehabilitation facility, a qualified
21 domestic violence shelter or service, or a qualified child
22 advocacy center. (For definition of "retired employee", see (p)
23 post).

24 (b-5) (Blank).

25 (b-6) (Blank).

26 (b-7) (Blank).

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

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

1 advocacy center.

2 (e) "Commission" means the State Employees Group Insurance
3 Advisory Commission authorized by this Act. Commencing July 1,
4 1984, "Commission" as used in this Act means the Commission on
5 Government Forecasting and Accountability as established by
6 the Legislative Commission Reorganization Act of 1984.

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

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

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

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

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

1 (k) "Employee" means and includes each officer or employee
2 in the service of a department who (1) receives his
3 compensation for service rendered to the department on a
4 warrant issued pursuant to a payroll certified by a department
5 or on a warrant or check issued and drawn by a department upon
6 a trust, federal or other fund or on a warrant issued pursuant
7 to a payroll certified by an elected or duly appointed officer
8 of the State or who receives payment of the performance of
9 personal services on a warrant issued pursuant to a payroll
10 certified by a Department and drawn by the Comptroller upon the
11 State Treasurer against appropriations made by the General
12 Assembly from any fund or against trust funds held by the State
13 Treasurer, and (2) is employed full-time or part-time in a
14 position normally requiring actual performance of duty during
15 not less than 1/2 of a normal work period, as established by
16 the Director in cooperation with each department, except that
17 persons elected by popular vote will be considered employees
18 during the entire term for which they are elected regardless of
19 hours devoted to the service of the State, and (3) except that
20 "employee" does not include any person who is not eligible by
21 reason of such person's employment to participate in one of the
22 State retirement systems under Articles 2, 14, 15 (either the
23 regular Article 15 system or the optional retirement program
24 established under Section 15-158.2) or 18, or under paragraph
25 (2), (3), or (5) of Section 16-106, of the Illinois Pension
26 Code, but such term does include persons who are employed

1 during the 6 month qualifying period under Article 14 of the
2 Illinois Pension Code. Such term also includes any person who
3 (1) after January 1, 1966, is receiving ordinary or accidental
4 disability benefits under Articles 2, 14, 15 (including
5 ordinary or accidental disability benefits under the optional
6 retirement program established under Section 15-158.2),
7 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of
8 the Illinois Pension Code, for disability incurred after
9 January 1, 1966, (2) receives total permanent or total
10 temporary disability under the Workers' Compensation Act or
11 Occupational Disease Act as a result of injuries sustained or
12 illness contracted in the course of employment with the State
13 of Illinois, or (3) is not otherwise covered under this Act and
14 has retired as a participating member under Article 2 of the
15 Illinois Pension Code but is ineligible for the retirement
16 annuity under Section 2-119 of the Illinois Pension Code.
17 However, a person who satisfies the criteria of the foregoing
18 definition of "employee" except that such person is made
19 ineligible to participate in the State Universities Retirement
20 System by clause (4) of subsection (a) of Section 15-107 of the
21 Illinois Pension Code is also an "employee" for the purposes of
22 this Act. "Employee" also includes any person receiving or
23 eligible for benefits under a sick pay plan established in
24 accordance with Section 36 of the State Finance Act. "Employee"
25 also includes (i) each officer or employee in the service of a
26 qualified local government, including persons appointed as

1 trustees of sanitary districts regardless of hours devoted to
2 the service of the sanitary district, (ii) each employee in the
3 service of a qualified rehabilitation facility, (iii) each
4 full-time employee in the service of a qualified domestic
5 violence shelter or service, and (iv) each full-time employee
6 in the service of a qualified child advocacy center, as
7 determined according to rules promulgated by the Director.

8 (l) "Member" means an employee, annuitant, retired
9 employee or survivor. In the case of an annuitant or retired
10 employee who first becomes an annuitant or retired employee on
11 or after the effective date of this amendatory Act of the 97th
12 General Assembly, the individual must meet the minimum vesting
13 requirements of the applicable retirement system in order to be
14 eligible for group insurance benefits under that system. In the
15 case of a survivor who first becomes a survivor on or after the
16 effective date of this amendatory Act of the 97th General
17 Assembly, the deceased employee, annuitant, or retired
18 employee upon whom the annuity is based must have been eligible
19 to participate in the group insurance system under the
20 applicable retirement system in order for the survivor to be
21 eligible for group insurance benefits under that system.

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

25 (n) "Program" means the group life insurance, health
26 benefits and other employee benefits designed and contracted

1 for by the Director under this Act.

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

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

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

1 alternative retirement cancellation payment under Section
2 14-108.5 of the Illinois Pension Code.

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

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

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

11 (q-5) (Blank).

12 (q-6) (Blank).

13 (q-7) (Blank).

14 (r) "Medical services" means the services provided within
15 the scope of their licenses by practitioners in all categories
16 licensed under the Medical Practice Act of 1987.

17 (s) "Unit of local government" means any county,
18 municipality, township, school district (including a
19 combination of school districts under the Intergovernmental
20 Cooperation Act), special district or other unit, designated as
21 a unit of local government by law, which exercises limited
22 governmental powers or powers in respect to limited
23 governmental subjects, any not-for-profit association with a
24 membership that primarily includes townships and township
25 officials, that has duties that include provision of research
26 service, dissemination of information, and other acts for the

1 purpose of improving township government, and that is funded
2 wholly or partly in accordance with Section 85-15 of the
3 Township Code; any not-for-profit corporation or association,
4 with a membership consisting primarily of municipalities, that
5 operates its own utility system, and provides research,
6 training, dissemination of information, or other acts to
7 promote cooperation between and among municipalities that
8 provide utility services and for the advancement of the goals
9 and purposes of its membership; the Southern Illinois
10 Collegiate Common Market, which is a consortium of higher
11 education institutions in Southern Illinois; the Illinois
12 Association of Park Districts; and any hospital provider that
13 is owned by a county that has 100 or fewer hospital beds and
14 has not already joined the program. "Qualified local
15 government" means a unit of local government approved by the
16 Director and participating in a program created under
17 subsection (i) of Section 10 of this Act.

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

1 Section 10 of this Act.

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

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

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

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

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

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

24 (1) is not a "member" or "dependent" as defined in this
25 Section; and

26 (2) is a TRS benefit recipient's: (A) spouse, (B)

1 dependent parent who is receiving at least half of his or
2 her support from the TRS benefit recipient, or (C) natural,
3 step, adjudicated, or adopted child who is (i) under age
4 26, (ii) was, on January 1, 1996, participating as a
5 dependent beneficiary in the health insurance program
6 offered under Article 16 of the Illinois Pension Code, or
7 (iii) age 19 or over who has a mental or physical
8 disability from a cause originating prior to the age of 19
9 (age 26 if enrolled as an adult child).

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

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

23 (y) (Blank).

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

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

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

4 (3) either (i) was a full-time employee of a community
5 college district or an association of community college
6 boards created under the Public Community College Act
7 (other than an employee whose last employer under Article
8 15 of the Illinois Pension Code was a community college
9 district subject to Article VII of the Public Community
10 College Act) and was eligible to participate in a group
11 health benefit plan as an employee during the time of
12 employment with a community college district (other than a
13 community college district subject to Article VII of the
14 Public Community College Act) or an association of
15 community college boards, or (ii) is the survivor of a
16 person described in item (i).

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

19 (1) is not a "member" or "dependent" as defined in this
20 Section; and

21 (2) is a community college benefit recipient's: (A)
22 spouse, (B) dependent parent who is receiving at least half
23 of his or her support from the community college benefit
24 recipient, or (C) natural, step, adjudicated, or adopted
25 child who is (i) under age 26, or (ii) age 19 or over and
26 has a mental or physical disability from a cause

1 Sec. 10. Contributions by the State and members.

2 (a) The State shall pay the cost of basic non-contributory
3 group life insurance and, subject to member paid contributions
4 set by the Department or required by this Section and except as
5 provided in this Section, the basic program of group health
6 benefits on each eligible member, except a member, not
7 otherwise covered by this Act, who has retired as a
8 participating member under Article 2 of the Illinois Pension
9 Code but is ineligible for the retirement annuity under Section
10 2-119 of the Illinois Pension Code, and part of each eligible
11 member's and retired member's premiums for health insurance
12 coverage for enrolled dependents as provided by Section 9. The
13 State shall pay the cost of the basic program of group health
14 benefits only after benefits are reduced by the amount of
15 benefits covered by Medicare for all members and dependents who
16 are eligible for benefits under Social Security or the Railroad
17 Retirement system or who had sufficient Medicare-covered
18 government employment, except that such reduction in benefits
19 shall apply only to those members and dependents who (1) first
20 become eligible for such Medicare coverage on or after July 1,
21 1992; or (2) are Medicare-eligible members or dependents of a
22 local government unit which began participation in the program
23 on or after July 1, 1992; or (3) remain eligible for, but no
24 longer receive Medicare coverage which they had been receiving
25 on or after July 1, 1992. The Department may determine the
26 aggregate level of the State's contribution on the basis of

1 actual cost of medical services adjusted for age, sex or
2 geographic or other demographic characteristics which affect
3 the costs of such programs.

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

15 (a-1) (Blank).

16 (a-2) (Blank).

17 (a-3) (Blank).

18 (a-4) (Blank).

19 (a-5) (Blank).

20 (a-6) (Blank).

21 (a-7) (Blank).

22 (a-8) Any annuitant, survivor, or retired employee may
23 waive or terminate coverage in the program of group health
24 benefits. Any such annuitant, survivor, or retired employee who
25 has waived or terminated coverage may enroll or re-enroll in
26 the program of group health benefits only during the annual

1 benefit choice period, as determined by the Director; except
2 that in the event of termination of coverage due to nonpayment
3 of premiums, the annuitant, survivor, or retired employee may
4 not re-enroll in the program.

5 (a-8.5) Beginning on the effective date of this amendatory
6 Act of the 97th General Assembly, the Director of Central
7 Management Services shall, on an annual basis, determine the
8 amount that the State shall contribute toward the basic program
9 of group health benefits on behalf of annuitants (including
10 individuals who (i) participated in the General Assembly
11 Retirement System, the State Employees' Retirement System of
12 Illinois, the State Universities Retirement System, the
13 Teachers' Retirement System of the State of Illinois, or the
14 Judges Retirement System of Illinois and (ii) qualify as
15 annuitants under subsection (b) of Section 3 of this Act),
16 survivors (including individuals who (i) receive an annuity as
17 a survivor of an individual who participated in the General
18 Assembly Retirement System, the State Employees' Retirement
19 System of Illinois, the State Universities Retirement System,
20 the Teachers' Retirement System of the State of Illinois, or
21 the Judges Retirement System of Illinois and (ii) qualify as
22 survivors under subsection (q) of Section 3 of this Act), and
23 retired employees (as defined in subsection (p) of Section 3 of
24 this Act). The remainder of the cost of coverage for each
25 annuitant, survivor, or retired employee, as determined by the
26 Director of Central Management Services, shall be the

1 responsibility of that annuitant, survivor, or retired
2 employee.

3 Contributions required of annuitants, survivors, and
4 retired employees shall be the same for all retirement systems
5 and shall also be based on whether an individual has made an
6 election under Section 15-135.1 of the Illinois Pension Code.
7 Contributions may be based on annuitants', survivors', or
8 retired employees' Medicare eligibility, but may not be based
9 on Social Security eligibility.

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

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

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

24 The Department of Central Management Services, or any
25 successor agency designated to procure healthcare contracts
26 pursuant to this Act, is authorized to establish funds,

1 separate accounts provided by any bank or banks as defined by
2 the Illinois Banking Act, or separate accounts provided by any
3 savings and loan association or associations as defined by the
4 Illinois Savings and Loan Act of 1985 to be held by the
5 Director, outside the State treasury, for the purpose of
6 receiving the transfer of moneys from the Local Government
7 Health Insurance Reserve Fund. The Department may promulgate
8 rules further defining the methodology for the transfers. Any
9 interest earned by moneys in the funds or accounts shall inure
10 to the Local Government Health Insurance Reserve Fund. The
11 transferred moneys, and interest accrued thereon, shall be used
12 exclusively for transfers to administrative service
13 organizations or their financial institutions for payments of
14 claims to claimants and providers under the self-insurance
15 health plan. The transferred moneys, and interest accrued
16 thereon, shall not be used for any other purpose including, but
17 not limited to, reimbursement of administration fees due the
18 administrative service organization pursuant to its contract
19 or contracts with the Department.

20 (a-10) To the extent that participation, benefits, or
21 premiums under this Act are based on a person's service credit
22 under an Article of the Illinois Pension Code, service credit
23 terminated in exchange for an accelerated pension benefit
24 payment under Section 14-147.5, 15-185.5, or 16-190.5 of that
25 Code shall be included in determining a person's service credit
26 for the purposes of this Act.

1 (a-15) For purposes of determining State contributions
2 under this Section, service established under a Tier 3 plan
3 under Article 2, 14, 15, 16, or 18 of the Illinois Pension Code
4 shall be included in determining an employee's creditable
5 service. Any credit terminated as part of a transfer of
6 contributions to a Tier 3 plan under Article 2, 14, 15, 16, or
7 18 of the Illinois Pension Code shall also be included in
8 determining an employee's creditable service.

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

19 (c) The basic non-contributory coverage from the basic
20 program of group health benefits shall be continued for each
21 employee not in pay status or on active service by reason of
22 (1) leave of absence due to illness or injury, (2) authorized
23 educational leave of absence or sabbatical leave, or (3)
24 military leave. This coverage shall continue until expiration
25 of authorized leave and return to active service, but not to
26 exceed 24 months for leaves under item (1) or (2). This

1 24-month limitation and the requirement of returning to active
2 service shall not apply to persons receiving ordinary or
3 accidental disability benefits or retirement benefits through
4 the appropriate State retirement system or benefits under the
5 Workers' Compensation or Occupational Disease Act.

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

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

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

25 (g) The State shall not pay the cost of the basic
26 non-contributory group life insurance, program of health

1 benefits and other employee benefits for members who are
2 survivors as defined by paragraphs (1) and (2) of subsection
3 (q) of Section 3 of this Act. The costs of benefits for these
4 survivors shall be paid by the survivors or by the University
5 of Illinois Cooperative Extension Service, or any combination
6 thereof. However, the State shall pay the amount of the
7 reduction in the cost of participation, if any, resulting from
8 the amendment to subsection (a) made by this amendatory Act of
9 the 91st General Assembly.

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

22 (i) Any unit of local government within the State of
23 Illinois may apply to the Director to have its employees,
24 annuitants, and their dependents provided group health
25 coverage under this Act on a non-insured basis. To participate,
26 a unit of local government must agree to enroll all of its

1 employees, who may select coverage under either the State group
2 health benefits plan or a health maintenance organization that
3 has contracted with the State to be available as a health care
4 provider for employees as defined in this Act. A unit of local
5 government must remit the entire cost of providing coverage
6 under the State group health benefits plan or, for coverage
7 under a health maintenance organization, an amount determined
8 by the Director based on an analysis of the sex, age,
9 geographic location, or other relevant demographic variables
10 for its employees, except that the unit of local government
11 shall not be required to enroll those of its employees who are
12 covered spouses or dependents under this plan or another group
13 policy or plan providing health benefits as long as (1) an
14 appropriate official from the unit of local government attests
15 that each employee not enrolled is a covered spouse or
16 dependent under this plan or another group policy or plan, and
17 (2) at least 50% of the employees are enrolled and the unit of
18 local government remits the entire cost of providing coverage
19 to those employees, except that a participating school district
20 must have enrolled at least 50% of its full-time employees who
21 have not waived coverage under the district's group health plan
22 by participating in a component of the district's cafeteria
23 plan. A participating school district is not required to enroll
24 a full-time employee who has waived coverage under the
25 district's health plan, provided that an appropriate official
26 from the participating school district attests that the

1 full-time employee has waived coverage by participating in a
2 component of the district's cafeteria plan. For the purposes of
3 this subsection, "participating school district" includes a
4 unit of local government whose primary purpose is education as
5 defined by the Department's rules.

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

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

20 (1) In the first year of coverage, the rates shall be
21 equal to the amount normally charged to State employees for
22 elected optional coverages or for enrolled dependents
23 coverages or other contributory coverages, or contributed
24 by the State for basic insurance coverages on behalf of its
25 employees, adjusted for differences between State
26 employees and employees of the local government in age,

1 sex, geographic location or other relevant demographic
2 variables, plus an amount sufficient to pay for the
3 additional administrative costs of providing coverage to
4 employees of the unit of local government and their
5 dependents.

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

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

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

24 The Local Government Health Insurance Reserve Fund is
25 hereby created as a nonappropriated trust fund to be held
26 outside the State Treasury, with the State Treasurer as

1 custodian. The Local Government Health Insurance Reserve Fund
2 shall be a continuing fund not subject to fiscal year
3 limitations. The Local Government Health Insurance Reserve
4 Fund is not subject to administrative charges or charge-backs,
5 including but not limited to those authorized under Section 8h
6 of the State Finance Act. All revenues arising from the
7 administration of the health benefits program established
8 under this Section shall be deposited into the Local Government
9 Health Insurance Reserve Fund. Any interest earned on moneys in
10 the Local Government Health Insurance Reserve Fund shall be
11 deposited into the Fund. All expenditures from this Fund shall
12 be used for payments for health care benefits for local
13 government and rehabilitation facility employees, annuitants,
14 and dependents, and to reimburse the Department or its
15 administrative service organization for all expenses incurred
16 in the administration of benefits. No other State funds may be
17 used for these purposes.

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

23 (j) Any rehabilitation facility within the State of
24 Illinois may apply to the Director to have its employees,
25 annuitants, and their eligible dependents provided group
26 health coverage under this Act on a non-insured basis. To

1 participate, a rehabilitation facility must agree to enroll all
2 of its employees and remit the entire cost of providing such
3 coverage for its employees, except that the rehabilitation
4 facility shall not be required to enroll those of its employees
5 who are covered spouses or dependents under this plan or
6 another group policy or plan providing health benefits as long
7 as (1) an appropriate official from the rehabilitation facility
8 attests that each employee not enrolled is a covered spouse or
9 dependent under this plan or another group policy or plan, and
10 (2) at least 50% of the employees are enrolled and the
11 rehabilitation facility remits the entire cost of providing
12 coverage to those employees. Employees of a participating
13 rehabilitation facility who are not enrolled due to coverage
14 under another group health policy or plan may enroll in the
15 event of a qualifying change in status, special enrollment,
16 special circumstance as defined by the Director, or during the
17 annual Benefit Choice Period. A participating rehabilitation
18 facility may also elect to cover its annuitants. Dependent
19 coverage shall be offered on an optional basis, with the costs
20 paid by the rehabilitation facility, its employees, or some
21 combination of the 2 as determined by the rehabilitation
22 facility. The rehabilitation facility shall be responsible for
23 timely collection and transmission of dependent premiums.

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

26 (1) In the first year of coverage, the rates shall be

1 equal to the amount normally charged to State employees for
2 elected optional coverages or for enrolled dependents
3 coverages or other contributory coverages on behalf of its
4 employees, adjusted for differences between State
5 employees and employees of the rehabilitation facility in
6 age, sex, geographic location or other relevant
7 demographic variables, plus an amount sufficient to pay for
8 the additional administrative costs of providing coverage
9 to employees of the rehabilitation facility and their
10 dependents.

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

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

17 (k) Any domestic violence shelter or service within the
18 State of Illinois may apply to the Director to have its
19 employees, annuitants, and their dependents provided group
20 health coverage under this Act on a non-insured basis. To
21 participate, a domestic violence shelter or service must agree
22 to enroll all of its employees and pay the entire cost of
23 providing such coverage for its employees. The domestic
24 violence shelter shall not be required to enroll those of its
25 employees who are covered spouses or dependents under this plan
26 or another group policy or plan providing health benefits as

1 long as (1) an appropriate official from the domestic violence
2 shelter attests that each employee not enrolled is a covered
3 spouse or dependent under this plan or another group policy or
4 plan and (2) at least 50% of the employees are enrolled and the
5 domestic violence shelter remits the entire cost of providing
6 coverage to those employees. Employees of a participating
7 domestic violence shelter who are not enrolled due to coverage
8 under another group health policy or plan may enroll in the
9 event of a qualifying change in status, special enrollment, or
10 special circumstance as defined by the Director or during the
11 annual Benefit Choice Period. A participating domestic
12 violence shelter may also elect to cover its annuitants.
13 Dependent coverage shall be offered on an optional basis, with
14 employees, or some combination of the 2 as determined by the
15 domestic violence shelter or service. The domestic violence
16 shelter or service shall be responsible for timely collection
17 and transmission of dependent premiums.

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

20 (1) In the first year of coverage, the rates shall be
21 equal to the amount normally charged to State employees for
22 elected optional coverages or for enrolled dependents
23 coverages or other contributory coverages on behalf of its
24 employees, adjusted for differences between State
25 employees and employees of the domestic violence shelter or
26 service in age, sex, geographic location or other relevant

1 demographic variables, plus an amount sufficient to pay for
2 the additional administrative costs of providing coverage
3 to employees of the domestic violence shelter or service
4 and their dependents.

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

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

13 (1) A public community college or entity organized pursuant
14 to the Public Community College Act may apply to the Director
15 initially to have only annuitants not covered prior to July 1,
16 1992 by the district's health plan provided health coverage
17 under this Act on a non-insured basis. The community college
18 must execute a 2-year contract to participate in the Local
19 Government Health Plan. Any annuitant may enroll in the event
20 of a qualifying change in status, special enrollment, special
21 circumstance as defined by the Director, or during the annual
22 Benefit Choice Period.

23 The Director shall annually determine monthly rates of
24 payment subject to the following constraints: for those
25 community colleges with annuitants only enrolled, first year
26 rates shall be equal to the average cost to cover claims for a

1 State member adjusted for demographics, Medicare
2 participation, and other factors; and in the second year, a
3 further adjustment of rates shall be made to reflect the actual
4 first year's claims experience of the covered annuitants.

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

7 (m) The Director shall adopt any rules deemed necessary for
8 implementation of this amendatory Act of 1989 (Public Act
9 86-978).

10 (n) Any child advocacy center within the State of Illinois
11 may apply to the Director to have its employees, annuitants,
12 and their dependents provided group health coverage under this
13 Act on a non-insured basis. To participate, a child advocacy
14 center must agree to enroll all of its employees and pay the
15 entire cost of providing coverage for its employees. The child
16 advocacy center shall not be required to enroll those of its
17 employees who are covered spouses or dependents under this plan
18 or another group policy or plan providing health benefits as
19 long as (1) an appropriate official from the child advocacy
20 center attests that each employee not enrolled is a covered
21 spouse or dependent under this plan or another group policy or
22 plan and (2) at least 50% of the employees are enrolled and the
23 child advocacy center remits the entire cost of providing
24 coverage to those employees. Employees of a participating child
25 advocacy center who are not enrolled due to coverage under
26 another group health policy or plan may enroll in the event of

1 a qualifying change in status, special enrollment, or special
2 circumstance as defined by the Director or during the annual
3 Benefit Choice Period. A participating child advocacy center
4 may also elect to cover its annuitants. Dependent coverage
5 shall be offered on an optional basis, with the costs paid by
6 the child advocacy center, its employees, or some combination
7 of the 2 as determined by the child advocacy center. The child
8 advocacy center shall be responsible for timely collection and
9 transmission of dependent premiums.

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

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

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

26 Monthly payments by the child advocacy center or its

1 employees for group health insurance shall be deposited into
2 the Local Government Health Insurance Reserve Fund.

3 (Source: P.A. 100-587, eff. 6-4-18.)

4 Section 10. The Illinois Pension Code is amended by
5 changing Sections 1-160, 1-161, 2-117, 2-162, 7-114, 7-116,
6 7-139, 14-103.05, 14-103.10, 14-103.41, 14-104.3, 14-106,
7 14-152.1, 15-108.1, 15-108.2, 15-112, 15-113.4, 15-134,
8 15-198, 16-106.41, 16-123, 16-127, 16-152.1, 16-203, 18-120,
9 18-124, 18-125, 18-125.1, 18-127, 18-128.01, 18-133, 18-169,
10 20-121, 20-123, 20-124, and 20-125 and by adding Sections
11 2-105.3, 2-165.5, 14-155.5, 15-108.3, 15-200.5, 16-205.5,
12 18-110.1, and 18-121.5 as follows:

13 (40 ILCS 5/1-160)

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

15 (a) The provisions of this Section apply to a person who,
16 on or after January 1, 2011, first becomes a member or a
17 participant under any reciprocal retirement system or pension
18 fund established under this Code, other than a retirement
19 system or pension fund established under Article 2, 3, 4, 5, 6,
20 15 or 18 of this Code, notwithstanding any other provision of
21 this Code to the contrary, but do not apply to any self-managed
22 plan established under this Code, to any person with respect to
23 service as a sheriff's law enforcement employee under Article
24 7, or to any participant of the retirement plan established

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

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

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

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

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

8 This Section does not apply to a person who participates in
9 a Tier 3 plan established under Article 14, 15, or 16 of this
10 Code.

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

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

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

1 10 years of service immediately preceding the date of
2 withdrawal".

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

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

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

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

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

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

1 systems and pension funds by November 1 of each year.

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

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

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

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

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

6 (d-5) The retirement annuity payable under Article 8 or
7 Article 11 to an eligible person subject to subsection (c-5) of
8 this Section who is retiring at age 60 with at least 10 years
9 of service credit shall be reduced by one-half of 1% for each
10 full month that the member's age is under age 65.

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

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

24 (ii) to not agree to item (i) of this subsection
25 (d-10), in which case the member or participant shall
26 continue to be subject to the retirement age provisions in

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

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

13 (e) Any retirement annuity or supplemental annuity shall be
14 subject to annual increases on the January 1 occurring either
15 on or after the attainment of age 67 (beginning January 1,
16 2015, age 65 with respect to service under Article 12 of this
17 Code that is subject to this Section and beginning on the
18 effective date of this amendatory Act of the 100th General
19 Assembly, age 65 with respect to service under Article 8 or
20 Article 11 for eligible persons who: (i) are subject to
21 subsection (c-5) of this Section; or (ii) made the election
22 under item (i) of subsection (d-10) of this Section) or the
23 first anniversary of the annuity start date, whichever is
24 later. Each annual increase shall be calculated at 3% or
25 one-half the annual unadjusted percentage increase (but not
26 less than zero) in the consumer price index-u for the 12 months

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

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

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

1 if the deceased member died while receiving a retirement
2 annuity or (2) in other cases, on each January 1 occurring
3 after the first anniversary of the commencement of the annuity.
4 Each annual increase shall be calculated at 3% or one-half the
5 annual unadjusted percentage increase (but not less than zero)
6 in the consumer price index-u for the 12 months ending with the
7 September preceding each November 1, whichever is less, of the
8 originally granted survivor's annuity. If the annual
9 unadjusted percentage change in the consumer price index-u for
10 the 12 months ending with the September preceding each November
11 1 is zero or there is a decrease, then the annuity shall not be
12 increased.

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

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

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

1 contractual employer, of his or her retirement status before
2 accepting contractual employment. A person who fails to submit
3 such notification shall be guilty of a Class A misdemeanor and
4 required to pay a fine of \$1,000. Upon termination of that
5 contractual employment, the person's retirement annuity or
6 retirement pension payments shall resume and, if appropriate,
7 be recalculated under the applicable provisions of this Code.

8 (i) (Blank).

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

12 (Source: P.A. 100-23, eff. 7-6-17; 100-201, eff. 8-18-17;
13 100-563, eff. 12-8-17; 100-611, eff. 7-20-18; 100-1166, eff.
14 1-4-19.)

15 (40 ILCS 5/1-161)

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

18 (a) Notwithstanding any other provision of this Code to the
19 contrary, the provisions of this Section apply to a person who
20 first becomes a member or a participant under Article 14, 15,
21 or 16 on or after the implementation date under this Section
22 for the applicable Article and who does not make the election
23 under subsection (b) or (c), whichever applies. The provisions
24 of this Section also apply to a person who makes the election
25 under subsection (c-5). However, the provisions of this Section

1 do not apply to any participant in a self-managed plan or a
2 Tier 3 plan established under Article 14, 15, or 16, nor to a
3 covered employee under Article 14.

4 As used in this Section and Section 1-160, the
5 "implementation date" under this Section means the earliest
6 date upon which the board of a retirement system authorizes
7 members of that system to begin participating in accordance
8 with this Section, as determined by the board of that
9 retirement system. Each of the retirement systems subject to
10 this Section shall endeavor to make such participation
11 available as soon as possible after the effective date of this
12 Section and shall establish an implementation date by board
13 resolution.

14 (b) In lieu of the benefits provided under this Section, a
15 member or participant, except for a participant under Article
16 15, may irrevocably elect the benefits under Section 1-160 and
17 the benefits otherwise applicable to that member or
18 participant. The election must be made within 30 days after
19 becoming a member or participant. Each retirement system shall
20 establish procedures for making this election.

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

26 (c-5) A non-covered participant under Article 14 to whom

1 Section 1-160 applies, a Tier 2 member under Article 15, or a
2 participant under Article 16 to whom Section 1-160 applies may
3 irrevocably elect to receive the benefits under this Section in
4 lieu of the benefits under Section 1-160 or the benefits
5 otherwise available to a Tier 2 member under Article 15,
6 whichever is applicable. Each retirement System shall
7 establish procedures for making this election.

8 (d) "Final average salary" means the average monthly (or
9 annual) salary obtained by dividing the total salary or
10 earnings calculated under the Article applicable to the member
11 or participant during the last 120 months (or 10 years) of
12 service in which the total salary or earnings calculated under
13 the applicable Article was the highest by the number of months
14 (or years) of service in that period. For the purposes of a
15 person to whom this Section applies, in this Code, "final
16 average salary" shall be substituted for "final average
17 compensation" in Article 14.

18 (e) Beginning on the implementation date, for all purposes
19 under this Code (including without limitation the calculation
20 of benefits and employee contributions), the annual earnings,
21 salary, compensation, or wages (based on the plan year) of a
22 member or participant to whom this Section applies shall not at
23 any time exceed the federal Social Security Wage Base then in
24 effect.

25 (f) A member or participant is entitled to a retirement
26 annuity upon written application if he or she has attained the

1 normal retirement age determined by the Social Security
2 Administration for that member or participant's year of birth,
3 but no earlier than 67 years of age, and has at least 10 years
4 of service credit and is otherwise eligible under the
5 requirements of the applicable Article.

6 (g) The amount of the retirement annuity to which a member
7 or participant is entitled shall be computed by multiplying
8 1.25% for each year of service credit by his or her final
9 average salary.

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

20 For the purposes of this Section, "consumer price index-w"
21 means the index published by the Bureau of Labor Statistics of
22 the United States Department of Labor that measures the average
23 change in prices of goods and services purchased by Urban Wage
24 Earners and Clerical Workers, United States city average, all
25 items, 1982-84 = 100. The new amount resulting from each annual
26 adjustment shall be determined by the Public Pension Division

1 of the Department of Insurance and made available to the boards
2 of the retirement systems and pension funds by November 1 of
3 each year.

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

16 (j) In lieu of any other employee contributions, except for
17 the contribution to the defined contribution plan under
18 subsection (k) of this Section, each employee shall contribute
19 6.2% of his her or salary to the retirement system. However,
20 the employee contribution under this subsection shall not
21 exceed the amount of the total normal cost of the benefits for
22 all members making contributions under this Section (except for
23 the defined contribution plan under subsection (k) of this
24 Section), expressed as a percentage of payroll and certified on
25 or before January 15 of each year by the board of trustees of
26 the retirement system. If the board of trustees of the

1 retirement system certifies that the 6.2% employee
2 contribution rate exceeds the normal cost of the benefits under
3 this Section (except for the defined contribution plan under
4 subsection (k) of this Section), then on or before December 1
5 of that year, the board of trustees shall certify the amount of
6 the normal cost of the benefits under this Section (except for
7 the defined contribution plan under subsection (k) of this
8 Section), expressed as a percentage of payroll, to the State
9 Actuary and the Commission on Government Forecasting and
10 Accountability, and the employee contribution under this
11 subsection shall be reduced to that amount beginning July 1 of
12 that year. Thereafter, if the normal cost of the benefits under
13 this Section (except for the defined contribution plan under
14 subsection (k) of this Section), expressed as a percentage of
15 payroll and certified on or before January 1 of each year by
16 the board of trustees of the retirement system, exceeds 6.2% of
17 salary, then on or before January 15 of that year, the board of
18 trustees shall certify the normal cost to the State Actuary and
19 the Commission on Government Forecasting and Accountability,
20 and the employee contributions shall revert back to 6.2% of
21 salary beginning January 1 of the following year.

22 (k) In accordance with each retirement system's
23 implementation date, each retirement system under Article 14,
24 15, or 16 shall prepare and implement a defined contribution
25 plan for members or participants who are subject to this
26 Section. The defined contribution plan developed under this

1 subsection shall be a plan that aggregates employer and
2 employee contributions in individual participant accounts
3 which, after meeting any other requirements, are used for
4 payouts after retirement in accordance with this subsection and
5 any other applicable laws.

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

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

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

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

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

26 (6) To the extent authorized under federal law and as

1 authorized by the retirement system, the defined
2 contribution plan shall allow former participants in the
3 plan to transfer or roll over employee and employer
4 contributions, and the earnings thereon, into other
5 qualified retirement plans.

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

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

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

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

20 (40 ILCS 5/2-105.3 new)

21 Sec. 2-105.3. Tier 1 participant; Tier 2 participant; Tier
22 3 participant. "Tier 1 participant": A participant who first
23 became a participant before January 1, 2011.

24 In the case of a Tier 1 participant who elects to
25 participate in the Tier 3 plan under Section 2-165.5 of this

1 Code, that participant shall be deemed a Tier 1 participant
2 only with respect to service performed or established before
3 the effective date of that election.

4 "Tier 2 participant": A participant who first became a
5 participant on or after January 1, 2011.

6 In the case of a Tier 2 participant who elects to
7 participate in the Tier 3 plan under Section 2-165.5 of this
8 Code, that Tier 2 member shall be deemed a Tier 2 member only
9 with respect to service performed or established before the
10 effective date of that election.

11 "Tier 3 participant": A Tier 1 or Tier 2 participant who
12 elects to participate in the Tier 3 plan under Section 2-165.5
13 of this Code, but only with respect to service performed on or
14 after the effective date of that election.

15 (40 ILCS 5/2-117) (from Ch. 108 1/2, par. 2-117)

16 Sec. 2-117. Participants - Election not to participate.

17 (a) Except as provided in subsection (c), every ~~Every~~
18 person who was a member on November 1, 1947, or in military
19 service on such date, is subject to the provisions of this
20 system beginning upon such date, unless prior to such date he
21 or she filed with the board a written notice of election not to
22 participate.

23 Every person who becomes a member after November 1, 1947,
24 and who is then not a participant becomes a participant
25 beginning upon the date of becoming a member unless, within 24

1 months from that date, he or she has filed with the board a
2 written notice of election not to participate.

3 (b) A member who has filed notice of an election not to
4 participate (and a former member who has not yet begun to
5 receive a retirement annuity under this Article) may become a
6 participant with respect to the period for which the member
7 elected not to participate upon filing with the board, before
8 April 1, 1993, a written rescission of the election not to
9 participate. Upon contributing an amount equal to the
10 contributions he or she would have made as a participant from
11 November 1, 1947, or the date of becoming a member, whichever
12 is later, to the date of becoming a participant, with interest
13 at the rate of 4% per annum until the contributions are paid,
14 the participant shall receive credit for service as a member
15 prior to the date of the rescission, both before and after
16 November 1, 1947. The required contributions shall be made
17 before commencement of the retirement annuity; otherwise no
18 credit for service prior to the date of participation shall be
19 granted.

20 (c) Notwithstanding any other provision of this Article, an
21 active participant may terminate his or her participation in
22 this System (including active participation in the Tier 3 plan,
23 if applicable) by notifying the System in writing. An active
24 participant terminating participation in this System under
25 this subsection shall be entitled to a refund of his or her
26 contributions (other than contributions to the Tier 3 plan

1 under Section 2-165.5) minus the benefits received prior to the
2 termination of participation.

3 (Source: P.A. 86-273; 87-1265.)

4 (40 ILCS 5/2-162)

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

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

9 (a) As used in this Section, "new benefit increase" means
10 an increase in the amount of any benefit provided under this
11 Article, or an expansion of the conditions of eligibility for
12 any benefit under this Article, that results from an amendment
13 to this Code that takes effect after the effective date of this
14 amendatory Act of the 94th General Assembly. "New benefit
15 increase", however, does not include any benefit increase
16 resulting from the changes made to this Article by this
17 amendatory Act of the 101st General Assembly.

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

23 (c) The Public Act enacting a new benefit increase must
24 identify and provide for payment to the System of additional
25 funding at least sufficient to fund the resulting annual

1 increase in cost to the System as it accrues.

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

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

24 (e) Except as otherwise provided in the language creating
25 the new benefit increase, a new benefit increase that expires
26 under this Section continues to apply to persons who applied

1 and qualified for the affected benefit while the new benefit
2 increase was in effect and to the affected beneficiaries and
3 alternate payees of such persons, but does not apply to any
4 other person, including without limitation a person who
5 continues in service after the expiration date and did not
6 apply and qualify for the affected benefit while the new
7 benefit increase was in effect.

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

9 (40 ILCS 5/2-165.5 new)

10 Sec. 2-165.5. Tier 3 plan.

11 (a) By July 1, 2020, the System shall prepare and implement
12 a Tier 3 plan. The Tier 3 plan developed under this Section
13 shall be a plan that aggregates State and employee
14 contributions in individual participant accounts that, after
15 meeting any other requirements, are used for payouts after
16 retirement in accordance with this Section and any other
17 applicable laws.

18 As used in this Section, "defined benefit plan" means the
19 retirement plan available under this Article to Tier 1 or Tier
20 2 participants who have not made the election authorized under
21 this Section.

22 (1) A participant in the Tier 3 plan shall pay employee
23 contributions at a rate determined by the participant, but
24 not less than 3% of salary and not more than a percentage
25 of salary determined by the Board in accordance with the

1 requirements of State and federal law.

2 (2) State contributions shall be paid into the accounts
3 of all participants in the Tier 3 plan at a uniform rate,
4 expressed as a percentage of salary and determined for each
5 year. This rate shall be no higher than 7.6% of salary and
6 shall be no lower than 3% of salary. The State shall adjust
7 this rate annually.

8 (3) The Tier 3 plan shall require 5 years of
9 participation in the Tier 3 plan before vesting in State
10 contributions. If the participant fails to vest in them,
11 the State contributions, and the earnings thereon, shall be
12 forfeited.

13 (4) The Tier 3 plan shall provide a variety of options
14 for investments. These options shall include investments
15 handled by the Illinois State Board of Investment as well
16 as private sector investment options.

17 (5) The Tier 3 plan shall provide a variety of options
18 for payouts to participants in the Tier 3 plan who are no
19 longer active in the System and their survivors.

20 (6) To the extent authorized under federal law and as
21 authorized by the System, the plan shall allow former
22 participants in the plan to transfer or roll over employee
23 and vested State contributions, and the earnings thereon,
24 from the Tier 3 plan into other qualified retirement plans.

25 (7) The System shall reduce the employee contributions
26 credited to the participant's Tier 3 plan account by an

1 amount determined by the System to cover the cost of
2 offering these benefits and any applicable administrative
3 fees.

4 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
5 participant of this System may elect, in writing, to cease
6 accruing benefits in the defined benefit plan and begin
7 accruing benefits for future service in the Tier 3 plan. The
8 election to participate in the Tier 3 plan is voluntary and
9 irrevocable.

10 (1) Service credit under the Tier 3 plan may be used
11 for determining retirement eligibility under the defined
12 benefit plan.

13 (2) The System shall make a good faith effort to
14 contact all active Tier 1 and Tier 2 participants who are
15 eligible to participate in the Tier 3 plan. The System
16 shall mail information describing the option to join the
17 Tier 3 plan to each of these employees to his or her last
18 known address on file with the System. If the employee is
19 not responsive to other means of contact, it is sufficient
20 for the System to publish the details of the option on its
21 website.

22 (3) Upon request for further information describing
23 the option, the System shall provide employees with
24 information from the System before exercising the option to
25 join the plan, including information on the impact to their
26 benefits and service. The individual consultation shall

1 include projections of the participant's defined benefits
2 at retirement or earlier termination of service and the
3 value of the participant's account at retirement or earlier
4 termination of service. The System shall not provide advice
5 or counseling with respect to whether the employee should
6 exercise the option. The System shall inform Tier 1 and
7 Tier 2 participants who are eligible to participate in the
8 Tier 3 plan that they may also wish to obtain information
9 and counsel relating to their option from any other
10 available source, including but not limited to private
11 counsel and financial advisors.

12 (b-5) A Tier 1 or Tier 2 participant who elects to
13 participate in the Tier 3 plan may irrevocably elect to
14 terminate all participation in the defined benefit plan. Upon
15 that election, the System shall transfer to the participant's
16 individual account an amount equal to the amount of
17 contribution refund that the participant would be eligible to
18 receive if the member terminated employment on that date and
19 elected a refund of contributions, including the prescribed
20 rate of interest for the respective years. The System shall
21 make the transfer as a tax-free transfer in accordance with
22 Internal Revenue Service guidelines, for purposes of funding
23 the amount credited to the participant's individual account.

24 (c) In no event shall the System, its staff, its authorized
25 representatives, or the Board be liable for any information
26 given to an employee under this Section. The System may

1 coordinate with the Illinois Department of Central Management
2 Services and other retirement systems administering a Tier 3
3 plan in accordance with this amendatory Act of the 101st
4 General Assembly to provide information concerning the impact
5 of the Tier 3 plan set forth in this Section.

6 (d) Notwithstanding any other provision of this Section, no
7 person shall begin participating in the Tier 3 plan until it
8 has attained qualified plan status and received all necessary
9 approvals from the U.S. Internal Revenue Service.

10 (e) The System shall report on its progress under this
11 Section, including the available details of the Tier 3 plan and
12 the System's plans for informing eligible Tier 1 and Tier 2
13 participants about the plan, to the Governor and the General
14 Assembly on or before January 15, 2020.

15 (f) The Illinois State Board of Investment shall be the
16 plan sponsor for the Tier 3 plan established under this
17 Section.

18 (g) The intent of this amendatory Act of the 101st General
19 Assembly is to ensure that the State's normal cost of
20 participation in the Tier 3 plan is similar, and if possible
21 equal, to the State's normal cost of participation in the
22 defined benefit plan, unless a lower State's normal cost is
23 necessary to ensure cost neutrality.

24 (40 ILCS 5/7-114) (from Ch. 108 1/2, par. 7-114)

25 Sec. 7-114. Earnings. "Earnings":

1 (a) An amount to be determined by the board, equal to the
2 sum of:

3 1. The total amount of money paid to an employee for
4 personal services or official duties as an employee (except
5 those employed as independent contractors) paid out of the
6 general fund, or out of any special funds controlled by the
7 municipality, or by any instrumentality thereof, or
8 participating instrumentality, including compensation,
9 fees, allowances (but not including amounts associated
10 with a vehicle allowance payable to an employee who first
11 becomes a participating employee on or after the effective
12 date of this amendatory Act of the 100th General Assembly),
13 or other emolument paid for official duties (but not
14 including automobile maintenance, travel expense, or
15 reimbursements for expenditures incurred in the
16 performance of duties or, in the case of a person who first
17 becomes a participant on or after the effective date of
18 this amendatory Act of the 101st General Assembly, payments
19 for unused sick or vacation time) and, for fee offices, the
20 fees or earnings of the offices to the extent such fees are
21 paid out of funds controlled by the municipality, or
22 instrumentality or participating instrumentality; and

23 2. The money value, as determined by rules prescribed
24 by the governing body of the municipality, or
25 instrumentality thereof, of any board, lodging, fuel,
26 laundry, and other allowances provided an employee in lieu

1 of money.

2 (b) For purposes of determining benefits payable under this
3 fund payments to a person who is engaged in an independently
4 established trade, occupation, profession or business and who
5 is paid for his service on a basis other than a monthly or
6 other regular salary, are not earnings.

7 (c) If a disabled participating employee is eligible to
8 receive Workers' Compensation for an accidental injury and the
9 participating municipality or instrumentality which employed
10 the participating employee when injured continues to pay the
11 participating employee regular salary or other compensation or
12 pays the employee an amount in excess of the Workers'
13 Compensation amount, then earnings shall be deemed to be the
14 total payments, including an amount equal to the Workers'
15 Compensation payments. These payments shall be subject to
16 employee contributions and allocated as if paid to the
17 participating employee when the regular payroll amounts would
18 have been paid if the participating employee had continued
19 working, and creditable service shall be awarded for this
20 period.

21 (d) If an elected official who is a participating employee
22 becomes disabled but does not resign and is not removed from
23 office, then earnings shall include all salary payments made
24 for the remainder of that term of office and the official shall
25 be awarded creditable service for the term of office.

26 (e) If a participating employee is paid pursuant to "An Act

1 to provide for the continuation of compensation for law
2 enforcement officers, correctional officers and firemen who
3 suffer disabling injury in the line of duty", approved
4 September 6, 1973, as amended, the payments shall be deemed
5 earnings, and the participating employee shall be awarded
6 creditable service for this period.

7 (f) Additional compensation received by a person while
8 serving as a supervisor of assessments, assessor, deputy
9 assessor or member of a board of review from the State of
10 Illinois pursuant to Section 4-10 or 4-15 of the Property Tax
11 Code shall not be earnings for purposes of this Article and
12 shall not be included in the contribution formula or
13 calculation of benefits for such person pursuant to this
14 Article.

15 (Source: P.A. 100-411, eff. 8-25-17.)

16 (40 ILCS 5/7-116) (from Ch. 108 1/2, par. 7-116)

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

19 Sec. 7-116. "Final rate of earnings":

20 (a) For retirement and survivor annuities, the monthly
21 earnings obtained by dividing the total earnings received by
22 the employee during the period of either (1) the 48 consecutive
23 months of service within the last 120 months of service in
24 which his total earnings were the highest or (2) the employee's
25 total period of service, by the number of months of service in

1 such period.

2 (b) For death benefits, the higher of the rate determined
3 under paragraph (a) of this Section or total earnings received
4 in the last 12 months of service divided by twelve. If the
5 deceased employee has less than 12 months of service, the
6 monthly final rate shall be the monthly rate of pay the
7 employee was receiving when he began service.

8 (c) For disability benefits, the total earnings of a
9 participating employee in the last 12 calendar months of
10 service prior to the date he becomes disabled divided by 12.

11 (d) In computing the final rate of earnings: (1) the
12 earnings rate for all periods of prior service shall be
13 considered equal to the average earnings rate for the last 3
14 calendar years of prior service for which creditable service is
15 received under Section 7-139 or, if there is less than 3 years
16 of creditable prior service, the average for the total prior
17 service period for which creditable service is received under
18 Section 7-139; (2) for out of state service and authorized
19 leave, the earnings rate shall be the rate upon which service
20 credits are granted; (3) periods of military leave shall not be
21 considered; (4) the earnings rate for all periods of disability
22 shall be considered equal to the rate of earnings upon which
23 the employee's disability benefits are computed for such
24 periods; (5) the earnings to be considered for each of the
25 final three months of the final earnings period for persons who
26 first became participants before January 1, 2012 and the

1 earnings to be considered for each of the final 24 months for
2 participants who first become participants on or after January
3 1, 2012 shall not exceed 125% of the highest earnings of any
4 other month in the final earnings period; ~~and~~ (6) the annual
5 amount of final rate of earnings shall be the monthly amount
6 multiplied by the number of months of service normally required
7 by the position in a year; and (7) in the case of a person who
8 first becomes a participant on or after the effective date of
9 this amendatory Act of the 101st General Assembly, payments for
10 unused sick or vacation time shall not be considered.

11 (Source: P.A. 97-609, eff. 1-1-12.)

12 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)

13 Sec. 7-139. Credits and creditable service to employees.

14 (a) Each participating employee shall be granted credits
15 and creditable service, for purposes of determining the amount
16 of any annuity or benefit to which he or a beneficiary is
17 entitled, as follows:

18 1. For prior service: Each participating employee who
19 is an employee of a participating municipality or
20 participating instrumentality on the effective date shall
21 be granted creditable service, but no credits under
22 paragraph 2 of this subsection (a), for periods of prior
23 service for which credit has not been received under any
24 other pension fund or retirement system established under
25 this Code, as follows:

1 If the effective date of participation for the
2 participating municipality or participating
3 instrumentality is on or before January 1, 1998, creditable
4 service shall be granted for the entire period of prior
5 service with that employer without any employee
6 contribution.

7 If the effective date of participation for the
8 participating municipality or participating
9 instrumentality is after January 1, 1998, creditable
10 service shall be granted for the last 20% of the period of
11 prior service with that employer, but no more than 5 years,
12 without any employee contribution. A participating
13 employee may establish creditable service for the
14 remainder of the period of prior service with that employer
15 by making an application in writing, accompanied by payment
16 of an employee contribution in an amount determined by the
17 Fund, based on the employee contribution rates in effect at
18 the time of application for the creditable service and the
19 employee's salary rate on the effective date of
20 participation for that employer, plus interest at the
21 effective rate from the date of the prior service to the
22 date of payment. Application for this creditable service
23 may be made at any time while the employee is still in
24 service.

25 A municipality that (i) has at least 35 employees; (ii)
26 is located in a county with at least 2,000,000 inhabitants;

1 and (iii) maintains an independent defined benefit pension
2 plan for the benefit of its eligible employees may restrict
3 creditable service in whole or in part for periods of prior
4 service with the employer if the governing body of the
5 municipality adopts an irrevocable resolution to restrict
6 that creditable service and files the resolution with the
7 board before the municipality's effective date of
8 participation.

9 Any person who has withdrawn from the service of a
10 participating municipality or participating
11 instrumentality prior to the effective date, who reenters
12 the service of the same municipality or participating
13 instrumentality after the effective date and becomes a
14 participating employee is entitled to creditable service
15 for prior service as otherwise provided in this subdivision
16 (a)(1) only if he or she renders 2 years of service as a
17 participating employee after the effective date.
18 Application for such service must be made while in a
19 participating status. The salary rate to be used in the
20 calculation of the required employee contribution, if any,
21 shall be the employee's salary rate at the time of first
22 reentering service with the employer after the employer's
23 effective date of participation.

24 2. For current service, each participating employee
25 shall be credited with:

26 a. Additional credits of amounts equal to each

1 payment of additional contributions received from him
2 under Section 7-173, as of the date the corresponding
3 payment of earnings is payable to him.

4 b. Normal credits of amounts equal to each payment
5 of normal contributions received from him, as of the
6 date the corresponding payment of earnings is payable
7 to him, and normal contributions made for the purpose
8 of establishing out-of-state service credits as
9 permitted under the conditions set forth in paragraph 6
10 of this subsection (a).

11 c. Municipality credits in an amount equal to 1.4
12 times the normal credits, except those established by
13 out-of-state service credits, as of the date of
14 computation of any benefit if these credits would
15 increase the benefit.

16 d. Survivor credits equal to each payment of
17 survivor contributions received from the participating
18 employee as of the date the corresponding payment of
19 earnings is payable, and survivor contributions made
20 for the purpose of establishing out-of-state service
21 credits.

22 3. For periods of temporary and total and permanent
23 disability benefits, each employee receiving disability
24 benefits shall be granted creditable service for the period
25 during which disability benefits are payable. Normal and
26 survivor credits, based upon the rate of earnings applied

1 for disability benefits, shall also be granted if such
2 credits would result in a higher benefit to any such
3 employee or his beneficiary.

4 4. For authorized leave of absence without pay: A
5 participating employee shall be granted credits and
6 creditable service for periods of authorized leave of
7 absence without pay under the following conditions:

8 a. An application for credits and creditable
9 service is submitted to the board while the employee is
10 in a status of active employment.

11 b. Not more than 12 complete months of creditable
12 service for authorized leave of absence without pay
13 shall be counted for purposes of determining any
14 benefits payable under this Article.

15 c. Credits and creditable service shall be granted
16 for leave of absence only if such leave is approved by
17 the governing body of the municipality, including
18 approval of the estimated cost thereof to the
19 municipality as determined by the fund, and employee
20 contributions, plus interest at the effective rate
21 applicable for each year from the end of the period of
22 leave to date of payment, have been paid to the fund in
23 accordance with Section 7-173. The contributions shall
24 be computed upon the assumption earnings continued
25 during the period of leave at the rate in effect when
26 the leave began.

1 d. Benefits under the provisions of Sections
2 7-141, 7-146, 7-150 and 7-163 shall become payable to
3 employees on authorized leave of absence, or their
4 designated beneficiary, only if such leave of absence
5 is creditable hereunder, and if the employee has at
6 least one year of creditable service other than the
7 service granted for leave of absence. Any employee
8 contributions due may be deducted from any benefits
9 payable.

10 e. No credits or creditable service shall be
11 allowed for leave of absence without pay during any
12 period of prior service.

13 5. For military service: The governing body of a
14 municipality or participating instrumentality may elect to
15 allow creditable service to participating employees who
16 leave their employment to serve in the armed forces of the
17 United States for all periods of such service, provided
18 that the person returns to active employment within 90 days
19 after completion of full time active duty, but no
20 creditable service shall be allowed such person for any
21 period that can be used in the computation of a pension or
22 any other pay or benefit, other than pay for active duty,
23 for service in any branch of the armed forces of the United
24 States. If necessary to the computation of any benefit, the
25 board shall establish municipality credits for
26 participating employees under this paragraph on the

1 assumption that the employee received earnings at the rate
2 received at the time he left the employment to enter the
3 armed forces. A participating employee in the armed forces
4 shall not be considered an employee during such period of
5 service and no additional death and no disability benefits
6 are payable for death or disability during such period.

7 Any participating employee who left his employment
8 with a municipality or participating instrumentality to
9 serve in the armed forces of the United States and who
10 again became a participating employee within 90 days after
11 completion of full time active duty by entering the service
12 of a different municipality or participating
13 instrumentality, which has elected to allow creditable
14 service for periods of military service under the preceding
15 paragraph, shall also be allowed creditable service for his
16 period of military service on the same terms that would
17 apply if he had been employed, before entering military
18 service, by the municipality or instrumentality which
19 employed him after he left the military service and the
20 employer costs arising in relation to such grant of
21 creditable service shall be charged to and paid by that
22 municipality or instrumentality.

23 Notwithstanding the foregoing, any participating
24 employee shall be entitled to creditable service as
25 required by any federal law relating to re-employment
26 rights of persons who served in the United States Armed

1 Services. Such creditable service shall be granted upon
2 payment by the member of an amount equal to the employee
3 contributions which would have been required had the
4 employee continued in service at the same rate of earnings
5 during the military leave period, plus interest at the
6 effective rate.

7 5.1. In addition to any creditable service established
8 under paragraph 5 of this subsection (a), creditable
9 service may be granted for up to 48 months of service in
10 the armed forces of the United States.

11 In order to receive creditable service for military
12 service under this paragraph 5.1, a participating employee
13 must (1) apply to the Fund in writing and provide evidence
14 of the military service that is satisfactory to the Board;
15 (2) obtain the written approval of the current employer;
16 and (3) make contributions to the Fund equal to (i) the
17 employee contributions that would have been required had
18 the service been rendered as a member, plus (ii) an amount
19 determined by the board to be equal to the employer's
20 normal cost of the benefits accrued for that military
21 service, plus (iii) interest on items (i) and (ii) from the
22 date of first membership in the Fund to the date of
23 payment. The required interest shall be calculated at the
24 regular interest rate.

25 The changes made to this paragraph 5.1 by Public Acts
26 95-483 and 95-486 apply only to participating employees in

1 service on or after August 28, 2007 (the effective date of
2 those Public Acts).

3 6. For out-of-state service: Creditable service shall
4 be granted for service rendered to an out-of-state local
5 governmental body under the following conditions: The
6 employee had participated and has irrevocably forfeited
7 all rights to benefits in the out-of-state public employees
8 pension system; the governing body of his participating
9 municipality or instrumentality authorizes the employee to
10 establish such service; the employee has 2 years current
11 service with this municipality or participating
12 instrumentality; the employee makes a payment of
13 contributions, which shall be computed at 8% (normal) plus
14 2% (survivor) times length of service purchased times the
15 average rate of earnings for the first 2 years of service
16 with the municipality or participating instrumentality
17 whose governing body authorizes the service established
18 plus interest at the effective rate on the date such
19 credits are established, payable from the date the employee
20 completes the required 2 years of current service to date
21 of payment. In no case shall more than 120 months of
22 creditable service be granted under this provision.

23 7. For retroactive service: Any employee who could have
24 but did not elect to become a participating employee, or
25 who should have been a participant in the Municipal Public
26 Utilities Annuity and Benefit Fund before that fund was

1 superseded, may receive creditable service for the period
2 of service not to exceed 50 months; however, a current or
3 former elected or appointed official of a participating
4 municipality may establish credit under this paragraph 7
5 for more than 50 months of service as an official of that
6 municipality, if the excess over 50 months is approved by
7 resolution of the governing body of the affected
8 municipality filed with the Fund before January 1, 2002.

9 Any employee who is a participating employee on or
10 after September 24, 1981 and who was excluded from
11 participation by the age restrictions removed by Public Act
12 82-596 may receive creditable service for the period, on or
13 after January 1, 1979, excluded by the age restriction and,
14 in addition, if the governing body of the participating
15 municipality or participating instrumentality elects to
16 allow creditable service for all employees excluded by the
17 age restriction prior to January 1, 1979, for service
18 during the period prior to that date excluded by the age
19 restriction. Any employee who was excluded from
20 participation by the age restriction removed by Public Act
21 82-596 and who is not a participating employee on or after
22 September 24, 1981 may receive creditable service for
23 service after January 1, 1979. Creditable service under
24 this paragraph shall be granted upon payment of the
25 employee contributions which would have been required had
26 he participated, with interest at the effective rate for

1 each year from the end of the period of service established
2 to date of payment.

3 8. For accumulated unused sick leave: A participating
4 employee who first becomes a participating employee before
5 the effective date of this amendatory Act of the 101st
6 General Assembly and who is applying for a retirement
7 annuity shall be entitled to creditable service for that
8 portion of the employee's accumulated unused sick leave for
9 which payment is not received, as follows:

10 a. Sick leave days shall be limited to those
11 accumulated under a sick leave plan established by a
12 participating municipality or participating
13 instrumentality which is available to all employees or
14 a class of employees.

15 b. Except as provided in item b-1, only sick leave
16 days accumulated with a participating municipality or
17 participating instrumentality with which the employee
18 was in service within 60 days of the effective date of
19 his retirement annuity shall be credited; If the
20 employee was in service with more than one employer
21 during this period only the sick leave days with the
22 employer with which the employee has the greatest
23 number of unpaid sick leave days shall be considered.

24 b-1. If the employee was in the service of more
25 than one employer as defined in item (2) of paragraph
26 (a) of subsection (A) of Section 7-132, then the sick

1 leave days from all such employers shall be credited,
2 as long as the creditable service attributed to those
3 sick leave days does not exceed the limitation in item
4 f of this paragraph 8. In calculating the creditable
5 service under this item b-1, the sick leave days from
6 the last employer shall be considered first, then the
7 remaining sick leave days shall be considered until
8 there are no more days or the maximum creditable sick
9 leave threshold under item f of this paragraph 8 has
10 been reached.

11 c. The creditable service granted shall be
12 considered solely for the purpose of computing the
13 amount of the retirement annuity and shall not be used
14 to establish any minimum service period required by any
15 provision of the Illinois Pension Code, the effective
16 date of the retirement annuity, or the final rate of
17 earnings.

18 d. The creditable service shall be at the rate of
19 1/20 of a month for each full sick day, provided that
20 no more than 12 months may be credited under this
21 subdivision 8.

22 e. Employee contributions shall not be required
23 for creditable service under this subdivision 8.

24 f. Each participating municipality and
25 participating instrumentality with which an employee
26 has service within 60 days of the effective date of his

1 retirement annuity shall certify to the board the
2 number of accumulated unpaid sick leave days credited
3 to the employee at the time of termination of service.

4 9. For service transferred from another system:
5 Credits and creditable service shall be granted for service
6 under Article 4, 5, 8, 14, or 16 of this Act, to any active
7 member of this Fund, and to any inactive member who has
8 been a county sheriff, upon transfer of such credits
9 pursuant to Section 4-108.3, 5-235, 8-226.7, 14-105.6, or
10 16-131.4, and payment by the member of the amount by which
11 (1) the employer and employee contributions that would have
12 been required if he had participated in this Fund as a
13 sheriff's law enforcement employee during the period for
14 which credit is being transferred, plus interest thereon at
15 the effective rate for each year, compounded annually, from
16 the date of termination of the service for which credit is
17 being transferred to the date of payment, exceeds (2) the
18 amount actually transferred to the Fund. Such transferred
19 service shall be deemed to be service as a sheriff's law
20 enforcement employee for the purposes of Section 7-142.1.

21 10. (Blank).

22 11. For service transferred from an Article 3 system
23 under Section 3-110.3: Credits and creditable service
24 shall be granted for service under Article 3 of this Act as
25 provided in Section 3-110.3, to any active member of this
26 Fund, upon transfer of such credits pursuant to Section

1 3-110.3. If the board determines that the amount
2 transferred is less than the true cost to the Fund of
3 allowing that creditable service to be established, then in
4 order to establish that creditable service, the member must
5 pay to the Fund an additional contribution equal to the
6 difference, as determined by the board in accordance with
7 the rules and procedures adopted under this paragraph. If
8 the member does not make the full additional payment as
9 required by this paragraph prior to termination of his
10 participation with that employer, then his or her
11 creditable service shall be reduced by an amount equal to
12 the difference between the amount transferred under
13 Section 3-110.3, including any payments made by the member
14 under this paragraph prior to termination, and the true
15 cost to the Fund of allowing that creditable service to be
16 established, as determined by the board in accordance with
17 the rules and procedures adopted under this paragraph.

18 The board shall establish by rule the manner of making
19 the calculation required under this paragraph 11, taking
20 into account the appropriate actuarial assumptions; the
21 member's service, age, and salary history, and any other
22 factors that the board determines to be relevant.

23 12. For omitted service: Any employee who was employed
24 by a participating employer in a position that required
25 participation, but who was not enrolled in the Fund, may
26 establish such credits under the following conditions:

1 a. Application for such credits is received by the
2 Board while the employee is an active participant of
3 the Fund or a reciprocal retirement system.

4 b. Eligibility for participation and earnings are
5 verified by the Authorized Agent of the participating
6 employer for which the service was rendered.

7 Creditable service under this paragraph shall be
8 granted upon payment of the employee contributions that
9 would have been required had he participated, which shall
10 be calculated by the Fund using the member contribution
11 rate in effect during the period that the service was
12 rendered.

13 (b) Creditable service - amount:

14 1. One month of creditable service shall be allowed for
15 each month for which a participating employee made
16 contributions as required under Section 7-173, or for which
17 creditable service is otherwise granted hereunder. Not
18 more than 1 month of service shall be credited and counted
19 for 1 calendar month, and not more than 1 year of service
20 shall be credited and counted for any calendar year. A
21 calendar month means a nominal month beginning on the first
22 day thereof, and a calendar year means a year beginning
23 January 1 and ending December 31.

24 2. A seasonal employee shall be given 12 months of
25 creditable service if he renders the number of months of
26 service normally required by the position in a 12-month

1 period and he remains in service for the entire 12-month
2 period. Otherwise a fractional year of service in the
3 number of months of service rendered shall be credited.

4 3. An intermittent employee shall be given creditable
5 service for only those months in which a contribution is
6 made under Section 7-173.

7 (c) No application for correction of credits or creditable
8 service shall be considered unless the board receives an
9 application for correction while (1) the applicant is a
10 participating employee and in active employment with a
11 participating municipality or instrumentality, or (2) while
12 the applicant is actively participating in a pension fund or
13 retirement system which is a participating system under the
14 Retirement Systems Reciprocal Act. A participating employee or
15 other applicant shall not be entitled to credits or creditable
16 service unless the required employee contributions are made in
17 a lump sum or in installments made in accordance with board
18 rule. Payments made to establish service credit under paragraph
19 1, 4, 5, 5.1, 6, 7, or 12 of subsection (a) of this Section must
20 be received by the Board while the applicant is an active
21 participant in the Fund or a reciprocal retirement system,
22 except that an applicant may make one payment after termination
23 of active participation in the Fund or a reciprocal retirement
24 system.

25 (d) Upon the granting of a retirement, surviving spouse or
26 child annuity, a death benefit or a separation benefit, on

1 account of any employee, all individual accumulated credits
2 shall thereupon terminate. Upon the withdrawal of additional
3 contributions, the credits applicable thereto shall thereupon
4 terminate. Terminated credits shall not be applied to increase
5 the benefits any remaining employee would otherwise receive
6 under this Article.

7 (Source: P.A. 100-148, eff. 8-18-17.)

8 (40 ILCS 5/14-103.05) (from Ch. 108 1/2, par. 14-103.05)

9 Sec. 14-103.05. Employee.

10 (a) Except as provided in subsection (d), any ~~Any~~ person
11 employed by a Department who receives salary for personal
12 services rendered to the Department on a warrant issued
13 pursuant to a payroll voucher certified by a Department and
14 drawn by the State Comptroller upon the State Treasurer,
15 including an elected official described in subparagraph (d) of
16 Section 14-104, shall become an employee for purpose of
17 membership in the Retirement System on the first day of such
18 employment.

19 A person entering service on or after January 1, 1972 and
20 prior to January 1, 1984 shall become a member as a condition
21 of employment and shall begin making contributions as of the
22 first day of employment.

23 A person entering service on or after January 1, 1984
24 shall, upon completion of 6 months of continuous service which
25 is not interrupted by a break of more than 2 months, become a

1 member as a condition of employment. Contributions shall begin
2 the first of the month after completion of the qualifying
3 period.

4 A person employed by the Chicago Metropolitan Agency for
5 Planning on the effective date of this amendatory Act of the
6 95th General Assembly who was a member of this System as an
7 employee of the Chicago Area Transportation Study and makes an
8 election under Section 14-104.13 to participate in this System
9 for his or her employment with the Chicago Metropolitan Agency
10 for Planning.

11 The qualifying period of 6 months of service is not
12 applicable to: (1) a person who has been granted credit for
13 service in a position covered by the State Universities
14 Retirement System, the Teachers' Retirement System of the State
15 of Illinois, the General Assembly Retirement System, or the
16 Judges Retirement System of Illinois unless that service has
17 been forfeited under the laws of those systems; (2) a person
18 entering service on or after July 1, 1991 in a noncovered
19 position; (3) a person to whom Section 14-108.2a or 14-108.2b
20 applies; or (4) a person to whom subsection (a-5) of this
21 Section applies.

22 (a-5) Except as provided in subsection (d), a ~~A~~ person
23 entering service on or after December 1, 2010 and before the
24 effective date of this amendatory Act of the 101st General
25 Assembly shall become a member as a condition of employment and
26 shall begin making contributions as of the first day of

1 employment. A person serving in the qualifying period on
2 December 1, 2010 will become a member on December 1, 2010 and
3 shall begin making contributions as of December 1, 2010.

4 (b) The term "employee" does not include the following:

5 (1) members of the State Legislature, and persons
6 electing to become members of the General Assembly
7 Retirement System pursuant to Section 2-105;

8 (2) incumbents of offices normally filled by vote of
9 the people;

10 (3) except as otherwise provided in this Section, any
11 person appointed by the Governor with the advice and
12 consent of the Senate unless that person elects to
13 participate in this system;

14 (3.1) any person serving as a commissioner of an ethics
15 commission created under the State Officials and Employees
16 Ethics Act unless that person elects to participate in this
17 system with respect to that service as a commissioner;

18 (3.2) any person serving as a part-time employee in any
19 of the following positions: Legislative Inspector General,
20 Special Legislative Inspector General, employee of the
21 Office of the Legislative Inspector General, Executive
22 Director of the Legislative Ethics Commission, or staff of
23 the Legislative Ethics Commission, regardless of whether
24 he or she is in active service on or after July 8, 2004
25 (the effective date of Public Act 93-685), unless that
26 person elects to participate in this System with respect to

1 that service; in this item (3.2), a "part-time employee" is
2 a person who is not required to work at least 35 hours per
3 week;

4 (3.3) any person who has made an election under Section
5 1-123 and who is serving either as legal counsel in the
6 Office of the Governor or as Chief Deputy Attorney General;

7 (4) except as provided in Section 14-108.2 or
8 14-108.2c, any person who is covered or eligible to be
9 covered by the Teachers' Retirement System of the State of
10 Illinois, the State Universities Retirement System, or the
11 Judges Retirement System of Illinois;

12 (5) an employee of a municipality or any other
13 political subdivision of the State;

14 (6) any person who becomes an employee after June 30,
15 1979 as a public service employment program participant
16 under the Federal Comprehensive Employment and Training
17 Act and whose wages or fringe benefits are paid in whole or
18 in part by funds provided under such Act;

19 (7) enrollees of the Illinois Young Adult Conservation
20 Corps program, administered by the Department of Natural
21 Resources, authorized grantee pursuant to Title VIII of the
22 "Comprehensive Employment and Training Act of 1973", 29 USC
23 993, as now or hereafter amended;

24 (8) enrollees and temporary staff of programs
25 administered by the Department of Natural Resources under
26 the Youth Conservation Corps Act of 1970;

1 (9) any person who is a member of any professional
2 licensing or disciplinary board created under an Act
3 administered by the Department of Professional Regulation
4 or a successor agency or created or re-created after the
5 effective date of this amendatory Act of 1997, and who
6 receives per diem compensation rather than a salary,
7 notwithstanding that such per diem compensation is paid by
8 warrant issued pursuant to a payroll voucher; such persons
9 have never been included in the membership of this System,
10 and this amendatory Act of 1987 (P.A. 84-1472) is not
11 intended to effect any change in the status of such
12 persons;

13 (10) any person who is a member of the Illinois Health
14 Care Cost Containment Council, and receives per diem
15 compensation rather than a salary, notwithstanding that
16 such per diem compensation is paid by warrant issued
17 pursuant to a payroll voucher; such persons have never been
18 included in the membership of this System, and this
19 amendatory Act of 1987 is not intended to effect any change
20 in the status of such persons;

21 (11) any person who is a member of the Oil and Gas
22 Board created by Section 1.2 of the Illinois Oil and Gas
23 Act, and receives per diem compensation rather than a
24 salary, notwithstanding that such per diem compensation is
25 paid by warrant issued pursuant to a payroll voucher;

26 (12) a person employed by the State Board of Higher

1 Education in a position with the Illinois Century Network
2 as of June 30, 2004, who remains continuously employed
3 after that date by the Department of Central Management
4 Services in a position with the Illinois Century Network
5 and participates in the Article 15 system with respect to
6 that employment;

7 (13) any person who first becomes a member of the Civil
8 Service Commission on or after January 1, 2012;

9 (14) any person, other than the Director of Employment
10 Security, who first becomes a member of the Board of Review
11 of the Department of Employment Security on or after
12 January 1, 2012;

13 (15) any person who first becomes a member of the Civil
14 Service Commission on or after January 1, 2012;

15 (16) any person who first becomes a member of the
16 Illinois Liquor Control Commission on or after January 1,
17 2012;

18 (17) any person who first becomes a member of the
19 Secretary of State Merit Commission on or after January 1,
20 2012;

21 (18) any person who first becomes a member of the Human
22 Rights Commission on or after January 1, 2012;

23 (19) any person who first becomes a member of the State
24 Mining Board on or after January 1, 2012;

25 (20) any person who first becomes a member of the
26 Property Tax Appeal Board on or after January 1, 2012;

1 (21) any person who first becomes a member of the
2 Illinois Racing Board on or after January 1, 2012;

3 (22) any person who first becomes a member of the
4 Department of State Police Merit Board on or after January
5 1, 2012;

6 (23) any person who first becomes a member of the
7 Illinois State Toll Highway Authority on or after January
8 1, 2012; or

9 (24) any person who first becomes a member of the
10 Illinois State Board of Elections on or after January 1,
11 2012.

12 (c) An individual who represents or is employed as an
13 officer or employee of a statewide labor organization that
14 represents members of this System may participate in the System
15 and shall be deemed an employee, provided that (1) the
16 individual has previously earned creditable service under this
17 Article, (2) the individual files with the System an
18 irrevocable election to become a participant within 6 months
19 after the effective date of this amendatory Act of the 94th
20 General Assembly, and (3) the individual does not receive
21 credit for that employment under any other provisions of this
22 Code. An employee under this subsection (c) is responsible for
23 paying to the System both (i) employee contributions based on
24 the actual compensation received for service with the labor
25 organization and (ii) employer contributions based on the
26 percentage of payroll certified by the board; all or any part

1 of these contributions may be paid on the employee's behalf or
2 picked up for tax purposes (if authorized under federal law) by
3 the labor organization.

4 A person who is an employee as defined in this subsection
5 (c) may establish service credit for similar employment prior
6 to becoming an employee under this subsection by paying to the
7 System for that employment the contributions specified in this
8 subsection, plus interest at the effective rate from the date
9 of service to the date of payment. However, credit shall not be
10 granted under this subsection (c) for any such prior employment
11 for which the applicant received credit under any other
12 provision of this Code or during which the applicant was on a
13 leave of absence.

14 (d) Notwithstanding any other provision of this Article,
15 beginning on the effective date of this amendatory Act of the
16 101st General Assembly, a person is not required, as a
17 condition of employment or otherwise, to participate in this
18 System. An active employee may terminate his or her
19 participation in this System (including active participation
20 in the Tier 3 plan, if applicable) by notifying the System in
21 writing. An active employee terminating participation in this
22 System under this subsection shall be entitled to a refund of
23 his or her contributions (other than contributions to the Tier
24 3 plan under Section 14-155.5) minus the benefits received
25 prior to the termination of participation.

26 (Source: P.A. 96-1490, eff. 1-1-11; 97-609, eff. 1-1-12.)

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

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

4 Sec. 14-103.10. Compensation.

5 (a) For periods of service prior to January 1, 1978, the
6 full rate of salary or wages payable to an employee for
7 personal services performed if he worked the full normal
8 working period for his position, subject to the following
9 maximum amounts: (1) prior to July 1, 1951, \$400 per month or
10 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957
11 inclusive, \$625 per month or \$7,500 per year; (3) beginning
12 July 1, 1957, no limitation.

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

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

23 (1) for vacation,

24 (2) for accumulated unused sick leave,

25 (3) upon discharge or dismissal,

1 (4) for approved holidays.

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

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

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

22 (1) for vacation;

23 (2) for accumulated unused sick leave;

24 (3) upon discharge or dismissal; and

25 (4) for approved holidays.

26 (f) Notwithstanding the other provisions of this Section,

1 for service on or after July 1, 2013, "compensation" does not
2 include any stipend payable to an employee for service on a
3 board or commission.

4 (g) Notwithstanding any other provision of this Section,
5 for an employee who first becomes a participant on or after the
6 effective date of this amendatory Act of the 101st General
7 Assembly, "compensation" does not include any payments or
8 reimbursements for travel vouchers submitted more than 30 days
9 after the last day of travel for which the voucher is
10 submitted.

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

12 (40 ILCS 5/14-103.41)

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

19 In the case of a Tier 1 member who elects to participate in
20 the Tier 3 plan under Section 14-155.5 of this Code, that Tier
21 1 member shall be deemed a Tier 1 member only with respect to
22 service performed or established before the effective date of
23 that election.

24 "Tier 2 member": A member of this System who first becomes
25 a member under this Article on or after January 1, 2011 and who

1 is not a Tier 1 member.

2 In the case of a Tier 2 member who elects to participate in
3 the Tier 3 plan under Section 14-155.5 of this Code, that Tier
4 2 member shall be deemed a Tier 2 member only with respect to
5 service performed or established before the effective date of
6 that election.

7 "Tier 3 member": A Tier 1 or Tier 2 member who elects to
8 participate in the Tier 3 plan under Section 14-155.5 of this
9 Code, but only with respect to service performed on or after
10 the effective date of that election.

11 (Source: P.A. 100-587, eff. 6-4-18.)

12 (40 ILCS 5/14-104.3) (from Ch. 108 1/2, par. 14-104.3)

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

15 Sec. 14-104.3. Notwithstanding provisions contained in
16 Section 14-103.10, any person who first becomes a member before
17 the effective date of this amendatory Act of the 101st General
18 Assembly and who at the time of retirement and after December
19 6, 1983 receives compensation in a lump sum for accumulated
20 vacation, sickness, or personal business may receive service
21 credit for such periods by making contributions within 90 days
22 of withdrawal, based on the rate of compensation in effect
23 immediately prior to retirement and the contribution rate then
24 in effect. Any person who first becomes a member on or after
25 the effective date of this amendatory Act of the 101st General

1 Assembly and who receives compensation in a lump sum for
2 accumulated vacation, sickness, or personal business may not
3 receive service credit for such periods. Exercising the option
4 provided in this Section shall not change a member's date of
5 withdrawal or final average compensation for purposes of
6 computing the amount or effective date of a retirement annuity.
7 Any annuitant who establishes service credit as herein provided
8 shall have his retirement annuity adjusted retroactively to the
9 date of retirement.

10 (Source: P.A. 83-1362.)

11 (40 ILCS 5/14-106) (from Ch. 108 1/2, par. 14-106)

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

14 Sec. 14-106. Membership service credit.

15 (a) After January 1, 1944, all service of a member since he
16 last became a member with respect to which contributions are
17 made shall count as membership service; provided, that for
18 service on and after July 1, 1950, 12 months of service shall
19 constitute a year of membership service, the completion of 15
20 days or more of service during any month shall constitute 1
21 month of membership service, 8 to 15 days shall constitute 1/2
22 month of membership service and less than 8 days shall
23 constitute 1/4 month of membership service. The payroll record
24 of each department shall constitute conclusive evidence of the
25 record of service rendered by a member.

1 (b) For a member who is employed and paid on an
2 academic-year basis rather than on a 12-month annual basis,
3 employment for a full academic year shall constitute a full
4 year of membership service, except that the member shall not
5 receive more than one year of membership service credit (plus
6 any additional service credit granted for unused sick leave)
7 for service during any 12-month period. This subsection (b)
8 applies to all such service for which the member has not begun
9 to receive a retirement annuity before January 1, 2001.

10 (c) A person who first becomes a member before the
11 effective date of this amendatory Act of the 101st General
12 Assembly shall be entitled to additional service credit, under
13 rules prescribed by the Board, for accumulated unused sick
14 leave credited to his account in the last Department on the
15 date of withdrawal from service or for any period for which he
16 would have been eligible to receive benefits under a sick pay
17 plan authorized by law, if he had suffered a sickness or
18 accident on the date of withdrawal from service. It shall be
19 the responsibility of the last Department to certify to the
20 Board the length of time salary or benefits would have been
21 paid to the member based upon the accumulated unused sick leave
22 or the applicable sick pay plan if he had become entitled
23 thereto because of sickness on the date that his status as an
24 employee terminated. This period of service credit granted
25 under this paragraph shall not be considered in determining the
26 date the retirement annuity is to begin, or final average

1 compensation.

2 (d) A person who first becomes a member on or after the
3 effective date of this amendatory Act of the 101st General
4 Assembly shall not be entitled to additional service credit for
5 accumulated unused sick leave.

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

7 (40 ILCS 5/14-152.1)

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

10 (a) As used in this Section, "new benefit increase" means
11 an increase in the amount of any benefit provided under this
12 Article, or an expansion of the conditions of eligibility for
13 any benefit under this Article, that results from an amendment
14 to this Code that takes effect after June 1, 2005 (the
15 effective date of Public Act 94-4). "New benefit increase",
16 however, does not include any benefit increase resulting from
17 the changes made to Article 1 or this Article by Public Act
18 96-37, Public Act 100-23, Public Act 100-587, Public Act
19 100-611, or this amendatory Act of the 101st General Assembly
20 ~~or this amendatory Act of the 100th General Assembly.~~

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

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

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

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

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

11 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;
12 100-611, eff. 7-20-18; revised 7-25-18.)

13 (40 ILCS 5/14-155.5 new)

14 Sec. 14-155.5. Tier 3 plan.

15 (a) By July 1, 2020, the System shall prepare and implement
16 a Tier 3 plan. The Tier 3 plan developed under this Section
17 shall be a plan that aggregates State and employee
18 contributions in individual participant accounts that, after
19 meeting any other requirements, are used for payouts after
20 retirement in accordance with this Section and any other
21 applicable laws.

22 As used in this Section, "defined benefit plan" means the
23 retirement plan available under this Article to Tier 1 or Tier
24 2 members who have not made the election authorized under this
25 Section.

1 (1) A participant in the Tier 3 plan shall pay employee
2 contributions at a rate determined by the participant, but
3 not less than 3% of compensation and not more than a
4 percentage of compensation determined by the board in
5 accordance with the requirements of State and federal law.

6 (2) State contributions shall be paid into the accounts
7 of all participants in the Tier 3 plan at a uniform rate,
8 expressed as a percentage of compensation and determined
9 for each year. This rate shall be no higher than 7.6% of
10 compensation and shall be no lower than 3% of compensation.
11 The State shall adjust this rate annually.

12 (3) The Tier 3 plan shall require 5 years of
13 participation in the Tier 3 plan before vesting in State
14 contributions. If the participant fails to vest in them,
15 the State contributions, and the earnings thereon, shall be
16 forfeited.

17 (4) The Tier 3 plan may provide for participants in the
18 plan to be eligible for the defined disability benefits
19 available to other participants under this Article. If it
20 does, the System shall reduce the employee contributions
21 credited to the member's Tier 3 plan account by an amount
22 determined by the System to cover the cost of offering such
23 benefits.

24 (5) The Tier 3 plan shall provide a variety of options
25 for investments. These options shall include investments
26 handled by the Illinois State Board of Investment as well

1 as private sector investment options.

2 (6) The Tier 3 plan shall provide a variety of options
3 for payouts to participants in the Tier 3 plan who are no
4 longer active in the System and their survivors.

5 (7) To the extent authorized under federal law and as
6 authorized by the System, the plan shall allow former
7 participants in the plan to transfer or roll over employee
8 and vested State contributions, and the earnings thereon,
9 from the Tier 3 plan into other qualified retirement plans.

10 (8) The System shall reduce the employee contributions
11 credited to the member's Tier 3 plan account by an amount
12 determined by the System to cover the cost of offering
13 these benefits and any applicable administrative fees.

14 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
15 member of this System may elect, in writing, to cease accruing
16 benefits in the defined benefit plan and begin accruing
17 benefits for future service in the Tier 3 plan. The election to
18 participate in the Tier 3 plan is voluntary and irrevocable.

19 (1) Service credit under the Tier 3 plan may be used
20 for determining retirement eligibility under the defined
21 benefit plan.

22 (2) The System shall make a good faith effort to
23 contact all active Tier 1 and Tier 2 members who are
24 eligible to participate in the Tier 3 plan. The System
25 shall mail information describing the option to join the
26 Tier 3 plan to each of these employees to his or her last

1 known address on file with the System. If the employee is
2 not responsive to other means of contact, it is sufficient
3 for the System to publish the details of the option on its
4 website.

5 (3) Upon request for further information describing
6 the option, the System shall provide employees with
7 information from the System before exercising the option to
8 join the plan, including information on the impact to their
9 benefits and service. The individual consultation shall
10 include projections of the member's defined benefits at
11 retirement or earlier termination of service and the value
12 of the member's account at retirement or earlier
13 termination of service. The System shall not provide advice
14 or counseling with respect to whether the employee should
15 exercise the option. The System shall inform Tier 1 and
16 Tier 2 members who are eligible to participate in the Tier
17 3 plan that they may also wish to obtain information and
18 counsel relating to their option from any other available
19 source, including but not limited to labor organizations,
20 private counsel, and financial advisors.

21 (b-5) A Tier 1 or Tier 2 member who elects to participate
22 in the Tier 3 plan may irrevocably elect to terminate all
23 participation in the defined benefit plan. Upon that election,
24 the System shall transfer to the member's individual account an
25 amount equal to the amount of contribution refund that the
26 member would be eligible to receive if the member terminated

1 employment on that date and elected a refund of contributions,
2 including regular interest for the respective years. The System
3 shall make the transfer as a tax-free transfer in accordance
4 with Internal Revenue Service guidelines, for purposes of
5 funding the amount credited to the member's individual account.

6 (c) In no event shall the System, its staff, its authorized
7 representatives, or the Board be liable for any information
8 given to an employee under this Section. The System may
9 coordinate with the Illinois Department of Central Management
10 Services and other retirement systems administering a Tier 3
11 plan in accordance with this amendatory Act of the 101st
12 General Assembly to provide information concerning the impact
13 of the Tier 3 plan set forth in this Section.

14 (d) Notwithstanding any other provision of this Section, no
15 person shall begin participating in the Tier 3 plan until it
16 has attained qualified plan status and received all necessary
17 approvals from the U.S. Internal Revenue Service.

18 (e) The System shall report on its progress under this
19 Section, including the available details of the Tier 3 plan and
20 the System's plans for informing eligible Tier 1 and Tier 2
21 members about the plan, to the Governor and the General
22 Assembly on or before January 15, 2020.

23 (f) The Illinois State Board of Investment shall be the
24 plan sponsor for the Tier 3 plan established under this
25 Section.

26 (g) The intent of this amendatory Act of the 101st General

1 Assembly is to ensure that the State's normal cost of
2 participation in the Tier 3 plan is similar, and if possible
3 equal, to the State's normal cost of participation in the
4 defined benefit plan, unless a lower State's normal cost is
5 necessary to ensure cost neutrality.

6 (40 ILCS 5/15-108.1)

7 Sec. 15-108.1. Tier 1 member. "Tier 1 member": A
8 participant or an annuitant of a retirement annuity under this
9 Article, other than a participant in the self-managed plan
10 under Section 15-158.2, who first became a participant or
11 member before January 1, 2011 under any reciprocal retirement
12 system or pension fund established under this Code, other than
13 a retirement system or pension fund established under Articles
14 2, 3, 4, 5, 6, or 18 of this Code. "Tier 1 member" includes a
15 person who first became a participant under this System before
16 January 1, 2011 and who accepts a refund and is subsequently
17 reemployed by an employer on or after January 1, 2011.

18 In the case of a Tier 1 member who elects to participate in
19 the Tier 3 plan under Section 15-200.5 of this Code, that Tier
20 1 member shall be deemed a Tier 1 member only with respect to
21 service performed or established before the effective date of
22 that election.

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

24 (40 ILCS 5/15-108.2)

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

13 In the case of a Tier 2 member who elects to participate in
14 the Tier 3 plan under Section 15-200.5 of this Code, that Tier
15 2 member shall be deemed a Tier 2 member only with respect to
16 service performed or established before the effective date of
17 that election.

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

19 (40 ILCS 5/15-108.3 new)

20 Sec. 15-108.3. Tier 3 member. "Tier 3 member": A Tier 1 or
21 Tier 2 member who elects to participate in the Tier 3 plan
22 under Section 15-200.5 of this Code, but only with respect to
23 service performed on or after the effective date of that
24 election.

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

4 (a) This subsection (a) applies only to a Tier 1 member.

5 For an employee who is paid on an hourly basis or who
6 receives an annual salary in installments during 12 months of
7 each academic year, the average annual earnings during the 48
8 consecutive calendar month period ending with the last day of
9 final termination of employment or the 4 consecutive academic
10 years of service in which the employee's earnings were the
11 highest, whichever is greater. For any other employee, the
12 average annual earnings during the 4 consecutive academic years
13 of service in which his or her earnings were the highest. For
14 an employee with less than 48 months or 4 consecutive academic
15 years of service, the average earnings during his or her entire
16 period of service. The earnings of an employee with more than
17 36 months of service under item (a) of Section 15-113.1 prior
18 to the date of becoming a participant are, for such period,
19 considered equal to the average earnings during the last 36
20 months of such service.

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

22 For an employee who is paid on an hourly basis or who
23 receives an annual salary in installments during 12 months of
24 each academic year, the average annual earnings obtained by
25 dividing by 8 the total earnings of the employee during the 96
26 consecutive months in which the total earnings were the highest

1 within the last 120 months prior to termination.

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

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

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

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

26 (f) If a Tier 1 member is an employee for at least 6 months

1 during the academic year in which his or her employment is
2 terminated, the annual final rate of earnings shall be 25% of
3 the sum of (1) the annual basic compensation for that year, and
4 (2) the amount earned during the 36 months immediately
5 preceding that year, if this is greater than the final rate of
6 earnings as calculated under the other provisions of this
7 Section.

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

18 (h) The following are not considered as earnings in
19 determining final rate of earnings: (1) severance or separation
20 pay, (2) retirement pay, (3) payment for unused sick leave, and
21 (4) payments from an employer for the period used in
22 determining final rate of earnings for any purpose other than
23 (i) services rendered, (ii) leave of absence or vacation
24 granted during that period, and (iii) vacation of up to 56 work
25 days allowed upon termination of employment; except that, if
26 the benefit has been collectively bargained between the

1 employer and the recognized collective bargaining agent
2 pursuant to the Illinois Educational Labor Relations Act,
3 payment received during a period of up to 2 academic years for
4 unused sick leave may be considered as earnings in accordance
5 with the applicable collective bargaining agreement, subject
6 to the 20% increase limitation of this Section, and if the
7 person first becomes a participant on or after the effective
8 date of this amendatory Act of the 101st General Assembly,
9 payments for unused sick or vacation time shall not be
10 considered as earnings. Any unused sick leave considered as
11 earnings under this Section shall not be taken into account in
12 calculating service credit under Section 15-113.4.

13 (i) Intermittent periods of service shall be considered as
14 consecutive in determining final rate of earnings.

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

16 (40 ILCS 5/15-113.4) (from Ch. 108 1/2, par. 15-113.4)

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

19 Sec. 15-113.4. Service for unused sick leave. "Service for
20 unused sick leave": A person who first becomes a participant
21 before the effective date of this amendatory Act of the 101st
22 General Assembly and who is an employee under this System or
23 one of the other systems subject to Article 20 of this Code
24 within 60 days immediately preceding the date on which his or
25 her retirement annuity begins, is entitled to credit for

1 service for that portion of unused sick leave earned in the
2 course of employment with an employer and credited on the date
3 of termination of employment by an employer for which payment
4 is not received, in accordance with the following schedule: 30
5 through 90 full calendar days and 20 through 59 full work days
6 of unused sick leave, 1/4 of a year of service; 91 through 180
7 full calendar days and 60 through 119 full work days, 1/2 of a
8 year of service; 181 through 270 full calendar days and 120
9 through 179 full work days, 3/4 of a year of service; 271
10 through 360 full calendar days and 180 through 240 full work
11 days, one year of service. Only uncompensated, unused sick
12 leave earned in accordance with an employer's sick leave
13 accrual policy generally applicable to employees or a class of
14 employees shall be taken into account in calculating service
15 credit under this Section. Any uncompensated, unused sick leave
16 granted by an employer to facilitate the hiring, retirement,
17 termination, or other special circumstances of an employee
18 shall not be taken into account in calculating service credit
19 under this Section. If a participant transfers from one
20 employer to another, the unused sick leave credited by the
21 previous employer shall be considered in determining service to
22 be credited under this Section, even if the participant
23 terminated service prior to the effective date of P.A. 86-272
24 (August 23, 1989); if necessary, the retirement annuity shall
25 be recalculated to reflect such sick leave credit. Each
26 employer shall certify to the board the number of days of

1 unused sick leave accrued to the participant's credit on the
2 date that the participant's status as an employee terminated.
3 This period of unused sick leave shall not be considered in
4 determining the date the retirement annuity begins. A person
5 who first becomes a participant on or after the effective date
6 of this amendatory Act of the 101st General Assembly shall not
7 receive service credit for unused sick leave.

8 (Source: P.A. 90-65, eff. 7-7-97; 90-511, eff. 8-22-97.)

9 (40 ILCS 5/15-134) (from Ch. 108 1/2, par. 15-134)

10 Sec. 15-134. Participant.

11 (a) Except as provided in subsection (a-5), each ~~Each~~
12 person shall, as a condition of employment, become a
13 participant and be subject to this Article on the date that he
14 or she becomes an employee, makes an election to participate
15 in, or otherwise becomes a participant in one of the retirement
16 programs offered under this Article, whichever date is later.

17 An employee who becomes a participant shall continue to be
18 a participant until he or she becomes an annuitant, dies or
19 accepts a refund of contributions.

20 (a-5) Notwithstanding any other provision of this Article,
21 beginning on the effective date of this amendatory Act of the
22 101st General Assembly, a person is not required, as a
23 condition of employment or otherwise, to participate in this
24 System. An active employee may terminate his or her
25 participation in this System (including active participation

1 in the Tier 3 plan, if applicable) by notifying the System in
2 writing. An active employee terminating participation in this
3 System under this subsection shall be entitled to a refund of
4 his or her contributions (other than contributions to the
5 self-managed plan under Section 15-158.2 or the Tier 3 plan
6 under Section 15-200.5) minus the benefits received prior to
7 the termination of participation.

8 (b) A person employed concurrently by 2 or more employers
9 is eligible to participate in the system on compensation
10 received from all employers.

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

12 (40 ILCS 5/15-198)

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

15 (a) As used in this Section, "new benefit increase" means
16 an increase in the amount of any benefit provided under this
17 Article, or an expansion of the conditions of eligibility for
18 any benefit under this Article, that results from an amendment
19 to this Code that takes effect after the effective date of this
20 amendatory Act of the 94th General Assembly. "New benefit
21 increase", however, does not include any benefit increase
22 resulting from the changes made to Article 1 or this Article by
23 Public Act 100-23, Public Act 100-587, Public Act 100-769, or
24 this amendatory Act of the 101st General Assembly ~~or this~~
25 ~~amendatory Act of the 100th General Assembly.~~

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

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

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

26 (d) Every new benefit increase shall expire 5 years after

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

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

16 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;
17 100-769, eff. 8-10-18; revised 9-26-18.)

18 (40 ILCS 5/15-200.5 new)

19 Sec. 15-200.5. Tier 3 plan.

20 (a) By July 1, 2020, the System shall prepare and implement
21 a Tier 3 plan. The Tier 3 plan developed under this Section
22 shall be a plan that aggregates State and employee
23 contributions in individual participant accounts that, after
24 meeting any other requirements, are used for payouts after
25 retirement in accordance with this Section and any other

1 applicable laws.

2 As used in this Section, "defined benefit plan" means the
3 traditional benefit package or the portable benefit package
4 available under this Article to Tier 1 or Tier 2 members who
5 have not made the election authorized under this Section and do
6 not participate in the self-managed plan under Section
7 15-158.2.

8 (1) A participant in the Tier 3 plan shall pay employee
9 contributions at a rate determined by the participant, but
10 not less than 3% of earnings and not more than a percentage
11 of earnings determined by the Board in accordance with the
12 requirements of State and federal law.

13 (2) State contributions shall be paid into the accounts
14 of all participants in the Tier 3 plan at a uniform rate,
15 expressed as a percentage of earnings and determined for
16 each year. This rate shall be no higher than 7.6% of
17 earnings and shall be no lower than 3% of earnings. The
18 State shall adjust this rate annually.

19 (3) The Tier 3 plan shall require 5 years of
20 participation in the Tier 3 plan before vesting in State
21 contributions. If the participant fails to vest in them,
22 the State contributions, and the earnings thereon, shall be
23 forfeited.

24 (4) The Tier 3 plan may provide for participants in the
25 plan to be eligible for the defined disability benefits
26 available to other participants under this Article. If it

1 does, the System shall reduce the employee contributions
2 credited to the member's Tier 3 plan account by an amount
3 determined by the System to cover the cost of offering such
4 benefits.

5 (5) The Tier 3 plan shall provide a variety of options
6 for investments. These options shall include investments
7 handled by the System as well as private sector investment
8 options.

9 (6) The Tier 3 plan shall provide a variety of options
10 for payouts to participants in the Tier 3 plan who are no
11 longer active in the System and their survivors.

12 (7) To the extent authorized under federal law and as
13 authorized by the System, the plan shall allow former
14 participants in the plan to transfer or roll over employee
15 and vested State contributions, and the earnings thereon,
16 from the Tier 3 plan into other qualified retirement plans.

17 (8) The System shall reduce the employee contributions
18 credited to the member's Tier 3 plan account by an amount
19 determined by the System to cover the cost of offering
20 these benefits and any applicable administrative fees.

21 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
22 member of this System may elect, in writing, to cease accruing
23 benefits in the defined benefit plan and begin accruing
24 benefits for future service in the Tier 3 plan. An active Tier
25 1 or Tier 2 member who elects to cease accruing benefits in his
26 or her defined benefit plan shall be prohibited from purchasing

1 service credit on or after the date of his or her election. A
2 Tier 1 or Tier 2 member who elects to participate in the Tier 3
3 plan shall not receive interest accruals to his or her Rule 2
4 benefit on or after the date of his or her election. The
5 election to participate in the Tier 3 plan is voluntary and
6 irrevocable.

7 (1) Service credit under the Tier 3 plan may be used
8 for determining retirement eligibility under the defined
9 benefit plan.

10 (2) The System shall make a good faith effort to
11 contact all active Tier 1 and Tier 2 members who are
12 eligible to participate in the Tier 3 plan. The System
13 shall mail information describing the option to join the
14 Tier 3 plan to each of these employees to his or her last
15 known address on file with the System. If the employee is
16 not responsive to other means of contact, it is sufficient
17 for the System to publish the details of the option on its
18 website.

19 (3) Upon request for further information describing
20 the option, the System shall provide employees with
21 information from the System before exercising the option to
22 join the plan, including information on the impact to their
23 benefits and service. The individual consultation shall
24 include projections of the member's defined benefits at
25 retirement or earlier termination of service and the value
26 of the member's account at retirement or earlier

1 termination of service. The System shall not provide advice
2 or counseling with respect to whether the employee should
3 exercise the option. The System shall inform Tier 1 and
4 Tier 2 members who are eligible to participate in the Tier
5 3 plan that they may also wish to obtain information and
6 counsel relating to their option from any other available
7 source, including but not limited to labor organizations,
8 private counsel, and financial advisors.

9 (b-5) A Tier 1 or Tier 2 member who elects to participate
10 in the Tier 3 plan may irrevocably elect to terminate all
11 participation in the defined benefit plan. Upon that election,
12 the System shall transfer to the member's individual account an
13 amount equal to the amount of contribution refund that the
14 member would be eligible to receive if the member terminated
15 employment on that date and elected a refund of contributions,
16 including interest at the effective rate for the respective
17 years. The System shall make the transfer as a tax-free
18 transfer in accordance with Internal Revenue Service
19 guidelines, for purposes of funding the amount credited to the
20 member's individual account.

21 (c) In no event shall the System, its staff, its authorized
22 representatives, or the Board be liable for any information
23 given to an employee under this Section. The System may
24 coordinate with the Illinois Department of Central Management
25 Services and other retirement systems administering a Tier 3
26 plan in accordance with this amendatory Act of the 101st

1 General Assembly to provide information concerning the impact
2 of the Tier 3 plan set forth in this Section.

3 (d) Notwithstanding any other provision of this Section, no
4 person shall begin participating in the Tier 3 plan until it
5 has attained qualified plan status and received all necessary
6 approvals from the U.S. Internal Revenue Service.

7 (e) The System shall report on its progress under this
8 Section, including the available details of the Tier 3 plan and
9 the System's plans for informing eligible Tier 1 and Tier 2
10 members about the plan, to the Governor and the General
11 Assembly on or before January 15, 2020.

12 (f) The intent of this amendatory Act of the 101st General
13 Assembly is to ensure that the State's normal cost of
14 participation in the Tier 3 plan is similar, and if possible
15 equal, to the State's normal cost of participation in the
16 defined benefit plan, unless a lower State's normal cost is
17 necessary to ensure cost neutrality.

18 (40 ILCS 5/16-106.41)

19 Sec. 16-106.41. Tier 1 member; Tier 2 member; Tier 3
20 member. "Tier 1 member": A member under this Article who first
21 became a member or participant before January 1, 2011 under any
22 reciprocal retirement system or pension fund established under
23 this Code other than a retirement system or pension fund
24 established under Article 2, 3, 4, 5, 6, or 18 of this Code.

25 In the case of a Tier 1 member who elects to participate in

1 the Tier 3 plan under Section 16-205.5 of this Code, that Tier
2 1 member shall be deemed a Tier 1 member only with respect to
3 service performed or established before the effective date of
4 that election.

5 "Tier 2 member": A member of the System who first becomes a
6 member under this Article on or after January 1, 2011 and who
7 is not a Tier 1 member.

8 In the case of a Tier 2 member who elects to participate in
9 the Tier 3 plan under Section 16-205.5 of this Code, the Tier 2
10 member shall be deemed a Tier 2 member only with respect to
11 service performed or established before the effective date of
12 that election.

13 "Tier 3 member": A Tier 1 or Tier 2 member who elects to
14 participate in the Tier 3 plan under Section 16-205.5 of this
15 Code, but only with respect to service performed on or after
16 the effective date of that election.

17 (Source: P.A. 100-587, eff. 6-4-18.)

18 (40 ILCS 5/16-123) (from Ch. 108 1/2, par. 16-123)

19 Sec. 16-123. Membership of System.

20 (a) Except as provided in subsection (c), the ~~The~~
21 membership of this System shall be composed of all teachers
22 employed after June 30, 1939 who become members as a condition
23 of employment on the date they become teachers. Membership
24 shall continue until the date a member becomes an annuitant,
25 dies, accepts a single-sum retirement benefit, accepts a

1 refund, or forfeits the rights to a refund.

2 (b) This Article does not apply to any person first
3 employed after June 30, 1979 as a public service employment
4 program participant under the Federal Comprehensive Employment
5 and Training Act and whose wages or fringe benefits are paid in
6 whole or in part by funds provided under such Act.

7 (c) Notwithstanding any other provision of this Article,
8 beginning on the effective date of this amendatory Act of the
9 101st General Assembly, a person is not required, as a
10 condition of employment or otherwise, to participate in this
11 System. An active teacher may terminate his or her membership
12 in this System (including active participation in the Tier 3
13 plan, if applicable) by notifying the System in writing. An
14 active teacher terminating his or her membership in this System
15 under this subsection shall be entitled to a refund of his or
16 her contributions (other than contributions to the Tier 3 plan
17 under Section 16-205.5) minus the benefits received prior to
18 the termination of membership.

19 (Source: P.A. 87-11.)

20 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)

21 Sec. 16-127. Computation of creditable service.

22 (a) Each member shall receive regular credit for all
23 service as a teacher from the date membership begins, for which
24 satisfactory evidence is supplied and all contributions have
25 been paid.

1 (b) The following periods of service shall earn optional
2 credit and each member shall receive credit for all such
3 service for which satisfactory evidence is supplied and all
4 contributions have been paid as of the date specified:

5 (1) Prior service as a teacher.

6 (2) Service in a capacity essentially similar or
7 equivalent to that of a teacher, in the public common
8 schools in school districts in this State not included
9 within the provisions of this System, or of any other
10 State, territory, dependency or possession of the United
11 States, or in schools operated by or under the auspices of
12 the United States, or under the auspices of any agency or
13 department of any other State, and service during any
14 period of professional speech correction or special
15 education experience for a public agency within this State
16 or any other State, territory, dependency or possession of
17 the United States, and service prior to February 1, 1951 as
18 a recreation worker for the Illinois Department of Public
19 Safety, for a period not exceeding the lesser of 2/5 of the
20 total creditable service of the member or 10 years. The
21 maximum service of 10 years which is allowable under this
22 paragraph shall be reduced by the service credit which is
23 validated by other retirement systems under paragraph (i)
24 of Section 15-113 and paragraph 1 of Section 17-133. Credit
25 granted under this paragraph may not be used in
26 determination of a retirement annuity or disability

1 benefits unless the member has at least 5 years of
2 creditable service earned subsequent to this employment
3 with one or more of the following systems: Teachers'
4 Retirement System of the State of Illinois, State
5 Universities Retirement System, and the Public School
6 Teachers' Pension and Retirement Fund of Chicago. Whenever
7 such service credit exceeds the maximum allowed for all
8 purposes of this Article, the first service rendered in
9 point of time shall be considered. The changes to this
10 subdivision (b) (2) made by Public Act 86-272 shall apply
11 not only to persons who on or after its effective date
12 (August 23, 1989) are in service as a teacher under the
13 System, but also to persons whose status as such a teacher
14 terminated prior to such effective date, whether or not
15 such person is an annuitant on that date.

16 (3) Any periods immediately following teaching
17 service, under this System or under Article 17, (or
18 immediately following service prior to February 1, 1951 as
19 a recreation worker for the Illinois Department of Public
20 Safety) spent in active service with the military forces of
21 the United States; periods spent in educational programs
22 that prepare for return to teaching sponsored by the
23 federal government following such active military service;
24 if a teacher returns to teaching service within one
25 calendar year after discharge or after the completion of
26 the educational program, a further period, not exceeding

1 one calendar year, between time spent in military service
2 or in such educational programs and the return to
3 employment as a teacher under this System; and a period of
4 up to 2 years of active military service not immediately
5 following employment as a teacher.

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

1 increases accruing after the effective date of the
2 recalculation.

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

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

1 teacher terminated prior to such effective date, whether or
2 not such person is an annuitant on that date.

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

5 (5) (i) Any periods for which a teacher, as defined in
6 Section 16-106, is granted a leave of absence, provided he
7 or she returns to teaching service creditable under this
8 System or the State Universities Retirement System
9 following the leave; (ii) periods during which a teacher is
10 involuntarily laid off from teaching, provided he or she
11 returns to teaching following the lay-off; (iii) periods
12 prior to July 1, 1983 during which a teacher ceased covered
13 employment due to pregnancy, provided that the teacher
14 returned to teaching service creditable under this System
15 or the State Universities Retirement System following the
16 pregnancy and submits evidence satisfactory to the Board
17 documenting that the employment ceased due to pregnancy;
18 and (iv) periods prior to July 1, 1983 during which a
19 teacher ceased covered employment for the purpose of
20 adopting an infant under 3 years of age or caring for a
21 newly adopted infant under 3 years of age, provided that
22 the teacher returned to teaching service creditable under
23 this System or the State Universities Retirement System
24 following the adoption and submits evidence satisfactory
25 to the Board documenting that the employment ceased for the
26 purpose of adopting an infant under 3 years of age or

1 caring for a newly adopted infant under 3 years of age.
2 However, total credit under this paragraph (5) may not
3 exceed 3 years.

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

21 Optional credit may be purchased under this subsection
22 (b) (5) for periods during which a teacher has been granted
23 a leave of absence pursuant to Section 24-13 of the School
24 Code. A teacher whose service under this Article terminated
25 prior to the effective date of P.A. 86-1488 shall be
26 eligible to purchase such optional credit. If a teacher who

1 purchases this optional credit is already receiving a
2 retirement annuity under this Article, the annuity shall be
3 recalculated as if the annuitant had applied for the leave
4 of absence credit at the time of retirement. The difference
5 between the entitled annuity and the actual annuity shall
6 be credited to the purchase of the optional credit. The
7 remainder of the purchase cost of the optional credit shall
8 be paid on or before April 1, 1992.

9 The change in this paragraph made by Public Act 86-273
10 shall be applicable to teachers who retire after June 1,
11 1989, as well as to teachers who are in service on that
12 date.

13 (6) For a person who first becomes a member before the
14 effective date of this amendatory Act of the 101st General
15 Assembly, any ~~Any~~ days of unused and uncompensated
16 accumulated sick leave earned by a teacher. The service
17 credit granted under this paragraph shall be the ratio of
18 the number of unused and uncompensated accumulated sick
19 leave days to 170 days, subject to a maximum of 2 years of
20 service credit. Prior to the member's retirement, each
21 former employer shall certify to the System the number of
22 unused and uncompensated accumulated sick leave days
23 credited to the member at the time of termination of
24 service. The period of unused sick leave shall not be
25 considered in determining the effective date of
26 retirement. A member is not required to make contributions

1 in order to obtain service credit for unused sick leave.

2 Credit for sick leave shall, at retirement, be granted
3 by the System for any retiring regional or assistant
4 regional superintendent of schools who first becomes a
5 member before the effective date of this amendatory Act of
6 the 101st General Assembly at the rate of 6 days per year
7 of creditable service or portion thereof established while
8 serving as such superintendent or assistant
9 superintendent.

10 (7) Periods prior to February 1, 1987 served as an
11 employee of the Illinois Mathematics and Science Academy
12 for which credit has not been terminated under Section
13 15-113.9 of this Code.

14 (8) Service as a substitute teacher for work performed
15 prior to July 1, 1990.

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

18 (10) Up to 2 years of employment with Southern Illinois
19 University - Carbondale from September 1, 1959 to August
20 31, 1961, or with Governors State University from September
21 1, 1972 to August 31, 1974, for which the teacher has no
22 credit under Article 15. To receive credit under this item
23 (10), a teacher must apply in writing to the Board and pay
24 the required contributions before May 1, 1993 and have at
25 least 12 years of service credit under this Article.

26 (b-1) A member may establish optional credit for up to 2

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

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

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

25 Credit may not be granted under this Section covering any
26 period for which an age retirement or disability retirement

1 allowance has been paid.

2 Credit may not be granted under this Section for service as
3 an employee of an entity that provides substitute teaching
4 services under Section 2-3.173 of the School Code and is not a
5 school district.

6 (Source: P.A. 100-813, eff. 8-13-18.)

7 (40 ILCS 5/16-152.1) (from Ch. 108 1/2, par. 16-152.1)

8 Sec. 16-152.1. Pickup of contributions.

9 (a) Each employer may pick up the member contributions
10 required under Section 16-152 for all salary earned after
11 December 31, 1981. If an employer decides not to pick up the
12 member contributions, the amount that would have been picked up
13 shall continue to be deducted from salary. If contributions are
14 picked up, they shall be treated as employer contributions in
15 determining tax treatment under the United States Internal
16 Revenue Code. The employer shall pay these member contributions
17 from the same source of funds which is used in paying salary to
18 the member. The employer may pick up these contributions by a
19 reduction in the cash salary of the member or by an offset
20 against a future salary increase or by a combination of a
21 reduction in salary and offset against a future salary
22 increase. If member contributions are picked up, they shall be
23 treated for all purposes of this Article 16 in the same manner
24 as member contributions made prior to the date the pick up
25 began.

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

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

19 (d) Subject to the requirements of federal law and the
20 rules of the board, beginning July 1, 1998 a member who is
21 employed on a full-time basis may elect to have the employer
22 pick up optional contributions that the member has elected to
23 pay to the System, and the contributions so picked up shall be
24 treated as employer contributions for the purposes of
25 determining federal tax treatment. The election to have
26 optional contributions picked up is irrevocable. At the time of

1 making the election, the member shall execute a binding,
2 irrevocable payroll deduction authorization. Upon receiving
3 notice of the election, the employer shall pick up the
4 contributions by a reduction in the cash salary of the member
5 and shall pay the contributions from the same source of funds
6 that is used to pay earnings to the member.

7 (e) Beginning on the effective date of this amendatory Act
8 of the 101st General Assembly, no employer shall pay employee
9 contributions on behalf of an employee, except for the sole
10 purpose of allowing the employee to make pre-tax contributions
11 as provided in this Section. The provisions of this subsection
12 (e) do not apply to an employment contract or collective
13 bargaining agreement that is in effect on the effective date of
14 this amendatory Act of the 101st General Assembly. However, any
15 such contract or agreement that is subsequently modified,
16 amended, or renewed shall be subject to the provisions of this
17 subsection (e).

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

19 (40 ILCS 5/16-203)

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

22 (a) As used in this Section, "new benefit increase" means
23 an increase in the amount of any benefit provided under this
24 Article, or an expansion of the conditions of eligibility for
25 any benefit under this Article, that results from an amendment

1 to this Code that takes effect after June 1, 2005 (the
2 effective date of Public Act 94-4). "New benefit increase",
3 however, does not include any benefit increase resulting from
4 the changes made to Article 1 or this Article by Public Act
5 95-910, Public Act 100-23, Public Act 100-587, Public Act
6 100-743, Public Act 100-769, or this amendatory Act of the
7 101st General Assembly ~~or by this amendatory Act of the 100th~~
8 ~~General Assembly.~~

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

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

18 Every new benefit increase is contingent upon the General
19 Assembly providing the additional funding required under this
20 subsection. The Commission on Government Forecasting and
21 Accountability shall analyze whether adequate additional
22 funding has been provided for the new benefit increase and
23 shall report its analysis to the Public Pension Division of the
24 Department of Insurance. A new benefit increase created by a
25 Public Act that does not include the additional funding
26 required under this subsection is null and void. If the Public

1 Pension Division determines that the additional funding
2 provided for a new benefit increase under this subsection is or
3 has become inadequate, it may so certify to the Governor and
4 the State Comptroller and, in the absence of corrective action
5 by the General Assembly, the new benefit increase shall expire
6 at the end of the fiscal year in which the certification is
7 made.

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

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

24 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;
25 100-743, eff. 8-10-18; 100-769, eff. 8-10-18; revised
26 10-15-18.)

1 (40 ILCS 5/16-205.5 new)

2 Sec. 16-205.5. Tier 3 plan.

3 (a) By July 1, 2020, the System shall prepare and implement
4 a Tier 3 plan. The Tier 3 plan developed under this Section
5 shall be a plan that aggregates State and employee
6 contributions in individual participant accounts that, after
7 meeting any other requirements, are used for payouts after
8 retirement in accordance with this Section and any other
9 applicable laws.

10 As used in this Section, "defined benefit plan" means the
11 retirement plan available under this Article to Tier 1 or Tier
12 2 members who have not made the election authorized under this
13 Section.

14 (1) A participant in the Tier 3 plan shall pay employee
15 contributions at a rate determined by the participant, but
16 not less than 3% of salary and not more than a percentage
17 of salary determined by the Board in accordance with the
18 requirements of State and federal law.

19 (2) State contributions shall be paid into the accounts
20 of all participants in the Tier 3 plan at a uniform rate,
21 expressed as a percentage of salary and determined for each
22 year. This rate shall be no higher than 7.6% of salary and
23 shall be no lower than 3% of salary. The State shall adjust
24 this rate annually.

25 (3) The Tier 3 plan shall require 5 years of

1 participation in the Tier 3 plan before vesting in State
2 contributions. If the participant fails to vest in them,
3 the State contributions, and the earnings thereon, shall be
4 forfeited.

5 (4) The Tier 3 plan may provide for participants in the
6 plan to be eligible for the defined disability benefits
7 available to other participants under this Article. If it
8 does, the System shall reduce the employee contributions
9 credited to the member's Tier 3 plan account by an amount
10 determined by the System to cover the cost of offering such
11 benefits.

12 (5) The Tier 3 plan shall provide a variety of options
13 for investments. These options shall include investments
14 in a fund created by the System and managed in accordance
15 with legal and fiduciary standards, as well as investment
16 options otherwise available.

17 (6) The Tier 3 plan shall provide a variety of options
18 for payouts to participants in the Tier 3 plan who are no
19 longer active in the System and their survivors.

20 (7) To the extent authorized under federal law and as
21 authorized by the System, the plan shall allow former
22 participants in the plan to transfer or roll over employee
23 and vested State contributions, and the earnings thereon,
24 from the Tier 3 plan into other qualified retirement plans.

25 (8) The System shall reduce the employee contributions
26 credited to the member's Tier 3 plan account by an amount

1 determined by the System to cover the cost of offering
2 these benefits and any applicable administrative fees.

3 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
4 member of this System may elect, in writing, to cease accruing
5 benefits in the defined benefit plan and begin accruing
6 benefits for future service in the Tier 3 plan. An active Tier
7 1 or Tier 2 member who elects to cease accruing benefits in his
8 or her defined benefit plan shall be prohibited from purchasing
9 service credit on or after the date of his or her election. A
10 Tier 1 or Tier 2 member making the irrevocable election
11 provided under this subsection shall not receive interest
12 accruals to his or her benefit under paragraph (A) of
13 subsection (a) of Section 16-133 of this Code on or after the
14 date of his or her election. The election to participate in the
15 Tier 3 plan is voluntary and irrevocable.

16 (1) Service credit under the Tier 3 plan may be used
17 for determining retirement eligibility under the defined
18 benefit plan.

19 (2) The System shall make a good faith effort to
20 contact all active Tier 1 and Tier 2 members who are
21 eligible to participate in the Tier 3 plan. The System
22 shall mail information describing the option to join the
23 Tier 3 plan to each of these employees to his or her last
24 known address on file with the System. If the employee is
25 not responsive to other means of contact, it is sufficient
26 for the System to publish the details of the option on its

1 website.

2 (3) Upon request for further information describing
3 the option, the System shall provide employees with
4 information from the System before exercising the option to
5 join the plan, including information on the impact to their
6 benefits and service. The individual consultation shall
7 include projections of the member's defined benefits at
8 retirement or earlier termination of service and the value
9 of the member's account at retirement or earlier
10 termination of service. The System shall not provide advice
11 or counseling with respect to whether the employee should
12 exercise the option. The System shall inform Tier 1 and
13 Tier 2 members who are eligible to participate in the Tier
14 3 plan that they may also wish to obtain information and
15 counsel relating to their option from any other available
16 source, including but not limited to labor organizations,
17 private counsel, and financial advisors.

18 (b-5) A Tier 1 or Tier 2 member who elects to participate
19 in the Tier 3 plan may irrevocably elect to terminate all
20 participation in the defined benefit plan. Upon that election,
21 the System shall transfer to the member's individual account an
22 amount equal to the amount of contribution refund that the
23 member would be eligible to receive if the member terminated
24 employment on that date and elected a refund of contributions,
25 including regular interest for the respective years. The System
26 shall make the transfer as a tax-free transfer in accordance

1 with Internal Revenue Service guidelines, for purposes of
2 funding the amount credited to the member's individual account.

3 (c) In no event shall the System, its staff, its authorized
4 representatives, or the Board be liable for any information
5 given to an employee under this Section. The System may
6 coordinate with the Illinois Department of Central Management
7 Services and other retirement systems administering a Tier 3
8 plan in accordance with this amendatory Act of the 101st
9 General Assembly to provide information concerning the impact
10 of the Tier 3 plan set forth in this Section.

11 (d) Notwithstanding any other provision of this Section, no
12 person shall begin participating in the Tier 3 plan until it
13 has attained qualified plan status and received all necessary
14 approvals from the U.S. Internal Revenue Service.

15 (e) The System shall report on its progress under this
16 Section, including the available details of the Tier 3 plan and
17 the System's plans for informing eligible Tier 1 and Tier 2
18 members about the plan, to the Governor and the General
19 Assembly on or before January 15, 2020.

20 (f) The intent of this amendatory Act of the 101st General
21 Assembly is to ensure that the State's normal cost of
22 participation in the Tier 3 plan is similar, and if possible
23 equal, to the State's normal cost of participation in the
24 defined benefit plan, unless a lower State's normal cost is
25 necessary to ensure cost neutrality.

1 (40 ILCS 5/18-110.1 new)

2 Sec. 18-110.1. Tier 1 participant; Tier 2 participant; Tier
3 3 participant. "Tier 1 participant": A participant who first
4 became a participant of this System before January 1, 2011.

5 In the case of a Tier 1 participant who elects to
6 participate in the Tier 3 plan under Section 18-121.5 of this
7 Code, that Tier 1 participant shall be deemed a Tier 1
8 participant only with respect to service performed or
9 established before the effective date of that election.

10 "Tier 2 participant": A participant who first becomes a
11 participant of this System on or after January 1, 2011.

12 In the case of a Tier 2 participant who elects to
13 participate in the Tier 3 plan under Section 18-121.5 of this
14 Code, that Tier 2 participant shall be deemed a Tier 2
15 participant only with respect to service performed or
16 established before the effective date of that election.

17 "Tier 3 participant": A Tier 1 or Tier 2 participant who
18 elects to participate in the Tier 3 plan under Section 18-121.5
19 of this Code, but only with respect to service performed on or
20 after the effective date of that election.

21 (40 ILCS 5/18-120) (from Ch. 108 1/2, par. 18-120)

22 Sec. 18-120. Employee participation.

23 (a) Except as provided in subsection (b), an ~~An~~ eligible
24 judge who is not a participant shall become a participant
25 beginning on the date he or she becomes an eligible judge,

1 unless the judge files with the board a written notice of
2 election not to participate within 30 days of the date of being
3 notified of the option.

4 A person electing not to participate shall thereafter be
5 ineligible to become a participant unless the election is
6 revoked as provided in Section 18-121.

7 (b) Notwithstanding any other provision of this Article, an
8 active participant may terminate his or her participation in
9 this System (including active participation in the Tier 3 plan,
10 if applicable) by notifying the System in writing. An active
11 participant terminating participation in this System under
12 this subsection shall be entitled to a refund of his or her
13 contributions (other than contributions to the Tier 3 plan
14 under Section 18-121.5) minus the benefits received prior to
15 the termination of participation.

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

17 (40 ILCS 5/18-121.5 new)

18 Sec. 18-121.5. Tier 3 plan.

19 (a) By July 1, 2020, the System shall prepare and implement
20 a Tier 3 plan. The Tier 3 plan developed under this Section
21 shall be a plan that aggregates State and employee
22 contributions in individual participant accounts that, after
23 meeting any other requirements, are used for payouts after
24 retirement in accordance with this Section and any other
25 applicable laws.

1 As used in this Section, "defined benefit plan" means the
2 retirement plan available under this Article to Tier 1 or Tier
3 2 participants who have not made the election authorized under
4 this Section.

5 (1) A participant in the Tier 3 plan shall pay employee
6 contributions at a rate determined by the participant, but
7 not less than 3% of salary and not more than a percentage
8 of salary determined by the Board in accordance with the
9 requirements of State and federal law.

10 (2) State contributions shall be paid into the accounts
11 of all participants in the Tier 3 plan at a uniform rate,
12 expressed as a percentage of salary and determined for each
13 year. This rate shall be no higher than 7.6% of salary and
14 shall be no lower than 3% of salary. The State shall adjust
15 this rate annually.

16 (3) The Tier 3 plan shall require 5 years of
17 participation in the Tier 3 plan before vesting in State
18 contributions. If the participant fails to vest in them,
19 the State contributions, and the earnings thereon, shall be
20 forfeited.

21 (4) The Tier 3 plan may provide for participants in the
22 plan to be eligible for defined disability benefits. If it
23 does, the System shall reduce the employee contributions
24 credited to the participant's Tier 3 plan account by an
25 amount determined by the System to cover the cost of
26 offering such benefits.

1 (5) The Tier 3 plan shall provide a variety of options
2 for investments. These options shall include investments
3 handled by the Illinois State Board of Investment as well
4 as private sector investment options.

5 (6) The Tier 3 plan shall provide a variety of options
6 for payouts to participants in the Tier 3 plan who are no
7 longer active in the System and their survivors.

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

13 (8) The System shall reduce the employee contributions
14 credited to the participant's Tier 3 plan account by an
15 amount determined by the System to cover the cost of
16 offering these benefits and any applicable administrative
17 fees.

18 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
19 participant of this System may elect, in writing, to cease
20 accruing benefits in the defined benefit plan and begin
21 accruing benefits for future service in the Tier 3 plan. The
22 election to participate in the Tier 3 plan is voluntary and
23 irrevocable.

24 (1) Service credit under the Tier 3 plan may be used
25 for determining retirement eligibility under the defined
26 benefit plan.

1 (2) The System shall make a good faith effort to
2 contact all active Tier 1 and Tier 2 participants who are
3 eligible to participate in the Tier 3 plan. The System
4 shall mail information describing the option to join the
5 Tier 3 plan to each of these employees to his or her last
6 known address on file with the System. If the employee is
7 not responsive to other means of contact, it is sufficient
8 for the System to publish the details of the option on its
9 website.

10 (3) Upon request for further information describing
11 the option, the System shall provide employees with
12 information from the System before exercising the option to
13 join the plan, including information on the impact to their
14 benefits and service. The individual consultation shall
15 include projections of the participant's defined benefits
16 at retirement or earlier termination of service and the
17 value of the participant's account at retirement or earlier
18 termination of service. The System shall not provide advice
19 or counseling with respect to whether the employee should
20 exercise the option. The System shall inform Tier 1 and
21 Tier 2 participants who are eligible to participate in the
22 Tier 3 plan that they may also wish to obtain information
23 and counsel relating to their option from any other
24 available source, including but not limited to private
25 counsel and financial advisors.

26 (b-5) A Tier 1 or Tier 2 participant who elects to

1 participate in the Tier 3 plan may irrevocably elect to
2 terminate all participation in the defined benefit plan. Upon
3 that election, the System shall transfer to the participant's
4 individual account an amount equal to the amount of
5 contribution refund that the participant would be eligible to
6 receive if the participant terminated employment on that date
7 and elected a refund of contributions, including interest at
8 the prescribed rate of interest for the respective years. The
9 System shall make the transfer as a tax-free transfer in
10 accordance with Internal Revenue Service guidelines, for
11 purposes of funding the amount credited to the participant's
12 individual account.

13 (c) In no event shall the System, its staff, its authorized
14 representatives, or the Board be liable for any information
15 given to an employee under this Section. The System may
16 coordinate with the Illinois Department of Central Management
17 Services and other retirement systems administering a Tier 3
18 plan in accordance with this amendatory Act of the 101st
19 General Assembly to provide information concerning the impact
20 of the Tier 3 plan set forth in this Section.

21 (d) Notwithstanding any other provision of this Section, no
22 person shall begin participating in the Tier 3 plan until it
23 has attained qualified plan status and received all necessary
24 approvals from the U.S. Internal Revenue Service.

25 (e) The System shall report on its progress under this
26 Section, including the available details of the Tier 3 plan and

1 the System's plans for informing eligible Tier 1 and Tier 2
2 participants about the plan, to the Governor and the General
3 Assembly on or before January 15, 2020.

4 (f) The Illinois State Board of Investment shall be the
5 plan sponsor for the Tier 3 plan established under this
6 Section.

7 (g) The intent of this amendatory Act of the 101st General
8 Assembly is to ensure that the State's normal cost of
9 participation in the Tier 3 plan is similar, and if possible
10 equal, to the State's normal cost of participation in the
11 defined benefit plan, unless a lower State's normal cost is
12 necessary to ensure cost neutrality.

13 (40 ILCS 5/18-124) (from Ch. 108 1/2, par. 18-124)

14 Sec. 18-124. Retirement annuities - conditions for
15 eligibility.

16 (a) This subsection (a) applies to a Tier 1 participant ~~who~~
17 ~~first serves as a judge before the effective date of this~~
18 ~~amendatory Act of the 96th General Assembly.~~

19 A participant whose employment as a judge is terminated,
20 regardless of age or cause is entitled to a retirement annuity
21 beginning on the date specified in a written application
22 subject to the following:

23 (1) the date the annuity begins is subsequent to the
24 date of final termination of employment, or the date 30
25 days prior to the receipt of the application by the board

1 for annuities based on disability, or one year before the
2 receipt of the application by the board for annuities based
3 on attained age;

4 (2) the participant is at least age 55, or has become
5 permanently disabled and as a consequence is unable to
6 perform the duties of his or her office;

7 (3) the participant has at least 10 years of service
8 credit except that a participant terminating service after
9 June 30 1975, with at least 6 years of service credit,
10 shall be entitled to a retirement annuity at age 62 or
11 over;

12 (4) the participant is not receiving or entitled to
13 receive, at the date of retirement, any salary from an
14 employer for service currently performed.

15 (b) This subsection (b) applies to a Tier 2 participant ~~who~~
16 ~~first serves as a judge on or after the effective date of this~~
17 ~~amendatory Act of the 96th General Assembly.~~

18 A participant who has at least 8 years of creditable
19 service is entitled to a retirement annuity when he or she has
20 attained age 67.

21 A member who has attained age 62 and has at least 8 years
22 of service credit may elect to receive the lower retirement
23 annuity provided in subsection (d) of Section 18-125 of this
24 Code.

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

1 (40 ILCS 5/18-125) (from Ch. 108 1/2, par. 18-125)

2 Sec. 18-125. Retirement annuity amount.

3 (a) The annual retirement annuity for a participant who
4 terminated service as a judge prior to July 1, 1971 shall be
5 based on the law in effect at the time of termination of
6 service.

7 (b) Except as provided in subsection (b-5), effective July
8 1, 1971, the retirement annuity for any participant in service
9 on or after such date shall be 3 1/2% of final average salary,
10 as defined in this Section, for each of the first 10 years of
11 service, and 5% of such final average salary for each year of
12 service in excess of 10.

13 For purposes of this Section, final average salary for a
14 Tier 1 participant who first serves as a judge before August
15 10, 2009 (the effective date of Public Act 96-207) shall be:

16 (1) the average salary for the last 4 years of credited
17 service as a judge for a participant who terminates service
18 before July 1, 1975.

19 (2) for a participant who terminates service after June
20 30, 1975 and before July 1, 1982, the salary on the last
21 day of employment as a judge.

22 (3) for any participant who terminates service after
23 June 30, 1982 and before January 1, 1990, the average
24 salary for the final year of service as a judge.

25 (4) for a participant who terminates service on or
26 after January 1, 1990 but before July 14, 1995 (the

1 effective date of Public Act 89-136), the salary on the
2 last day of employment as a judge.

3 (5) for a participant who terminates service on or
4 after July 14, 1995 (the effective date of Public Act
5 89-136), the salary on the last day of employment as a
6 judge, or the highest salary received by the participant
7 for employment as a judge in a position held by the
8 participant for at least 4 consecutive years, whichever is
9 greater.

10 However, in the case of a participant who elects to
11 discontinue contributions as provided in subdivision (a) (2) of
12 Section 18-133, the time of such election shall be considered
13 the last day of employment in the determination of final
14 average salary under this subsection.

15 For a Tier 1 participant who first serves as a judge on or
16 after August 10, 2009 (the effective date of Public Act 96-207)
17 ~~and before January 1, 2011 (the effective date of Public Act~~
18 ~~96-889)~~, final average salary shall be the average monthly
19 salary obtained by dividing the total salary of the participant
20 during the period of: (1) the 48 consecutive months of service
21 within the last 120 months of service in which the total
22 compensation was the highest, or (2) the total period of
23 service, if less than 48 months, by the number of months of
24 service in that period.

25 The maximum retirement annuity for any participant shall be
26 85% of final average salary.

1 (b-5) Notwithstanding any other provision of this Article,
2 for a Tier 2 participant ~~who first serves as a judge on or~~
3 ~~after January 1, 2011 (the effective date of Public Act~~
4 ~~96-889)~~, the annual retirement annuity is 3% of the
5 participant's final average salary for each year of service.
6 The maximum retirement annuity payable shall be 60% of the
7 participant's final average salary.

8 For a Tier 2 participant ~~who first serves as a judge on or~~
9 ~~after January 1, 2011 (the effective date of Public Act~~
10 ~~96-889)~~, final average salary shall be the average monthly
11 salary obtained by dividing the total salary of the judge
12 during the 96 consecutive months of service within the last 120
13 months of service in which the total salary was the highest by
14 the number of months of service in that period; however,
15 beginning January 1, 2011, the annual salary may not exceed
16 \$106,800, except that that amount shall annually thereafter be
17 increased by the lesser of (i) 3% of that amount, including all
18 previous adjustments, or (ii) the annual unadjusted percentage
19 increase (but not less than zero) in the consumer price index-u
20 for the 12 months ending with the September preceding each
21 November 1. "Consumer price index-u" means the index published
22 by the Bureau of Labor Statistics of the United States
23 Department of Labor that measures the average change in prices
24 of goods and services purchased by all urban consumers, United
25 States city average, all items, 1982-84 = 100. The new amount
26 resulting from each annual adjustment shall be determined by

1 the Public Pension Division of the Department of Insurance and
2 made available to the Board by November 1st of each year.

3 (c) The retirement annuity for a participant who retires
4 prior to age 60 with less than 28 years of service in the
5 System shall be reduced 1/2 of 1% for each month that the
6 participant's age is under 60 years at the time the annuity
7 commences. However, for a participant who retires on or after
8 December 10, 1999 (the effective date of Public Act 91-653),
9 the percentage reduction in retirement annuity imposed under
10 this subsection shall be reduced by 5/12 of 1% for every month
11 of service in this System in excess of 20 years, and therefore
12 a participant with at least 26 years of service in this System
13 may retire at age 55 without any reduction in annuity.

14 The reduction in retirement annuity imposed by this
15 subsection shall not apply in the case of retirement on account
16 of disability.

17 (d) Notwithstanding any other provision of this Article,
18 for a Tier 2 participant ~~who first serves as a judge on or~~
19 ~~after January 1, 2011 (the effective date of Public Act 96-889)~~
20 ~~and~~ who is retiring after attaining age 62, the retirement
21 annuity shall be reduced by 1/2 of 1% for each month that the
22 participant's age is under age 67 at the time the annuity
23 commences.

24 (Source: P.A. 100-201, eff. 8-18-17.)

25 (40 ILCS 5/18-125.1) (from Ch. 108 1/2, par. 18-125.1)

1 Sec. 18-125.1. Automatic increase in retirement annuity. A
2 participant who retires from service after June 30, 1969,
3 shall, in January of the year next following the year in which
4 the first anniversary of retirement occurs, and in January of
5 each year thereafter, have the amount of his or her originally
6 granted retirement annuity increased as follows: for each year
7 up to and including 1971, 1 1/2%; for each year from 1972
8 through 1979 inclusive, 2%; and for 1980 and each year
9 thereafter, 3%.

10 Notwithstanding any other provision of this Article, a
11 retirement annuity for a Tier 2 participant ~~who first serves as~~
12 ~~a judge on or after January 1, 2011 (the effective date of~~
13 ~~Public Act 96-889)~~ shall be increased in January of the year
14 next following the year in which the first anniversary of
15 retirement occurs, but in no event prior to age 67, and in
16 January of each year thereafter, by an amount equal to 3% or
17 the annual percentage increase in the consumer price index-u as
18 determined by the Public Pension Division of the Department of
19 Insurance under subsection (b-5) of Section 18-125, whichever
20 is less, of the retirement annuity then being paid.

21 This Section is not applicable to a participant who retires
22 before he or she has made contributions at the rate prescribed
23 in Section 18-133 for automatic increases for not less than the
24 equivalent of one full year, unless such a participant arranges
25 to pay the system the amount required to bring the total
26 contributions for the automatic increase to the equivalent of

1 one year's contribution based upon his or her last year's
2 salary.

3 This Section is applicable to all participants (other than
4 Tier 3 participants who do not have any service credit as a
5 Tier 1 or Tier 2 participant) in service after June 30, 1969
6 unless a participant has elected, prior to September 1, 1969,
7 in a written direction filed with the board not to be subject
8 to the provisions of this Section. Any participant in service
9 on or after July 1, 1992 shall have the option of electing
10 prior to April 1, 1993, in a written direction filed with the
11 board, to be covered by the provisions of the 1969 amendatory
12 Act. Such participant shall be required to make the aforesaid
13 additional contributions with compound interest at 4% per
14 annum.

15 Any participant who has become eligible to receive the
16 maximum rate of annuity and who resumes service as a judge
17 after receiving a retirement annuity under this Article shall
18 have the amount of his or her retirement annuity increased by
19 3% of the originally granted annuity amount for each year of
20 such resumed service, beginning in January of the year next
21 following the date of such resumed service, upon subsequent
22 termination of such resumed service.

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

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

2 (40 ILCS 5/18-127) (from Ch. 108 1/2, par. 18-127)

3 Sec. 18-127. Retirement annuity - suspension on
4 reemployment.

5 (a) A participant receiving a retirement annuity who is
6 regularly employed for compensation by an employer other than a
7 county, in any capacity, shall have his or her retirement
8 annuity payments suspended during such employment. Upon
9 termination of such employment, retirement annuity payments at
10 the previous rate shall be resumed.

11 If such a participant resumes service as a judge, he or she
12 shall receive credit for any additional service. Upon
13 subsequent retirement, his or her retirement annuity shall be
14 the amount previously granted, plus the amount earned by the
15 additional judicial service under the provisions in effect
16 during the period of such additional service. However, if the
17 participant was receiving the maximum rate of annuity at the
18 time of re-employment, he or she may elect, in a written
19 direction filed with the board, not to receive any additional
20 service credit during the period of re-employment. In such
21 case, contributions shall not be required during the period of
22 re-employment. Any such election shall be irrevocable.

23 (b) Beginning January 1, 1991, any participant receiving a
24 retirement annuity who accepts temporary employment from an
25 employer other than a county for a period not exceeding 75

1 working days in any calendar year shall not be deemed to be
2 regularly employed for compensation or to have resumed service
3 as a judge for the purposes of this Article. A day shall be
4 considered a working day if the annuitant performs on it any of
5 his duties under the temporary employment agreement.

6 (c) Except as provided in subsection (a), beginning January
7 1, 1993, retirement annuities shall not be subject to
8 suspension upon resumption of employment for an employer, and
9 any retirement annuity that is then so suspended shall be
10 reinstated on that date.

11 (d) The changes made in this Section by this amendatory Act
12 of 1993 shall apply to judges no longer in service on its
13 effective date, as well as to judges serving on or after that
14 date.

15 (e) A participant receiving a retirement annuity under this
16 Article who serves as a part-time employee in any of the
17 following positions: Legislative Inspector General, Special
18 Legislative Inspector General, employee of the Office of the
19 Legislative Inspector General, Executive Director of the
20 Legislative Ethics Commission, or staff of the Legislative
21 Ethics Commission, but has not elected to participate in the
22 Article 14 System with respect to that service, shall not be
23 deemed to be regularly employed for compensation by an employer
24 other than a county, nor to have resumed service as a judge, on
25 the basis of that service, and the retirement annuity payments
26 and other benefits of that person under this Code shall not be

1 suspended, diminished, or otherwise impaired solely as a
2 consequence of that service. This subsection (e) applies
3 without regard to whether the person is in service as a judge
4 under this Article on or after the effective date of this
5 amendatory Act of the 93rd General Assembly. In this
6 subsection, a "part-time employee" is a person who is not
7 required to work at least 35 hours per week.

8 (f) A participant receiving a retirement annuity under this
9 Article who has made an election under Section 1-123 and who is
10 serving either as legal counsel in the Office of the Governor
11 or as Chief Deputy Attorney General shall not be deemed to be
12 regularly employed for compensation by an employer other than a
13 county, nor to have resumed service as a judge, on the basis of
14 that service, and the retirement annuity payments and other
15 benefits of that person under this Code shall not be suspended,
16 diminished, or otherwise impaired solely as a consequence of
17 that service. This subsection (f) applies without regard to
18 whether the person is in service as a judge under this Article
19 on or after the effective date of this amendatory Act of the
20 93rd General Assembly.

21 (g) Notwithstanding any other provision of this Article, if
22 a Tier 2 participant ~~person who first becomes a participant~~
23 ~~under this System on or after January 1, 2011 (the effective~~
24 ~~date of this amendatory Act of the 96th General Assembly)~~ is
25 receiving a retirement annuity under this Article and becomes a
26 member or participant under this Article or any other Article

1 of this Code and is employed on a full-time basis, then the
2 person's retirement annuity under this System shall be
3 suspended during that employment. Upon termination of that
4 employment, the person's retirement annuity shall resume and,
5 if appropriate, be recalculated under the applicable
6 provisions of this Article.

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

8 (40 ILCS 5/18-128.01) (from Ch. 108 1/2, par. 18-128.01)

9 Sec. 18-128.01. Amount of survivor's annuity.

10 (a) Upon the death of an annuitant, his or her surviving
11 spouse shall be entitled to a survivor's annuity of 66 2/3% of
12 the annuity the annuitant was receiving immediately prior to
13 his or her death, inclusive of annual increases in the
14 retirement annuity to the date of death.

15 (b) Upon the death of an active participant, his or her
16 surviving spouse shall receive a survivor's annuity of 66 2/3%
17 of the annuity earned by the participant as of the date of his
18 or her death, determined without regard to whether the
19 participant had attained age 60 as of that time, or 7 1/2% of
20 the last salary of the decedent, whichever is greater.

21 (c) Upon the death of a participant who had terminated
22 service with at least 10 years of service, his or her surviving
23 spouse shall be entitled to a survivor's annuity of 66 2/3% of
24 the annuity earned by the deceased participant at the date of
25 death.

1 (d) Upon the death of an annuitant, active participant, or
2 participant who had terminated service with at least 10 years
3 of service, each surviving child under the age of 18 or
4 disabled as defined in Section 18-128 shall be entitled to a
5 child's annuity in an amount equal to 5% of the decedent's
6 final salary, not to exceed in total for all such children the
7 greater of 20% of the decedent's last salary or 66 2/3% of the
8 annuity received or earned by the decedent as provided under
9 subsections (a) and (b) of this Section. This child's annuity
10 shall be paid whether or not a survivor's annuity was elected
11 under Section 18-123.

12 (e) The changes made in the survivor's annuity provisions
13 by Public Act 82-306 shall apply to the survivors of a deceased
14 participant or annuitant whose death occurs on or after August
15 21, 1981.

16 (f) Beginning January 1, 1990, every survivor's annuity
17 shall be increased (1) on each January 1 occurring on or after
18 the commencement of the annuity if the deceased member died
19 while receiving a retirement annuity, or (2) in other cases, on
20 each January 1 occurring on or after the first anniversary of
21 the commencement of the annuity, by an amount equal to 3% of
22 the current amount of the annuity, including any previous
23 increases under this Article. Such increases shall apply
24 without regard to whether the deceased member was in service on
25 or after the effective date of this amendatory Act of 1991, but
26 shall not accrue for any period prior to January 1, 1990.

1 (g) Notwithstanding any other provision of this Article,
2 the initial survivor's annuity for a survivor of a Tier 2
3 participant ~~who first serves as a judge after January 1, 2011~~
4 ~~(the effective date of Public Act 96-889)~~ shall be in the
5 amount of 66 2/3% of the annuity received or earned by the
6 decedent, and shall be increased (1) on each January 1
7 occurring on or after the commencement of the annuity if the
8 deceased participant died while receiving a retirement
9 annuity, or (2) in other cases, on each January 1 occurring on
10 or after the first anniversary of the commencement of the
11 annuity, but in no event prior to age 67, by an amount equal to
12 3% or the annual unadjusted percentage increase in the consumer
13 price index-u as determined by the Public Pension Division of
14 the Department of Insurance under subsection (b-5) of Section
15 18-125, whichever is less, of the survivor's annuity then being
16 paid.

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

18 (40 ILCS 5/18-133) (from Ch. 108 1/2, par. 18-133)

19 Sec. 18-133. Financing; employee contributions.

20 (a) Effective July 1, 1967, each participant is required to
21 contribute 7 1/2% of each payment of salary toward the
22 retirement annuity. Such contributions shall continue during
23 the entire time the participant is in service, with the
24 following exceptions:

25 (1) Contributions for the retirement annuity are not

1 required on salary received after 18 years of service by
2 persons who were participants before January 2, 1954.

3 (2) A participant who continues to serve as a judge
4 after becoming eligible to receive the maximum rate of
5 annuity may elect, through a written direction filed with
6 the Board, to discontinue contributing to the System. Any
7 such option elected by a judge shall be irrevocable unless
8 prior to January 1, 2000, and while continuing to serve as
9 judge, the judge (A) files with the Board a letter
10 cancelling the direction to discontinue contributing to
11 the System and requesting that such contributing resume,
12 and (B) pays into the System an amount equal to the total
13 of the discontinued contributions plus interest thereon at
14 5% per annum. Service credits earned in any other
15 "participating system" as defined in Article 20 of this
16 Code shall be considered for purposes of determining a
17 judge's eligibility to discontinue contributions under
18 this subdivision (a) (2).

19 (3) A participant who (i) has attained age 60, (ii)
20 continues to serve as a judge after becoming eligible to
21 receive the maximum rate of annuity, and (iii) has not
22 elected to discontinue contributing to the System under
23 subdivision (a) (2) of this Section (or has revoked any such
24 election) may elect, through a written direction filed with
25 the Board, to make contributions to the System based only
26 on the amount of the increases in salary received by the

1 judge on or after the date of the election, rather than the
2 total salary received. If a judge who is making
3 contributions to the System on the effective date of this
4 amendatory Act of the 91st General Assembly makes an
5 election to limit contributions under this subdivision
6 (a)(3) within 90 days after that effective date, the
7 election shall be deemed to become effective on that
8 effective date and the judge shall be entitled to receive a
9 refund of any excess contributions paid to the System
10 during that 90-day period; any other election under this
11 subdivision (a)(3) becomes effective on the first of the
12 month following the date of the election. An election to
13 limit contributions under this subdivision (a)(3) is
14 irrevocable. Service credits earned in any other
15 participating system as defined in Article 20 of this Code
16 shall be considered for purposes of determining a judge's
17 eligibility to make an election under this subdivision
18 (a)(3).

19 (b) Beginning July 1, 1969, each participant is required to
20 contribute 1% of each payment of salary towards the automatic
21 increase in annuity provided in Section 18-125.1. However, such
22 contributions need not be made by any participant who has
23 elected prior to September 15, 1969, not to be subject to the
24 automatic increase in annuity provisions.

25 (c) Effective July 13, 1953, each married participant
26 subject to the survivor's annuity provisions is required to

1 contribute 2 1/2% of each payment of salary, whether or not he
2 or she is required to make any other contributions under this
3 Section. Such contributions shall be made concurrently with the
4 contributions made for annuity purposes.

5 (d) Notwithstanding any other provision of this Article,
6 the required contributions for a Tier 2 participant ~~who first~~
7 ~~becomes a participant on or after January 1, 2011~~ shall not
8 exceed the contributions that would be due under this Article
9 if that participant's highest salary for annuity purposes were
10 \$106,800, plus any increase in that amount under Section
11 18-125.

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

13 (40 ILCS 5/18-169)

14 Sec. 18-169. Application and expiration of new benefit
15 increases.

16 (a) As used in this Section, "new benefit increase" means
17 an increase in the amount of any benefit provided under this
18 Article, or an expansion of the conditions of eligibility for
19 any benefit under this Article, that results from an amendment
20 to this Code that takes effect after the effective date of this
21 amendatory Act of the 94th General Assembly. "New benefit
22 increase", however, does not include any benefit increase
23 resulting from the changes made by this amendatory Act of the
24 101st General Assembly.

25 (b) Notwithstanding any other provision of this Code or any

1 subsequent amendment to this Code, every new benefit increase
2 is subject to this Section and shall be deemed to be granted
3 only in conformance with and contingent upon compliance with
4 the provisions of this Section.

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

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

25 (d) Every new benefit increase shall expire 5 years after
26 its effective date or on such earlier date as may be specified

1 in the language enacting the new benefit increase or provided
2 under subsection (c). This does not prevent the General
3 Assembly from extending or re-creating a new benefit increase
4 by law.

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

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

16 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

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

21 (a) Upon retirement of the employee, a proportional
22 retirement annuity shall be computed by each participating
23 system in which pension credit has been established on the
24 basis of pension credits under each system. The computation
25 shall be in accordance with the formula or method prescribed by

1 each participating system which is in effect at the date of the
2 employee's latest withdrawal from service covered by any of the
3 systems in which he has pension credits which he elects to have
4 considered under this Article. However, the amount of any
5 retirement annuity payable under the self-managed plan
6 established under Section 15-158.2 of this Code depends solely
7 on the value of the participant's vested account balances and
8 is not subject to any proportional adjustment under this
9 Section.

10 (a-5) For persons who participate in a Tier 3 plan
11 established under Article 2, 14, 15, 16, or 18 of this Code to
12 whom the provisions of this Article apply, the pension credits
13 established under the Tier 3 plan may be considered in
14 determining eligibility for or the amount of the defined
15 benefit retirement annuity that is payable by any other
16 participating system.

17 (b) Combined pension credit under all retirement systems
18 subject to this Article shall be considered in determining
19 whether the minimum qualification has been met and the formula
20 or method of computation which shall be applied, except as may
21 be otherwise provided with respect to vesting in State or
22 employer contributions in a Tier 3 plan. If a system has a
23 step-rate formula for calculation of the retirement annuity,
24 pension credits covering previous service which have been
25 established under another system shall be considered in
26 determining which range or ranges of the step-rate formula are

1 to be applicable to the employee.

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

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

10 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

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

25 For persons who participate in the self-managed plan

1 established under Section 15-158.2 or the portable benefit
2 package established under Section 15-136.4, pension credit
3 established under Article 15 may be considered in determining
4 eligibility for or the amount of the survivor's annuity that is
5 payable by any other participating system, but pension credit
6 established in any other system shall not result in any right
7 to a survivor's annuity under the Article 15 system.

8 For persons who participate in a Tier 3 plan established
9 under Article 2, 14, 15, 16, or 18 of this Code to whom the
10 provisions of this Article apply, the pension credits
11 established under the Tier 3 plan may be considered in
12 determining eligibility for or the amount of the defined
13 benefit survivor's annuity that is payable by any other
14 participating system, but pension credits established in any
15 other system shall not result in any right to or increase in
16 the value of a survivor's annuity under the Tier 3 plan, which
17 depends solely on the options chosen and the value of the
18 participant's vested account balances and is not subject to any
19 proportional adjustment under this Section.

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

21 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

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

24 Sec. 20-124. Maximum benefits.

25 (a) In no event shall the combined retirement or survivors

1 annuities exceed the highest annuity which would have been
2 payable by any participating system in which the employee has
3 pension credits, if all of his pension credits had been
4 validated in that system.

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

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

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

22 (ii) For purposes of calculating the combined
23 survivor's annuity and the proportionate reduction, if
24 any, in a survivor's annuity other than one payable under
25 the self-managed plan, the amount of the Article 15
26 survivor's annuity shall be deemed to be the highest

1 survivor's annuity to which the survivor would have been
2 entitled if the deceased employee had participated in the
3 traditional benefit package as defined in Section 15-103.1
4 rather than the self-managed plan.

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

7 (c) In the case of a participant in a Tier 3 plan
8 established under Article 2, 14, 15, 16, or 18 of this Code to
9 whom the provisions of this Article apply:

10 (i) For purposes of calculating the combined
11 retirement annuity and the proportionate reduction, if
12 any, in a defined benefit retirement annuity, any benefit
13 payable under the Tier 3 plan shall not be considered.

14 (ii) For purposes of calculating the combined
15 survivor's annuity and the proportionate reduction, if
16 any, in a defined benefit survivor's annuity, any benefit
17 payable under the Tier 3 plan shall not be considered.

18 (iii) Benefits payable under a Tier 3 plan established
19 under Article 2, 14, 15, 16, or 18 of this Code are not
20 subject to proportionate reduction under this Section.

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

22 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

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

25 Sec. 20-125. Return to employment - suspension of benefits.

1 If a retired employee returns to employment which is covered by
2 a system from which he is receiving a proportional annuity
3 under this Article, his proportional annuity from all
4 participating systems shall be suspended during the period of
5 re-employment, except that this suspension does not apply to
6 any distributions payable under the self-managed plan
7 established under Section 15-158.2 of this Code or under a Tier
8 3 plan established under Article 2, 14, 15, 16, or 18 of this
9 Code.

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

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

19 Section 15. The Illinois Educational Labor Relations Act is
20 amended by changing Sections 4 and 17 and by adding Section
21 10.6 as follows:

22 (115 ILCS 5/4) (from Ch. 48, par. 1704)

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

1 Sec. 4. Employer rights. Employers shall not be required to
2 bargain over matters of inherent managerial policy, which shall
3 include such areas of discretion or policy as the functions of
4 the employer, standards of services, its overall budget, the
5 organizational structure and selection of new employees and
6 direction of employees. Employers, however, shall be required
7 to bargain collectively with regard to policy matters directly
8 affecting wages, hours and terms and conditions of employment
9 as well as the impact thereon upon request by employee
10 representatives, except as provided in Section 10.6. To
11 preserve the rights of employers and exclusive representatives
12 which have established collective bargaining relationships or
13 negotiated collective bargaining agreements prior to the
14 effective date of this Act, employers shall be required to
15 bargain collectively with regard to any matter concerning
16 wages, hours or conditions of employment about which they have
17 bargained for and agreed to in a collective bargaining
18 agreement prior to the effective date of this Act, except as
19 provided in Section 10.6.

20 (Source: P.A. 83-1014.)

21 (115 ILCS 5/10.6 new)

22 Sec. 10.6. Bargaining regarding pension contributions on
23 behalf of employees; prohibited.

24 (a) Notwithstanding any other provision of this Act,
25 beginning on the effective date of this amendatory Act of the

1 101st General Assembly, employers shall not bargain over
2 matters prohibited by subsection (e) of Section 16-152.1 of the
3 Illinois Pension Code, which concerns employers paying pension
4 contributions on behalf of employees.

5 (b) In case of any conflict between this Section and any
6 other provisions of this Act or any other law, the provisions
7 of this Section shall control.

8 (115 ILCS 5/17) (from Ch. 48, par. 1717)

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

11 Sec. 17. Effect on other laws. Except as provided in
12 Section 10.6, in ~~in~~ case of any conflict between the provisions
13 of this Act and any other law, executive order or
14 administrative regulation, the provisions of this Act shall
15 prevail and control. Nothing in this Act shall be construed to
16 replace or diminish the rights of employees established by
17 Section 36d of "An Act to create the State Universities Civil
18 Service System", approved May 11, 1905, as amended or modified.

19 (Source: P.A. 83-1014.)

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

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3 5 ILCS 375/3 from Ch. 127, par. 523
4 5 ILCS 375/10 from Ch. 127, par. 530
5 40 ILCS 5/1-160
6 40 ILCS 5/1-161
7 40 ILCS 5/2-105.3 new
8 40 ILCS 5/2-117 from Ch. 108 1/2, par. 2-117
9 40 ILCS 5/2-162
10 40 ILCS 5/2-165.5 new
11 40 ILCS 5/7-114 from Ch. 108 1/2, par. 7-114
12 40 ILCS 5/7-116 from Ch. 108 1/2, par. 7-116
13 40 ILCS 5/7-139 from Ch. 108 1/2, par. 7-139
14 40 ILCS 5/14-103.05 from Ch. 108 1/2, par. 14-103.05
15 40 ILCS 5/14-103.10 from Ch. 108 1/2, par. 14-103.10
16 40 ILCS 5/14-103.41
17 40 ILCS 5/14-104.3 from Ch. 108 1/2, par. 14-104.3
18 40 ILCS 5/14-106 from Ch. 108 1/2, par. 14-106
19 40 ILCS 5/14-152.1
20 40 ILCS 5/14-155.5 new
21 40 ILCS 5/15-108.1
22 40 ILCS 5/15-108.2
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24 40 ILCS 5/15-112 from Ch. 108 1/2, par. 15-112
25 40 ILCS 5/15-113.4 from Ch. 108 1/2, par. 15-113.4

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2	40 ILCS 5/15-198	
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19	40 ILCS 5/18-169	
20	40 ILCS 5/20-121	from Ch. 108 1/2, par. 20-121
21	40 ILCS 5/20-123	from Ch. 108 1/2, par. 20-123
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23	40 ILCS 5/20-125	from Ch. 108 1/2, par. 20-125
24	115 ILCS 5/4	from Ch. 48, par. 1704
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26	115 ILCS 5/17	from Ch. 48, par. 1717