



Sen. Chris Lauzen

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1 AMENDMENT TO SENATE BILL 2914

2 AMENDMENT NO. _____. Amend Senate Bill 2914 by replacing
3 everything after the enacting clause with the following:

4 "ARTICLE 1.

5 Section 1-5. The Illinois Pension Code is amended by
6 changing Sections 2-126, 14-133, 15-157, 16-152, and 18-133 as
7 follows:

8 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

9 Sec. 2-126. Contributions by participants.

10 (a) Each participant shall contribute toward the cost of
11 his or her retirement annuity a percentage of each payment of
12 salary received by him or her for service as a member as
13 follows: for service between October 31, 1947 and January 1,
14 1959, 5%; for service between January 1, 1959 and June 30,
15 1969, 6%; for service between July 1, 1969 and January 10,

1 1973, 6 1/2%; for service after January 10, 1973, 7%; for
2 service after December 31, 1981, 8 1/2%.

3 (b) Beginning August 2, 1949, each male participant, and
4 from July 1, 1971, each female participant shall contribute
5 towards the cost of the survivor's annuity 2% of salary.

6 A participant who has no eligible survivor's annuity
7 beneficiary may elect to cease making contributions for
8 survivor's annuity under this subsection. A survivor's annuity
9 shall not be payable upon the death of a person who has made
10 this election, unless prior to that death the election has been
11 revoked and the amount of the contributions that would have
12 been paid under this subsection in the absence of the election
13 is paid to the System, together with interest at the rate of 4%
14 per year from the date the contributions would have been made
15 to the date of payment.

16 (c) Beginning July 1, 1967, each participant shall
17 contribute 1% of salary towards the cost of automatic increase
18 in annuity provided in Section 2-119.1. These contributions
19 shall be made concurrently with contributions for retirement
20 annuity purposes.

21 (d) In addition, each participant serving as an officer of
22 the General Assembly shall contribute, for the same purposes
23 and at the same rates as are required of a regular participant,
24 on each additional payment received as an officer. If the
25 participant serves as an officer for at least 2 but less than 4
26 years, he or she shall contribute an amount equal to the amount

1 that would have been contributed had the participant served as
2 an officer for 4 years. Persons who serve as officers in the
3 87th General Assembly but cannot receive the additional payment
4 to officers because of the ban on increases in salary during
5 their terms may nonetheless make contributions based on those
6 additional payments for the purpose of having the additional
7 payments included in their highest salary for annuity purposes;
8 however, persons electing to make these additional
9 contributions must also pay an amount representing the
10 corresponding employer contributions, as calculated by the
11 System.

12 (e) Notwithstanding anything in this Section to the
13 contrary, effective July 1, 2011, all participants shall be
14 required to contribute 7% of salary, and no prior contribution
15 increases or other additional contributions specified by this
16 Section shall apply to any participant for service on or after
17 July 1, 2011. With respect to participants who are not later
18 entrants, the 7% contribution rate specified in this paragraph
19 shall be replaced with the contribution rates in effect under
20 Sections 2-126(a)-(c) if the benefit provisions added under
21 Sections 2-400, 2-405, 2-410, 2-415, or 2-420 are invalidated.

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

23 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

24 Sec. 14-133. Contributions on behalf of members.

25 (a) Each participating employee shall make contributions

1 to the System, based on the employee's compensation, as
2 follows:

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

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

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

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

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

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

7 (7) Notwithstanding anything in this Section to the
8 contrary, effective July 1, 2011, all covered employees
9 shall be required to contribute 5.25% of compensation, all
10 noncovered employees shall be required to contribute 7% of
11 compensation, and no prior contribution increases or other
12 additional contributions specified by this Section shall
13 apply to any employee for service on or after July 1, 2011.
14 With respect to participants who are not later entrants,
15 the contribution rates specified in this paragraph shall be
16 replaced with the contribution rates in effect under
17 Sections 14-133(a)(1) through (a)(6) if the benefit
18 provisions added under Sections 14-400, 14-405, 14-410,
19 14-415, or 14-420 are invalidated.

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

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

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

3 Sec. 15-157. Employee Contributions.

4 (a) Each participating employee shall make contributions
5 towards the retirement benefits payable under the retirement
6 program applicable to the employee from each payment of
7 earnings applicable to employment under this system on and
8 after the date of becoming a participant as follows: Prior to
9 September 1, 1949, 3 1/2% of earnings; from September 1, 1949
10 to August 31, 1955, 5%; from September 1, 1955 to August 31,
11 1969, 6%; from September 1, 1969, 6 1/2%. These contributions
12 are to be considered as normal contributions for purposes of
13 this Article.

14 Each participant who is a police officer or firefighter
15 shall make normal contributions of 8% of each payment of
16 earnings applicable to employment as a police officer or
17 firefighter under this system on or after September 1, 1981,
18 unless he or she files with the board within 60 days after the
19 effective date of this amendatory Act of 1991 or 60 days after
20 the board receives notice that he or she is employed as a
21 police officer or firefighter, whichever is later, a written
22 notice waiving the retirement formula provided by Rule 4 of
23 Section 15-136. This waiver shall be irrevocable. If a
24 participant had met the conditions set forth in Section
25 15-132.1 prior to the effective date of this amendatory Act of

1 1991 but failed to make the additional normal contributions
2 required by this paragraph, he or she may elect to pay the
3 additional contributions plus compound interest at the
4 effective rate. If such payment is received by the board, the
5 service shall be considered as police officer service in
6 calculating the retirement annuity under Rule 4 of Section
7 15-136. While performing service described in clause (i) or
8 (ii) of Rule 4 of Section 15-136, a participating employee
9 shall be deemed to be employed as a firefighter for the purpose
10 of determining the rate of employee contributions under this
11 Section.

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

19 (c) In addition to the amounts described in subsections (a)
20 and (b) of this Section, each participating employee shall make
21 contributions of 1% of earnings applicable under this system on
22 and after August 1, 1959. The contributions made under this
23 subsection (c) shall be considered as survivor's insurance
24 contributions for purposes of this Article if the employee is
25 covered under the traditional benefit package, and such
26 contributions shall be considered as additional contributions

1 for purposes of this Article if the employee is participating
2 in the self-managed plan or has elected to participate in the
3 portable benefit package and has completed the applicable
4 one-year waiting period. Contributions in excess of \$80 during
5 any fiscal year beginning before August 31, 1969 and in excess
6 of \$120 during any fiscal year thereafter until September 1,
7 1971 shall be considered as additional contributions for
8 purposes of this Article.

9 (d) If the board by board rule so permits and subject to
10 such conditions and limitations as may be specified in its
11 rules, a participant may make other additional contributions of
12 such percentage of earnings or amounts as the participant shall
13 elect in a written notice thereof received by the board.

14 (e) That fraction of a participant's total accumulated
15 normal contributions, the numerator of which is equal to the
16 number of years of service in excess of that which is required
17 to qualify for the maximum retirement annuity, and the
18 denominator of which is equal to the total service of the
19 participant, shall be considered as accumulated additional
20 contributions. The determination of the applicable maximum
21 annuity and the adjustment in contributions required by this
22 provision shall be made as of the date of the participant's
23 retirement.

24 (f) Notwithstanding the foregoing, a participating
25 employee shall not be required to make contributions under this
26 Section after the date upon which continuance of such

1 contributions would otherwise cause his or her retirement
2 annuity to exceed the maximum retirement annuity as specified
3 in clause (1) of subsection (c) of Section 15-136.

4 (g) A participating employee may make contributions for the
5 purchase of service credit under this Article.

6 (h) Notwithstanding anything in this Section to the
7 contrary, effective July 1, 2011, all participating employees
8 shall be required to contribute 7% of earnings, and no prior
9 contribution increases or other additional contributions
10 specified by this Section shall apply to any participating
11 employee for service on or after July 1, 2011. With respect to
12 participants who are not later entrants, the contribution rates
13 specified in this paragraph shall be replaced with the
14 contribution rates in effect under Sections 15-157(a) through
15 (g) if the benefit provisions added under Sections 15-400,
16 15-405, 15-410, 15-415, or 15-420 are invalidated.

17 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,
18 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;
19 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

20 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

21 Sec. 16-152. Contributions by members.

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

24 (1) Effective July 1, 1998, contributions of 7.50% of
25 salary towards the cost of the retirement annuity. Such

1 contributions shall be deemed "normal contributions".

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

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

10 (4) Effective July 1, 2005, contributions of 0.40% of
11 salary toward the cost of the early retirement without
12 discount option provided under Section 16-133.2. This
13 contribution shall cease upon termination of the early
14 retirement without discount option as provided in Section
15 16-176.

16 (5) Notwithstanding anything in this Section to the
17 contrary, effective July 1, 2011, all members shall be
18 required to contribute 7% of salary, and no prior
19 contribution increases or other additional contributions
20 specified by this Section shall apply to any member for
21 service on or after July 1, 2011. With respect to
22 participants who are not later entrants, the contribution
23 rates specified in this paragraph shall be replaced with
24 the contribution rates in effect under Sections
25 16-152(a)(1) through (a)(4) if the benefit provisions
26 added under Sections 16-400, 16-405, 16-410, 16-415, or

1 16-420 are invalidated.

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

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

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

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

26 (1) The contributions shall be refunded to the member,

1 without interest, within 120 days after the member's
2 retirement annuity commences, if the member does not elect
3 early retirement without discount under Section 16-133.2.

4 (2) The contributions shall be included, without
5 interest, in any refund claimed by the member under Section
6 16-151.

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

12 (4) The contributions shall be refunded to the member,
13 without interest, within 120 days after the early
14 retirement without discount option provided under Section
15 16-133.2 is terminated under Section 16-176.

16 (Source: P.A. 93-320, eff. 7-23-03; 94-4, eff. 6-1-05.)

17 (40 ILCS 5/18-133) (from Ch. 108 1/2, par. 18-133)

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

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

24 (1) Contributions for the retirement annuity are not
25 required on salary received after 18 years of service by

1 persons who were participants before January 2, 1954.

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

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

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

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

24 (c) Effective July 13, 1953, each married participant
25 subject to the survivor's annuity provisions is required to
26 contribute 2 1/2% of each payment of salary, whether or not he

1 or she is required to make any other contributions under this
2 Section. Such contributions shall be made concurrently with the
3 contributions made for annuity purposes.

4 (d) Notwithstanding anything in this Section to the
5 contrary, effective July 1, 2011, all participants shall be
6 required to contribute 7% of salary, and no prior contribution
7 increases or other additional contributions specified by this
8 Section shall apply to any participant for service on or after
9 July 1, 2011. With respect to participants who are not later
10 entrants, the contribution rates specified in this paragraph
11 shall be replaced with the contribution rates in effect under
12 Sections 18-133(a) through (c) if the benefit provisions added
13 under Sections 18-400, 18-405, 18-410, 18-415, or 18-420 are
14 invalidated.

15 (Source: P.A. 91-653, eff. 12-10-99.)

16 ARTICLE 2.

17 Section 2-5. The Illinois Pension Code is amended by adding
18 Sections 2-300, 2-305, 2-310, 2-315, 2-320, 2-325, 2-330,
19 14-300, 14-305, 14-310, 14-315, 14-320, 14-325, 14-330,
20 15-300, 15-305, 15-310, 15-315, 15-320, 15-325, 15-330,
21 16-300, 16-305, 16-310, 16-315, 16-320, 16-325, 16-330,
22 18-300, 18-305, 18-310, 18-315, 18-320, 18-325, and 18-330 as
23 follows:

1 (40 ILCS 5/2-300 new)

2 Sec. 2-300. Provisions applicable to later entrants. The
3 provisions of Sections 2-300, 2-305, 2-310, 2-315, 2-320,
4 2-325, and 2-330 apply only to members who first become members
5 on or after July 1, 2011, who are referred to as "later
6 entrants". Notwithstanding anything in the foregoing
7 provisions of this Article to the contrary, the provisions of
8 Sections 2-300, 2-305, 2-310, 2-315, 2-320, 2-325, and 2-330
9 shall control for later entrants.

10 (40 ILCS 5/2-305 new)

11 Sec. 2-305. Creditable service for later entrants.
12 Creditable service for later entrants under this Article is
13 subject to the following conditions:

14 (a) The maximum amount of creditable service a member may
15 establish under this Article is 35 years.

16 (b) A member may only establish creditable service for his
17 or her service as a member under this Article.

18 (c) A member may not convert any unused sick leave or
19 vacation into creditable service under this Article.

20 (40 ILCS 5/2-310 new)

21 Sec. 2-310. Retirement annuity; conditions for
22 eligibility; later entrants. Later entrants under this Article
23 shall be eligible to claim a retirement annuity under the
24 following conditions:

1 (a) A member may claim a retirement annuity upon attainment
2 of the full (normal) retirement age as provided in the federal
3 Social Security Act with at least 8 years of service credit.

4 (b) A member may claim a reduced retirement annuity under
5 subsection (c) of Section 2-315 if he or she has reached an age
6 that is 5 years preceding the full (normal) retirement age as
7 provided in the federal Social Security Act, and has at least 8
8 years of service.

9 (40 ILCS 5/2-315 new)

10 Sec. 2-315. Retirement life annuity; amount; later
11 entrants. Retirement annuities for later entrants shall be
12 subject to the following conditions:

13 (a) With respect to later entrants, the following
14 limitations shall apply when calculating an annuity under this
15 Article:

16 (1) "Final average salary" means the monthly salary
17 obtained by dividing the total salary of a participant
18 during the period of: (A) the 96 consecutive months of
19 service in which the total salary was the highest within
20 the last 120 months of service, or (B) the total period of
21 service, if less than 96 months, by the number of months of
22 service in such period; provided that the monthly salary to
23 be considered in each of the last 12 months of the final
24 average salary period shall not exceed 125% of the highest
25 salary in any other month in the final average salary

1 period that precedes such final 12-month period. In no
2 event shall the monthly salary used to determine final
3 average salary exceed the Social Security Contribution and
4 Benefit Base for the given month of service, or \$10,000
5 indexed for inflation by rules established by the system,
6 whichever is less.

7 (2) "Salary" means base salary paid to a member.

8 (b) The retirement life annuity shall be 2% of final
9 average salary for each year of service.

10 (c) For a member retiring after attaining an age that is 5
11 years preceding the full (normal) retirement age as provided in
12 the federal Social Security Act, the retirement life annuity
13 shall be reduced by one-half of 1% for each month that the
14 member's retirement age is under the full (normal) retirement
15 age as provided in the federal Social Security Act.

16 (d) In no event shall a retirement life annuity exceed the
17 base salary of the Governor of the State of Illinois.

18 (40 ILCS 5/2-320 new)

19 Sec. 2-320. Alternative forms of annuities for later
20 entrants. A participant who is a later entrant may choose any
21 of the following types of annuities in lieu of receiving the
22 full annuity provided in Section 2-315:

23 (1) Joint and 50% survivor annuity. Under this form of
24 payment, the participant receives a reduced monthly
25 payment for his or her lifetime with a payment equal to 50%

1 of the reduced amount payable to the participant paid to
2 the participant's designated beneficiary for the
3 beneficiary's lifetime if the beneficiary survives the
4 participant.

5 (2) Joint and 75% survivor annuity. Under this form of
6 payment, the participant receives a reduced monthly
7 payment for his or her lifetime with a payment equal to 75%
8 of the reduced amount payable to the participant paid to
9 the participant's designated beneficiary for the
10 beneficiary's lifetime if the beneficiary survives the
11 participant.

12 (3) Joint and 100% survivor annuity. Under this form of
13 payment, the participant receives a reduced monthly
14 payment for his or her lifetime with a payment equal to
15 100% of the reduced amount payable to the participant paid
16 to the participant's designated beneficiary for the
17 beneficiary's lifetime if the beneficiary survives the
18 participant.

19 (4) Single life annuity with 60, 120, or 180 months of
20 guaranteed payments. Under this option, the participant
21 receives a reduced monthly payment for his or her lifetime.
22 If the participant dies before receiving at least the
23 number of guaranteed monthly payments, then the
24 participant's beneficiary or estate receives the remaining
25 guaranteed number of monthly payments.

26 The Board must determine the participant's optional form of

1 annuity provided under this Section by taking into account the
2 appropriate actuarial assumptions, including without
3 limitation the participant's and beneficiary's age; applicable
4 mortality tables; and any other factors that the Board
5 determines to be relevant. For this purpose, the participant's
6 joint and survivor annuity should result in no significant
7 increase to the System's unfunded actuarial accrued liability
8 determined as of the most recent actuarial valuation, based on
9 the same assumptions and methods used to develop and report the
10 System's actuarial accrued liability and actuarial value of
11 assets under Statement No. 25 of Governmental Accounting
12 Standards Board or any subsequent applicable Statement.

13 (40 ILCS 5/2-325 new)

14 Sec. 2-325. Automatic annual increases for later entrants.
15 Notwithstanding any other provision of this Article, a person
16 receiving a retirement or survivor annuity under Sections 2-315
17 or 2-320 shall, on the first anniversary of retirement, but not
18 before attaining the full (normal) retirement age as provided
19 in the federal Social Security Act, and annually thereafter,
20 have his or her annuity increased by the lesser of (1) 3% or
21 (2) one-half of the percentage increase, if any, in the
22 Consumer Price Index for All Urban Consumers measured from the
23 preceding January 1 to the January 1 of the year during which
24 the increase is being granted. The increase for each year shall
25 be applied to the amount of the recipient's originally granted

1 annuity.

2 (40 ILCS 5/2-330 new)

3 Sec. 2-330. Refunds; later entrants. A participant who is a
4 later entrant and who ceases to be a member, other than an
5 annuitant, shall, upon written request, receive a refund of his
6 or her total contributions. Upon re-entry into service as a
7 member, a former member who was a later entrant may reestablish
8 any creditable service forfeited by acceptance of a refund by
9 paying to the System the full amount refunded, plus interest at
10 the actuarially assumed rate, not compounded, from the date of
11 payment of the refund to the date of repayment.

12 (40 ILCS 5/14-300 new)

13 Sec. 14-300. Provisions applicable to later entrants. The
14 provisions of Sections 14-300, 14-305, 14-310, 14-315, 14-320,
15 14-325, and 14-330 apply only to employees who first become
16 employees on or after July 1, 2011, who are referred to as
17 "later entrants". Notwithstanding anything in the foregoing
18 provisions of this Article to the contrary, the provisions of
19 Sections 14-300, 14-305, 14-310, 14-315, 14-320, 14-325, and
20 14-330 shall control for later entrants.

21 (40 ILCS 5/14-305 new)

22 Sec. 14-305. Creditable service for later entrants.
23 Creditable service for later entrants under this Article is

1 subject to the following conditions:

2 (a) The maximum amount of creditable service a member may
3 establish under this Article is 35 years.

4 (b) A member may only establish creditable service for his
5 or her membership service, as defined in Section 14-103.13.

6 (c) A member may not convert any unused sick leave or
7 vacation into creditable service under this Article.

8 (40 ILCS 5/14-310 new)

9 Sec. 14-310. Retirement annuity; conditions for
10 eligibility; later entrants. Later entrants under this Article
11 shall be eligible to claim a retirement annuity under the
12 following conditions:

13 (a) A member may claim a retirement annuity upon attainment
14 of the full (normal) retirement age as provided in the federal
15 Social Security Act with at least 8 years of service credit.

16 (b) A member may claim a reduced retirement annuity under
17 subsection (c) of Section 14-315 if he or she has reached an
18 age that is 5 years preceding the full (normal) retirement age
19 as provided in the federal Social Security Act, and has at
20 least 8 years of service.

21 (40 ILCS 5/14-315 new)

22 Sec. 14-315. Retirement life annuity; amount; later
23 entrants.

24 (a) With respect to later entrants, the following

1 limitations shall apply when calculating an annuity under this
2 Article:

3 (1) "Final average compensation" means the monthly
4 compensation obtained by dividing the total compensation
5 of an employee during the period of: (A) the 96 consecutive
6 months of service in which the total compensation was the
7 highest within the last 120 months of service, or (B) the
8 total period of service, if less than 96 months, by the
9 number of months of service in such period; provided that
10 the monthly compensation to be considered in each of the
11 last 12 months of the final average compensation period
12 shall not exceed 125% of the highest compensation in any
13 other month in the final average compensation period that
14 precedes such final 12-month period. In no event shall the
15 monthly compensation used to determine final average
16 compensation exceed the Social Security Contribution and
17 Benefit Base for the given month of service, or \$10,000
18 indexed for inflation by rules established by the system,
19 whichever is less.

20 (2) "Compensation" means a member's base compensation.

21 (b) The retirement life annuity shall be (1) 1.5% of final
22 average compensation for each year of service for covered
23 employees or (2) 2% of final average compensation for each year
24 of service for noncovered employees.

25 (c) For a member retiring after attaining an age that is 5
26 years preceding the full (normal) retirement age as provided in

1 the federal Social Security Act, the retirement life annuity
2 shall be reduced by one-half of 1% for each month that the
3 member's retirement age is under the full (normal) retirement
4 age as provided in the federal Social Security Act.

5 (d) In no event shall a retirement life annuity exceed the
6 base salary of the Governor of the State of Illinois.

7 (40 ILCS 5/14-320 new)

8 Sec. 14-320. Alternative forms of annuities for later
9 entrants. A member who is a later entrant may choose any of the
10 following types of annuities in lieu of receiving the full
11 annuity provided in Section 14-315:

12 (1) Joint and 50% survivor annuity. Under this form of
13 payment, the member receives a reduced monthly payment for
14 his or her lifetime with a payment equal to 50% of the
15 reduced amount payable to the member paid to the member's
16 designated beneficiary for the beneficiary's lifetime if
17 the beneficiary survives the member.

18 (2) Joint and 75% survivor annuity. Under this form of
19 payment, the member receives a reduced monthly payment for
20 his or her lifetime with a payment equal to 75% of the
21 reduced amount payable to the member paid to the member's
22 designated beneficiary for the beneficiary's lifetime if
23 the beneficiary survives the member.

24 (3) Joint and 100% survivor annuity. Under this form of
25 payment, the member receives a reduced monthly payment for

1 his or her lifetime with a payment equal to 100% of the
2 reduced amount payable to the member paid to the member's
3 designated beneficiary for the beneficiary's lifetime if
4 the beneficiary survives the member.

5 (4) Single life annuity with 60, 120, or 180 months of
6 guaranteed payments. Under this option, the member
7 receives a reduced monthly payment for his or her lifetime.
8 If the member dies before receiving at least the number of
9 guaranteed monthly payments, then the member's beneficiary
10 or estate receives the remaining guaranteed number of
11 monthly payments.

12 The Board must determine the participant's optional form of
13 annuity provided under this Section by taking into account the
14 appropriate actuarial assumptions, including without
15 limitation the participant's and beneficiary's age; applicable
16 mortality tables; and any other factors that the Board
17 determines to be relevant. For this purpose, the participant's
18 joint and survivor annuity should result in no significant
19 increase to the System's unfunded actuarial accrued liability
20 determined as of the most recent actuarial valuation, based on
21 the same assumptions and methods used to develop and report the
22 System's actuarial accrued liability and actuarial value of
23 assets under Statement No. 25 of Governmental Accounting
24 Standards Board or any subsequent applicable Statement.

1 Sec. 14-325. Automatic annual increases for later
2 entrants. Notwithstanding any other provision of this Article,
3 a person receiving a retirement or survivor annuity under
4 Sections 14-315 or 14-320 shall, on the first anniversary of
5 retirement, but not before attaining the full (normal)
6 retirement age as provided in the federal Social Security Act,
7 and annually thereafter, have his or her annuity increased by
8 the lesser of (1) 3% or (2) one-half of the percentage
9 increase, if any, in the Consumer Price Index for All Urban
10 Consumers measured from the preceding January 1 to the January
11 1 of the year during which the increase is being granted. The
12 increase for each year shall be applied to the amount of the
13 recipient's originally granted annuity.

14 (40 ILCS 5/14-330 new)

15 Sec. 14-330. Refunds; later entrants. An employee who is a
16 later entrant and who ceases to be a member, other than an
17 annuitant, shall, upon written request, receive a refund of his
18 or her total contributions. Upon re-entry into service as a
19 member, a former member who was a later entrant may reestablish
20 any creditable service forfeited by acceptance of a refund by
21 paying to the System the full amount refunded, plus interest at
22 actuarially assumed rate, not compounded, from the date of
23 payment of the refund to the date of repayment.

24 (40 ILCS 5/15-300 new)

1 Sec. 15-300. Provisions applicable to later entrants. The
2 provisions of Sections 15-300, 15-305, 15-310, 15-315, 15-320,
3 15-325, and 15-330 apply only to employees who first become
4 employees on or after July 1, 2011, who are referred to as
5 "later entrants". Notwithstanding anything in the foregoing
6 provisions of this Article to the contrary, the provisions of
7 Sections 15-300, 15-305, 15-310, 15-315, 15-320, 15-325, and
8 15-330 shall control for later entrants.

9 (40 ILCS 5/15-305 new)

10 Sec. 15-305. Creditable service for later entrants.
11 Creditable service for later entrants under this Article is
12 subject to the following conditions:

13 (a) The maximum amount of creditable service a member may
14 establish under this Article is 35 years.

15 (b) A member may only establish creditable service for his
16 or her service for employment with an employer, as defined in
17 Section 15-106.

18 (c) A member may not convert any unused sick leave or
19 vacation into creditable service under this Article.

20 (40 ILCS 5/15-310 new)

21 Sec. 15-310. Retirement annuity; conditions for
22 eligibility; later entrants. Later entrants under this Article
23 shall be eligible to claim a retirement annuity under the
24 following conditions:

1 (a) A participant may claim a retirement annuity upon
2 attainment of the full (normal) retirement age as provided in
3 the federal Social Security Act with at least 8 years of
4 service credit.

5 (b) A participant may claim a reduced retirement annuity
6 under subsection (c) of Section 15-315 if he or she has reached
7 an age that is 5 years preceding the full (normal) retirement
8 age as provided in the federal Social Security Act, and has at
9 least 8 years of service.

10 (40 ILCS 5/15-315 new)

11 Sec. 15-315. Retirement life annuity; amount; later
12 entrants.

13 (a) With respect to later entrants, the following
14 limitations shall apply when calculating an annuity under this
15 Article:

16 (1) "Final rate of earnings" means the monthly earnings
17 obtained by dividing the total earnings of an employee
18 during the period of: (A) the 96 consecutive months of
19 service in which the total earnings was the highest within
20 the last 120 months of service, or (B) the total period of
21 service, if less than 96 months, by the number of months of
22 service in such period; provided that the monthly earnings
23 to be considered in each of the last 12 months of the final
24 rate of earnings period shall not exceed 125% of the
25 highest earnings in any other month in the final rate of

1 earnings period that precedes such final 12-month period.
2 In no event shall the monthly compensation used to
3 determine final rate of earnings exceed the Social Security
4 Contribution and Benefit Base for the given month of
5 service, or \$10,000 indexed for inflation by rules
6 established by the system, whichever is less.

7 (2) "Compensation" means an employee's base
8 compensation.

9 (b) The retirement life annuity shall be 2% of the final
10 rate of earnings for each year of service.

11 (c) For an employee retiring after attaining an age that is
12 5 years preceding the full (normal) retirement age as provided
13 in the federal Social Security Act, the retirement life annuity
14 shall be reduced by one-half of 1% for each month that the
15 employee's retirement age is under the full (normal) retirement
16 age as provided in the federal Social Security Act.

17 (d) In no event shall a retirement life annuity exceed the
18 base salary of the Governor of the State of Illinois.

19 (40 ILCS 5/15-320 new)

20 Sec. 15-320. Alternative forms of annuities for later
21 entrants.

22 (a) A participant who is a later entrant may choose any of
23 the following types of annuities in lieu of receiving the full
24 annuity provided in Section 15-315:

25 (1) Joint and 50% survivor annuity. Under this form of

1 payment, the participant receives a reduced monthly
2 payment for his or her lifetime with a payment equal to 50%
3 of the reduced amount payable to the participant paid to
4 the participant's designated beneficiary for the
5 beneficiary's lifetime if the beneficiary survives the
6 participant.

7 (2) Joint and 75% survivor annuity. Under this form of
8 payment, the participant receives a reduced monthly
9 payment for his or her lifetime with a payment equal to 75%
10 of the reduced amount payable to the participant paid to
11 the participant's designated beneficiary for the
12 beneficiary's lifetime if the beneficiary survives the
13 participant.

14 (3) Joint and 100% survivor annuity. Under this form of
15 payment, the participant receives a reduced monthly
16 payment for his or her lifetime with a payment equal to
17 100% of the reduced amount payable to the participant paid
18 to the participant's designated beneficiary for the
19 beneficiary's lifetime if the beneficiary survives the
20 participant.

21 (4) Single life annuity with 60, 120, or 180 months of
22 guaranteed payments. Under this option, the participant
23 receives a reduced monthly payment for his or her lifetime.
24 If the participant dies before receiving at least the
25 number of guaranteed monthly payments, then the participant's
26 beneficiary or estate receives the remaining guaranteed number

1 of monthly payments.

2 (b) In lieu of the annuities under Section 15-315 and
3 subsection (a) of this Section, a participant may choose the
4 portable benefit package under Section 15-136.4 or the
5 self-managed plan under Section 15-158.2.

6 (c) The Board must determine the participant's optional
7 form of annuity provided under this Section by taking into
8 account the appropriate actuarial assumptions, including
9 without limitation the participant's and beneficiary's age;
10 applicable mortality tables; and any other factors that the
11 Board determines to be relevant. For this purpose, the
12 participant's joint and survivor annuity should result in no
13 significant increase to the System's unfunded actuarial
14 accrued liability determined as of the most recent actuarial
15 valuation, based on the same assumptions and methods used to
16 develop and report the System's actuarial accrued liability and
17 actuarial value of assets under Statement No. 25 of
18 Governmental Accounting Standards Board or any subsequent
19 applicable Statement.

20 (40 ILCS 5/15-325 new)

21 Sec. 15-325. Automatic annual increases for later
22 entrants. Notwithstanding any other provision of this Article,
23 a person receiving a retirement or survivor annuity under
24 Sections 15-315 or 15-320 shall, on the first anniversary of
25 retirement, but not before attaining the full (normal)

1 retirement age as provided in the federal Social Security Act,
2 and annually thereafter, have his or her annuity increased by
3 the lesser of (1) 3% or (2) one-half of the percentage
4 increase, if any, in the Consumer Price Index for All Urban
5 Consumers measured from the preceding January 1 to the January
6 1 of the year during which the increase is being granted. The
7 increase for each year shall be applied to the amount of the
8 recipient's originally granted annuity.

9 (40 ILCS 5/15-330 new)

10 Sec. 15-330. Refunds; later entrants. An employee who is a
11 later entrant and who ceases to be a participant, other than an
12 annuitant, shall, upon written request, receive a refund of his
13 or her total contributions. Upon re-entry into service as an
14 employee, a former participant who was a later entrant may
15 reestablish any creditable service forfeited by acceptance of a
16 refund by paying to the System the full amount refunded, plus
17 interest at the actuarially assumed rate, not compounded, from
18 the date of payment of the refund to the date of repayment.

19 (40 ILCS 5/16-300 new)

20 Sec. 16-300. Provisions applicable to later entrants. The
21 provisions of Sections 16-300, 16-305, 16-310, 16-315, 16-320,
22 16-325, and 16-330 apply only to teachers who first become
23 teachers on or after July 1, 2011, who are referred to as
24 "later entrants". Notwithstanding anything in the foregoing

1 provisions of this Article to the contrary, the provisions of
2 Sections 16-300, 16-305, 16-310, 16-315, 16-320, 16-325, and
3 16-330 shall control for later entrants.

4 (40 ILCS 5/16-305 new)

5 Sec. 16-305. Creditable service for later entrants.
6 Creditable service for later entrants under this Article is
7 subject to the following conditions:

8 (a) The maximum amount of creditable service a member may
9 establish under this Article is 35 years.

10 (b) A member may only establish creditable service for his
11 or her service for employment as a teacher, as defined in
12 Section 16-106.

13 (c) A member may not convert any unused sick leave or
14 vacation into creditable service under this Article.

15 (40 ILCS 5/16-310 new)

16 Sec. 16-310. Later entrants under this Article shall be
17 eligible to claim a retirement annuity under the following
18 conditions:

19 (a) A participant may claim a retirement annuity upon
20 attainment of the full (normal) retirement age as provided in
21 the federal Social Security Act with at least 8 years of
22 service credit.

23 (b) A participant may claim a reduced retirement annuity
24 under subsection (c) of Section 16-315 if he or she has reached

1 an age that is 5 years preceding the full (normal) retirement
2 age as provided in the federal Social Security Act, and has at
3 least 8 years of service.

4 (40 ILCS 5/16-315 new)

5 Sec. 16-315. Retirement life annuity; amount; later
6 entrants. Retirement annuities for later entrants shall be
7 subject to the following conditions:

8 (a) With respect to later entrants, the following
9 limitations shall apply when calculating an annuity under this
10 Article:

11 (1) "Final average salary" means the monthly salary
12 obtained by dividing the total salary of a member during
13 the period of: (A) the 96 consecutive months of service in
14 which the total salary was the highest within the last 120
15 months of service, or (B) the total period of service, if
16 less than 96 months, by the number of months of service in
17 such period; provided that the monthly salary to be
18 considered in each of the last 12 months of the final
19 average salary period shall not exceed 125% of the highest
20 salary in any other month in the final average salary
21 period that precedes such final 12-month period. In no
22 event shall the monthly salary used to determine final
23 average salary exceed the Social Security Contribution and
24 Benefit Base for the given month of service, or \$10,000
25 indexed for inflation by rules established by the system,

1 whichever is less.

2 (2) "Salary" means base salary paid to a member.

3 (b) The retirement life annuity shall be 2% of final
4 average salary for each year of service.

5 (c) For a member retiring after attaining an age that is 5
6 years preceding the full (normal) retirement age as provided in
7 the federal Social Security Act, the retirement life annuity
8 shall be reduced by one-half of 1% for each month that the
9 member's retirement age is under the full (normal) retirement
10 age as provided in the federal Social Security Act.

11 (d) In no event shall a retirement life annuity exceed the
12 base salary of the Governor of the State of Illinois.

13 (40 ILCS 5/16-320 new)

14 Sec. 16-320. Alternative forms of annuities for later
15 entrants. A member who is a later entrant may choose any of the
16 following types of annuities in lieu of receiving the full
17 annuity provided in Section 16-315:

18 (1) Joint and 50% survivor annuity. Under this form of
19 payment, the member receives a reduced monthly payment for
20 his or her lifetime with a payment equal to 50% of the
21 reduced amount payable to the member paid to the member's
22 designated beneficiary for the beneficiary's lifetime if
23 the beneficiary survives the member.

24 (2) Joint and 75% survivor annuity. Under this form of
25 payment, the member receives a reduced monthly payment for

1 his or her lifetime with a payment equal to 75% of the
2 reduced amount payable to the member paid to the member's
3 designated beneficiary for the beneficiary's lifetime if
4 the beneficiary survives the member.

5 (3) Joint and 100% survivor annuity. Under this form of
6 payment, the member receives a reduced monthly payment for
7 his or her lifetime with a payment equal to 100% of the
8 reduced amount payable to the member paid to the member's
9 designated beneficiary for the beneficiary's lifetime if
10 the beneficiary survives the member.

11 (4) Single life annuity with 60, 120, or 180 months of
12 guaranteed payments. Under this option, the member
13 receives a reduced monthly payment for his or her lifetime.

14 If the member dies before receiving at least the number of
15 guaranteed monthly payments, then the member's beneficiary or
16 estate receives the remaining guaranteed number of monthly
17 payments.

18 The Board must determine the participant's optional form of
19 annuity provided under this Section by taking into account the
20 appropriate actuarial assumptions, including without
21 limitation the participant's and beneficiary's age; applicable
22 mortality tables; and any other factors that the Board
23 determines to be relevant. For this purpose, the participant's
24 joint and survivor annuity should result in no significant
25 increase to the System's unfunded actuarial accrued liability
26 determined as of the most recent actuarial valuation, based on

1 the same assumptions and methods used to develop and report the
2 System's actuarial accrued liability and actuarial value of
3 assets under Statement No. 25 of Governmental Accounting
4 Standards Board or any subsequent applicable Statement.

5 (40 ILCS 5/16-325 new)

6 Sec. 16-325. Automatic annual increases for later
7 entrants. Notwithstanding any other provision of this Article,
8 a person receiving a retirement or survivor annuity under
9 Sections 16-315 or 16-320 shall, on the first anniversary of
10 retirement, but not before attaining the full (normal)
11 retirement age as provided in the federal Social Security Act,
12 and annually thereafter, have his or her annuity increased by
13 the lesser of (1) 3% or (2) one-half of the percentage
14 increase, if any, in the Consumer Price Index for All Urban
15 Consumers measured from the preceding January 1 to the January
16 1 of the year during which the increase is being granted. The
17 increase for each year shall be applied to the amount of the
18 recipient's originally granted annuity.

19 (40 ILCS 5/16-330 new)

20 Sec. 16-330. Refunds; later entrants. A teacher who is a
21 later entrant and who ceases to be a member, other than an
22 annuitant, shall, upon written request, receive a refund of his
23 or her total contributions. Upon re-entry into service as a
24 teacher, a former member who was a later entrant may

1 reestablish any creditable service forfeited by acceptance of a
2 refund by paying to the System the full amount refunded, plus
3 interest at the actuarially assumed rate, not compounded, from
4 the date of payment of the refund to the date of repayment.

5 (40 ILCS 5/18-300 new)

6 Sec. 18-300. Provisions applicable to later entrants. The
7 provisions of Sections 18-300, 18-305, 18-310, 18-315, 18-320,
8 18-325, and 18-330 apply only to judges who first become judges
9 on or after July 1, 2011, who are referred to as "later
10 entrants". Notwithstanding anything in the foregoing
11 provisions of this Article to the contrary, the provisions of
12 Sections 18-300, 18-305, 18-310, 18-315, 18-320, 18-325, and
13 18-330 shall control for later entrants.

14 (40 ILCS 5/18-305 new)

15 Sec. 18-305. Creditable service for later entrants.
16 Creditable service for later entrants under this Article is
17 subject to the following conditions:

18 (a) The maximum amount of creditable service a member may
19 establish under this Article is 35 years.

20 (b) A participant may only establish creditable service for
21 his or her service for employment as a judge, as defined in
22 Section 18-112.

23 (c) A member may not convert any unused sick leave or
24 vacation into creditable service under this Article.

1 (40 ILCS 5/18-310 new)

2 Sec. 18-310. Retirement annuity; conditions for
3 eligibility; later entrants. Later entrants under this Article
4 shall be eligible to claim a retirement annuity under the
5 following conditions:

6 (a) A participant may claim a retirement annuity upon
7 attainment of the full (normal) retirement age as provided in
8 the federal Social Security Act with at least 8 years of
9 service credit.

10 (b) A participant may claim a reduced retirement annuity
11 under subsection (c) of Section 18-315 if he or she has reached
12 an age that is 5 years preceding the full (normal) retirement
13 age as provided in the federal Social Security Act, and has at
14 least 8 years of service.

15 (40 ILCS 5/18-315 new)

16 Sec. 18-315. Retirement life annuity; amount; later
17 entrants. Retirement annuities for later entrants shall be
18 subject to the following conditions:

19 (a) With respect to later entrants, the following
20 limitations shall apply when calculating an annuity under this
21 Article:

22 (1) "Final average salary" means the monthly salary
23 obtained by dividing the total salary of a participant
24 during the period of: (A) the 96 consecutive months of

1 service in which the total salary was the highest within
2 the last 120 months of service, or (B) the total period of
3 service, if less than 96 months, by the number of months of
4 service in such period; provided that the monthly salary to
5 be considered in each of the last 12 months of the final
6 average salary period shall not exceed 125% of the highest
7 salary in any other month in the final average salary
8 period that precedes such final 12-month period. In no
9 event shall the monthly salary used to determine final
10 average salary exceed the Social Security Contribution and
11 Benefit Base for the given month of service, or \$10,000
12 indexed for inflation by rules established by the system,
13 whichever is less.

14 (2) "Salary" means base salary paid to a participant.

15 (b) The retirement life annuity shall be 2% of final
16 average salary for each year of service.

17 (c) For a participant retiring after attaining an age that
18 is 5 years preceding the full (normal) retirement age as
19 provided in the federal Social Security Act, the retirement
20 life annuity shall be reduced by one-half of 1% for each month
21 that the participant's retirement age is under the full
22 (normal) retirement age as provided in the federal Social
23 Security Act.

24 (d) In no event shall a retirement life annuity exceed the
25 base salary of the Governor of the State of Illinois.

1 (40 ILCS 5/18-320 new)

2 Sec. 18-320. Alternative forms of annuities for later
3 entrants.

4 A participant who is a later entrant may choose any of the
5 following types of annuities in lieu of receiving the full
6 annuity provided in Section 18-315:

7 (1) Joint and 50% survivor annuity. Under this form of
8 payment, the participant receives a reduced monthly
9 payment for his or her lifetime with a payment equal to 50%
10 of the reduced amount payable to the participant paid to
11 the participant's designated beneficiary for the
12 beneficiary's lifetime if the beneficiary survives the
13 participant.

14 (2) Joint and 75% survivor annuity. Under this form of
15 payment, the participant receives a reduced monthly
16 payment for his or her lifetime with a payment equal to 75%
17 of the reduced amount payable to the participant paid to
18 the participant's designated beneficiary for the
19 beneficiary's lifetime if the beneficiary survives the
20 participant.

21 (3) Joint and 100% survivor annuity. Under this form of
22 payment, the participant receives a reduced monthly
23 payment for his or her lifetime with a payment equal to
24 100% of the reduced amount payable to the participant paid
25 to the participant's designated beneficiary for the
26 beneficiary's lifetime if the beneficiary survives the

1 participant.

2 (4) Single life annuity with 60, 120, or 180 months of
3 guaranteed payments. Under this option, the participant
4 receives a reduced monthly payment for his or her lifetime.

5 If the participant dies before receiving at least the
6 number of guaranteed monthly payments, then the participant's
7 beneficiary or estate receives the remaining guaranteed number
8 of monthly payments.

9 The Board must determine the participant's optional form of
10 annuity provided under this Section by taking into account the
11 appropriate actuarial assumptions, including without
12 limitation the participant's and beneficiary's age; applicable
13 mortality tables; and any other factors that the Board
14 determines to be relevant. For this purpose, the participant's
15 joint and survivor annuity should result in no significant
16 increase to the System's unfunded actuarial accrued liability
17 determined as of the most recent actuarial valuation, based on
18 the same assumptions and methods used to develop and report the
19 System's actuarial accrued liability and actuarial value of
20 assets under Statement No. 25 of Governmental Accounting
21 Standards Board or any subsequent applicable Statement.

22 (40 ILCS 5/18-325 new)

23 Sec. 18-325. Automatic annual increases for later
24 entrants. Notwithstanding any other provision of this Article,
25 a person receiving a retirement or survivor annuity under

1 Sections 18-315 or 18-320 shall, on the first anniversary of
2 retirement, but not before attaining the full (normal)
3 retirement age as provided in the federal Social Security Act,
4 and annually thereafter, have his or her annuity increased by
5 the lesser of (1) 3% or (2) one-half of the percentage
6 increase, if any, in the Consumer Price Index for All Urban
7 Consumers measured from the preceding January 1 to the January
8 1 of the year during which the increase is being granted. The
9 increase for each year shall be applied to the amount of the
10 recipient's originally granted annuity.

11 (40 ILCS 5/18-330 new)

12 Sec. 18-330. Refunds; later entrants. A judge who was a
13 later entrant and who ceases to be a participant, other than an
14 annuitant, shall, upon written request, receive a refund of his
15 or her total contributions. Upon re-entry into service as a
16 judge, a former participant who was a later entrant may
17 reestablish any creditable service forfeited by acceptance of a
18 refund by paying to the System the full amount refunded, plus
19 interest at the actuarially assumed rate, not compounded, from
20 the date of payment of the refund to the date of repayment.

21 ARTICLE 3.

22 Section 3-1. Legislative intent. Article XIII, Section 5 of
23 the 1970 Illinois State Constitution provides public employees

1 a right to retain their contractual rights to pension benefits
2 that they have already earned. The goal and intent of the
3 following provisions is to preserve the accrued benefits of
4 members in the five State pension systems, while making changes
5 on a prospective basis to protect the funded status of each
6 State pension system, thereby preserving each system's ability
7 to provide benefits for all members.

8 Section 3-5. The Illinois Pension Code is amended by adding
9 Sections 2-400, 2-405, 2-410, 2-415, 2-420, 14-400, 14-405,
10 14-410, 14-415, 14-420, 15-400, 15-405, 15-410, 15-415,
11 15-420, 16-400, 16-405, 16-410, 16-415, 16-420, 18-400,
12 18-405, 18-410, 18-415, and 18-420 as follows:

13 (40 ILCS 5/2-400 new)

14 Sec. 2-400. Provisions applicable to benefit accruals on or
15 after July 1, 2011. Notwithstanding anything in the foregoing
16 provisions of this Article to the contrary, the provisions of
17 Sections 2-405, 2-410, 2-415, and 2-420 shall control for any
18 annuity calculations and benefit accruals by members besides
19 later entrants on or after July 1, 2011.

20 (40 ILCS 5/2-405 new)

21 Sec. 2-405. Rate of accrual on or after July 1, 2011. For
22 all service by a member on or after July 1, 2011, the annual
23 retirement annuity rate of accrual is 2% of final average

1 salary for each year of service.

2 (40 ILCS 5/2-410 new)

3 Sec. 2-410. Annuity calculations for benefit accruals on or
4 after July 1, 2011. For purposes of calculating an annuity
5 based on service performed on or after July 1, 2011, the
6 following rules apply to benefit accruals on or after July 1,
7 2011:

8 (a) "Final average salary" means the monthly salary
9 obtained by dividing the total salary of a participant during
10 the period of: (A) the 96 consecutive months of service in
11 which the total salary was the highest within the last 120
12 months of service, or (B) the total period of service, if less
13 than 96 months, by the number of months of service in such
14 period; provided that the monthly salary to be considered in
15 each of the last 12 months of the final average salary period
16 shall not exceed 125% of the highest salary in any other month
17 in the final average salary period that precedes such final
18 12-month period. In no event shall the monthly salary used to
19 determine final average salary for benefit accruals on or after
20 July 1, 2011 exceed the Social Security Contribution and
21 Benefit Base for the given month of service, or \$10,000 indexed
22 for inflation by rules established by the system, whichever is
23 less.

24 (b) "Salary" means base salary paid to a member.

25 (c) The portion of any annuity earned on or after July 1,

1 2011 shall be reduced by one-half of 1% for each month that the
2 member's retirement age is under the full (normal) retirement
3 age as provided in the federal Social Security Act.

4 (d) The maximum amount of creditable service a member may
5 establish on or after July 1, 2011 is 35 years.

6 (40 ILCS 5/2-415 new)

7 Sec. 2-415. Automatic annual increases for accruals on or
8 after July 1, 2011. A person receiving an annuity based on
9 service performed on or after July 1, 2011 shall, on the first
10 anniversary of retirement, but not before attaining the full
11 (normal) retirement age as provided in the federal Social
12 Security Act, and annually thereafter, have the portion of his
13 or her annuity earned on or after July 1, 2011 increased by the
14 lesser of (1) 3% or (2) one-half of the percentage increase, if
15 any, in the Consumer Price Index for All Urban Consumers
16 measured from the preceding January 1 to the January 1 of the
17 year during which the increase is being granted. The increase
18 for each year shall be applied to the amount of the recipient's
19 originally granted annuity.

20 (40 ILCS 5/2-420 new)

21 Sec. 2-420. Calculation of annuity. When calculating an
22 annuity for a participant who has service before and after July
23 1, 2011, the participant's total accrued benefit shall be the
24 sum of (A) the participant's benefit accruals prior to July 1,

1 2011 as if the participant had retired on that date, and (B)
2 the participant's benefit accruals on or after July 1, 2011, as
3 modified by the rules in sections 2-405, 2-410, and 2-415.
4 Within 180 days after the effective date of this amendatory Act
5 of the 96th General Assembly, the system shall promulgate rules
6 and regulations to effectuate the provisions of this amendatory
7 Act of the 96th General Assembly. In no event shall the
8 participant's total accrued benefit be less, at his retirement,
9 than if the participant's entire period of service had been as
10 a later entrant.

11 (40 ILCS 5/14-400 new)

12 Sec. 14-400. Provisions applicable to benefit accruals on
13 or after July 1, 2011. Notwithstanding anything in the
14 foregoing provisions of this Article to the contrary, the
15 provisions of Sections 14-405, 14-410, 14-415, and 14-420 shall
16 control for any annuity calculations and benefit accruals by
17 employees besides later entrants on or after July 1, 2011.

18 (40 ILCS 5/14-405 new)

19 Sec. 14-405. Rate of accrual on or after July 1, 2011. For
20 all service by an employee on or after July 1, 2011, the annual
21 retirement annuity rate of accrual is 2% of final average
22 compensation for each year of service for noncovered employees
23 and 1.5% of final average compensation for each year of service
24 for covered employees.

1 (40 ILCS 5/14-410 new)

2 Sec. 14-410. Annuity calculations for benefit accruals on
3 or after July 1, 2011. For purposes of calculating an annuity
4 based on service performed on or after July 1, 2011, the
5 following rules apply to benefit accruals on or after July 1,
6 2011:

7 (a) "Final average compensation" means the monthly
8 compensation obtained by dividing the total compensation of an
9 employee during the period of: (A) the 96 consecutive months of
10 service in which the total compensation was the highest within
11 the last 120 months of service, or (B) the total period of
12 service, if less than 96 months, by the number of months of
13 service in such period; provided that the monthly compensation
14 to be considered in each of the last 12 months of the final
15 average compensation period shall not exceed 125% of the
16 highest compensation in any other month in the final average
17 compensation period that precedes such final 12-month period.
18 In no event shall the monthly compensation used to determine
19 final average compensation for benefit accruals on or after
20 July 1, 2011 exceed the Social Security Contribution and
21 Benefit Base for the given month of service, or \$10,000 indexed
22 for inflation by rules established by the system, whichever is
23 less.

24 (b) "Compensation" means base compensation paid to an
25 employee.

1 (c) The portion of any annuity earned on or after July 1,
2 2011 shall be reduced by one-half of 1% for each month that the
3 employee's retirement age is under the full (normal) retirement
4 age as provided in the federal Social Security Act.

5 (d) The maximum amount of creditable service an employee
6 may establish on or after July 1, 2011 is 35 years.

7 (40 ILCS 5/14-415 new)

8 Sec. 14-415. Automatic annual increases for accruals on or
9 after July 1, 2011. A person receiving an annuity based on
10 service performed on or after July 1, 2011 shall, on the first
11 anniversary of retirement, but not before attaining the full
12 (normal) retirement age as provided in the federal Social
13 Security Act, and annually thereafter, have the portion of his
14 or her annuity earned on or after July 1, 2011 increased by the
15 lesser of (1) 3% or (2) one-half of the percentage increase, if
16 any, in the Consumer Price Index for All Urban Consumers
17 measured from the preceding January 1 to the January 1 of the
18 year during which the increase is being granted. The increase
19 for each year shall be applied to the amount of the recipient's
20 originally granted annuity.

21 (40 ILCS 5/14-420 new)

22 Sec. 14-420. Calculation of annuity. When calculating an
23 annuity for an employee who has service before and after July
24 1, 2011, the employee's total accrued benefit shall be the sum

1 of (A) the employee's benefit accruals prior to July 1, 2011 as
2 if the employee had retired on that date, and (B) the
3 employee's benefit accruals on or after July 1, 2011, as
4 modified by the rules in sections 14-405, 14-410, and 14-415.
5 Within 180 days after the effective date of this amendatory Act
6 of the 96th General Assembly, the system shall promulgate rules
7 and regulations to effectuate the provisions of this amendatory
8 Act of the 96th General Assembly. In no event shall the
9 employee's total accrued benefit be less, at his retirement,
10 than if the employee's entire period of service had been as a
11 later entrant.

12 (40 ILCS 5/15-400 new)

13 Sec. 15-400. Provisions applicable to benefit accruals on
14 or after July 1, 2011. Notwithstanding anything in the
15 foregoing provisions of this Article to the contrary, the
16 provisions of Sections 15-405, 15-410, 15-415, and 15-420 shall
17 control for any annuity calculations and benefit accruals by
18 employees besides later entrants on or after July 1, 2011.

19 (40 ILCS 5/15-405 new)

20 Sec. 15-405. Rate of accrual on or after July 1, 2011. For
21 all service by an employee on or after July 1, 2011, the annual
22 retirement annuity rate of accrual is 2% of final rate of
23 earnings for each year of service.

1 (40 ILCS 5/15-410 new)

2 Sec. 15-410. Annuity calculations for benefit accruals on
3 or after July 1, 2011. For purposes of calculating an annuity
4 based on service performed on or after July 1, 2011, the
5 following rules apply to benefit accruals on or after July 1,
6 2011:

7 (a) "Final rate of earnings" means the monthly earnings
8 obtained by dividing the total earnings of an employee during
9 the period of: (A) the 96 consecutive months of service in
10 which the total earnings was the highest within the last 120
11 months of service, or (B) the total period of service, if less
12 than 96 months, by the number of months of service in such
13 period; provided that the monthly earnings to be considered in
14 each of the last 12 months of the final rate of earnings period
15 shall not exceed 125% of the highest earnings in any other
16 month in the final rate of earnings period that precedes such
17 final 12-month period. In no event shall the monthly earnings
18 used to determine final rate of earnings for benefit accruals
19 on or after July 1, 2011 exceed the Social Security
20 Contribution and Benefit Base for the given month of service,
21 or \$10,000 indexed for inflation by rules established by the
22 system, whichever is less.

23 (b) "Earnings" means base salary paid to an employee.

24 (c) The portion of any annuity earned on or after July 1,
25 2011 shall be reduced by one-half of 1% for each month that the
26 employee's retirement age is under the full (normal) retirement

1 age as provided in the federal Social Security Act.

2 (d) The maximum amount of creditable service an employee
3 may establish on or after July 1, 2011 is 35 years.

4 (40 ILCS 5/15-415 new)

5 Sec. 15-415. Automatic annual increases for accruals on or
6 after July 1, 2011. A person receiving an annuity based on
7 service performed on or after July 1, 2011 shall, on the first
8 anniversary of retirement, but not before attaining the full
9 (normal) retirement age as provided in the federal Social
10 Security Act, and annually thereafter, have the portion of his
11 or her annuity earned on or after July 1, 2011 increased by the
12 lesser of (1) 3% or (2) one-half of the percentage increase, if
13 any, in the Consumer Price Index for All Urban Consumers
14 measured from the preceding January 1 to the January 1 of the
15 year during which the increase is being granted. The increase
16 for each year shall be applied to the amount of the recipient's
17 originally granted annuity.

18 (40 ILCS 5/15-420 new)

19 Sec. 15-420. Calculation of annuity. When calculating an
20 annuity for a participant who has service before and after July
21 1, 2011, the participant's total accrued benefit shall be the
22 sum of (A) the participant's benefit accruals prior to July 1,
23 2011 as if the participant had retired on that date, and (B)
24 the participant's benefit accruals on or after July 1, 2011, as

1 modified by the rules in sections 15-405, 15-410, and 15-415.
2 Within 180 days after the effective date of this amendatory Act
3 of the 96th General Assembly, the system shall promulgate rules
4 and regulations to effectuate the provisions of this amendatory
5 Act of the 96th General Assembly. In no event shall the
6 participant's total accrued benefit be less, at his retirement,
7 than if the participant's entire period of service had been as
8 a later entrant.

9 (40 ILCS 5/16-400 new)

10 Sec. 16-400. Provisions applicable to benefit accruals on
11 or after July 1, 2011. Notwithstanding anything in the
12 foregoing provisions of this Article to the contrary, the
13 provisions of Sections 16-405, 16-410, 16-415, and 16-420 shall
14 control for any annuity calculations and benefit accruals by
15 teachers besides later entrants on or after July 1, 2011.

16 (40 ILCS 5/16-405 new)

17 Sec. 16-405. Rate of accrual on or after July 1, 2011. For
18 all service by a teacher on or after July 1, 2011, the annual
19 retirement annuity rate of accrual is 2% of final average
20 salary for each year of service.

21 (40 ILCS 5/16-410 new)

22 Sec. 16-410. Annuity calculations for benefit accruals on
23 or after July 1, 2011. For purposes of calculating an annuity

1 based on service performed on or after July 1, 2011, the
2 following rules apply to benefit accruals on or after July 1,
3 2011:

4 (a) "Final average salary" means the monthly salary
5 obtained by dividing the total salary of an teacher during the
6 period of: (A) the 96 consecutive months of service in which
7 the total salary was the highest within the last 120 months of
8 service, or (B) the total period of service, if less than 96
9 months, by the number of months of service in such period;
10 provided that the monthly salary to be considered in each of
11 the last 12 months of the final average salary period shall not
12 exceed 125% of the highest salary in any other month in the
13 final average salary period that precedes such final 12 month
14 period. In no event shall the monthly salary used to determine
15 final average salary for benefit accruals on or after July 1,
16 2011 exceed the Social Security Contribution and Benefit Base
17 for the given month of service, or \$10,000 indexed for
18 inflation by rules established by the system, whichever is
19 less.

20 (b) "Salary" means base salary paid to a teacher.

21 (c) The portion of any annuity earned on or after July 1,
22 2011 shall be reduced by one-half of 1% for each month that the
23 teacher's retirement age is under the full (normal) retirement
24 age as provided in the federal Social Security Act.

25 (d) The maximum amount of creditable service a teacher may
26 establish on or after July 1, 2011 is 35 years.

1 (40 ILCS 5/16-415 new)

2 Sec. 16-415. Automatic annual increases for accruals on or
3 after July 1, 2011. A person receiving an annuity based on
4 service performed on or after July 1, 2011 shall, on the first
5 anniversary of retirement, but not before attaining the full
6 (normal) retirement age as provided in the federal Social
7 Security Act, and annually thereafter, have the portion of his
8 or her annuity earned on or after July 1, 2011 increased by the
9 lesser of (1) 3% or (2) one-half of the percentage increase, if
10 any, in the Consumer Price Index for All Urban Consumers
11 measured from the preceding January 1 to the January 1 of the
12 year during which the increase is being granted. The increase
13 for each year shall be applied to the amount of the recipient's
14 originally granted annuity.

15 (40 ILCS 5/16-420 new)

16 Sec. 16-420. Calculation of annuity. When calculating an
17 annuity for a teacher who has service before and after July 1,
18 2011, the teacher's total accrued benefit shall be the sum of
19 (A) the teacher's benefit accruals prior to July 1, 2011 as if
20 the teacher had retired on that date, and (B) the teacher's
21 benefit accruals on or after July 1, 2011, as modified by the
22 rules in sections 16-405, 16-410, and 16-415. Within 180 days
23 after the effective date of this amendatory Act of the 96th
24 General Assembly, the system shall promulgate rules and

1 regulations to effectuate the provisions of this amendatory Act
2 of the 96th General Assembly. In no event shall the teacher's
3 total accrued benefit be less, at his retirement, than if the
4 teacher's entire period of service had been as a later entrant.

5 (40 ILCS 5/18-400 new)

6 Sec. 18-400. Provisions applicable to benefit accruals on
7 or after July 1, 2011. Notwithstanding anything in the
8 foregoing provisions of this Article to the contrary, the
9 provisions of Sections 18-405, 18-410, 18-415, and 18-420 shall
10 control for any annuity calculations and benefit accruals by
11 judges besides later entrants on or after July 1, 2011.

12 (40 ILCS 5/18-405 new)

13 Sec. 18-405. Rate of accrual on or after July 1, 2011. For
14 all service by a judge on or after July 1, 2011, the annual
15 retirement annuity rate of accrual is 2% of final average
16 salary for each year of service.

17 (40 ILCS 5/18-410 new)

18 Sec. 18-410. Annuity calculations for benefit accruals on
19 or after July 1, 2011. For purposes of calculating an annuity
20 based on service performed on or after July 1, 2011, the
21 following rules apply to benefit accruals on or after July 1,
22 2011:

23 (a) "Final average salary" means the monthly salary

1 obtained by dividing the total salary of an judge during the
2 period of: (A) the 96 consecutive months of service in which
3 the total salary was the highest within the last 120 months of
4 service, or (B) the total period of service, if less than 96
5 months, by the number of months of service in such period;
6 provided that the monthly salary to be considered in each of
7 the last 12 months of the final average salary period shall not
8 exceed 125% of the highest salary in any other month in the
9 final average salary period that precedes such final 12 month
10 period. In no event shall the monthly salary used to determine
11 final average salary for benefit accruals on or after July 1,
12 2011 exceed the Social Security Contribution and Benefit Base
13 for the given month of service, or \$10,000 indexed for
14 inflation by rules established by the system, whichever is
15 less.

16 (b) "Salary" means base salary paid to a judge.

17 (c) The portion of any annuity earned on or after July 1,
18 2011 shall be reduced by one-half of 1% for each month that the
19 judge's retirement age is under the full (normal) retirement
20 age as provided in the federal Social Security Act.

21 (d) The maximum amount of creditable service a judge may
22 establish on or after July 1, 2011 is 35 years.

23 (40 ILCS 5/18-415 new)

24 Sec. 18-415. Automatic annual increases for accruals on or
25 after July 1, 2011. A person receiving an annuity based on

1 service performed on or after July 1, 2011 shall, on the first
2 anniversary of retirement, but not before attaining the full
3 (normal) retirement age as provided in the federal Social
4 Security Act, and annually thereafter, have the portion of his
5 or her annuity earned on or after July 1, 2011 increased by the
6 lesser of (1) 3% or (2) one-half of the percentage increase, if
7 any, in the Consumer Price Index for All Urban Consumers
8 measured from the preceding January 1 to the January 1 of the
9 year during which the increase is being granted. The increase
10 for each year shall be applied to the amount of the recipient's
11 originally granted annuity.

12 (40 ILCS 5/18-420 new)

13 Sec. 18-420. Calculation of annuity. When calculating an
14 annuity for a participant who has service before and after July
15 1, 2011, the participant's total accrued benefit shall be the
16 sum of (A) the participant's benefit accruals prior to July 1,
17 2011 as if the participant had retired on that date, and (B)
18 the participant's benefit accruals on or after July 1, 2011, as
19 modified by the rules in sections 18-405, 18-410, and 18-415.
20 Within 180 days after the effective date of this amendatory Act
21 of the 96th General Assembly, the system shall promulgate rules
22 and regulations to effectuate the provisions of this amendatory
23 Act of the 96th General Assembly. In no event shall the
24 participant's total accrued benefit be less, at his retirement,
25 than if the participant's entire period of service had been as

1 a later entrant.

2 ARTICLE 99.

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