



Rep. Elaine Nekritz

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1 AMENDMENT TO SENATE BILL 1673

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1673 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Governor's Office of Management and Budget  
5 Act is amended by changing Sections 7 and 8 as follows:

6 (20 ILCS 3005/7) (from Ch. 127, par. 417)

7 Sec. 7. All statements and estimates of expenditures  
8 submitted to the Office in connection with the preparation of a  
9 State budget, and any other estimates of expenditures,  
10 supporting requests for appropriations, shall be formulated  
11 according to the various functions and activities for which the  
12 respective department, office or institution of the State  
13 government (including the elective officers in the executive  
14 department and including the University of Illinois and the  
15 judicial department) is responsible. All such statements and  
16 estimates of expenditures relating to a particular function or

1 activity shall be further formulated or subject to analysis in  
2 accordance with the following classification of objects:

3 (1) Personal services

4 (2) State contribution for employee group insurance

5 (3) Contractual services

6 (4) Travel

7 (5) Commodities

8 (6) Equipment

9 (7) Permanent improvements

10 (8) Land

11 (9) Electronic Data Processing

12 (10) Telecommunication services

13 (11) Operation of Automotive Equipment

14 (12) Contingencies

15 (13) Reserve

16 (14) Interest

17 (15) Awards and Grants

18 (16) Debt Retirement

19 (17) Non-cost Charges-

20 (18) State retirement contribution for annual normal cost

21 (19) State retirement contribution for unfunded accrued  
22 liability.

23 (Source: P.A. 93-25, eff. 6-20-03.)

24 (20 ILCS 3005/8) (from Ch. 127, par. 418)

25 Sec. 8. When used in connection with a State budget or

1 expenditure or estimate, items (1) through (16) in the  
2 classification of objects stated in Section 7 shall have the  
3 meanings ascribed to those items in Sections 14 through 24.7,  
4 respectively, of the State Finance Act. ~~"An Act in relation to  
5 State finance", approved June 10, 1919, as amended.~~

6 When used in connection with a State budget or expenditure  
7 or estimate, items (18) and (19) in the classification of  
8 objects stated in Section 7 shall have the meanings ascribed to  
9 those items in Sections 24.12 and 24.13, respectively, of the  
10 State Finance Act.

11 (Source: P.A. 82-325.)

12 Section 10. The State Finance Act is amended by changing  
13 Section 13 and by adding Sections 24.12 and 24.13 as follows:

14 (30 ILCS 105/13) (from Ch. 127, par. 149)

15 Sec. 13. The objects and purposes for which appropriations  
16 are made are classified and standardized by items as follows:

- 17 (1) Personal services;
- 18 (2) State contribution for employee group insurance;
- 19 (3) Contractual services;
- 20 (4) Travel;
- 21 (5) Commodities;
- 22 (6) Equipment;
- 23 (7) Permanent improvements;
- 24 (8) Land;

- 1           (9) Electronic Data Processing;
- 2           (10) Operation of automotive equipment;
- 3           (11) Telecommunications services;
- 4           (12) Contingencies;
- 5           (13) Reserve;
- 6           (14) Interest;
- 7           (15) Awards and Grants;
- 8           (16) Debt Retirement;
- 9           (17) Non-Cost Charges;
- 10          (18) State retirement contribution for annual normal cost;
- 11          (19) State retirement contribution for unfunded accrued
- 12          liability;
- 13          (20) ~~(18)~~ Purchase Contract for Real Estate.

14           When an appropriation is made to an officer, department,

15           institution, board, commission or other agency, or to a private

16           association or corporation, in one or more of the items above

17           specified, such appropriation shall be construed in accordance

18           with the definitions and limitations specified in this Act,

19           unless the appropriation act otherwise provides.

20           An appropriation for a purpose other than one specified and

21           defined in this Act may be made only as an additional, separate

22           and distinct item, specifically stating the object and purpose

23           thereof.

24           (Source: P.A. 84-263; 84-264.)

25           (30 ILCS 105/24.12 new)

1       Sec. 24.12. "State retirement contribution for annual  
2 normal cost" defined. The term "State retirement contribution  
3 for annual normal cost" means the portion of the total required  
4 State contribution to a retirement system for a fiscal year  
5 that represents the State's portion of the System's projected  
6 normal cost for that fiscal year, as determined and certified  
7 by the board of trustees of the retirement system in  
8 conformance with the applicable provisions of the Illinois  
9 Pension Code.

10       (30 ILCS 105/24.13 new)

11       Sec. 24.13. "State retirement contribution for unfunded  
12 accrued liability" defined. The term "State retirement  
13 contribution for unfunded accrued liability" means the portion  
14 of the total required State contribution to a retirement system  
15 for a fiscal year that is not included in the State retirement  
16 contribution for annual normal cost.

17       Section 15. The Budget Stabilization Act is amended by  
18 changing Section 20 as follows:

19       (30 ILCS 122/20)

20       Sec. 20. Pension Stabilization Fund.

21       (a) The Pension Stabilization Fund is hereby created as a  
22 special fund in the State treasury. Moneys in the fund shall be  
23 used for the sole purpose of making payments to the designated

1 retirement systems as provided in Section 25.

2 (b) For each fiscal year when the General Assembly's  
3 appropriations and transfers or diversions as required by law  
4 from general funds do not exceed 99% of the estimated general  
5 funds revenues pursuant to subsection (a) of Section 10, the  
6 Comptroller shall transfer from the General Revenue Fund as  
7 provided by this Section a total amount equal to 0.5% of the  
8 estimated general funds revenues to the Pension Stabilization  
9 Fund.

10 (c) For each fiscal year through State fiscal year 2013,  
11 when the General Assembly's appropriations and transfers or  
12 diversions as required by law from general funds do not exceed  
13 98% of the estimated general funds revenues pursuant to  
14 subsection (b) of Section 10, the Comptroller shall transfer  
15 from the General Revenue Fund as provided by this Section a  
16 total amount equal to 1.0% of the estimated general funds  
17 revenues to the Pension Stabilization Fund.

18 (c-10) In State fiscal year 2016 and each fiscal year  
19 thereafter, the State Comptroller shall order transferred and  
20 the State Treasurer shall transfer \$693,500,000 from the  
21 General Revenue Fund to the Pension Stabilization Fund.

22 (c-15) In addition, in State fiscal year 2020 and each  
23 fiscal year thereafter, the State Comptroller shall order  
24 transferred and the State Treasurer shall transfer  
25 \$900,000,000 from the General Revenue Fund to the Pension  
26 Stabilization Fund.

1       (c-20) In addition, in State fiscal year 2034 and each  
2 fiscal year thereafter, the State Comptroller shall order  
3 transferred and the State Treasurer shall transfer  
4 \$1,100,000,000 from the General Revenue Fund to the Pension  
5 Stabilization Fund.

6       (c-25) The transfers made pursuant to subsections (c-10)  
7 through (c-20) of this Section shall continue through State  
8 fiscal year 2045 or until each of the designated retirement  
9 systems, as defined in Section 25, has achieved a funding ratio  
10 of at least 100%, whichever occurs first.

11       (d) The Comptroller shall transfer 1/12 of the total amount  
12 to be transferred each fiscal year under this Section into the  
13 Pension Stabilization Fund on the first day of each month of  
14 that fiscal year or as soon thereafter as possible; except that  
15 the final transfer of the fiscal year shall be made as soon as  
16 practical after the August 31 following the end of the fiscal  
17 year.

18       Until State fiscal year 2014, before ~~Before~~ the final  
19 transfer for a fiscal year is made, the Comptroller shall  
20 reconcile the estimated general funds revenues used in  
21 calculating the other transfers under this Section for that  
22 fiscal year with the actual general funds revenues for that  
23 fiscal year. The final transfer for the fiscal year shall be  
24 adjusted so that the total amount transferred under this  
25 Section for that fiscal year is equal to the percentage  
26 specified in subsection (b) or (c) of this Section, whichever

1 is applicable, of the actual general funds revenues for that  
2 fiscal year. The actual general funds revenues for the fiscal  
3 year shall be calculated in a manner consistent with subsection  
4 (c) of Section 10 of this Act.

5 (Source: P.A. 94-839, eff. 6-6-06.)

6 Section 20. The Illinois Pension Code is amended by  
7 changing Sections 1-103.3, 1-160, 2-108, 2-119, 2-119.1,  
8 2-121.1, 2-124, 2-125, 2-126, 2-134, 2-162, 14-103.10, 14-107,  
9 14-108, 14-110, 14-114, 14-131, 14-132, 14-133, 14-135.08,  
10 14-152.1, 15-111, 15-113.6, 15-113.7, 15-134.5, 15-135,  
11 15-136, 15-155, 15-156, 15-157, 15-158.2, 15-165, 15-198,  
12 16-121, 16-132, 16-133, 16-133.1, 16-152, 16-158, 16-158.1,  
13 16-203, 20-121, 20-123, 20-124, and 20-125 and by adding  
14 Sections 1-161, 2-105.1, 2-105.2, 14-103.40, 14-103.41,  
15 15-107.1, 15-107.2, 15-155.1, 16-106.4, 16-106.5, and 16-158.2  
16 as follows:

17 (40 ILCS 5/1-103.3)

18 Sec. 1-103.3. Application of 1994 amendment; funding  
19 standard.

20 (a) The provisions of Public Act 88-593 ~~this amendatory Act~~  
21 ~~of 1994~~ that change the method of calculating, certifying, and  
22 paying the required State contributions to the retirement  
23 systems established under Articles 2, 14, 15, 16, and 18 shall  
24 first apply to the State contributions required for State



1 fiscal year 1996.

2 (b) (Blank) ~~The General Assembly declares that a funding~~  
3 ~~ratio (the ratio of a retirement system's total assets to its~~  
4 ~~total actuarial liabilities) of 90% is an appropriate goal for~~  
5 ~~State funded retirement systems in Illinois, and it finds that~~  
6 ~~a funding ratio of 90% is now the generally recognized norm~~  
7 ~~throughout the nation for public employee retirement systems~~  
8 ~~that are considered to be financially secure and funded in an~~  
9 ~~appropriate and responsible manner.~~

10 (c) Every 5 years, beginning in 1999, the Commission on  
11 Government Forecasting and Accountability, in consultation  
12 with the affected retirement systems and the Governor's Office  
13 of Management and Budget (formerly Bureau of the Budget), shall  
14 consider and determine whether the funding goals ~~90% funding~~  
15 ~~ratio~~ adopted in Articles 2, 14, 15, 16, and 18 of this Code  
16 continue ~~subsection (b) continues~~ to represent ~~an~~ appropriate  
17 funding goals ~~goal~~ for those ~~State funded~~ retirement systems ~~in~~  
18 ~~Illinois~~, and it shall report its findings and recommendations  
19 on this subject to the Governor and the General Assembly.

20 (Source: P.A. 93-1067, eff. 1-15-05.)

21 (40 ILCS 5/1-160)

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

23 (a) The provisions of this Section apply to a person who,  
24 on or after January 1, 2011, first becomes a member or a  
25 participant under any reciprocal retirement system or pension

1 fund established under this Code, other than a retirement  
2 system or pension fund established under Article 2, 3, 4, 5, 6,  
3 or 18 of this Code, notwithstanding any other provision of this  
4 Code to the contrary, but do not apply (i) to any self-managed  
5 plan established under this Code, (ii) to any person with  
6 respect to service as a sheriff's law enforcement employee  
7 under Article 7, (iii) to any person with respect to service  
8 for which the person participates in the cash balance plan  
9 established under Section 1-161, or (iv) to any participant of  
10 the retirement plan established under Section 22-101.

11 A person subject to this Section with respect to service  
12 under the State Universities Retirement System may irrevocably  
13 elect to transfer to the cash balance plan under Section 1-161  
14 with respect to service under the State Universities Retirement  
15 System by filing with the State Universities Retirement System  
16 by December 31, 2013, in the manner required by that System,  
17 his or her irrevocable written election to transfer to the cash  
18 balance plan. A person subject to this Section who returns to  
19 active service under Article 15 after November 1, 2013 shall  
20 have 60 days after returning to active service to make this  
21 election. Participation in the cash balance plan shall begin no  
22 earlier than July 1, 2013. For a person who transfers to the  
23 cash balance plan, the benefits that would otherwise be payable  
24 under this Section with respect to service in the State  
25 Universities Retirement System shall instead be payable as  
26 provided in the cash balance plan.

1       A person subject to this Section with respect to service  
2 under the Teachers' Retirement System of the State of Illinois  
3 may irrevocably elect to transfer to the cash balance plan  
4 under Section 1-161 with respect to service under the Teachers'  
5 Retirement System of the State of Illinois by filing with the  
6 Teachers' Retirement System of the State of Illinois by  
7 December 31, 2013, in the manner required by that System, his  
8 or her irrevocable written election to transfer to the cash  
9 balance plan. A person subject to this Section who returns to  
10 active service under Article 16 after November 1, 2013 shall  
11 have 60 days after returning to active service to make this  
12 election. Participation in the cash balance plan shall begin no  
13 earlier than July 1, 2013. For a person who transfers to the  
14 cash balance plan, the benefits that would otherwise be payable  
15 under this Section with respect to service in the Teachers'  
16 Retirement System of the State of Illinois shall instead be  
17 payable as provided in the cash balance plan.

18       (b) "Final average salary" means the average monthly (or  
19 annual) salary obtained by dividing the total salary or  
20 earnings calculated under the Article applicable to the member  
21 or participant during the 96 consecutive months (or 8  
22 consecutive years) of service within the last 120 months (or 10  
23 years) of service in which the total salary or earnings  
24 calculated under the applicable Article was the highest by the  
25 number of months (or years) of service in that period. For the  
26 purposes of a person who first becomes a member or participant

1 of any retirement system or pension fund to which this Section  
2 applies on or after January 1, 2011, in this Code, "final  
3 average salary" shall be substituted for the following:

4 (1) In Articles 7 (except for service as sheriff's law  
5 enforcement employees) and 15, "final rate of earnings".

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

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

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

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

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

15 (b-5) Beginning on January 1, 2011, for all purposes under  
16 this Code (including without limitation the calculation of  
17 benefits and employee contributions), the annual earnings,  
18 salary, or wages (based on the plan year) of a member or  
19 participant to whom this Section applies shall not exceed  
20 \$106,800; however, that amount shall annually thereafter be  
21 increased by the lesser of (i) 3% of that amount, including all  
22 previous adjustments, or (ii) one-half the annual unadjusted  
23 percentage increase (but not less than zero) in the consumer  
24 price index-u for the 12 months ending with the September  
25 preceding each November 1, including all previous adjustments.

26 For the purposes of this Section, "consumer price index-u"

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

9 (c) A member or participant is entitled to a retirement  
10 annuity upon written application if he or she has attained age  
11 67 and has at least 10 years of service credit and is otherwise  
12 eligible under the requirements of the applicable Article.

13 A member or participant who has attained age 62 and has at  
14 least 10 years of service credit and is otherwise eligible  
15 under the requirements of the applicable Article may elect to  
16 receive the lower retirement annuity provided in subsection (d)  
17 of this Section.

18 (d) The retirement annuity of a member or participant who  
19 is retiring after attaining age 62 with at least 10 years of  
20 service credit shall be reduced by one-half of 1% for each full  
21 month that the member's age is under age 67.

22 (e) Any retirement annuity or supplemental annuity shall be  
23 subject to annual increases on the January 1 occurring either  
24 on or after the attainment of age 67 or the first anniversary  
25 of the annuity start date, whichever is later. Each annual  
26 increase shall be calculated at 3% or one-half the annual

1 unadjusted percentage increase (but not less than zero) in the  
2 consumer price index-u for the 12 months ending with the  
3 September preceding each November 1, whichever is less, of the  
4 originally granted retirement annuity. If the annual  
5 unadjusted percentage change in the consumer price index-u for  
6 the 12 months ending with the September preceding each November  
7 1 is zero or there is a decrease, then the annuity shall not be  
8 increased.

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

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

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

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

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

11 If a person who first becomes a member of a retirement  
12 system or pension fund subject to this Section on or after  
13 January 1, 2012 and is receiving a retirement annuity or  
14 retirement pension under that system or fund ~~and~~ accepts on a  
15 contractual basis a position to provide services to a  
16 governmental entity from which he or she has retired, then that  
17 person's annuity or retirement pension earned as an active  
18 employee of the employer shall be suspended during that  
19 contractual service. A person receiving an annuity or  
20 retirement pension under this Code shall notify the pension  
21 fund or retirement system from which he or she is receiving an  
22 annuity or retirement pension, as well as his or her  
23 contractual employer, of his or her retirement status before  
24 accepting contractual employment. A person who fails to submit  
25 such notification shall be guilty of a Class A misdemeanor and  
26 required to pay a fine of \$1,000. Upon termination of that



1 contractual employment, the person's retirement annuity or  
2 retirement pension payments shall resume and, if appropriate,  
3 be recalculated under the applicable provisions of this Code.

4 (i) Notwithstanding any other provision of this Section, a  
5 person who first becomes a participant of the retirement system  
6 established under Article 15 on or after January 1, 2011 but  
7 before the effective date of this amendatory Act of the 97th  
8 General Assembly shall have the option to enroll in the  
9 self-managed plan created under Section 15-158.2 of this Code.

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

13 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11;  
14 97-609, eff. 1-1-12.)

15 (40 ILCS 5/1-161 new)

16 Sec. 1-161. Cash Balance Plan.

17 (a) Participation and Applicability. This Section applies  
18 to all new cash balance plan participants and all legacy Tier  
19 II participants.

20 (b) Title. The package of benefits provided under this  
21 Section may be referred to as the "cash balance plan". Persons  
22 subject to the provisions of this Section may be referred to as  
23 "participants in the cash balance plan" or, in this Section,  
24 simply as "participants".

25 (b-5) Definitions. As used in this Section:

1       "Account" means the notional cash balance account  
2 established under this Section by the applicable retirement  
3 system for a participant in the cash balance plan.

4       "Eligible child" means:

5           (1) with respect to a participant in the retirement  
6 system established under Article 15 of this Code, a person  
7 who would be eligible for a survivors insurance benefit as  
8 a dependent unmarried child under Article 15 of this Code  
9 if the deceased participant had been a participant in the  
10 traditional benefit package; or

11           (2) with respect to a participant in the retirement  
12 system established under Article 16, an eligible child as  
13 defined in subdivision (a)(4) of Section 16-140 of this  
14 Code who would be eligible for survivors' benefits if the  
15 deceased participant had not been subject to this Section.

16       "Eligible parent" means:

17           (1) with respect to a participant in the retirement  
18 system established under Article 15 of this Code, a person  
19 who would be eligible for a survivors insurance benefit as  
20 a dependent parent under Article 15 of this Code if the  
21 deceased participant had been a participant in the  
22 traditional benefit package; or

23           (2) with respect to a participant in the retirement  
24 system established under Article 16, a dependent parent as  
25 defined in subdivision (a)(5) of Section 16-140 of this  
26 Code who would be eligible for survivors' benefits if the

1 deceased participant had not been subject to this Section.

2 "Eligible surviving spouse" means:

3 (1) with respect to a participant in the retirement  
4 system established under Article 15 of this Code, a person  
5 who would be eligible for a survivors annuity as a  
6 surviving spouse under Article 15 of this Code if the  
7 deceased participant had been a participant in the  
8 traditional benefit package; or

9 (2) with respect to a participant in the retirement  
10 system established under Article 16, a dependent  
11 beneficiary as defined in subdivision (a)(3)(A) or  
12 (a)(3)(A-1) of Section 16-140 of this Code who would be  
13 eligible for survivors' benefits payable in the form of an  
14 annuity if the deceased participant had not been subject to  
15 this Section.

16 "Eligible survivor" means:

17 (1) with respect to a participant in the retirement  
18 system established under Article 15 of this Code, a person  
19 who would be eligible for survivors insurance benefits as a  
20 survivors insurance beneficiary (as defined in Section  
21 15-131 of this Code) if the deceased participant had been a  
22 participant in the traditional benefit package; or

23 (2) with respect to a participant in the retirement  
24 system established under Article 16, a person who would be  
25 eligible for survivors' benefits under Article 16 of this  
26 Code if the deceased participant had not been subject to

1       this Section.

2       "Salary" means "earnings" as defined in Article 15 or  
3 "salary" as defined in Article 16, whichever is applicable.

4       "Legacy Tier II participant" means a person who was subject  
5 to Section 1-160 with respect to service under Article 15 or 16  
6 of this Code and who irrevocably elects to participate in the  
7 cash balance plan created under this Section. That election  
8 must be made in writing, in the manner provided by the  
9 applicable retirement system.

10       "New cash balance plan participant" means a person who, on  
11 or after July 1, 2013, first begins to participate in the  
12 retirement system established under Article 15 or 16 of this  
13 Code.

14       (c) Cash Balance Account. A notional cash balance account  
15 shall be established by the applicable retirement system for  
16 each participant in the cash balance plan. The account is  
17 notional and does not contain any actual money segregated from  
18 the commingled assets of the retirement system. The cash  
19 balance in the account is to be used in calculating benefits as  
20 provided in this Section, but is not to be used in the  
21 calculation of any refund, transfer, or other benefit under the  
22 applicable Article of this Code.

23       If a person participates in the cash balance plan with  
24 respect to service under more than one retirement system, each  
25 retirement system shall establish a separate cash balance  
26 account for the participant, and the participant shall be

1 entitled to separate benefits from each retirement system based  
2 upon the participant's service and cash balance account under  
3 that retirement system. References in this Section to a  
4 participant's account mean the account established by, and  
5 related to his or her service under, the applicable retirement  
6 system.

7 The amounts to be credited to the cash balance account  
8 shall include (i) amounts contributed by or on behalf of the  
9 participant as employee contributions, (ii) notional employer  
10 contributions and notional amounts based on optional employer  
11 contributions, and (iii) interest credit that is attributable  
12 to the account, all as provided in this Section.

13 The amounts to be debited from the cash balance account  
14 shall include (i) amounts representing contributions for  
15 disability benefits, (ii) amounts representing contributions  
16 for survivor benefits not based on the cash balance account,  
17 and (iii) upon a return to service after retirement, amounts  
18 representing each payment of retirement annuity following the  
19 latest retirement and preceding the return to service, all as  
20 provided in this Section.

21 The applicable retirement system shall give to each  
22 participant in the cash balance plan who has not yet retired  
23 annual notice of the balance in the participant's cash balance  
24 account.

25 (c-5) Initial Account Balance for Legacy Tier II  
26 Participants. The applicable retirement system shall establish

1 an initial account balance for each legacy Tier II participant  
2 when he or she begins participation in the cash balance plan.  
3 The initial account balance shall be an amount equal to the  
4 refund that the participant would be eligible to receive under  
5 the applicable Article of this Code if the participant  
6 terminated employment on that date and elected a refund of  
7 contributions. If a legacy Tier II participant has purchased  
8 service credit prior to irrevocably electing to participate in  
9 the cash balance plan created under this Section, then the  
10 initial account balance shall include an amount equal to the  
11 contributions made by the participant to purchase that service  
12 credit.

13 By accepting the initial account balance, the participant  
14 relinquishes the right to any benefits (including survivor  
15 benefits) that would otherwise be payable under Section 1-160  
16 with respect to service in the applicable retirement system,  
17 but does not forfeit any service credit earned with respect to  
18 such service.

19 (d) Employee Contributions. New cash balance plan  
20 participants and legacy Tier II participants shall make  
21 employee contributions to the applicable retirement system at  
22 the rates required under the applicable Article of this Code.  
23 The amount of each contribution shall be credited to the  
24 participant's cash balance account after the retirement  
25 system's receipt and reconciliation of the contribution.

26 (e) Notional Employer Contributions. Upon crediting each

1 employee contribution under subsection (d), an amount  
2 representing the corresponding employer contribution shall be  
3 credited to the participant's cash balance account. Notional  
4 employer contributions shall be 6.2% of salary.

5 The notional employer contribution to be credited to the  
6 participant's account is not the same as the actual employer  
7 contributions required under subsection (o) and the provisions  
8 of the applicable Article of this Code.

9 (e-1) Notional Amount Based on Optional Employer  
10 Contributions. If an employer agrees to make optional employer  
11 contributions under subsection (p), then, for the period  
12 specified in the agreement, an amount representing the  
13 percentage of salary specified in the agreement shall be  
14 credited to the cash balance account of each affected  
15 participant after receipt and reconciliation of the  
16 corresponding employee contribution under subsection (d).

17 The notional amount to be credited to the participant's  
18 account is not the same amount as the actual optional employer  
19 contribution required under subsection (p) and the provisions  
20 of the applicable Article of this Code.

21 (f) Interest Credit. An interest credit shall be determined  
22 by the retirement system in accordance with this Section and  
23 credited to the participant's cash balance account for each  
24 fiscal year in which there is a positive balance in that  
25 account; except that no additional interest credit shall be  
26 credited while an annuity based on the account is being paid.

1 The interest credit amount shall be a percentage of the average  
2 balance in the cash balance account during that fiscal year,  
3 and shall be calculated on June 30.

4 The percentage shall be the assumed treasury rate for the  
5 previous fiscal year, unless neither the retirement system's  
6 actual rate of investment earnings for the previous fiscal year  
7 nor the retirement system's actual rate of investment earnings  
8 for the five-year period ending at the end of the previous  
9 fiscal year is less than the assumed treasury rate.

10 If both the retirement system's actual rate of investment  
11 earnings for the previous fiscal year and the actual rate of  
12 investment earnings for the five-year period ending at the end  
13 of the previous fiscal year are at least the assumed treasury  
14 rate, then the percentage shall be:

15 (i) the assumed treasury rate, plus

16 (ii) two-thirds of the amount of the actual rate of  
17 investment earnings for the previous fiscal year that  
18 exceeds the assumed treasury rate.

19 However, in no event shall the percentage applied under this  
20 subsection exceed 10%.

21 For the purposes of this subsection only, "previous fiscal  
22 year" means the fiscal year ending one year before the interest  
23 rate is calculated.

24 For the purposes of this subsection only, "assumed treasury  
25 rate" means the average annual yield of the 30-year U.S.  
26 Treasury Bond over the previous fiscal year, but not less than



1 4%.

2 When a person applies for a retirement annuity under  
3 subsection (g) or a surviving spouse's annuity under subsection  
4 (k), the retirement system shall calculate the initial annuity  
5 without applying an interest credit for the portion of the  
6 fiscal year before the initial annuity payment date. On the  
7 first June 30 occurring on or after the initial annuity payment  
8 date, the retirement system shall (1) calculate a prorated  
9 interest credit for the portion of the fiscal year before the  
10 initial annuity payment date, (2) credit the prorated amount to  
11 the participant's account, and (3) recalculate the amount of  
12 the annuity from the initial annuity payment date. The  
13 retirement system shall pay to the annuitant in a lump-sum,  
14 without interest, the difference, for the portion of the fiscal  
15 year on and after the initial annuity payment, between the  
16 original annuity amount and the annuity amount as recalculated  
17 under this subsection.

18 (f-10) Distribution after Termination of Employment. After  
19 termination of the participant's active employment with at  
20 least 5 years of service credit under the applicable retirement  
21 system but prior to applying for an annuity under this Section,  
22 a participant in the cash balance plan or an eligible surviving  
23 spouse under subsection (k) may make an irrevocable election to  
24 receive a distribution from the applicable retirement system in  
25 an amount not to exceed 40% of the balance in the participant's  
26 account in the form of a direct rollover to another qualified

1 plan, to the extent allowed by federal law. Only one  
2 distribution under this subsection may be made with respect to  
3 a participant's cash balance account.

4 Upon payment of the distribution, the amount distributed  
5 shall be debited from the participant's cash balance account.

6 The remaining balance in the account shall be used for the  
7 determination of the other benefits provided to the participant  
8 or eligible surviving spouse under this Section. Once a  
9 distribution under this subsection (f-10) has been paid,  
10 neither the participant nor an eligible survivor may repay the  
11 amount distributed or reinstate any benefit arising under this  
12 Section from the distributed amount.

13 (f-15) Refund. In lieu of receiving a distribution under  
14 subsection (f-10) or a retirement annuity under subsection (g),  
15 at any time after terminating active employment under the  
16 applicable retirement system, a participant in the cash balance  
17 plan may elect to receive a refund under this subsection. The  
18 refund shall consist of an amount equal to the amount of all  
19 employee contributions credited to the participant's account,  
20 but shall not include any interest credit or employer  
21 contributions. If the participant so requests, the refund may  
22 be paid in the form of a direct rollover to another qualified  
23 plan, to the extent allowed by federal law and in accordance  
24 with the rules of the applicable retirement system.

25 Upon payment of the refund, the participant's notional cash  
26 balance account is closed, and the participant's credits in the

1 applicable retirement system are terminated. A person who  
2 receives a refund under this subsection forfeits all rights  
3 under the applicable retirement system, including any right to  
4 repay refunded amounts and to reinstate any benefit under that  
5 retirement system.

6 An eligible surviving spouse under subsection (k) may elect  
7 to receive a refund under this subsection in lieu of a  
8 survivor's annuity unless a distribution has been made under  
9 subsection (f-10) with respect to the participant's cash  
10 balance account.

11 (g) Retirement Annuity. A participant in the cash balance  
12 plan may begin collecting a retirement annuity at age 59 1/2,  
13 but not before reaching the age of 59 1/2 and not before the  
14 date of termination of active employment under the applicable  
15 retirement system.

16 The amount of the retirement annuity shall be calculated by  
17 the retirement system, based on the balance in the cash balance  
18 account, the assumption of future investment returns as  
19 specified in this subsection, the participant's election to  
20 have a lifetime surviving spouse's annuity as specified in this  
21 subsection, the annual increase in retirement annuity as  
22 specified in subsection (h), the annual increase in survivor's  
23 annuity as specified in subsection (l), and any actuarial  
24 assumptions and tables adopted by the board of the retirement  
25 system for this purpose. The calculation shall be designed to  
26 determine, on an actuarially equivalent basis, the amount of

1 retirement annuity that will result in total annuity payments  
2 being equal to the total balance in the participant's account  
3 on the date when the last payment of retirement annuity (or  
4 surviving spouse's annuity, if the participant elects to  
5 provide for a surviving spouse's annuity pursuant to this  
6 subsection) is anticipated to be paid under the relevant  
7 actuarial assumptions.

8 For the purpose of calculating retirement annuities,  
9 future investment returns shall be assumed to be a percentage  
10 equal to the average yield of the 30-year U.S. Treasury Bond  
11 over the 5 fiscal years prior to the calculation of the initial  
12 retirement annuity, plus 200 basis points; but not less than 4%  
13 nor more than 8%.

14 A retirement annuity or surviving spouse's annuity  
15 provided under this subsection shall be a life annuity and  
16 shall not expire for the reason that the total amount paid has  
17 reached or exceeded the account balance.

18 The annuity payment shall begin on the date specified by  
19 the participant submitting a written application, which date  
20 shall not be prior to termination of employment or more than  
21 one year before the application is received by the board;  
22 however, if the participant is not an employee of an employer  
23 participating in the applicable retirement system or in a  
24 participating system as defined in Article 20 of this Code on  
25 April 1 of the calendar year next following the calendar year  
26 in which the participant attains age 70 1/2, the annuity

1 payment period shall begin on that date regardless of whether  
2 an application has been filed.

3 The participant may elect, in the participant's written  
4 application for retirement, to receive a reduced retirement  
5 annuity payable for his or her life and to have a surviving  
6 spouse's annuity in a monthly amount equal to 50%, 75%, or 100%  
7 of that reduced monthly amount, to be paid to his or her  
8 eligible surviving spouse, commencing upon the participant's  
9 death.

10 When the final payment of the retirement annuity (or  
11 surviving spouse's annuity, if the participant elects to  
12 provide for a surviving spouse's annuity pursuant to this  
13 subsection) has been paid, the account shall be closed. When  
14 the participant has died and there are no longer any eligible  
15 survivors, any unused employee contributions shall be  
16 forfeited to the applicable retirement system.

17 (h) Annual Increase in Retirement Annuity. The retirement  
18 annuity shall be subject to an automatic annual increase in an  
19 amount equal to 3% of the originally granted annuity on each  
20 January 1 occurring on or after the first anniversary of the  
21 annuity start date. Automatic annual increases in a surviving  
22 spouse's annuity provided under subsection (g) shall be in  
23 accordance with subsection (k-5) of this Section.

24 (i) Disability Benefits. The disability benefits provided  
25 under the applicable retirement system apply to new cash  
26 balance plan participants and legacy Tier II participants in

1 the cash balance plan, subject to and in accordance with the  
2 eligibility and other provisions of the applicable Article.

3 Retirement due to disability under Section 15-153.2 or  
4 16-149.2 shall be deemed a disability benefit for the purposes  
5 of this Section and shall apply to new cash balance plan  
6 participants and legacy Tier II participants.

7 The board of the retirement system shall designate  
8 annually, as a percentage of salary, an amount representing the  
9 anticipated average cost of providing disability benefits for  
10 participants. The amount so designated shall not exceed 1% of  
11 the participant's salary and shall be deducted annually from  
12 the account of each participant receiving salary.

13 (j) Return to Service. Upon a return to service under the  
14 same retirement system after beginning to receive a retirement  
15 annuity under the cash balance plan, the retirement annuity  
16 shall be suspended and active participation in the cash balance  
17 plan shall resume. Upon termination of the employment, the  
18 retirement annuity shall resume in an amount to be recalculated  
19 in accordance with subsection (g), taking into effect the  
20 changes in the cash balance account. If a retired annuitant  
21 returns to service, his or her notional cash balance account  
22 shall thereupon be decreased by amounts representing each  
23 payment of retirement annuity following the latest retirement  
24 and preceding the return to service.

25 (k) Surviving Spouse's Annuity - Death before Retirement.  
26 In the case of the death of a new cash balance plan participant

1 or legacy Tier II participant who had less than 5 years of  
2 service under the applicable Article and had not begun  
3 receiving a retirement annuity or taken a refund under  
4 subsection (f-15), the eligible surviving spouse shall be  
5 entitled only to a refund of employee contributions under  
6 subsection (f-15).

7 In the case of the death of a new cash balance plan  
8 participant or legacy Tier II participant who had at least 5  
9 years of service under the applicable Article and had not begun  
10 receiving a retirement annuity or taken a refund under  
11 subsection (f-15), the eligible surviving spouse shall, upon  
12 written application, be entitled to receive a surviving  
13 spouse's annuity beginning at age 59 1/2 (regardless of the  
14 existence of dependent eligible children). The surviving  
15 spouse's annuity shall be equal to 66 2/3% of the amount of  
16 retirement annuity that the deceased participant would have  
17 been entitled to if he or she had retired on the date of death  
18 having attained age 59 1/2 and without having elected to take a  
19 reduced annuity to provide a surviving spouse's annuity.

20 At any time before beginning to receive a surviving  
21 spouse's annuity under this subsection, the eligible surviving  
22 spouse may claim a distribution under subsection (f-10) or a  
23 refund under subsection (f-15). The deceased participant's  
24 account shall continue to receive interest credit until the  
25 eligible surviving spouse begins to receive a surviving  
26 spouse's annuity or receives a refund of employee contributions

1 under subsection (f-15).

2 A surviving spouse's annuity provided under this  
3 subsection shall be a life annuity and shall not expire for the  
4 reason that the amount paid has reached or exceeded the account  
5 balance. When the final payment of the surviving spouse's  
6 annuity has been paid, the account shall be closed. When the  
7 participant has died and there are no longer any eligible  
8 survivors, any unused employee contributions shall be  
9 forfeited to the applicable retirement system.

10 (k-5) Annual Increase in Surviving Spouse's Annuity. A  
11 surviving spouse's annuity granted under subsection (g) or (k)  
12 shall be subject to an automatic annual increase in an amount  
13 equal to 3% of the originally granted annuity on each January 1  
14 occurring on or after the first anniversary of the annuity  
15 start date.

16 (l) Benefits for Eligible Children and Eligible Parents.  
17 Upon the death of a participant in the cash balance plan, an  
18 eligible child or eligible parent may be entitled to receive  
19 death benefits and survivors insurance benefits under Article  
20 15 or survivors' benefits under Article 16 of this Code. These  
21 benefits shall be deemed to be "survivor benefits not based on  
22 the cash balance account" for the purposes of this Section.

23 Eligibility for these benefits shall be determined under  
24 this Section and the applicable Article of this Code, including  
25 without limitation any provision restricting eligibility on  
26 the basis of (i) an election to receive a lump-sum death



1 benefit or (ii) a permitted designation of a different or  
2 alternate beneficiary.

3 The amount of these benefits shall be determined under this  
4 Section and the applicable Article of this Code, including  
5 without limitation any limitation on the minimum or maximum  
6 amount of such benefits, individually or in combination. In  
7 applying any limitation on the minimum or maximum amount of  
8 such benefits that depends on the existence or amount of a  
9 benefit payable to the surviving spouse, the retirement system  
10 shall use the amount of surviving spouse annuity payable by the  
11 retirement system under this Section rather than the amount  
12 otherwise provided under the applicable Article. Under no  
13 circumstance shall the sum of the benefits payable to all  
14 eligible survivors of a particular deceased participant by the  
15 applicable retirement system in accordance with this Section  
16 exceed the sum of the benefits that would be payable to all  
17 eligible survivors if the deceased participant had not been  
18 subject to this Section.

19 The board of the retirement system shall designate annually, as  
20 a percentage of salary, an amount representing the anticipated  
21 average cost of providing survivor benefits not based on the  
22 cash balance account for dependent children and dependent  
23 parents of deceased participants in the cash balance plan. The  
24 amount so designated shall not exceed XXX% of the cash balance  
25 plan participant's salary and shall be deducted annually from  
26 the account of each participant receiving salary.

1       (m) Applicability of Provisions. The following provisions,  
2 if and as they exist in this Code, do not apply to participants  
3 in the cash balance plan with respect to participation in the  
4 cash balance plan, except as they are specifically provided for  
5 in this Section:

6           (1) minimum service or vesting requirements (other  
7 than as provided in this Section);

8           (2) provisions limiting a retirement annuity to a  
9 specified percentage of salary;

10          (3) provisions authorizing a minimum retirement or  
11 survivor's annuity or a supplemental annuity (except as  
12 provided in subsection (l) of this Section with respect to  
13 eligible children and eligible parents);

14          (4) provisions authorizing any form of annuity not  
15 authorized under this Section;

16          (5) provisions authorizing a reversionary annuity  
17 (other than a surviving spouse's annuity under subsection  
18 (g));

19          (6) provisions authorizing a refund of employee  
20 contributions upon termination of service (except as  
21 provided in this Section) or any lump-sum payout in lieu of  
22 a retirement annuity or survivor's benefit (other than  
23 lump-sum death benefits and other than the distribution  
24 under subsection (f-10) and the refund under subsection  
25 (f-15) of this Section);

26          (7) provisions authorizing optional service credits or

1 the payment of optional additional contributions (other  
2 than the optional employer contributions specifically  
3 authorized in subsection (e-1)); or

4 (8) a level income option.

5 The Retirement Systems Reciprocal Act applies to  
6 participants in the cash balance plan who qualify under Article  
7 20 of this Code, but it does not affect the calculation of  
8 benefits payable under this Section.

9 The other provisions of this Code continue to apply to  
10 participants in the cash balance plan, to the extent that they  
11 do not conflict with this Section. In the case of a conflict  
12 between the provisions of this Section and any other provision  
13 of this Code, the provisions of this Section control.

14 (n) Rules. The Board of Trustees of the applicable  
15 retirement system may adopt rules and procedures for the  
16 implementation of this Section, including but not limited to  
17 determinations of how to integrate the administration of this  
18 Section with the requirements of the applicable Article and any  
19 other applicable provisions of this Code.

20 (o) Actual Employer Contributions. Payment of employer  
21 contributions with respect to participants in the cash balance  
22 plan shall be the responsibility of the actual employer. These  
23 contributions shall be determined under and paid in accordance  
24 with the provisions of Sections 15-155 and 16-158.

25 (p) Actual Optional Employer Contributions. An employer  
26 may agree with the applicable retirement system to make

1 optional employer contributions to the system on behalf of  
2 employees who are participants in the cash balance plan, to the  
3 extent permitted by federal law and in accordance with the  
4 rules and procedures of the system.

5 Any such agreement must apply to all employees of the  
6 employer who are participants in the cash balance plan. The  
7 agreement shall be filed in writing with the applicable  
8 retirement system, and shall specify (i) the additional  
9 percentage of salary to be credited to the accounts of the  
10 employees, (ii) the period during which the optional employer  
11 contributions will apply, and (iii) that the employer agrees to  
12 pay to the applicable retirement system the employer's normal  
13 cost of the benefits resulting from those credited amounts, as  
14 well as any unfunded accrued liability resulting from the cost  
15 of those benefits, all as determined by the system in  
16 accordance with the applicable Article.

17 (q) Prospective Modification. The provisions set forth in  
18 this Section are subject to prospective changes made by law  
19 provided that any such changes shall not apply to any benefits  
20 accrued under this Section prior to the effective date of any  
21 amendatory Act of the General Assembly.

22 (r) Qualified Plan Status. No provision of this Section  
23 shall be interpreted in a way that would cause the applicable  
24 retirement system to cease to be a qualified plan under the  
25 Internal Revenue Code of 1986.

1 (40 ILCS 5/2-105.1 new)

2 Sec. 2-105.1. Tier I participant. "Tier I participant": A  
3 participant who first became a participant before January 1,  
4 2011.

5 (40 ILCS 5/2-105.2 new)

6 Sec. 2-105.2. Tier I retiree. "Tier I retiree" means a  
7 former Tier I participant who is receiving a retirement  
8 annuity.

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

10 Sec. 2-108. Salary. "Salary": (1) For members of the  
11 General Assembly, the total compensation paid to the member by  
12 the State for one year of service, including the additional  
13 amounts, if any, paid to the member as an officer pursuant to  
14 Section 1 of "An Act in relation to the compensation and  
15 emoluments of the members of the General Assembly", approved  
16 December 6, 1907, as now or hereafter amended.

17 (2) For the State executive officers specified in Section  
18 2-105, the total compensation paid to the member for one year  
19 of service.

20 (3) For members of the System who are participants under  
21 Section 2-117.1, or who are serving as Clerk or Assistant Clerk  
22 of the House of Representatives or Secretary or Assistant  
23 Secretary of the Senate, the total compensation paid to the  
24 member for one year of service, but not to exceed the salary of

1 the highest salaried officer of the General Assembly.

2 However, in the event that federal law results in any  
3 participant receiving imputed income based on the value of  
4 group term life insurance provided by the State, such imputed  
5 income shall not be included in salary for the purposes of this  
6 Article.

7 Notwithstanding any other provision of this Code, the  
8 salary of a Tier I participant for the purposes of this Code  
9 shall not exceed, for periods of service in a term of office  
10 beginning on or after the effective date of this amendatory Act  
11 of the 97th General Assembly, the annual contribution and  
12 benefit base established for the applicable year by the  
13 Commissioner of Social Security under the federal Social  
14 Security Act.

15 (Source: P.A. 86-27; 86-273; 86-1028; 86-1488.)

16 (40 ILCS 5/2-119) (from Ch. 108 1/2, par. 2-119)

17 Sec. 2-119. Retirement annuity - conditions for  
18 eligibility.

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

23 1. The date the annuity begins does not precede the  
24 date of final termination of service, or is not more than  
25 30 days before the receipt of the application by the board

1 in the case of annuities based on disability or one year  
2 before the receipt of the application in the case of  
3 annuities based on attained age;

4 2. The participant meets one of the following  
5 eligibility requirements:

6 For a participant who first becomes a participant of  
7 this System before January 1, 2011 (the effective date of  
8 Public Act 96-889):

9 (A) He or she has attained age 55 and has at least  
10 8 years of service credit;

11 (B) He or she has attained age 62 and terminated  
12 service after July 1, 1971 with at least 4 years of  
13 service credit; or

14 (C) He or she has completed 8 years of service and  
15 has become permanently disabled and as a consequence,  
16 is unable to perform the duties of his or her office.

17 For a participant who first becomes a participant of  
18 this System on or after January 1, 2011 (the effective date  
19 of Public Act 96-889), he or she has attained age 67 and  
20 has at least 8 years of service credit.

21 (a-5) Notwithstanding subsection (a) of this Section, for a  
22 Tier I participant who begins receiving a retirement annuity  
23 under this Section after July 1, 2013:

24 (1) If the Tier I participant is at least 45 years old  
25 on the effective date of this amendatory Act of the 97th  
26 General Assembly, then the references to age 55 and 62 in

1 subsection (a) of this Section remain unchanged.

2 (2) If the Tier I participant is at least 40 but less  
3 than 45 years old on the effective date of this amendatory  
4 Act of the 97th General Assembly, then the references to  
5 age 55 and 62 in subsection (a) of this Section are  
6 increased by one year.

7 (3) If the Tier I participant is at least 35 but less  
8 than 40 years old on the effective date of this amendatory  
9 Act of the 97th General Assembly, then the references to  
10 age 55 and 62 in subsection (a) of this Section are  
11 increased by 3 years.

12 (4) If the Tier I participant is less than 35 years old  
13 on the effective date of this amendatory Act of the 97th  
14 General Assembly, then the references to age 55 and 62 in  
15 subsection (a) of this Section are increased by 5 years.

16 Notwithstanding Section 1-103.1, this subsection (a-5)  
17 applies without regard to whether or not the Tier I member is  
18 in active service under this Article on or after the effective  
19 date of this amendatory Act of the 97th General Assembly.

20 (a-5) A participant who first becomes a participant of this  
21 System on or after January 1, 2011 (the effective date of  
22 Public Act 96-889) who has attained age 62 and has at least 8  
23 years of service credit may elect to receive the lower  
24 retirement annuity provided in paragraph (c) of Section  
25 2-119.01 of this Code.

26 (b) A participant shall be considered permanently disabled



1 only if: (1) disability occurs while in service and is of such  
2 a nature as to prevent him or her from reasonably performing  
3 the duties of his or her office at the time; and (2) the board  
4 has received a written certificate by at least 2 licensed  
5 physicians appointed by the board stating that the member is  
6 disabled and that the disability is likely to be permanent.

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

8 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

9 Sec. 2-119.1. Automatic increase in retirement annuity.

10 (a) Except as provided in subsections (a-1) and (a-2), a A  
11 participant who retires after June 30, 1967, and who has not  
12 received an initial increase under this Section before the  
13 effective date of this amendatory Act of 1991, shall, in  
14 January or July next following the first anniversary of  
15 retirement, whichever occurs first, and in the same month of  
16 each year thereafter, but in no event prior to age 60, have the  
17 amount of the originally granted retirement annuity increased  
18 as follows: for each year through 1971, 1 1/2%; for each year  
19 from 1972 through 1979, 2%; and for 1980 and each year  
20 thereafter, 3%. Annuitants who have received an initial  
21 increase under this subsection prior to the effective date of  
22 this amendatory Act of 1991 shall continue to receive their  
23 annual increases in the same month as the initial increase.

24 (a-1) Notwithstanding any other provision of this Article,  
25 for a Tier I retiree, the amount of each automatic annual

1 increase in retirement annuity occurring on or after the  
2 effective date of this amendatory Act of the 97th General  
3 Assembly shall be the lesser of \$750 or 3% of the total annuity  
4 payable at the time of the increase, including previous  
5 increases granted.

6 (a-2) Notwithstanding any other provision of this Article,  
7 for a Tier I retiree, the monthly retirement annuity shall  
8 first be subject to annual increases on the January 1 occurring  
9 on or next after the attainment of age 67 or the January 1  
10 occurring on or next after the fifth anniversary of the annuity  
11 start date, whichever occurs earlier. If on the effective date  
12 of this amendatory Act of the 97th General Assembly a Tier I  
13 retiree has already received an annual increase under this  
14 Section but does not yet meet the new eligibility requirements  
15 of this subsection, the annual increases already received shall  
16 continue in force, but no additional annual increase shall be  
17 granted until the Tier I retiree meets the new eligibility  
18 requirements.

19 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)  
20 and (a-2) apply without regard to whether or not the Tier I  
21 retiree is in active service under this Article on or after the  
22 effective date of this amendatory Act of the 97th General  
23 Assembly.

24 (b) Beginning January 1, 1990, for eligible participants  
25 who remain in service after attaining 20 years of creditable  
26 service, the 3% increases provided under subsection (a) shall

1 begin to accrue on the January 1 next following the date upon  
2 which the participant (1) attains age 55, or (2) attains 20  
3 years of creditable service, whichever occurs later, and shall  
4 continue to accrue while the participant remains in service;  
5 such increases shall become payable on January 1 or July 1,  
6 whichever occurs first, next following the first anniversary of  
7 retirement. For any person who has service credit in the System  
8 for the entire period from January 15, 1969 through December  
9 31, 1992, regardless of the date of termination of service, the  
10 reference to age 55 in clause (1) of this subsection (b) shall  
11 be deemed to mean age 50.

12 This subsection (b) does not apply to any person who first  
13 becomes a member of the System after August 8, 2003 (the  
14 effective date of Public Act 93-494) ~~this amendatory Act of the~~  
15 ~~93rd General Assembly.~~

16 (b-5) Notwithstanding any other provision of this Article,  
17 a participant who first becomes a participant on or after  
18 January 1, 2011 (the effective date of Public Act 96-889)  
19 shall, in January or July next following the first anniversary  
20 of retirement, whichever occurs first, and in the same month of  
21 each year thereafter, but in no event prior to age 67, have the  
22 amount of the originally granted retirement annuity ~~then being~~  
23 ~~paid~~ increased by 3% or one-half the annual unadjusted  
24 percentage increase in the Consumer Price Index for All Urban  
25 Consumers as determined by the Public Pension Division of the  
26 Department of Insurance under subsection (a) of Section

1 2-108.1, whichever is less. The changes made to this subsection  
2 by this amendatory Act of the 97th General Assembly do not  
3 apply to any automatic annual increase granted under this  
4 subsection before the effective date of this amendatory Act.

5 (c) The foregoing provisions relating to automatic  
6 increases are not applicable to a participant who retires  
7 before having made contributions (at the rate prescribed in  
8 Section 2-126) for automatic increases for less than the  
9 equivalent of one full year. However, in order to be eligible  
10 for the automatic increases, such a participant may make  
11 arrangements to pay to the system the amount required to bring  
12 the total contributions for the automatic increase to the  
13 equivalent of one year's contributions based upon his or her  
14 last salary.

15 (d) A participant who terminated service prior to July 1,  
16 1967, with at least 14 years of service is entitled to an  
17 increase in retirement annuity beginning January, 1976, and to  
18 additional increases in January of each year thereafter.

19 The initial increase shall be 1 1/2% of the originally  
20 granted retirement annuity multiplied by the number of full  
21 years that the annuitant was in receipt of such annuity prior  
22 to January 1, 1972, plus 2% of the originally granted  
23 retirement annuity for each year after that date. The  
24 subsequent annual increases shall be at the rate of 2% of the  
25 originally granted retirement annuity for each year through  
26 1979 and at the rate of 3% for 1980 and thereafter.

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

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

7 (40 ILCS 5/2-121.1) (from Ch. 108 1/2, par. 2-121.1)

8 Sec. 2-121.1. Survivor's annuity - amount.

9 (a) A surviving spouse shall be entitled to 66 2/3% of the  
10 amount of retirement annuity to which the participant or  
11 annuitant was entitled on the date of death, without regard to  
12 whether the participant had attained age 55 prior to his or her  
13 death, subject to a minimum payment of 10% of salary. If a  
14 surviving spouse, regardless of age, has in his or her care at  
15 the date of death any eligible child or children of the  
16 participant, the survivor's annuity shall be the greater of the  
17 following: (1) 66 2/3% of the amount of retirement annuity to  
18 which the participant or annuitant was entitled on the date of  
19 death, or (2) 30% of the participant's salary increased by 10%  
20 of salary on account of each such child, subject to a total  
21 payment for the surviving spouse and children of 50% of salary.  
22 If eligible children survive but there is no surviving spouse,  
23 or if the surviving spouse dies or becomes disqualified by  
24 remarriage while eligible children survive, each eligible  
25 child shall be entitled to an annuity of 20% of salary, subject

1 to a maximum total payment for all such children of 50% of  
2 salary.

3 However, the survivor's annuity payable under this Section  
4 shall not be less than 100% of the amount of retirement annuity  
5 to which the participant or annuitant was entitled on the date  
6 of death, if he or she is survived by a dependent disabled  
7 child.

8 The salary to be used for determining these benefits shall  
9 be the salary used for determining the amount of retirement  
10 annuity as provided in Section 2-119.01.

11 (b) Upon the death of a participant after the termination  
12 of service or upon death of an annuitant, the maximum total  
13 payment to a surviving spouse and eligible children, or to  
14 eligible children alone if there is no surviving spouse, shall  
15 be 75% of the retirement annuity to which the participant or  
16 annuitant was entitled, unless there is a dependent disabled  
17 child among the survivors.

18 (c) When a child ceases to be an eligible child, the  
19 annuity to that child, or to the surviving spouse on account of  
20 that child, shall thereupon cease, and the annuity payable to  
21 the surviving spouse or other eligible children shall be  
22 recalculated if necessary.

23 Upon the ineligibility of the last eligible child, the  
24 annuity shall immediately revert to the amount payable upon  
25 death of a participant or annuitant who leaves no eligible  
26 children. If the surviving spouse is then under age 50, the

1 annuity as revised shall be deferred until the attainment of  
2 age 50.

3 (d) Beginning January 1, 1990, every survivor's annuity  
4 shall be increased (1) on each January 1 occurring on or after  
5 the commencement of the annuity if the deceased member died  
6 while receiving a retirement annuity, or (2) in other cases, on  
7 each January 1 occurring on or after the first anniversary of  
8 the commencement of the annuity, by an amount equal to 3% of  
9 the current amount of the annuity, including any previous  
10 increases under this Article. Such increases shall apply  
11 without regard to whether the deceased member was in service on  
12 or after the effective date of this amendatory Act of 1991, but  
13 shall not accrue for any period prior to January 1, 1990.

14 (d-5) Notwithstanding any other provision of this Article,  
15 the initial survivor's annuity of a survivor of a participant  
16 who first becomes a participant on or after January 1, 2011  
17 (the effective date of Public Act 96-889) shall be in the  
18 amount of 66 2/3% of the amount of the retirement annuity to  
19 which the participant or annuitant was entitled on the date of  
20 death and shall be increased (1) on each January 1 occurring on  
21 or after the commencement of the annuity if the deceased member  
22 died while receiving a retirement annuity or (2) in other  
23 cases, on each January 1 occurring on or after the first  
24 anniversary of the commencement of the annuity, by an amount  
25 equal to 3% or one-half the annual unadjusted percentage  
26 increase in the Consumer Price Index for All Urban Consumers as

1 determined by the Public Pension Division of the Department of  
2 Insurance under subsection (a) of Section 2-108.1, whichever is  
3 less, of the originally granted survivor's annuity ~~then being~~  
4 ~~paid~~. The changes made to this subsection by this amendatory  
5 Act of the 97th General Assembly do not apply to any automatic  
6 annual increase granted under this subsection before the  
7 effective date of this amendatory Act.

8 (e) Notwithstanding any other provision of this Article,  
9 beginning January 1, 1990, the minimum survivor's annuity  
10 payable to any person who is entitled to receive a survivor's  
11 annuity under this Article shall be \$300 per month, without  
12 regard to whether or not the deceased participant was in  
13 service on the effective date of this amendatory Act of 1989.

14 (f) In the case of a proportional survivor's annuity  
15 arising under the Retirement Systems Reciprocal Act where the  
16 amount payable by the System on January 1, 1993 is less than  
17 \$300 per month, the amount payable by the System shall be  
18 increased beginning on that date by a monthly amount equal to  
19 \$2 for each full year that has expired since the annuity began.  
20 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

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

22 Sec. 2-124. Contributions by State.

23 (a) The State shall make contributions to the System by  
24 appropriations of amounts which, together with the  
25 contributions of participants, interest earned on investments,



1 and other income will meet the cost of maintaining and  
2 administering the System on a 100% ~~90%~~ funded basis in  
3 accordance with actuarial recommendations by the end of State  
4 fiscal year 2043.

5 (b) The Board shall determine the amount of State  
6 contributions required for each fiscal year on the basis of the  
7 actuarial tables and other assumptions adopted by the Board and  
8 the prescribed rate of interest, using the formula in  
9 subsection (c).

10 (c) For State fiscal years 2014 through 2043, the minimum  
11 contribution to the System to be made by the State for each  
12 fiscal year shall be an amount determined by the System to be  
13 equal to the sum of (1) the State's portion of the projected  
14 normal cost for that fiscal year, plus (2) an amount sufficient  
15 to bring the total assets of the System up to 100% of the total  
16 actuarial liabilities of the System by the end of State fiscal  
17 year 2043. In making these determinations, the required State  
18 contribution shall be calculated each year as a level  
19 percentage of payroll over the years remaining to and including  
20 fiscal year 2043 and shall be determined under the projected  
21 unit credit actuarial cost method.

22 For State fiscal years 2012 and 2013 ~~through 2045~~, the  
23 minimum contribution to the System to be made by the State for  
24 each fiscal year shall be an amount determined by the System to  
25 be sufficient to bring the total assets of the System up to 90%  
26 of the total actuarial liabilities of the System by the end of

1 State fiscal year 2045. In making these determinations, the  
2 required State contribution shall be calculated each year as a  
3 level percentage of payroll over the years remaining to and  
4 including fiscal year 2045 and shall be determined under the  
5 projected unit credit actuarial cost method.

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

11 Notwithstanding any other provision of this Article, the  
12 total required State contribution for State fiscal year 2006 is  
13 \$4,157,000.

14 Notwithstanding any other provision of this Article, the  
15 total required State contribution for State fiscal year 2007 is  
16 \$5,220,300.

17 For each of State fiscal years 2008 through 2009, the State  
18 contribution to the System, as a percentage of the applicable  
19 employee payroll, shall be increased in equal annual increments  
20 from the required State contribution for State fiscal year  
21 2007, so that by State fiscal year 2011, the State is  
22 contributing at the rate otherwise required under this Section.

23 Notwithstanding any other provision of this Article, the  
24 total required State contribution for State fiscal year 2010 is  
25 \$10,454,000 and shall be made from the proceeds of bonds sold  
26 in fiscal year 2010 pursuant to Section 7.2 of the General

1 Obligation Bond Act, less (i) the pro rata share of bond sale  
2 expenses determined by the System's share of total bond  
3 proceeds, (ii) any amounts received from the General Revenue  
4 Fund in fiscal year 2010, and (iii) any reduction in bond  
5 proceeds due to the issuance of discounted bonds, if  
6 applicable.

7 Notwithstanding any other provision of this Article, the  
8 total required State contribution for State fiscal year 2011 is  
9 the amount recertified by the System on or before April 1, 2011  
10 pursuant to Section 2-134 and shall be made from the proceeds  
11 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of  
12 the General Obligation Bond Act, less (i) the pro rata share of  
13 bond sale expenses determined by the System's share of total  
14 bond proceeds, (ii) any amounts received from the General  
15 Revenue Fund in fiscal year 2011, and (iii) any reduction in  
16 bond proceeds due to the issuance of discounted bonds, if  
17 applicable.

18 Beginning in State fiscal year 2044, the minimum State  
19 contribution for each fiscal year shall be the amount needed to  
20 maintain the total assets of the System at 100% of the total  
21 actuarial liabilities of the System.

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

26 Amounts received by the System pursuant to Section 25 of

1 the Budget Stabilization Act or Section 8.12 of the State  
2 Finance Act in any fiscal year do not reduce and do not  
3 constitute payment of any portion of the minimum State  
4 contribution required under this Article in that fiscal year.  
5 Such amounts shall not reduce, and shall not be included in the  
6 calculation of, the required State contributions under this  
7 Article in any future year until the System has reached a  
8 funding ratio of at least 100% ~~90%~~. A reference in this Article  
9 to the "required State contribution" or any substantially  
10 similar term does not include or apply to any amounts payable  
11 to the System under Section 25 of the Budget Stabilization Act.

12 Notwithstanding any other provision of this Section, the  
13 required State contribution for State fiscal year 2005 and for  
14 fiscal year 2008 and each fiscal year thereafter through State  
15 fiscal year 2013, as calculated under this Section and  
16 certified under Section 2-134, shall not exceed an amount equal  
17 to (i) the amount of the required State contribution that would  
18 have been calculated under this Section for that fiscal year if  
19 the System had not received any payments under subsection (d)  
20 of Section 7.2 of the General Obligation Bond Act, minus (ii)  
21 the portion of the State's total debt service payments for that  
22 fiscal year on the bonds issued in fiscal year 2003 for the  
23 purposes of that Section 7.2, as determined and certified by  
24 the Comptroller, that is the same as the System's portion of  
25 the total moneys distributed under subsection (d) of Section  
26 7.2 of the General Obligation Bond Act. In determining this

1 maximum for State fiscal years 2008 through 2010, however, the  
2 amount referred to in item (i) shall be increased, as a  
3 percentage of the applicable employee payroll, in equal  
4 increments calculated from the sum of the required State  
5 contribution for State fiscal year 2007 plus the applicable  
6 portion of the State's total debt service payments for fiscal  
7 year 2007 on the bonds issued in fiscal year 2003 for the  
8 purposes of Section 7.2 of the General Obligation Bond Act, so  
9 that, by State fiscal year 2011, the State is contributing at  
10 the rate otherwise required under this Section.

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

15 As of June 30, 2008, the actuarial value of the System's  
16 assets shall be equal to the market value of the assets as of  
17 that date. In determining the actuarial value of the System's  
18 assets for fiscal years after June 30, 2008, any actuarial  
19 gains or losses from investment return incurred in a fiscal  
20 year shall be recognized in equal annual amounts over the  
21 5-year period following that fiscal year.

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

26 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;

1 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.  
2 7-13-12.)

3 (40 ILCS 5/2-125) (from Ch. 108 1/2, par. 2-125)  
4 Sec. 2-125. Obligations of State; funding guarantee.

5 (a) The payment of (1) the required State contributions,  
6 (2) all benefits granted under this system and (3) all expenses  
7 of administration and operation are obligations of the State to  
8 the extent specified in this Article.

9 (b) All income, interest and dividends derived from  
10 deposits and investments shall be credited to the account of  
11 the system in the State Treasury and used to pay benefits under  
12 this Article.

13 (c) Beginning July 1, 2013, the State shall be  
14 contractually obligated to contribute to the System under  
15 Section 2-124 in each State fiscal year an amount not less than  
16 the sum of (i) the State's normal cost for that year and (ii)  
17 the portion of the unfunded accrued liability assigned to that  
18 year by law in accordance with a schedule that distributes  
19 payments equitably over a reasonable period of time and in  
20 accordance with accepted actuarial practices. The obligations  
21 created under this subsection (c) are contractual obligations  
22 protected and enforceable under Article I, Section 16 and  
23 Article XIII, Section 5 of the Illinois Constitution.

24 Notwithstanding any other provision of law, if the State  
25 fails to pay in a State fiscal year the amount guaranteed under

1 this subsection, the System may bring a mandamus action in the  
2 Circuit Court of Sangamon County to compel the State to make  
3 that payment, irrespective of other remedies that may be  
4 available to the System. In ordering the State to make the  
5 required payment, the court may order a reasonable payment  
6 schedule to enable the State to make the required payment  
7 without significantly imperiling the public health, safety, or  
8 welfare.

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

10 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

11 Sec. 2-126. Contributions by participants.

12 (a) Each participant shall contribute toward the cost of  
13 his or her retirement annuity a percentage of each payment of  
14 salary received by him or her for service as a member as  
15 follows: for service between October 31, 1947 and January 1,  
16 1959, 5%; for service between January 1, 1959 and June 30,  
17 1969, 6%; for service between July 1, 1969 and January 10,  
18 1973, 6 1/2%; for service after January 10, 1973, 7%; for  
19 service after December 31, 1981, 8 1/2%.

20 (a-5) In addition to the contributions otherwise required  
21 under this Article, each Tier I participant shall also make the  
22 following contributions toward the cost of his or her  
23 retirement annuity from each payment of salary received by him  
24 or her for service as a member:

25 (1) beginning July 1, 2013 and through June 30, 2014,

1           1% of salary; and

2           (2) beginning on July 1, 2014, 2% of salary.

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 any other provision of this Article,  
13 the required contribution of a participant who first becomes a  
14 participant on or after January 1, 2011 shall not exceed the  
15 contribution that would be due under this Article if that  
16 participant's highest salary for annuity purposes were  
17 \$106,800, plus any increases in that amount under Section  
18 2-108.1.

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

20 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

21 Sec. 2-134. To certify required State contributions and  
22 submit vouchers.

23 (a) The Board shall certify to the Governor on or before  
24 December 15 of each year through ~~until~~ December 15, 2011 the  
25 amount of the required State contribution to the System for the

1 next fiscal year ~~and shall specifically identify the System's~~  
2 ~~projected State normal cost for that fiscal year.~~ The  
3 certification shall include a copy of the actuarial  
4 recommendations upon which it is based ~~and shall specifically~~  
5 ~~identify the System's projected State normal cost for that~~  
6 ~~fiscal year.~~

7 (a-5) On or before November 1 of each year, beginning  
8 November 1, 2012, the Board shall submit to the State Actuary,  
9 the Governor, and the General Assembly a proposed certification  
10 of the amount of the required State contribution to the System  
11 for the next fiscal year, along with all of the actuarial  
12 assumptions, calculations, and data upon which that proposed  
13 certification is based. On or before January 1 of each year,  
14 beginning January 1, 2013, the State Actuary shall issue a  
15 preliminary report concerning the proposed certification and  
16 identifying, if necessary, recommended changes in actuarial  
17 assumptions that the Board must consider before finalizing its  
18 certification of the required State contributions.

19 On or before January 15, 2013 and every January 15  
20 thereafter, the Board shall certify to the Governor and the  
21 General Assembly the amount of the required State contribution  
22 for the next fiscal year. The Board's certification shall  
23 include a copy of the actuarial recommendations upon which it  
24 is based and shall specifically identify the System's projected  
25 State normal cost for that fiscal year. The Board's  
26 certification must note any deviations from the State Actuary's

1 recommended changes, the reason or reasons for not following  
2 the State Actuary's recommended changes, and the fiscal impact  
3 of not following the State Actuary's recommended changes on the  
4 required State contribution.

5 (a-7) On or before May 1, 2004, the Board shall recalculate  
6 and recertify to the Governor the amount of the required State  
7 contribution to the System for State fiscal year 2005, taking  
8 into account the amounts appropriated to and received by the  
9 System under subsection (d) of Section 7.2 of the General  
10 Obligation Bond Act.

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

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

22 On or before July 1, 2013, the Board shall, if necessary,  
23 recalculate and recertify to the Governor the amount of the  
24 required State contribution to the System for State fiscal year  
25 2014, taking into account the changes in required State  
26 contributions made by this amendatory Act of the 97th General

1 Assembly.

2 (b) Beginning in State fiscal year 1996, on or as soon as  
3 possible after the 15th day of each month the Board shall  
4 submit vouchers for payment of State contributions to the  
5 System, in a total monthly amount of one-twelfth of the  
6 required annual State contribution certified under subsection  
7 (a). From the effective date of this amendatory Act of the 93rd  
8 General Assembly through June 30, 2004, the Board shall not  
9 submit vouchers for the remainder of fiscal year 2004 in excess  
10 of the fiscal year 2004 certified contribution amount  
11 determined under this Section after taking into consideration  
12 the transfer to the System under subsection (d) of Section  
13 6z-61 of the State Finance Act. These vouchers shall be paid by  
14 the State Comptroller and Treasurer by warrants drawn on the  
15 funds appropriated to the System for that fiscal year. If in  
16 any month the amount remaining unexpended from all other  
17 appropriations to the System for the applicable fiscal year  
18 (including the appropriations to the System under Section 8.12  
19 of the State Finance Act and Section 1 of the State Pension  
20 Funds Continuing Appropriation Act) is less than the amount  
21 lawfully vouchered under this Section, the difference shall be  
22 paid from the General Revenue Fund under the continuing  
23 appropriation authority provided in Section 1.1 of the State  
24 Pension Funds Continuing Appropriation Act.

25 (c) The full amount of any annual appropriation for the  
26 System for State fiscal year 1995 shall be transferred and made

1 available to the System at the beginning of that fiscal year at  
2 the request of the Board. Any excess funds remaining at the end  
3 of any fiscal year from appropriations shall be retained by the  
4 System as a general reserve to meet the System's accrued  
5 liabilities.

6 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
7 97-694, eff. 6-18-12.)

8 (40 ILCS 5/2-162)

9 Sec. 2-162. Application and expiration of new benefit  
10 increases.

11 (a) As used in this Section, "new benefit increase" means  
12 an increase in the amount of any benefit provided under this  
13 Article, or an expansion of the conditions of eligibility for  
14 any benefit under this Article, that results from an amendment  
15 to this Code that takes effect after the effective date of this  
16 amendatory Act of the 94th General Assembly. "New benefit  
17 increase", however, does not include any benefit increase  
18 resulting from the changes made to this Article by this  
19 amendatory Act of the 97th General Assembly.

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

25 (c) The Public Act enacting a new benefit increase must

1 identify and provide for payment to the System of additional  
2 funding at least sufficient to fund the resulting annual  
3 increase in cost to the System as it accrues.

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

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

26 (e) Except as otherwise provided in the language creating

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

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

11 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)  
12 Sec. 14-103.10. Compensation.

13 (a) For periods of service prior to January 1, 1978, the  
14 full rate of salary or wages payable to an employee for  
15 personal services performed if he worked the full normal  
16 working period for his position, subject to the following  
17 maximum amounts: (1) prior to July 1, 1951, \$400 per month or  
18 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957  
19 inclusive, \$625 per month or \$7,500 per year; (3) beginning  
20 July 1, 1957, no limitation.

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

24 (b) For periods of service on and after January 1, 1978,  
25 all remuneration for personal services performed defined as

1 "wages" under the Social Security Enabling Act, including that  
2 part of such remuneration which is in excess of any maximum  
3 limitation provided in such Act, and including any benefits  
4 received by an employee under a sick pay plan in effect before  
5 January 1, 1981, but excluding lump sum salary payments:

- 6 (1) for vacation,
- 7 (2) for accumulated unused sick leave,
- 8 (3) upon discharge or dismissal,
- 9 (4) for approved holidays.

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

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

21 (e) For members for which Section 1-160 applies for periods  
22 of service on and after January 1, 2011, all remuneration for  
23 personal services performed defined as "wages" under the Social  
24 Security Enabling Act, excluding remuneration that is in excess  
25 of the annual earnings, salary, or wages of a member or  
26 participant, as provided in subsection (b-5) of Section 1-160,



1 but including any benefits received by an employee under a sick  
2 pay plan in effect before January 1, 1981. Compensation shall  
3 exclude lump sum salary payments:

4 (1) for vacation;

5 (2) for accumulated unused sick leave;

6 (3) upon discharge or dismissal; and

7 (4) for approved holidays.

8 (f) Notwithstanding any other provision of this Code, the  
9 compensation of a Tier I member for the purposes of this Code  
10 shall not exceed, for periods of service on or after the  
11 effective date of this amendatory Act of the 97th General  
12 Assembly, the annual contribution and benefit base established  
13 for the applicable year by the Commissioner of Social Security  
14 under the federal Social Security Act; except that this  
15 limitation does not apply to a member's compensation that is  
16 determined under an employment contract or collective  
17 bargaining agreement that is in effect on the effective date of  
18 this amendatory Act of the 97th General Assembly and has not  
19 been amended or renewed after that date.

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

21 (40 ILCS 5/14-103.40 new)

22 Sec. 14-103.40. Tier I member. "Tier I member": A member of  
23 this System who first became a member or participant before  
24 January 1, 2011 under any reciprocal retirement system or  
25 pension fund established under this Code other than a

1 retirement system or pension fund established under Article 2,  
2 3, 4, 5, 6, or 18 of this Code.

3 (40 ILCS 5/14-103.41 new)

4 Sec. 14-103.41. Tier I retiree. "Tier I retiree": A former  
5 Tier I member who is receiving a retirement annuity.

6 (40 ILCS 5/14-107) (from Ch. 108 1/2, par. 14-107)

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

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

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

24 (c) Notwithstanding subsection (b) of this Section, for a

1 Tier I member who begins receiving a retirement annuity under  
2 this Article after July 1, 2013:

3 (1) If the Tier I member is at least 45 years old on  
4 the effective date of this amendatory Act of the 97th  
5 General Assembly, then the references to age 55 and 60 in  
6 subsection (b) of this Section remain unchanged and the  
7 references to 85 in subsection (b) of this Section remain  
8 unchanged.

9 (2) If the Tier I member is at least 40 but less than  
10 45 years old on the effective date of this amendatory Act  
11 of the 97th General Assembly, then the references to age 55  
12 and 60 in subsection (b) of this Section are increased by  
13 one year and the references to 85 in subsection (b) are  
14 increased to 87.

15 (3) If the Tier I member is at least 35 but less than  
16 40 years old on the effective date of this amendatory Act  
17 of the 97th General Assembly, then the references to age 55  
18 and 60 in subsection (b) of this Section are increased by 3  
19 years and the references to 85 in subsection (b) are  
20 increased to 91.

21 (4) If the Tier I member is less than 35 years old on  
22 the effective date of this amendatory Act of the 97th  
23 General Assembly, then the references to age 55 and 60 in  
24 subsection (b) of this Section are increased by 5 years and  
25 the references to 85 in subsection (b) are increased to 95.  
26 Notwithstanding Section 1-103.1, this subsection (c)

1 applies without regard to whether or not the Tier I member is  
2 in active service under this Article on or after the effective  
3 date of this amendatory Act of the 97th General Assembly.

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

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

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

12 Sec. 14-108. Amount of retirement annuity. A member who has  
13 contributed to the System for at least 12 months shall be  
14 entitled to a prior service annuity for each year of certified  
15 prior service credited to him, except that a member shall  
16 receive 1/3 of the prior service annuity for each year of  
17 service for which contributions have been made and all of such  
18 annuity shall be payable after the member has made  
19 contributions for a period of 3 years. Proportionate amounts  
20 shall be payable for service of less than a full year after  
21 completion of at least 12 months.

22 The total period of service to be considered in  
23 establishing the measure of prior service annuity shall include  
24 service credited in the Teachers' Retirement System of the  
25 State of Illinois and the State Universities Retirement System

1 for which contributions have been made by the member to such  
2 systems; provided that at least 1 year of the total period of 3  
3 years prescribed for the allowance of a full measure of prior  
4 service annuity shall consist of membership service in this  
5 system for which credit has been granted.

6 (a) In the case of a member who retires on or after January  
7 1, 1998 and is a noncovered employee, the retirement annuity  
8 for membership service and prior service shall be 2.2% of final  
9 average compensation for each year of service. Any service  
10 credit established as a covered employee shall be computed as  
11 stated in paragraph (b).

12 (b) In the case of a member who retires on or after January  
13 1, 1998 and is a covered employee, the retirement annuity for  
14 membership service and prior service shall be computed as  
15 stated in paragraph (a) for all service credit established as a  
16 noncovered employee; for service credit established as a  
17 covered employee it shall be 1.67% of final average  
18 compensation for each year of service.

19 (c) For a member retiring after attaining age 55 but before  
20 age 60 with at least 30 but less than 35 years of creditable  
21 service if retirement is before January 1, 2001, or with at  
22 least 25 but less than 30 years of creditable service if  
23 retirement is on or after January 1, 2001, the retirement  
24 annuity shall be reduced by 1/2 of 1% for each month that the  
25 member's age is under age 60 at the time of retirement. For  
26 members to whom subsection (c) of Section 14-107 applies, the

1 references to age 55 and 60 in this subsection (c) are  
2 increased as provided in subsection (c) of Section 14-107.

3 (d) A retirement annuity shall not exceed 75% of final  
4 average compensation, subject to such extension as may result  
5 from the application of Section 14-114 or Section 14-115.

6 (e) The retirement annuity payable to any covered employee  
7 who is a member of the System and in service on January 1,  
8 1969, or in service thereafter in 1969 as a result of  
9 legislation enacted by the Illinois General Assembly  
10 transferring the member to State employment from county  
11 employment in a county Department of Public Aid in counties of  
12 3,000,000 or more population, under a plan of coordination with  
13 the Old Age, Survivors and Disability provisions thereof, if  
14 not fully insured for Old Age Insurance payments under the  
15 Federal Old Age, Survivors and Disability Insurance provisions  
16 at the date of acceptance of a retirement annuity, shall not be  
17 less than the amount for which the member would have been  
18 eligible if coordination were not applicable.

19 (f) The retirement annuity payable to any covered employee  
20 who is a member of the System and in service on January 1,  
21 1969, or in service thereafter in 1969 as a result of the  
22 legislation designated in the immediately preceding paragraph,  
23 if fully insured for Old Age Insurance payments under the  
24 Federal Social Security Act at the date of acceptance of a  
25 retirement annuity, shall not be less than an amount which when  
26 added to the Primary Insurance Benefit payable to the member

1 upon attainment of age 65 under such Federal Act, will equal  
2 the annuity which would otherwise be payable if the coordinated  
3 plan of coverage were not applicable.

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

17 (h) In the case of a member who is a covered employee, the  
18 retirement annuity for membership service as a security  
19 employee of the Department of Corrections or security employee  
20 of the Department of Human Services shall be: if retirement  
21 occurs on or after January 1, 2001, 2.5% of final average  
22 compensation for each year of creditable service; if retirement  
23 occurs before January 1, 2001, 1.67% of final average  
24 compensation for each of the first 10 years of service, 1.90%  
25 for each of the next 10 years of service, 2.10% for each year  
26 of service in excess of 20 but not exceeding 30, and 2.30% for

1 each year in excess of 30.

2 (i) For the purposes of this Section and Section 14-133 of  
3 this Act, the term "security employee of the Department of  
4 Corrections" and the term "security employee of the Department  
5 of Human Services" shall have the meanings ascribed to them in  
6 subsection (c) of Section 14-110.

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

20 (k) (Blank).

21 (l) The changes to this Section made by this amendatory Act  
22 of 1997 (changing certain retirement annuity formulas from a  
23 stepped rate to a flat rate) apply to members who retire on or  
24 after January 1, 1998, without regard to whether employment  
25 terminated before the effective date of this amendatory Act of  
26 1997. An annuity shall not be calculated in steps by using the



1 new flat rate for some steps and the superseded stepped rate  
2 for other steps of the same type of service.

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

4 (40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)

5 Sec. 14-110. Alternative retirement annuity.

6 (a) Any member who has withdrawn from service with not less  
7 than 20 years of eligible creditable service and has attained  
8 age 55, and any member who has withdrawn from service with not  
9 less than 25 years of eligible creditable service and has  
10 attained age 50, regardless of whether the attainment of either  
11 of the specified ages occurs while the member is still in  
12 service, shall be entitled to receive at the option of the  
13 member, in lieu of the regular or minimum retirement annuity, a  
14 retirement annuity computed as follows:

15 (i) for periods of service as a noncovered employee: if  
16 retirement occurs on or after January 1, 2001, 3% of final  
17 average compensation for each year of creditable service;  
18 if retirement occurs before January 1, 2001, 2 1/4% of  
19 final average compensation for each of the first 10 years  
20 of creditable service, 2 1/2% for each year above 10 years  
21 to and including 20 years of creditable service, and 2 3/4%  
22 for each year of creditable service above 20 years; and

23 (ii) for periods of eligible creditable service as a  
24 covered employee: if retirement occurs on or after January  
25 1, 2001, 2.5% of final average compensation for each year

1 of creditable service; if retirement occurs before January  
2 1, 2001, 1.67% of final average compensation for each of  
3 the first 10 years of such service, 1.90% for each of the  
4 next 10 years of such service, 2.10% for each year of such  
5 service in excess of 20 but not exceeding 30, and 2.30% for  
6 each year in excess of 30.

7 Such annuity shall be subject to a maximum of 75% of final  
8 average compensation if retirement occurs before January 1,  
9 2001 or to a maximum of 80% of final average compensation if  
10 retirement occurs on or after January 1, 2001.

11 These rates shall not be applicable to any service  
12 performed by a member as a covered employee which is not  
13 eligible creditable service. Service as a covered employee  
14 which is not eligible creditable service shall be subject to  
15 the rates and provisions of Section 14-108.

16 (a-5) Notwithstanding subsection (a) of this Section, for a  
17 Tier I member who begins receiving a retirement annuity under  
18 this Section after July 1, 2013:

19 (1) If the Tier I member is at least 45 years old on  
20 the effective date of this amendatory Act of the 97th  
21 General Assembly, then the references to age 50 and 55 in  
22 subsection (a) of this Section remain unchanged.

23 (2) If the Tier I member is at least 40 but less than  
24 45 years old on the effective date of this amendatory Act  
25 of the 97th General Assembly, then the references to age 50  
26 and 55 in subsection (a) of this Section are increased by

1       one year.

2           (3) If the Tier I member is at least 35 but less than  
3       40 years old on the effective date of this amendatory Act  
4       of the 97th General Assembly, then the references to age 50  
5       and 55 in subsection (a) of this Section are increased by 3  
6       years.

7           (4) If the Tier I member is less than 35 years old on  
8       the effective date of this amendatory Act of the 97th  
9       General Assembly, then the references to age 50 and 55 in  
10       subsection (a) of this Section are increased by 5 years.

11       Notwithstanding Section 1-103.1, this subsection (a-5)  
12       applies without regard to whether or not the Tier I member is  
13       in active service under this Article on or after the effective  
14       date of this amendatory Act of the 97th General Assembly.

15       (b) For the purpose of this Section, "eligible creditable  
16       service" means creditable service resulting from service in one  
17       or more of the following positions:

18           (1) State policeman;

19           (2) fire fighter in the fire protection service of a  
20       department;

21           (3) air pilot;

22           (4) special agent;

23           (5) investigator for the Secretary of State;

24           (6) conservation police officer;

25           (7) investigator for the Department of Revenue or the  
26       Illinois Gaming Board;

1           (8) security employee of the Department of Human  
2 Services;

3           (9) Central Management Services security police  
4 officer;

5           (10) security employee of the Department of  
6 Corrections or the Department of Juvenile Justice;

7           (11) dangerous drugs investigator;

8           (12) investigator for the Department of State Police;

9           (13) investigator for the Office of the Attorney  
10 General;

11           (14) controlled substance inspector;

12           (15) investigator for the Office of the State's  
13 Attorneys Appellate Prosecutor;

14           (16) Commerce Commission police officer;

15           (17) arson investigator;

16           (18) State highway maintenance worker.

17           A person employed in one of the positions specified in this  
18 subsection is entitled to eligible creditable service for  
19 service credit earned under this Article while undergoing the  
20 basic police training course approved by the Illinois Law  
21 Enforcement Training Standards Board, if completion of that  
22 training is required of persons serving in that position. For  
23 the purposes of this Code, service during the required basic  
24 police training course shall be deemed performance of the  
25 duties of the specified position, even though the person is not  
26 a sworn peace officer at the time of the training.

1 (c) For the purposes of this Section:

2 (1) The term "state policeman" includes any title or  
3 position in the Department of State Police that is held by  
4 an individual employed under the State Police Act.

5 (2) The term "fire fighter in the fire protection  
6 service of a department" includes all officers in such fire  
7 protection service including fire chiefs and assistant  
8 fire chiefs.

9 (3) The term "air pilot" includes any employee whose  
10 official job description on file in the Department of  
11 Central Management Services, or in the department by which  
12 he is employed if that department is not covered by the  
13 Personnel Code, states that his principal duty is the  
14 operation of aircraft, and who possesses a pilot's license;  
15 however, the change in this definition made by this  
16 amendatory Act of 1983 shall not operate to exclude any  
17 noncovered employee who was an "air pilot" for the purposes  
18 of this Section on January 1, 1984.

19 (4) The term "special agent" means any person who by  
20 reason of employment by the Division of Narcotic Control,  
21 the Bureau of Investigation or, after July 1, 1977, the  
22 Division of Criminal Investigation, the Division of  
23 Internal Investigation, the Division of Operations, or any  
24 other Division or organizational entity in the Department  
25 of State Police is vested by law with duties to maintain  
26 public order, investigate violations of the criminal law of

1           this State, enforce the laws of this State, make arrests  
2           and recover property. The term "special agent" includes any  
3           title or position in the Department of State Police that is  
4           held by an individual employed under the State Police Act.

5           (5) The term "investigator for the Secretary of State"  
6           means any person employed by the Office of the Secretary of  
7           State and vested with such investigative duties as render  
8           him ineligible for coverage under the Social Security Act  
9           by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and  
10          218(1)(1) of that Act.

11          A person who became employed as an investigator for the  
12          Secretary of State between January 1, 1967 and December 31,  
13          1975, and who has served as such until attainment of age  
14          60, either continuously or with a single break in service  
15          of not more than 3 years duration, which break terminated  
16          before January 1, 1976, shall be entitled to have his  
17          retirement annuity calculated in accordance with  
18          subsection (a), notwithstanding that he has less than 20  
19          years of credit for such service.

20          (6) The term "Conservation Police Officer" means any  
21          person employed by the Division of Law Enforcement of the  
22          Department of Natural Resources and vested with such law  
23          enforcement duties as render him ineligible for coverage  
24          under the Social Security Act by reason of Sections  
25          218(d)(5)(A), 218(d)(8)(D), and 218(1)(1) of that Act. The  
26          term "Conservation Police Officer" includes the positions

1 of Chief Conservation Police Administrator and Assistant  
2 Conservation Police Administrator.

3 (7) The term "investigator for the Department of  
4 Revenue" means any person employed by the Department of  
5 Revenue and vested with such investigative duties as render  
6 him ineligible for coverage under the Social Security Act  
7 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and  
8 218(1)(1) of that Act.

9 The term "investigator for the Illinois Gaming Board"  
10 means any person employed as such by the Illinois Gaming  
11 Board and vested with such peace officer duties as render  
12 the person ineligible for coverage under the Social  
13 Security Act by reason of Sections 218(d)(5)(A),  
14 218(d)(8)(D), and 218(1)(1) of that Act.

15 (8) The term "security employee of the Department of  
16 Human Services" means any person employed by the Department  
17 of Human Services who (i) is employed at the Chester Mental  
18 Health Center and has daily contact with the residents  
19 thereof, (ii) is employed within a security unit at a  
20 facility operated by the Department and has daily contact  
21 with the residents of the security unit, (iii) is employed  
22 at a facility operated by the Department that includes a  
23 security unit and is regularly scheduled to work at least  
24 50% of his or her working hours within that security unit,  
25 or (iv) is a mental health police officer. "Mental health  
26 police officer" means any person employed by the Department

1 of Human Services in a position pertaining to the  
2 Department's mental health and developmental disabilities  
3 functions who is vested with such law enforcement duties as  
4 render the person ineligible for coverage under the Social  
5 Security Act by reason of Sections 218(d)(5)(A),  
6 218(d)(8)(D) and 218(1)(1) of that Act. "Security unit"  
7 means that portion of a facility that is devoted to the  
8 care, containment, and treatment of persons committed to  
9 the Department of Human Services as sexually violent  
10 persons, persons unfit to stand trial, or persons not  
11 guilty by reason of insanity. With respect to past  
12 employment, references to the Department of Human Services  
13 include its predecessor, the Department of Mental Health  
14 and Developmental Disabilities.

15 The changes made to this subdivision (c)(8) by Public  
16 Act 92-14 apply to persons who retire on or after January  
17 1, 2001, notwithstanding Section 1-103.1.

18 (9) "Central Management Services security police  
19 officer" means any person employed by the Department of  
20 Central Management Services who is vested with such law  
21 enforcement duties as render him ineligible for coverage  
22 under the Social Security Act by reason of Sections  
23 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act.

24 (10) For a member who first became an employee under  
25 this Article before July 1, 2005, the term "security  
26 employee of the Department of Corrections or the Department



1 of Juvenile Justice" means any employee of the Department  
2 of Corrections or the Department of Juvenile Justice or the  
3 former Department of Personnel, and any member or employee  
4 of the Prisoner Review Board, who has daily contact with  
5 inmates or youth by working within a correctional facility  
6 or Juvenile facility operated by the Department of Juvenile  
7 Justice or who is a parole officer or an employee who has  
8 direct contact with committed persons in the performance of  
9 his or her job duties. For a member who first becomes an  
10 employee under this Article on or after July 1, 2005, the  
11 term means an employee of the Department of Corrections or  
12 the Department of Juvenile Justice who is any of the  
13 following: (i) officially headquartered at a correctional  
14 facility or Juvenile facility operated by the Department of  
15 Juvenile Justice, (ii) a parole officer, (iii) a member of  
16 the apprehension unit, (iv) a member of the intelligence  
17 unit, (v) a member of the sort team, or (vi) an  
18 investigator.

19 (11) The term "dangerous drugs investigator" means any  
20 person who is employed as such by the Department of Human  
21 Services.

22 (12) The term "investigator for the Department of State  
23 Police" means a person employed by the Department of State  
24 Police who is vested under Section 4 of the Narcotic  
25 Control Division Abolition Act with such law enforcement  
26 powers as render him ineligible for coverage under the

1 Social Security Act by reason of Sections 218(d)(5)(A),  
2 218(d)(8)(D) and 218(1)(1) of that Act.

3 (13) "Investigator for the Office of the Attorney  
4 General" means any person who is employed as such by the  
5 Office of the Attorney General and is vested with such  
6 investigative duties as render him ineligible for coverage  
7 under the Social Security Act by reason of Sections  
8 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act. For  
9 the period before January 1, 1989, the term includes all  
10 persons who were employed as investigators by the Office of  
11 the Attorney General, without regard to social security  
12 status.

13 (14) "Controlled substance inspector" means any person  
14 who is employed as such by the Department of Professional  
15 Regulation and is vested with such law enforcement duties  
16 as render him ineligible for coverage under the Social  
17 Security Act by reason of Sections 218(d)(5)(A),  
18 218(d)(8)(D) and 218(1)(1) of that Act. The term  
19 "controlled substance inspector" includes the Program  
20 Executive of Enforcement and the Assistant Program  
21 Executive of Enforcement.

22 (15) The term "investigator for the Office of the  
23 State's Attorneys Appellate Prosecutor" means a person  
24 employed in that capacity on a full time basis under the  
25 authority of Section 7.06 of the State's Attorneys  
26 Appellate Prosecutor's Act.

1           (16) "Commerce Commission police officer" means any  
2 person employed by the Illinois Commerce Commission who is  
3 vested with such law enforcement duties as render him  
4 ineligible for coverage under the Social Security Act by  
5 reason of Sections 218(d)(5)(A), 218(d)(8)(D), and  
6 218(1)(1) of that Act.

7           (17) "Arson investigator" means any person who is  
8 employed as such by the Office of the State Fire Marshal  
9 and is vested with such law enforcement duties as render  
10 the person ineligible for coverage under the Social  
11 Security Act by reason of Sections 218(d)(5)(A),  
12 218(d)(8)(D), and 218(1)(1) of that Act. A person who was  
13 employed as an arson investigator on January 1, 1995 and is  
14 no longer in service but not yet receiving a retirement  
15 annuity may convert his or her creditable service for  
16 employment as an arson investigator into eligible  
17 creditable service by paying to the System the difference  
18 between the employee contributions actually paid for that  
19 service and the amounts that would have been contributed if  
20 the applicant were contributing at the rate applicable to  
21 persons with the same social security status earning  
22 eligible creditable service on the date of application.

23           (18) The term "State highway maintenance worker" means  
24 a person who is either of the following:

25                   (i) A person employed on a full-time basis by the  
26 Illinois Department of Transportation in the position

1 of highway maintainer, highway maintenance lead  
2 worker, highway maintenance lead/lead worker, heavy  
3 construction equipment operator, power shovel  
4 operator, or bridge mechanic; and whose principal  
5 responsibility is to perform, on the roadway, the  
6 actual maintenance necessary to keep the highways that  
7 form a part of the State highway system in serviceable  
8 condition for vehicular traffic.

9 (ii) A person employed on a full-time basis by the  
10 Illinois State Toll Highway Authority in the position  
11 of equipment operator/laborer H-4, equipment  
12 operator/laborer H-6, welder H-4, welder H-6,  
13 mechanical/electrical H-4, mechanical/electrical H-6,  
14 water/sewer H-4, water/sewer H-6, sign maker/hanger  
15 H-4, sign maker/hanger H-6, roadway lighting H-4,  
16 roadway lighting H-6, structural H-4, structural H-6,  
17 painter H-4, or painter H-6; and whose principal  
18 responsibility is to perform, on the roadway, the  
19 actual maintenance necessary to keep the Authority's  
20 tollways in serviceable condition for vehicular  
21 traffic.

22 (d) A security employee of the Department of Corrections or  
23 the Department of Juvenile Justice, and a security employee of  
24 the Department of Human Services who is not a mental health  
25 police officer, shall not be eligible for the alternative  
26 retirement annuity provided by this Section unless he or she

1 meets the following minimum age and service requirements at the  
2 time of retirement:

3 (i) 25 years of eligible creditable service and age 55;  
4 or

5 (ii) beginning January 1, 1987, 25 years of eligible  
6 creditable service and age 54, or 24 years of eligible  
7 creditable service and age 55; or

8 (iii) beginning January 1, 1988, 25 years of eligible  
9 creditable service and age 53, or 23 years of eligible  
10 creditable service and age 55; or

11 (iv) beginning January 1, 1989, 25 years of eligible  
12 creditable service and age 52, or 22 years of eligible  
13 creditable service and age 55; or

14 (v) beginning January 1, 1990, 25 years of eligible  
15 creditable service and age 51, or 21 years of eligible  
16 creditable service and age 55; or

17 (vi) beginning January 1, 1991, 25 years of eligible  
18 creditable service and age 50, or 20 years of eligible  
19 creditable service and age 55.

20 For members to whom subsection (a-5) of this Section  
21 applies, the references to age 50 and 55 in item (vi) of this  
22 subsection are increased as provided in subsection (a-5).

23 Persons who have service credit under Article 16 of this  
24 Code for service as a security employee of the Department of  
25 Corrections or the Department of Juvenile Justice, or the  
26 Department of Human Services in a position requiring

1 certification as a teacher may count such service toward  
2 establishing their eligibility under the service requirements  
3 of this Section; but such service may be used only for  
4 establishing such eligibility, and not for the purpose of  
5 increasing or calculating any benefit.

6 (e) If a member enters military service while working in a  
7 position in which eligible creditable service may be earned,  
8 and returns to State service in the same or another such  
9 position, and fulfills in all other respects the conditions  
10 prescribed in this Article for credit for military service,  
11 such military service shall be credited as eligible creditable  
12 service for the purposes of the retirement annuity prescribed  
13 in this Section.

14 (f) For purposes of calculating retirement annuities under  
15 this Section, periods of service rendered after December 31,  
16 1968 and before October 1, 1975 as a covered employee in the  
17 position of special agent, conservation police officer, mental  
18 health police officer, or investigator for the Secretary of  
19 State, shall be deemed to have been service as a noncovered  
20 employee, provided that the employee pays to the System prior  
21 to retirement an amount equal to (1) the difference between the  
22 employee contributions that would have been required for such  
23 service as a noncovered employee, and the amount of employee  
24 contributions actually paid, plus (2) if payment is made after  
25 July 31, 1987, regular interest on the amount specified in item  
26 (1) from the date of service to the date of payment.

1           For purposes of calculating retirement annuities under  
2 this Section, periods of service rendered after December 31,  
3 1968 and before January 1, 1982 as a covered employee in the  
4 position of investigator for the Department of Revenue shall be  
5 deemed to have been service as a noncovered employee, provided  
6 that the employee pays to the System prior to retirement an  
7 amount equal to (1) the difference between the employee  
8 contributions that would have been required for such service as  
9 a noncovered employee, and the amount of employee contributions  
10 actually paid, plus (2) if payment is made after January 1,  
11 1990, regular interest on the amount specified in item (1) from  
12 the date of service to the date of payment.

13           (g) A State policeman may elect, not later than January 1,  
14 1990, to establish eligible creditable service for up to 10  
15 years of his service as a policeman under Article 3, by filing  
16 a written election with the Board, accompanied by payment of an  
17 amount to be determined by the Board, equal to (i) the  
18 difference between the amount of employee and employer  
19 contributions transferred to the System under Section 3-110.5,  
20 and the amounts that would have been contributed had such  
21 contributions been made at the rates applicable to State  
22 policemen, plus (ii) interest thereon at the effective rate for  
23 each year, compounded annually, from the date of service to the  
24 date of payment.

25           Subject to the limitation in subsection (i), a State  
26 policeman may elect, not later than July 1, 1993, to establish

1 eligible creditable service for up to 10 years of his service  
2 as a member of the County Police Department under Article 9, by  
3 filing a written election with the Board, accompanied by  
4 payment of an amount to be determined by the Board, equal to  
5 (i) the difference between the amount of employee and employer  
6 contributions transferred to the System under Section 9-121.10  
7 and the amounts that would have been contributed had those  
8 contributions been made at the rates applicable to State  
9 policemen, plus (ii) interest thereon at the effective rate for  
10 each year, compounded annually, from the date of service to the  
11 date of payment.

12 (h) Subject to the limitation in subsection (i), a State  
13 policeman or investigator for the Secretary of State may elect  
14 to establish eligible creditable service for up to 12 years of  
15 his service as a policeman under Article 5, by filing a written  
16 election with the Board on or before January 31, 1992, and  
17 paying to the System by January 31, 1994 an amount to be  
18 determined by the Board, equal to (i) the difference between  
19 the amount of employee and employer contributions transferred  
20 to the System under Section 5-236, and the amounts that would  
21 have been contributed had such contributions been made at the  
22 rates applicable to State policemen, plus (ii) interest thereon  
23 at the effective rate for each year, compounded annually, from  
24 the date of service to the date of payment.

25 Subject to the limitation in subsection (i), a State  
26 policeman, conservation police officer, or investigator for



1 the Secretary of State may elect to establish eligible  
2 creditable service for up to 10 years of service as a sheriff's  
3 law enforcement employee under Article 7, by filing a written  
4 election with the Board on or before January 31, 1993, and  
5 paying to the System by January 31, 1994 an amount to be  
6 determined by the Board, equal to (i) the difference between  
7 the amount of employee and employer contributions transferred  
8 to the System under Section 7-139.7, and the amounts that would  
9 have been contributed had such contributions been made at the  
10 rates applicable to State policemen, plus (ii) interest thereon  
11 at the effective rate for each year, compounded annually, from  
12 the date of service to the date of payment.

13 Subject to the limitation in subsection (i), a State  
14 policeman, conservation police officer, or investigator for  
15 the Secretary of State may elect to establish eligible  
16 creditable service for up to 5 years of service as a police  
17 officer under Article 3, a policeman under Article 5, a  
18 sheriff's law enforcement employee under Article 7, a member of  
19 the county police department under Article 9, or a police  
20 officer under Article 15 by filing a written election with the  
21 Board and paying to the System an amount to be determined by  
22 the Board, equal to (i) the difference between the amount of  
23 employee and employer contributions transferred to the System  
24 under Section 3-110.6, 5-236, 7-139.8, 9-121.10, or 15-134.4  
25 and the amounts that would have been contributed had such  
26 contributions been made at the rates applicable to State

1 policemen, plus (ii) interest thereon at the effective rate for  
2 each year, compounded annually, from the date of service to the  
3 date of payment.

4 Subject to the limitation in subsection (i), an  
5 investigator for the Office of the Attorney General, or an  
6 investigator for the Department of Revenue, may elect to  
7 establish eligible creditable service for up to 5 years of  
8 service as a police officer under Article 3, a policeman under  
9 Article 5, a sheriff's law enforcement employee under Article  
10 7, or a member of the county police department under Article 9  
11 by filing a written election with the Board within 6 months  
12 after August 25, 2009 (the effective date of Public Act 96-745)  
13 and paying to the System an amount to be determined by the  
14 Board, equal to (i) the difference between the amount of  
15 employee and employer contributions transferred to the System  
16 under Section 3-110.6, 5-236, 7-139.8, or 9-121.10 and the  
17 amounts that would have been contributed had such contributions  
18 been made at the rates applicable to State policemen, plus (ii)  
19 interest thereon at the actuarially assumed rate for each year,  
20 compounded annually, from the date of service to the date of  
21 payment.

22 Subject to the limitation in subsection (i), a State  
23 policeman, conservation police officer, investigator for the  
24 Office of the Attorney General, an investigator for the  
25 Department of Revenue, or investigator for the Secretary of  
26 State may elect to establish eligible creditable service for up

1 to 5 years of service as a person employed by a participating  
2 municipality to perform police duties, or law enforcement  
3 officer employed on a full-time basis by a forest preserve  
4 district under Article 7, a county corrections officer, or a  
5 court services officer under Article 9, by filing a written  
6 election with the Board within 6 months after August 25, 2009  
7 (the effective date of Public Act 96-745) and paying to the  
8 System an amount to be determined by the Board, equal to (i)  
9 the difference between the amount of employee and employer  
10 contributions transferred to the System under Sections 7-139.8  
11 and 9-121.10 and the amounts that would have been contributed  
12 had such contributions been made at the rates applicable to  
13 State policemen, plus (ii) interest thereon at the actuarially  
14 assumed rate for each year, compounded annually, from the date  
15 of service to the date of payment.

16 (i) The total amount of eligible creditable service  
17 established by any person under subsections (g), (h), (j), (k),  
18 and (l) of this Section shall not exceed 12 years.

19 (j) Subject to the limitation in subsection (i), an  
20 investigator for the Office of the State's Attorneys Appellate  
21 Prosecutor or a controlled substance inspector may elect to  
22 establish eligible creditable service for up to 10 years of his  
23 service as a policeman under Article 3 or a sheriff's law  
24 enforcement employee under Article 7, by filing a written  
25 election with the Board, accompanied by payment of an amount to  
26 be determined by the Board, equal to (1) the difference between

1 the amount of employee and employer contributions transferred  
2 to the System under Section 3-110.6 or 7-139.8, and the amounts  
3 that would have been contributed had such contributions been  
4 made at the rates applicable to State policemen, plus (2)  
5 interest thereon at the effective rate for each year,  
6 compounded annually, from the date of service to the date of  
7 payment.

8 (k) Subject to the limitation in subsection (i) of this  
9 Section, an alternative formula employee may elect to establish  
10 eligible creditable service for periods spent as a full-time  
11 law enforcement officer or full-time corrections officer  
12 employed by the federal government or by a state or local  
13 government located outside of Illinois, for which credit is not  
14 held in any other public employee pension fund or retirement  
15 system. To obtain this credit, the applicant must file a  
16 written application with the Board by March 31, 1998,  
17 accompanied by evidence of eligibility acceptable to the Board  
18 and payment of an amount to be determined by the Board, equal  
19 to (1) employee contributions for the credit being established,  
20 based upon the applicant's salary on the first day as an  
21 alternative formula employee after the employment for which  
22 credit is being established and the rates then applicable to  
23 alternative formula employees, plus (2) an amount determined by  
24 the Board to be the employer's normal cost of the benefits  
25 accrued for the credit being established, plus (3) regular  
26 interest on the amounts in items (1) and (2) from the first day

1 as an alternative formula employee after the employment for  
2 which credit is being established to the date of payment.

3 (l) Subject to the limitation in subsection (i), a security  
4 employee of the Department of Corrections may elect, not later  
5 than July 1, 1998, to establish eligible creditable service for  
6 up to 10 years of his or her service as a policeman under  
7 Article 3, by filing a written election with the Board,  
8 accompanied by payment of an amount to be determined by the  
9 Board, equal to (i) the difference between the amount of  
10 employee and employer contributions transferred to the System  
11 under Section 3-110.5, and the amounts that would have been  
12 contributed had such contributions been made at the rates  
13 applicable to security employees of the Department of  
14 Corrections, plus (ii) interest thereon at the effective rate  
15 for each year, compounded annually, from the date of service to  
16 the date of payment.

17 (m) The amendatory changes to this Section made by this  
18 amendatory Act of the 94th General Assembly apply only to: (1)  
19 security employees of the Department of Juvenile Justice  
20 employed by the Department of Corrections before the effective  
21 date of this amendatory Act of the 94th General Assembly and  
22 transferred to the Department of Juvenile Justice by this  
23 amendatory Act of the 94th General Assembly; and (2) persons  
24 employed by the Department of Juvenile Justice on or after the  
25 effective date of this amendatory Act of the 94th General  
26 Assembly who are required by subsection (b) of Section 3-2.5-15

1 of the Unified Code of Corrections to have a bachelor's or  
2 advanced degree from an accredited college or university with a  
3 specialization in criminal justice, education, psychology,  
4 social work, or a closely related social science or, in the  
5 case of persons who provide vocational training, who are  
6 required to have adequate knowledge in the skill for which they  
7 are providing the vocational training.

8 (n) A person employed in a position under subsection (b) of  
9 this Section who has purchased service credit under subsection  
10 (j) of Section 14-104 or subsection (b) of Section 14-105 in  
11 any other capacity under this Article may convert up to 5 years  
12 of that service credit into service credit covered under this  
13 Section by paying to the Fund an amount equal to (1) the  
14 additional employee contribution required under Section  
15 14-133, plus (2) the additional employer contribution required  
16 under Section 14-131, plus (3) interest on items (1) and (2) at  
17 the actuarially assumed rate from the date of the service to  
18 the date of payment.

19 (Source: P.A. 95-530, eff. 8-28-07; 95-1036, eff. 2-17-09;  
20 96-37, eff. 7-13-09; 96-745, eff. 8-25-09; 96-1000, eff.  
21 7-2-10.)

22 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

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

24 (a) Except as provided in subsections (a-1) and (a-2), any  
25 ~~Any~~ person receiving a retirement annuity under this Article

1 who retires having attained age 60, or who retires before age  
2 60 having at least 35 years of creditable service, or who  
3 retires on or after January 1, 2001 at an age which, when added  
4 to the number of years of his or her creditable service, equals  
5 at least 85, shall, on January 1 next following the first full  
6 year of retirement, have the amount of the then fixed and  
7 payable monthly retirement annuity increased 3%. Any person  
8 receiving a retirement annuity under this Article who retires  
9 before attainment of age 60 and with less than (i) 35 years of  
10 creditable service if retirement is before January 1, 2001, or  
11 (ii) the number of years of creditable service which, when  
12 added to the member's age, would equal 85, if retirement is on  
13 or after January 1, 2001, shall have the amount of the fixed  
14 and payable retirement annuity increased by 3% on the January 1  
15 occurring on or next following (1) attainment of age 60, or (2)  
16 the first anniversary of retirement, whichever occurs later.  
17 However, for persons who receive the alternative retirement  
18 annuity under Section 14-110, references in this subsection (a)  
19 to attainment of age 60 shall be deemed to refer to attainment  
20 of age 55. For a person receiving early retirement incentives  
21 under Section 14-108.3 whose retirement annuity began after  
22 January 1, 1992 pursuant to an extension granted under  
23 subsection (e) of that Section, the first anniversary of  
24 retirement shall be deemed to be January 1, 1993. For a person  
25 who retires on or after June 28, 2001 and on or before October  
26 1, 2001, and whose retirement annuity is calculated, in whole

1 or in part, under Section 14-110 or subsection (g) or (h) of  
2 Section 14-108, the first anniversary of retirement shall be  
3 deemed to be January 1, 2002.

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

7 Beginning January 1, 1990 and except as provided in  
8 subsections (a-1) and (a-2), all automatic annual increases  
9 payable under this Section shall be calculated as a percentage  
10 of the total annuity payable at the time of the increase,  
11 including previous increases granted under this Article.

12 (a-1) Notwithstanding any other provision of this Article,  
13 for a Tier I retiree, the amount of each automatic annual  
14 increase in retirement annuity occurring on or after the  
15 effective date of this amendatory Act of the 97th General  
16 Assembly shall be the lesser of \$600 (\$750 if the annuity is  
17 based primarily upon service as a noncovered employee) or 3% of  
18 the total annuity payable at the time of the increase,  
19 including previous increases granted.

20 (a-2) Notwithstanding any other provision of this Article,  
21 for a Tier I retiree, the monthly retirement annuity shall  
22 first be subject to annual increases on the January 1 occurring  
23 on or next after the attainment of age 67 or the January 1  
24 occurring on or next after the fifth anniversary of the annuity  
25 start date, whichever occurs earlier. If on the effective date  
26 of this amendatory Act of the 97th General Assembly a Tier I



1 retiree has already received an annual increase under this  
2 Section but does not yet meet the new eligibility requirements  
3 of this subsection, the annual increases already received shall  
4 continue in force, but no additional annual increase shall be  
5 granted until the Tier I retiree meets the new eligibility  
6 requirements.

7 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)  
8 and (a-2) apply without regard to whether or not the Tier I  
9 retiree is in active service under this Article on or after the  
10 effective date of this amendatory Act of the 97th General  
11 Assembly.

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

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

1           (d) In addition to other increases which may be provided by  
2 this Section, on January 1, 1981 any annuitant who was  
3 receiving a retirement annuity on or before January 1, 1971  
4 shall have his retirement annuity then being paid increased \$1  
5 per month for each year of creditable service. On January 1,  
6 1982, any annuitant who began receiving a retirement annuity on  
7 or before January 1, 1977, shall have his retirement annuity  
8 then being paid increased \$1 per month for each year of  
9 creditable service.

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

15           (e) Every person who receives the alternative retirement  
16 annuity under Section 14-110 and who is eligible to receive the  
17 3% increase under subsection (a) on January 1, 1986, shall also  
18 receive on that date a one-time increase in retirement annuity  
19 equal to the difference between (1) his actual retirement  
20 annuity on that date, including any increases received under  
21 subsection (a), and (2) the amount of retirement annuity he  
22 would have received on that date if the amendments to  
23 subsection (a) made by Public Act 84-162 had been in effect  
24 since the date of his retirement.

25           (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;  
26 92-651, eff. 7-11-02.)

1 (40 ILCS 5/14-131)

2 Sec. 14-131. Contributions by State.

3 (a) The State shall make contributions to the System by  
4 appropriations of amounts which, together with other employer  
5 contributions from trust, federal, and other funds, employee  
6 contributions, investment income, and other income, will be  
7 sufficient to meet the cost of maintaining and administering  
8 the System on a 100% ~~90%~~ funded basis in accordance with  
9 actuarial recommendations by the end of State fiscal year 2043.

10 For the purposes of this Section and Section 14-135.08,  
11 references to State contributions refer only to employer  
12 contributions and do not include employee contributions that  
13 are picked up or otherwise paid by the State or a department on  
14 behalf of the employee.

15 (b) The Board shall determine the total amount of State  
16 contributions required for each fiscal year on the basis of the  
17 actuarial tables and other assumptions adopted by the Board,  
18 using the formula in subsection (e).

19 The Board shall also determine a State contribution rate  
20 for each fiscal year, expressed as a percentage of payroll,  
21 based on the total required State contribution for that fiscal  
22 year (less the amount received by the System from  
23 appropriations under Section 8.12 of the State Finance Act and  
24 Section 1 of the State Pension Funds Continuing Appropriation  
25 Act, if any, for the fiscal year ending on the June 30

1 immediately preceding the applicable November 15 certification  
2 deadline), the estimated payroll (including all forms of  
3 compensation) for personal services rendered by eligible  
4 employees, and the recommendations of the actuary.

5 For the purposes of this Section and Section 14.1 of the  
6 State Finance Act, the term "eligible employees" includes  
7 employees who participate in the System, persons who may elect  
8 to participate in the System but have not so elected, persons  
9 who are serving a qualifying period that is required for  
10 participation, and annuitants employed by a department as  
11 described in subdivision (a) (1) or (a) (2) of Section 14-111.

12 (c) Contributions shall be made by the several departments  
13 for each pay period by warrants drawn by the State Comptroller  
14 against their respective funds or appropriations based upon  
15 vouchers stating the amount to be so contributed. These amounts  
16 shall be based on the full rate certified by the Board under  
17 Section 14-135.08 for that fiscal year. From the effective date  
18 of this amendatory Act of the 93rd General Assembly through the  
19 payment of the final payroll from fiscal year 2004  
20 appropriations, the several departments shall not make  
21 contributions for the remainder of fiscal year 2004 but shall  
22 instead make payments as required under subsection (a-1) of  
23 Section 14.1 of the State Finance Act. The several departments  
24 shall resume those contributions at the commencement of fiscal  
25 year 2005.

26 (c-1) Notwithstanding subsection (c) of this Section, for

1 fiscal years 2010, 2012, and 2013 only, contributions by the  
2 several departments are not required to be made for General  
3 Revenue Funds payrolls processed by the Comptroller. Payrolls  
4 paid by the several departments from all other State funds must  
5 continue to be processed pursuant to subsection (c) of this  
6 Section.

7 (c-2) For State fiscal years 2010, 2012, and 2013 only, on  
8 or as soon as possible after the 15th day of each month, the  
9 Board shall submit vouchers for payment of State contributions  
10 to the System, in a total monthly amount of one-twelfth of the  
11 fiscal year General Revenue Fund contribution as certified by  
12 the System pursuant to Section 14-135.08 of the Illinois  
13 Pension Code.

14 (d) If an employee is paid from trust funds or federal  
15 funds, the department or other employer shall pay employer  
16 contributions from those funds to the System at the certified  
17 rate, unless the terms of the trust or the federal-State  
18 agreement preclude the use of the funds for that purpose, in  
19 which case the required employer contributions shall be paid by  
20 the State. From the effective date of this amendatory Act of  
21 the 93rd General Assembly through the payment of the final  
22 payroll from fiscal year 2004 appropriations, the department or  
23 other employer shall not pay contributions for the remainder of  
24 fiscal year 2004 but shall instead make payments as required  
25 under subsection (a-1) of Section 14.1 of the State Finance  
26 Act. The department or other employer shall resume payment of

1 contributions at the commencement of fiscal year 2005.

2 (e) For State fiscal years 2014 through 2043, the minimum  
3 contribution to the System to be made by the State for each  
4 fiscal year shall be an amount determined by the System to be  
5 equal to the sum of (1) the State's portion of the projected  
6 normal cost for that fiscal year, plus (2) an amount sufficient  
7 to bring the total assets of the System up to 100% of the total  
8 actuarial liabilities of the System by the end of State fiscal  
9 year 2043. In making these determinations, the required State  
10 contribution shall be calculated each year as a level  
11 percentage of payroll over the years remaining to and including  
12 fiscal year 2043 and shall be determined under the projected  
13 unit credit actuarial cost method.

14 For State fiscal years 2012 and 2013 ~~through 2045~~, the minimum  
15 contribution to the System to be made by the State for each  
16 fiscal year shall be an amount determined by the System to be  
17 sufficient to bring the total assets of the System up to 90% of  
18 the total actuarial liabilities of the System by the end of  
19 State fiscal year 2045. In making these determinations, the  
20 required State contribution shall be calculated each year as a  
21 level percentage of payroll over the years remaining to and  
22 including fiscal year 2045 and shall be determined under the  
23 projected unit credit actuarial cost method.

24 For State fiscal years 1996 through 2005, the State  
25 contribution to the System, as a percentage of the applicable  
26 employee payroll, shall be increased in equal annual increments

1 so that by State fiscal year 2011, the State is contributing at  
2 the rate required under this Section; except that (i) for State  
3 fiscal year 1998, for all purposes of this Code and any other  
4 law of this State, the certified percentage of the applicable  
5 employee payroll shall be 5.052% for employees earning eligible  
6 creditable service under Section 14-110 and 6.500% for all  
7 other employees, notwithstanding any contrary certification  
8 made under Section 14-135.08 before the effective date of this  
9 amendatory Act of 1997, and (ii) in the following specified  
10 State fiscal years, the State contribution to the System shall  
11 not be less than the following indicated percentages of the  
12 applicable employee payroll, even if the indicated percentage  
13 will produce a State contribution in excess of the amount  
14 otherwise required under this subsection and subsection (a):  
15 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY  
16 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

17 Notwithstanding any other provision of this Article, the  
18 total required State contribution to the System for State  
19 fiscal year 2006 is \$203,783,900.

20 Notwithstanding any other provision of this Article, the  
21 total required State contribution to the System for State  
22 fiscal year 2007 is \$344,164,400.

23 For each of State fiscal years 2008 through 2009, the State  
24 contribution to the System, as a percentage of the applicable  
25 employee payroll, shall be increased in equal annual increments  
26 from the required State contribution for State fiscal year

1 2007, so that by State fiscal year 2011, the State is  
2 contributing at the rate otherwise required under this Section.

3 Notwithstanding any other provision of this Article, the  
4 total required State General Revenue Fund contribution for  
5 State fiscal year 2010 is \$723,703,100 and shall be made from  
6 the proceeds of bonds sold in fiscal year 2010 pursuant to  
7 Section 7.2 of the General Obligation Bond Act, less (i) the  
8 pro rata share of bond sale expenses determined by the System's  
9 share of total bond proceeds, (ii) any amounts received from  
10 the General Revenue Fund in fiscal year 2010, and (iii) any  
11 reduction in bond proceeds due to the issuance of discounted  
12 bonds, if applicable.

13 Notwithstanding any other provision of this Article, the  
14 total required State General Revenue Fund contribution for  
15 State fiscal year 2011 is the amount recertified by the System  
16 on or before April 1, 2011 pursuant to Section 14-135.08 and  
17 shall be made from the proceeds of bonds sold in fiscal year  
18 2011 pursuant to Section 7.2 of the General Obligation Bond  
19 Act, less (i) the pro rata share of bond sale expenses  
20 determined by the System's share of total bond proceeds, (ii)  
21 any amounts received from the General Revenue Fund in fiscal  
22 year 2011, and (iii) any reduction in bond proceeds due to the  
23 issuance of discounted bonds, if applicable.

24 Beginning in State fiscal year 2044, the minimum State  
25 contribution for each fiscal year shall be the amount needed to  
26 maintain the total assets of the System at 100% of the total



1 actuarial liabilities of the System.

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

6 Amounts received by the System pursuant to Section 25 of  
7 the Budget Stabilization Act or Section 8.12 of the State  
8 Finance Act in any fiscal year do not reduce and do not  
9 constitute payment of any portion of the minimum State  
10 contribution required under this Article in that fiscal year.  
11 Such amounts shall not reduce, and shall not be included in the  
12 calculation of, the required State contributions under this  
13 Article in any future year until the System has reached a  
14 funding ratio of at least 100% ~~90%~~. A reference in this Article  
15 to the "required State contribution" or any substantially  
16 similar term does not include or apply to any amounts payable  
17 to the System under Section 25 of the Budget Stabilization Act.

18 Notwithstanding any other provision of this Section, the  
19 required State contribution for State fiscal year 2005 and for  
20 fiscal year 2008 and each fiscal year thereafter through State  
21 fiscal year 2013, as calculated under this Section and  
22 certified under Section 14-135.08, shall not exceed an amount  
23 equal to (i) the amount of the required State contribution that  
24 would have been calculated under this Section for that fiscal  
25 year if the System had not received any payments under  
26 subsection (d) of Section 7.2 of the General Obligation Bond

1 Act, minus (ii) the portion of the State's total debt service  
2 payments for that fiscal year on the bonds issued in fiscal  
3 year 2003 for the purposes of that Section 7.2, as determined  
4 and certified by the Comptroller, that is the same as the  
5 System's portion of the total moneys distributed under  
6 subsection (d) of Section 7.2 of the General Obligation Bond  
7 Act. In determining this maximum for State fiscal years 2008  
8 through 2010, however, the amount referred to in item (i) shall  
9 be increased, as a percentage of the applicable employee  
10 payroll, in equal increments calculated from the sum of the  
11 required State contribution for State fiscal year 2007 plus the  
12 applicable portion of the State's total debt service payments  
13 for fiscal year 2007 on the bonds issued in fiscal year 2003  
14 for the purposes of Section 7.2 of the General Obligation Bond  
15 Act, so that, by State fiscal year 2011, the State is  
16 contributing at the rate otherwise required under this Section.

17 (f) After the submission of all payments for eligible  
18 employees from personal services line items in fiscal year 2004  
19 have been made, the Comptroller shall provide to the System a  
20 certification of the sum of all fiscal year 2004 expenditures  
21 for personal services that would have been covered by payments  
22 to the System under this Section if the provisions of this  
23 amendatory Act of the 93rd General Assembly had not been  
24 enacted. Upon receipt of the certification, the System shall  
25 determine the amount due to the System based on the full rate  
26 certified by the Board under Section 14-135.08 for fiscal year

1 2004 in order to meet the State's obligation under this  
2 Section. The System shall compare this amount due to the amount  
3 received by the System in fiscal year 2004 through payments  
4 under this Section and under Section 6z-61 of the State Finance  
5 Act. If the amount due is more than the amount received, the  
6 difference shall be termed the "Fiscal Year 2004 Shortfall" for  
7 purposes of this Section, and the Fiscal Year 2004 Shortfall  
8 shall be satisfied under Section 1.2 of the State Pension Funds  
9 Continuing Appropriation Act. If the amount due is less than  
10 the amount received, the difference shall be termed the "Fiscal  
11 Year 2004 Overpayment" for purposes of this Section, and the  
12 Fiscal Year 2004 Overpayment shall be repaid by the System to  
13 the Pension Contribution Fund as soon as practicable after the  
14 certification.

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

19 As of June 30, 2008, the actuarial value of the System's  
20 assets shall be equal to the market value of the assets as of  
21 that date. In determining the actuarial value of the System's  
22 assets for fiscal years after June 30, 2008, any actuarial  
23 gains or losses from investment return incurred in a fiscal  
24 year shall be recognized in equal annual amounts over the  
25 5-year period following that fiscal year.

26 (h) For purposes of determining the required State

1 contribution to the System for a particular year, the actuarial  
2 value of assets shall be assumed to earn a rate of return equal  
3 to the System's actuarially assumed rate of return.

4 (i) After the submission of all payments for eligible  
5 employees from personal services line items paid from the  
6 General Revenue Fund in fiscal year 2010 have been made, the  
7 Comptroller shall provide to the System a certification of the  
8 sum of all fiscal year 2010 expenditures for personal services  
9 that would have been covered by payments to the System under  
10 this Section if the provisions of this amendatory Act of the  
11 96th General Assembly had not been enacted. Upon receipt of the  
12 certification, the System shall determine the amount due to the  
13 System based on the full rate certified by the Board under  
14 Section 14-135.08 for fiscal year 2010 in order to meet the  
15 State's obligation under this Section. The System shall compare  
16 this amount due to the amount received by the System in fiscal  
17 year 2010 through payments under this Section. If the amount  
18 due is more than the amount received, the difference shall be  
19 termed the "Fiscal Year 2010 Shortfall" for purposes of this  
20 Section, and the Fiscal Year 2010 Shortfall shall be satisfied  
21 under Section 1.2 of the State Pension Funds Continuing  
22 Appropriation Act. If the amount due is less than the amount  
23 received, the difference shall be termed the "Fiscal Year 2010  
24 Overpayment" for purposes of this Section, and the Fiscal Year  
25 2010 Overpayment shall be repaid by the System to the General  
26 Revenue Fund as soon as practicable after the certification.

1           (j) After the submission of all payments for eligible  
2 employees from personal services line items paid from the  
3 General Revenue Fund in fiscal year 2011 have been made, the  
4 Comptroller shall provide to the System a certification of the  
5 sum of all fiscal year 2011 expenditures for personal services  
6 that would have been covered by payments to the System under  
7 this Section if the provisions of this amendatory Act of the  
8 96th General Assembly had not been enacted. Upon receipt of the  
9 certification, the System shall determine the amount due to the  
10 System based on the full rate certified by the Board under  
11 Section 14-135.08 for fiscal year 2011 in order to meet the  
12 State's obligation under this Section. The System shall compare  
13 this amount due to the amount received by the System in fiscal  
14 year 2011 through payments under this Section. If the amount  
15 due is more than the amount received, the difference shall be  
16 termed the "Fiscal Year 2011 Shortfall" for purposes of this  
17 Section, and the Fiscal Year 2011 Shortfall shall be satisfied  
18 under Section 1.2 of the State Pension Funds Continuing  
19 Appropriation Act. If the amount due is less than the amount  
20 received, the difference shall be termed the "Fiscal Year 2011  
21 Overpayment" for purposes of this Section, and the Fiscal Year  
22 2011 Overpayment shall be repaid by the System to the General  
23 Revenue Fund as soon as practicable after the certification.

24           (k) For fiscal years 2012 and 2013 only, after the  
25 submission of all payments for eligible employees from personal  
26 services line items paid from the General Revenue Fund in the

1 fiscal year have been made, the Comptroller shall provide to  
2 the System a certification of the sum of all expenditures in  
3 the fiscal year for personal services. Upon receipt of the  
4 certification, the System shall determine the amount due to the  
5 System based on the full rate certified by the Board under  
6 Section 14-135.08 for the fiscal year in order to meet the  
7 State's obligation under this Section. The System shall compare  
8 this amount due to the amount received by the System for the  
9 fiscal year. If the amount due is more than the amount  
10 received, the difference shall be termed the "Prior Fiscal Year  
11 Shortfall" for purposes of this Section, and the Prior Fiscal  
12 Year Shortfall shall be satisfied under Section 1.2 of the  
13 State Pension Funds Continuing Appropriation Act. If the amount  
14 due is less than the amount received, the difference shall be  
15 termed the "Prior Fiscal Year Overpayment" for purposes of this  
16 Section, and the Prior Fiscal Year Overpayment shall be repaid  
17 by the System to the General Revenue Fund as soon as  
18 practicable after the certification.

19 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;  
20 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.  
21 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11; 97-732,  
22 eff. 6-30-12.)

23 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

24 Sec. 14-132. Obligations of State; funding guarantee.

25 (a) The payment of the required department contributions,

1 all allowances, annuities, benefits granted under this  
2 Article, and all expenses of administration of the system are  
3 obligations of the State of Illinois to the extent specified in  
4 this Article.

5 (b) All income of the system shall be credited to a  
6 separate account for this system in the State treasury and  
7 shall be used to pay allowances, annuities, benefits and  
8 administration expense.

9 (c) Beginning July 1, 2013, the State shall be  
10 contractually obligated to contribute to the System under  
11 Section 14-131 in each State fiscal year an amount not less  
12 than the sum of (i) the State's normal cost for that year and  
13 (ii) the portion of the unfunded accrued liability assigned to  
14 that year by law in accordance with a schedule that distributes  
15 payments equitably over a reasonable period of time and in  
16 accordance with accepted actuarial practices. The obligations  
17 created under this subsection (c) are contractual obligations  
18 protected and enforceable under Article I, Section 16 and  
19 Article XIII, Section 5 of the Illinois Constitution.

20 Notwithstanding any other provision of law, if the State  
21 fails to pay in a State fiscal year the amount guaranteed under  
22 this subsection, the System may bring a mandamus action in the  
23 Circuit Court of Sangamon County to compel the State to make  
24 that payment, irrespective of other remedies that may be  
25 available to the System. In ordering the State to make the  
26 required payment, the court may order a reasonable payment

1 schedule to enable the State to make the required payment  
2 without significantly imperiling the public health, safety, or  
3 welfare.

4 (Source: P.A. 80-841.)

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

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

7 (a) Each participating employee shall make contributions  
8 to the System, based on the employee's compensation, as  
9 follows:

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

13 (2) Noncovered employees, except as indicated below,  
14 7% for retirement annuity and 1% for a widow or survivors  
15 annuity;

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

22 (4) Covered employees serving in a position in which  
23 "eligible creditable service" as defined in Section 14-110  
24 may be earned, 0.5% for a widow or survivors annuity plus  
25 the following amount for retirement annuity: 5% through



1 December 31, 2001; 6% in 2002; 7% in 2003; and 8% in 2004  
2 and thereafter;

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

9 (6) Each security employee of the Department of  
10 Corrections or of the Department of Human Services who is  
11 not a covered employee, 1% for a widow or survivors annuity  
12 plus the following amount for retirement annuity: 8.5%  
13 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and  
14 11.5% in 2004 and thereafter.

15 (a-5) In addition to the contributions otherwise required  
16 under this Article, each Tier I member shall also make the  
17 following contributions for retirement annuity from each  
18 payment of compensation:

19 (1) beginning July 1, 2013 and through June 30, 2014,  
20 1% of compensation; and

21 (2) beginning on July 1, 2014, 2% of compensation.

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

1 compensation provided for in this Article, and shall receipt in  
2 full for salary or compensation.

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

4 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

5 Sec. 14-135.08. To certify required State contributions.

6 (a) To certify to the Governor and to each department, on  
7 or before November 15 of each year through ~~until~~ November 15,  
8 2011, the required rate for State contributions to the System  
9 for the next State fiscal year, as determined under subsection  
10 (b) of Section 14-131. The certification to the Governor under  
11 this subsection (a) shall include a copy of the actuarial  
12 recommendations upon which the rate is based ~~and shall~~  
13 ~~specifically identify the System's projected State normal cost~~  
14 ~~for that fiscal year.~~

15 (a-5) On or before November 1 of each year, beginning  
16 November 1, 2012, the Board shall submit to the State Actuary,  
17 the Governor, and the General Assembly a proposed certification  
18 of the amount of the required State contribution to the System  
19 for the next fiscal year, along with all of the actuarial  
20 assumptions, calculations, and data upon which that proposed  
21 certification is based. On or before January 1 of each year,  
22 beginning January 1, 2013, the State Actuary shall issue a  
23 preliminary report concerning the proposed certification and  
24 identifying, if necessary, recommended changes in actuarial  
25 assumptions that the Board must consider before finalizing its

1 certification of the required State contributions.

2 On or before January 15, 2013 and each January 15  
3 thereafter, the Board shall certify to the Governor and the  
4 General Assembly the amount of the required State contribution  
5 for the next fiscal year. The certification shall include a  
6 copy of the actuarial recommendations upon which it is based  
7 and shall specifically identify the System's projected State  
8 normal cost for that fiscal year. The Board's certification  
9 must note any deviations from the State Actuary's recommended  
10 changes, the reason or reasons for not following the State  
11 Actuary's recommended changes, and the fiscal impact of not  
12 following the State Actuary's recommended changes on the  
13 required State contribution.

14 (b) The certifications under subsections (a) and (a-5)  
15 shall include an additional amount necessary to pay all  
16 principal of and interest on those general obligation bonds due  
17 the next fiscal year authorized by Section 7.2(a) of the  
18 General Obligation Bond Act and issued to provide the proceeds  
19 deposited by the State with the System in July 2003,  
20 representing deposits other than amounts reserved under  
21 Section 7.2(c) of the General Obligation Bond Act. For State  
22 fiscal year 2005, the Board shall make a supplemental  
23 certification of the additional amount necessary to pay all  
24 principal of and interest on those general obligation bonds due  
25 in State fiscal years 2004 and 2005 authorized by Section  
26 7.2(a) of the General Obligation Bond Act and issued to provide

1 the proceeds deposited by the State with the System in July  
2 2003, representing deposits other than amounts reserved under  
3 Section 7.2(c) of the General Obligation Bond Act, as soon as  
4 practical after the effective date of this amendatory Act of  
5 the 93rd General Assembly.

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

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

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

26 On or before July 1, 2013, the Board shall, if necessary,

1 recalculate and recertify to the Governor the amount of the  
2 required State contribution to the System for State fiscal year  
3 2014, taking into account the changes in required State  
4 contributions made by this amendatory Act of the 97th General  
5 Assembly.

6 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
7 97-694, eff. 6-18-12.)

8 (40 ILCS 5/14-152.1)

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

11 (a) As used in this Section, "new benefit increase" means  
12 an increase in the amount of any benefit provided under this  
13 Article, or an expansion of the conditions of eligibility for  
14 any benefit under this Article, that results from an amendment  
15 to this Code that takes effect after June 1, 2005 (the  
16 effective date of Public Act 94-4). "New benefit increase",  
17 however, does not include any benefit increase resulting from  
18 the changes made to this Article by Public Act 96-37 or by this  
19 amendatory Act of the 97th ~~96th~~ General Assembly.

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

25 (c) The Public Act enacting a new benefit increase must

1 identify and provide for payment to the System of additional  
2 funding at least sufficient to fund the resulting annual  
3 increase in cost to the System as it accrues.

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

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

26 (e) Except as otherwise provided in the language creating

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

10 (Source: P.A. 96-37, eff. 7-13-09.)

11 (40 ILCS 5/15-107.1 new)

12 Sec. 15-107.1. Tier I participant. "Tier I participant": A  
13 participant under this Article, other than a participant in the  
14 self-managed plan under Section 15-158.2, who first became a  
15 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 (40 ILCS 5/15-107.2 new)

20 Sec. 15-107.2. Tier I retiree. "Tier I retiree": A former  
21 Tier I participant who is receiving a retirement annuity.

22 A person does not become a Tier I retiree by virtue of  
23 receiving a reversionary, survivors, beneficiary, or  
24 disability annuity.

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

2 Sec. 15-111. Earnings. "Earnings": An amount paid for  
3 personal services equal to the sum of the basic compensation  
4 plus extra compensation for summer teaching, overtime or other  
5 extra service. For periods for which an employee receives  
6 service credit under subsection (c) of Section 15-113.1 or  
7 Section 15-113.2, earnings are equal to the basic compensation  
8 on which contributions are paid by the employee during such  
9 periods. Compensation for employment which is irregular,  
10 intermittent and temporary shall not be considered earnings,  
11 unless the participant is also receiving earnings from the  
12 employer as an employee under Section 15-107.

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

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

21 (2) "Earnings" includes transition pay paid to the  
22 employee before the effective date of this amendatory Act  
23 of the 91st General Assembly only if (i) employee  
24 contributions under Section 15-157 have been withheld from  
25 that transition pay or (ii) the employee pays to the System



1 before January 1, 2001 an amount representing employee  
2 contributions under Section 15-157 on that transition pay.  
3 Employee contributions under item (ii) may be paid in a  
4 lump sum, by withholding from additional transition pay  
5 accruing before January 1, 2001, or in any other manner  
6 approved by the System. Upon payment of the employee  
7 contributions on transition pay, the corresponding  
8 employer contributions become an obligation of the State.

9 Notwithstanding any other provision of this Code, the  
10 earnings of a Tier I participant for the purposes of this Code  
11 shall not exceed, for periods of service on or after the  
12 effective date of this amendatory Act of the 97th General  
13 Assembly, the annual contribution and benefit base established  
14 for the applicable year by the Commissioner of Social Security  
15 under the federal Social Security Act; except that this  
16 limitation does not apply to a participant's earnings that are  
17 determined under an employment contract or collective  
18 bargaining agreement that is in effect on the effective date of  
19 this amendatory Act of the 97th General Assembly and has not  
20 been amended or renewed after that date.

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

22 (40 ILCS 5/15-113.6) (from Ch. 108 1/2, par. 15-113.6)

23 Sec. 15-113.6. Service for employment in public schools.  
24 "Service for employment in public schools": Includes those  
25 periods not exceeding the lesser of 10 years or 2/3 of the

1 service granted under other Sections of this Article dealing  
2 with service credit, during which a person who entered the  
3 system after September 1, 1974 was employed full time by a  
4 public common school, public college and public university, or  
5 by an agency or instrumentality of any of the foregoing, of any  
6 state, territory, dependency or possession of the United States  
7 of America, including the Philippine Islands, or a school  
8 operated by or under the auspices of any agency or department  
9 of any other state, if the person (1) cannot qualify for a  
10 retirement pension or other benefit based upon employer  
11 contributions from another retirement system, exclusive of  
12 federal social security, based in whole or in part upon this  
13 employment, and (2) pays the lesser of (A) an amount equal to  
14 8% of his or her annual basic compensation on the date of  
15 becoming a participating employee subsequent to this service  
16 multiplied by the number of years of such service, together  
17 with compound interest from the date participation begins to  
18 the date payment is received by the board at the rate of 6% per  
19 annum through August 31, 1982, and at the effective rates after  
20 that date, and (B) 50% of the actuarial value of the increase  
21 in the retirement annuity provided by this service, and (3)  
22 contributes for at least 5 years subsequent to this employment  
23 to one or more of the following systems: the State Universities  
24 Retirement System, the Teachers' Retirement System of the State  
25 of Illinois, and the Public School Teachers' Pension and  
26 Retirement Fund of Chicago.

1           The service granted under this Section shall not be  
2 considered in determining whether the person has the minimum  
3 number of ~~8~~ years of service required to qualify for a  
4 retirement annuity ~~at age 55 or the 5 years of service required~~  
5 ~~to qualify for a retirement annuity at age 62, as provided in~~  
6 ~~Section 15-135, or the 10 years required by subsection (c) of~~  
7 ~~Section 1-160 for a person who first becomes a participant on~~  
8 ~~or after January 1, 2011.~~ The maximum allowable service of 10  
9 years for this governmental employment shall be reduced by the  
10 service credit which is validated under paragraph (2) of  
11 subsection (b) of Section 16-127 and paragraph 1 of Section  
12 17-133.

13           (Source: P.A. 95-83, eff. 8-13-07; 96-1490, eff. 1-1-11.)

14           (40 ILCS 5/15-113.7) (from Ch. 108 1/2, par. 15-113.7)

15           Sec. 15-113.7. Service for other public employment.  
16 "Service for other public employment": Includes those periods  
17 not exceeding the lesser of 10 years or 2/3 of the service  
18 granted under other Sections of this Article dealing with  
19 service credit, during which a person was employed full time by  
20 the United States government, or by the government of a state,  
21 or by a political subdivision of a state, or by an agency or  
22 instrumentality of any of the foregoing, if the person (1)  
23 cannot qualify for a retirement pension or other benefit based  
24 upon employer contributions from another retirement system,  
25 exclusive of federal social security, based in whole or in part

1 upon this employment, and (2) pays the lesser of (A) an amount  
2 equal to 8% of his or her annual basic compensation on the date  
3 of becoming a participating employee subsequent to this service  
4 multiplied by the number of years of such service, together  
5 with compound interest from the date participation begins to  
6 the date payment is received by the board at the rate of 6% per  
7 annum through August 31, 1982, and at the effective rates after  
8 that date, and (B) 50% of the actuarial value of the increase  
9 in the retirement annuity provided by this service, and (3)  
10 contributes for at least 5 years subsequent to this employment  
11 to one or more of the following systems: the State Universities  
12 Retirement System, the Teachers' Retirement System of the State  
13 of Illinois, and the Public School Teachers' Pension and  
14 Retirement Fund of Chicago. If a function of a governmental  
15 unit as defined by Section 20-107 is transferred by law, in  
16 whole or in part to an employer, and an employee transfers  
17 employment from this governmental unit to such employer within  
18 6 months of the transfer of the function, the payment for  
19 service authorized under this Section shall not exceed the  
20 amount which would have been payable for this service to the  
21 retirement system covering the governmental unit from which the  
22 function was transferred.

23 The service granted under this Section shall not be  
24 considered in determining whether the person has the minimum  
25 number of 8 years of service required to qualify for a  
26 retirement annuity ~~at age 55 or the 5 years of service required~~

1 ~~to qualify for a retirement annuity at age 62, as provided in~~  
2 ~~Section 15-135.~~ The maximum allowable service of 10 years for  
3 this governmental employment shall be reduced by the service  
4 credit which is validated under paragraph (2) of subsection (b)  
5 of Section 16-127 and paragraph one of Section 17-133.

6 Except as hereinafter provided, this Section shall not  
7 apply to persons who become participants in the system after  
8 September 1, 1974.

9 (Source: P.A. 95-83, eff. 8-13-07.)

10 (40 ILCS 5/15-134.5)

11 Sec. 15-134.5. Retirement program elections.

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

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

1           The employee election authorized by this Section is a  
2 one-time, irrevocable election. If an employee terminates  
3 employment after making the election provided under this  
4 subsection (a), then upon his or her subsequent re-employment  
5 with an employer the original election shall automatically  
6 apply to him or her, provided that the employer is then a  
7 participating employer as described in Section 15-158.2.

8           An eligible employee who fails to make this election shall,  
9 by default, participate in the traditional benefit package.

10           (b) "Eligible employee" means an employee (as defined in  
11 Section 15-107) who is either a currently eligible employee or  
12 a newly eligible employee. For purposes of this Section, a  
13 "currently eligible employee" is an employee who is employed by  
14 an employer on the effective date on which the employer offers  
15 to its employees the portable benefit package and the  
16 self-managed plan as alternatives to the traditional benefit  
17 package. A "newly eligible employee" is an employee who first  
18 becomes employed by an employer after the effective date on  
19 which the employer offers its employees the portable benefit  
20 package and the self-managed plan as alternatives to the  
21 traditional benefit package. A newly eligible employee  
22 participates in the traditional benefit package until he or she  
23 makes an election to participate in the portable benefit  
24 package or the self-managed plan. If an employee does not elect  
25 to participate in the portable benefit package or the  
26 self-managed plan, he or she shall continue to participate in

1 the traditional benefit package by default.

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

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

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

26 (d-1) A newly eligible employee who, prior to the effective

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

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



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

11 (g) Notwithstanding any other provision of this Section, a  
12 person may not elect to participate or begin participation in  
13 the self-managed plan established under Section 15-158.2 on or  
14 after the effective date of this amendatory Act of the 97th  
15 General Assembly.

16 (Source: P.A. 90-766, eff. 8-14-98; 91-887, eff. 7-6-00.)

17 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

18 Sec. 15-135. Retirement annuities - Conditions.

19 (a) A participant who retires in one of the following  
20 specified years with the specified amount of service is  
21 entitled to a retirement annuity at any age under the  
22 retirement program applicable to the participant:

23 35 years if retirement is in 1997 or before;

24 34 years if retirement is in 1998;

25 33 years if retirement is in 1999;

1           32 years if retirement is in 2000;

2           31 years if retirement is in 2001;

3           30 years if retirement is in 2002 or later.

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

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

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

14          (a-5) Notwithstanding subsection (a) of this Section, for a  
15          Tier I participant who begins receiving a retirement annuity  
16          under this Article after July 1, 2013:

17           (1) If the Tier I participant is at least 45 years old  
18           on the effective date of this amendatory Act of the 97th  
19           General Assembly, then the references to age 50, 55, and 62  
20           in subsection (a) of this Section remain unchanged.

21           (2) If the Tier I participant is at least 40 but less  
22           than 45 years old on the effective date of this amendatory  
23           Act of the 97th General Assembly, then the references to  
24           age 50, 55, and 62 in subsection (a) of this Section are  
25           increased by one year.

26           (3) If the Tier I participant is at least 35 but less

1       than 40 years old on the effective date of this amendatory  
2       Act of the 97th General Assembly, then the references to  
3       age 50, 55, and 62 in subsection (a) of this Section are  
4       increased by 3 years.

5           (4) If the Tier I participant is less than 35 years old  
6       on the effective date of this amendatory Act of the 97th  
7       General Assembly, then the references to age 50, 55, and 62  
8       in subsection (a) of this Section are increased by 5 years.

9       Notwithstanding Section 1-103.1, this subsection (a-5)  
10      applies without regard to whether or not the Tier I participant  
11      is in active service under this Article on or after the  
12      effective date of this amendatory Act of the 97th General  
13      Assembly.

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

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

1 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12.)

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

3 Sec. 15-136. Retirement annuities - Amount. The provisions  
4 of this Section 15-136 apply only to those participants who are  
5 participating in the traditional benefit package or the  
6 portable benefit package and do not apply to participants who  
7 are participating in the self-managed plan.

8 (a) The amount of a participant's retirement annuity,  
9 expressed in the form of a single-life annuity, shall be  
10 determined by whichever of the following rules is applicable  
11 and provides the largest annuity:

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

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

24 (i) the normal annuity which can be provided on an  
25 actuarially equivalent basis, by the accumulated normal

1 contributions as of the date the annuity begins;

2 (ii) an annuity from employer contributions of an  
3 amount equal to that which can be provided on an  
4 actuarially equivalent basis from the accumulated normal  
5 contributions made by the participant under Section  
6 15-113.6 and Section 15-113.7 plus 1.4 times all other  
7 accumulated normal contributions made by the participant;  
8 and

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

12 For the purpose of calculating an annuity under this Rule  
13 2, the contribution required under subsection (c-5) of Section  
14 15-157 shall not be considered when determining the  
15 participant's accumulated normal contributions under clause  
16 (i) or the employer contribution under clause (ii).

17 With respect to a police officer or firefighter who retires  
18 on or after August 14, 1998, the accumulated normal  
19 contributions taken into account under clauses (i) and (ii) of  
20 this Rule 2 shall include the additional normal contributions  
21 made by the police officer or firefighter under Section  
22 15-157(a).

23 The amount of a retirement annuity calculated under this  
24 Rule 2 shall be computed solely on the basis of the  
25 participant's accumulated normal contributions, as specified  
26 in this Rule and defined in Section 15-116. Neither an employee

1 or employer contribution for early retirement under Section  
2 15-136.2 nor any other employer contribution shall be used in  
3 the calculation of the amount of a retirement annuity under  
4 this Rule 2.

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

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

11 Rule 3: The retirement annuity of a participant who is  
12 employed at least one-half time during the period on which his  
13 or her final rate of earnings is based, shall be equal to the  
14 participant's years of service not to exceed 30, multiplied by  
15 (1) \$96 if the participant's final rate of earnings is less  
16 than \$3,500, (2) \$108 if the final rate of earnings is at least  
17 \$3,500 but less than \$4,500, (3) \$120 if the final rate of  
18 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if  
19 the final rate of earnings is at least \$5,500 but less than  
20 \$6,500, (5) \$144 if the final rate of earnings is at least  
21 \$6,500 but less than \$7,500, (6) \$156 if the final rate of  
22 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if  
23 the final rate of earnings is at least \$8,500 but less than  
24 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or  
25 more, except that the annuity for those persons having made an  
26 election under Section 15-154(a-1) shall be calculated and

1 payable under the portable retirement benefit program pursuant  
2 to the provisions of Section 15-136.4.

3 Rule 4: A participant who is at least age 50 and has 25 or  
4 more years of service as a police officer or firefighter, and a  
5 participant who is age 55 or over and has at least 20 but less  
6 than 25 years of service as a police officer or firefighter,  
7 shall be entitled to a retirement annuity of 2 1/4% of the  
8 final rate of earnings for each of the first 10 years of  
9 service as a police officer or firefighter, 2 1/2% for each of  
10 the next 10 years of service as a police officer or  
11 firefighter, and 2 3/4% for each year of service as a police  
12 officer or firefighter in excess of 20. The retirement annuity  
13 for all other service shall be computed under Rule 1.

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

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

18 (ii) in the case of an individual who was a  
19 participating employee employed in the fire department of  
20 the University of Illinois's Champaign-Urbana campus  
21 immediately prior to the elimination of that fire  
22 department and who immediately after the elimination of  
23 that fire department transferred to another job with the  
24 University of Illinois, service performed as an employee of  
25 the University of Illinois in a position other than police  
26 officer or firefighter, from the date of that transfer

1           until the employee's next termination of service with the  
2           University of Illinois.

3           Rule 5: The retirement annuity of a participant who elected  
4           early retirement under the provisions of Section 15-136.2 and  
5           who, on or before February 16, 1995, brought administrative  
6           proceedings pursuant to the administrative rules adopted by the  
7           System to challenge the calculation of his or her retirement  
8           annuity shall be the sum of the following, determined from  
9           amounts credited to the participant in accordance with the  
10          actuarial tables and the prescribed rate of interest in effect  
11          at the time the retirement annuity begins:

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

15                 (ii) an annuity from employer contributions of an  
16                 amount equal to that which can be provided on an  
17                 actuarially equivalent basis from the accumulated normal  
18                 contributions made by the participant under Section  
19                 15-113.6 and Section 15-113.7 plus 1.4 times all other  
20                 accumulated normal contributions made by the participant;  
21                 and

22                 (iii) an annuity which can be provided on an  
23                 actuarially equivalent basis from the employee  
24                 contribution for early retirement under Section 15-136.2,  
25                 and an annuity from employer contributions of an amount  
26                 equal to that which can be provided on an actuarially



1           equivalent basis from the employee contribution for early  
2           retirement under Section 15-136.2.

3           In no event shall a retirement annuity under this Rule 5 be  
4           lower than the amount obtained by adding (1) the monthly amount  
5           obtained by dividing the combined employee and employer  
6           contributions made under Section 15-136.2 by the System's  
7           annuity factor for the age of the participant at the beginning  
8           of the annuity payment period and (2) the amount equal to the  
9           participant's annuity if calculated under Rule 1, reduced under  
10          Section 15-136(b) as if no contributions had been made under  
11          Section 15-136.2.

12          With respect to a participant who is qualified for a  
13          retirement annuity under this Rule 5 whose retirement annuity  
14          began before the effective date of this amendatory Act of the  
15          91st General Assembly, and for whom an employee contribution  
16          was made under Section 15-136.2, the System shall recalculate  
17          the retirement annuity under this Rule 5 and shall pay any  
18          additional amounts due in the manner provided in Section  
19          15-186.1 for benefits mistakenly set too low.

20          The amount of a retirement annuity calculated under this  
21          Rule 5 shall be computed solely on the basis of those  
22          contributions specifically set forth in this Rule 5. Except as  
23          provided in clause (iii) of this Rule 5, neither an employee  
24          nor employer contribution for early retirement under Section  
25          15-136.2, nor any other employer contribution, shall be used in  
26          the calculation of the amount of a retirement annuity under

1 this Rule 5.

2 The General Assembly has adopted the changes set forth in  
3 Section 25 of this amendatory Act of the 91st General Assembly  
4 in recognition that the decision of the Appellate Court for the  
5 Fourth District in *Mattis v. State Universities Retirement*  
6 *System et al.* might be deemed to give some right to the  
7 plaintiff in that case. The changes made by Section 25 of this  
8 amendatory Act of the 91st General Assembly are a legislative  
9 implementation of the decision of the Appellate Court for the  
10 Fourth District in *Mattis v. State Universities Retirement*  
11 *System et al.* with respect to that plaintiff.

12 The changes made by Section 25 of this amendatory Act of  
13 the 91st General Assembly apply without regard to whether the  
14 person is in service as an employee on or after its effective  
15 date.

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

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

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

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

7           (c) The maximum retirement annuity provided under Rules 1,  
8           2, 4, and 5 shall be the lesser of (1) the annual limit of  
9           benefits as specified in Section 415 of the Internal Revenue  
10          Code of 1986, as such Section may be amended from time to time  
11          and as such benefit limits shall be adjusted by the  
12          Commissioner of Internal Revenue, and (2) 80% of final rate of  
13          earnings.

14          (d) Subject to the provisions of subsections (d-1) and  
15          (d-2), an An annuitant whose status as an employee terminates  
16          after August 14, 1969 shall receive automatic increases in his  
17          or her retirement annuity as follows:

18          Effective January 1 immediately following the date the  
19          retirement annuity begins, the annuitant shall receive an  
20          increase in his or her monthly retirement annuity of 0.125% of  
21          the monthly retirement annuity provided under Rule 1, Rule 2,  
22          Rule 3, Rule 4, or Rule 5, contained in this Section,  
23          multiplied by the number of full months which elapsed from the  
24          date the retirement annuity payments began to January 1, 1972,  
25          plus 0.1667% of such annuity, multiplied by the number of full  
26          months which elapsed from January 1, 1972, or the date the

1 retirement annuity payments began, whichever is later, to  
2 January 1, 1978, plus 0.25% of such annuity multiplied by the  
3 number of full months which elapsed from January 1, 1978, or  
4 the date the retirement annuity payments began, whichever is  
5 later, to the effective date of the increase.

6 The annuitant shall receive an increase in his or her  
7 monthly retirement annuity on each January 1 thereafter during  
8 the annuitant's life of 3% of the monthly annuity provided  
9 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in  
10 this Section. The change made under this subsection by P.A.  
11 81-970 is effective January 1, 1980 and applies to each  
12 annuitant whose status as an employee terminates before or  
13 after that date.

14 Beginning January 1, 1990 and except as provided in  
15 subsections (d-1) and (d-2), all automatic annual increases  
16 payable under this Section shall be calculated as a percentage  
17 of the total annuity payable at the time of the increase,  
18 including all increases previously granted under this Article.

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

22 (d-1) Notwithstanding any other provision of this Article,  
23 for a Tier I retiree, the amount of each automatic annual  
24 increase in retirement annuity occurring on or after the  
25 effective date of this amendatory Act of the 97th General  
26 Assembly shall be the lesser of \$750 or 3% of the total annuity

1 payable at the time of the increase, including previous  
2 increases granted.

3 (d-2) Notwithstanding any other provision of this Article,  
4 for a Tier I retiree, the monthly retirement annuity shall  
5 first be subject to annual increases on the January 1 occurring  
6 on or next after the attainment of age 67 or the January 1  
7 occurring on or next after the fifth anniversary of the annuity  
8 start date, whichever occurs earlier. If on the effective date  
9 of this amendatory Act of the 97th General Assembly a Tier I  
10 retiree has already received an annual increase under this  
11 Section but does not yet meet the new eligibility requirements  
12 of this subsection, the annual increases already received shall  
13 continue in force, but no additional annual increase shall be  
14 granted until the Tier I retiree meets the new eligibility  
15 requirements.

16 (d-3) Notwithstanding Section 1-103.1, subsections (d-1)  
17 and (d-2) apply without regard to whether or not the Tier I  
18 retiree is in active service under this Article on or after the  
19 effective date of this amendatory Act of the 97th General  
20 Assembly.

21 (e) If, on January 1, 1987, or the date the retirement  
22 annuity payment period begins, whichever is later, the sum of  
23 the retirement annuity provided under Rule 1 or Rule 2 of this  
24 Section and the automatic annual increases provided under the  
25 preceding subsection or Section 15-136.1, amounts to less than  
26 the retirement annuity which would be provided by Rule 3, the

1 retirement annuity shall be increased as of January 1, 1987, or  
2 the date the retirement annuity payment period begins,  
3 whichever is later, to the amount which would be provided by  
4 Rule 3 of this Section. Such increased amount shall be  
5 considered as the retirement annuity in determining benefits  
6 provided under other Sections of this Article. This paragraph  
7 applies without regard to whether status as an employee  
8 terminated before the effective date of this amendatory Act of  
9 1987, provided that the annuitant was employed at least  
10 one-half time during the period on which the final rate of  
11 earnings was based.

12 (f) A participant is entitled to such additional annuity as  
13 may be provided on an actuarially equivalent basis, by any  
14 accumulated additional contributions to his or her credit.  
15 However, the additional contributions made by the participant  
16 toward the automatic increases in annuity provided under this  
17 Section and the contributions made under subsection (c-5) of  
18 Section 15-157 by this amendatory Act of the 97th General  
19 Assembly shall not be taken into account in determining the  
20 amount of such additional annuity.

21 (g) If, (1) by law, a function of a governmental unit, as  
22 defined by Section 20-107 of this Code, is transferred in whole  
23 or in part to an employer, and (2) a participant transfers  
24 employment from such governmental unit to such employer within  
25 6 months after the transfer of the function, and (3) the sum of  
26 (A) the annuity payable to the participant under Rule 1, 2, or

1 3 of this Section (B) all proportional annuities payable to the  
2 participant by all other retirement systems covered by Article  
3 20, and (C) the initial primary insurance amount to which the  
4 participant is entitled under the Social Security Act, is less  
5 than the retirement annuity which would have been payable if  
6 all of the participant's pension credits validated under  
7 Section 20-109 had been validated under this system, a  
8 supplemental annuity equal to the difference in such amounts  
9 shall be payable to the participant.

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

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

23 (j) For participants to whom subsection (a-5) of Section  
24 15-135 applies, the references to age 50, 55, and 62 in this  
25 Section are increased as provided in subsection (a-5) of  
26 Section 15-135.

1 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12.)

2 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

3 Sec. 15-155. Employer contributions.

4 (a) The State of Illinois shall make contributions by  
5 appropriations of amounts which, together with the ~~other~~  
6 employer contributions ~~from trust, federal, and other funds,~~  
7 employee contributions, income from investments, and other  
8 income of this System, will be sufficient to meet the cost of  
9 maintaining and administering the System on a 100% ~~90%~~ funded  
10 basis in accordance with actuarial recommendations by the end  
11 of State fiscal year 2043.

12 Beginning with State fiscal year 2014, the State's required  
13 contributions to the System under subsection (a-1) shall be  
14 limited to the amounts required to amortize the total cost of  
15 the benefits of the System arising before July 1, 2013. The  
16 State shall also pay any employer contributions required from  
17 the State as the actual employer of participants under this  
18 Article and any contribution required under subsection (a-20).

19 The Board shall determine the amount of State and employer  
20 contributions required for each fiscal year on the basis of the  
21 actuarial tables and other assumptions adopted by the Board and  
22 the recommendations of the actuary, using the formulas provided  
23 in this Section ~~formula in subsection (a-1).~~

24 (a-1) For State fiscal years 2014 through 2043, the minimum  
25 contribution to the System to be made by the State under this



1 subsection (a-1) for each fiscal year shall be an amount  
2 determined by the Board to be sufficient to amortize the  
3 unfunded accrued liability that is attributable to benefits  
4 that accrued before July 1, 2013 as a level percentage of  
5 payroll over the years remaining to and including fiscal year  
6 2043, determined under the projected unit credit actuarial cost  
7 method.

8 For State fiscal year 2044 and thereafter, the minimum  
9 contribution to the System to be made by the State under this  
10 subsection (a-1) for each fiscal year shall be an amount  
11 determined by the Board to be sufficient to amortize, over a  
12 30-year rolling amortization period, any unfunded liability  
13 arising on or after July 1, 2043 that is attributable to  
14 benefits that accrued before July 1, 2013.

15 For State fiscal years 2012 and 2013 ~~through 2045~~, the  
16 minimum contribution to the System to be made by the State for  
17 each fiscal year shall be an amount determined by the System to  
18 be sufficient to bring the total assets of the System up to 90%  
19 of the total actuarial liabilities of the System by the end of  
20 State fiscal year 2045. In making these determinations, the  
21 required State contribution shall be calculated each year as a  
22 level percentage of payroll over the years remaining to and  
23 including fiscal year 2045 and shall be determined under the  
24 projected unit credit actuarial cost method.

25 For State fiscal years 1996 through 2005, the State  
26 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual increments  
2 so that by State fiscal year 2011, the State is contributing at  
3 the rate required under this Section.

4 Notwithstanding any other provision of this Article, the  
5 total required State contribution for State fiscal year 2006 is  
6 \$166,641,900.

7 Notwithstanding any other provision of this Article, the  
8 total required State contribution for State fiscal year 2007 is  
9 \$252,064,100.

10 For each of State fiscal years 2008 through 2009, the State  
11 contribution to the System, as a percentage of the applicable  
12 employee payroll, shall be increased in equal annual increments  
13 from the required State contribution for State fiscal year  
14 2007, so that by State fiscal year 2011, the State is  
15 contributing at the rate otherwise required under this Section.

16 Notwithstanding any other provision of this Article, the  
17 total required State contribution for State fiscal year 2010 is  
18 \$702,514,000 and shall be made from the State Pensions Fund and  
19 proceeds of bonds sold in fiscal year 2010 pursuant to Section  
20 7.2 of the General Obligation Bond Act, less (i) the pro rata  
21 share of bond sale expenses determined by the System's share of  
22 total bond proceeds, (ii) any amounts received from the General  
23 Revenue Fund in fiscal year 2010, (iii) any reduction in bond  
24 proceeds due to the issuance of discounted bonds, if  
25 applicable.

26 Notwithstanding any other provision of this Article, the

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

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

15 Amounts received by the System pursuant to Section 25 of  
16 the Budget Stabilization Act or Section 8.12 of the State  
17 Finance Act in any fiscal year do not reduce and do not  
18 constitute payment of any portion of the minimum State  
19 contribution required under this Article in that fiscal year.  
20 Such amounts shall not reduce, and shall not be included in the  
21 calculation of, the required State contributions under this  
22 Article in any future year until the System has reached a  
23 funding ratio of at least 100% ~~90%~~. A reference in this Article  
24 to the "required State contribution" or any substantially  
25 similar term does not include or apply to any amounts payable  
26 to the System under Section 25 of the Budget Stabilization Act.

1           Notwithstanding any other provision of this Section, the  
2           required State contribution for State fiscal year 2005 and for  
3           fiscal year 2008 and each fiscal year thereafter through State  
4           fiscal year 2013, as calculated under this Section and  
5           certified under Section 15-165, shall not exceed an amount  
6           equal to (i) the amount of the required State contribution that  
7           would have been calculated under this Section for that fiscal  
8           year if the System had not received any payments under  
9           subsection (d) of Section 7.2 of the General Obligation Bond  
10          Act, minus (ii) the portion of the State's total debt service  
11          payments for that fiscal year on the bonds issued in fiscal  
12          year 2003 for the purposes of that Section 7.2, as determined  
13          and certified by the Comptroller, that is the same as the  
14          System's portion of the total moneys distributed under  
15          subsection (d) of Section 7.2 of the General Obligation Bond  
16          Act. In determining this maximum for State fiscal years 2008  
17          through 2010, however, the amount referred to in item (i) shall  
18          be increased, as a percentage of the applicable employee  
19          payroll, in equal increments calculated from the sum of the  
20          required State contribution for State fiscal year 2007 plus the  
21          applicable portion of the State's total debt service payments  
22          for fiscal year 2007 on the bonds issued in fiscal year 2003  
23          for the purposes of Section 7.2 of the General Obligation Bond  
24          Act, so that, by State fiscal year 2011, the State is  
25          contributing at the rate otherwise required under this Section.

26          (a-10) Subject to the limitations provided in subsection

1 (a-15), beginning with State fiscal year 2014, the minimum  
2 required contribution of each employer under this Article shall  
3 be sufficient to produce an annual amount equal to:

4 (i) the employer's normal cost for that fiscal year,  
5 exclusive of the employer's normal cost that arises from  
6 optional employer contributions agreed to by that employer  
7 for that fiscal year under Section 1-161; plus

8 (ii) the employer's normal cost for that fiscal year  
9 that arises from optional employer contributions agreed to  
10 by that employer for that fiscal year under Section 1-161;  
11 plus

12 (iii) the amount required for that fiscal year to  
13 amortize that employer's portion of the unfunded accrued  
14 liability associated with the cost of benefits accrued on  
15 or after July 1, 2013 as a level percentage of payroll over  
16 a 30-year rolling amortization period, as determined for  
17 each employer by the Board.

18 Each employer under this Article shall make these  
19 contributions in the amounts determined and the manner  
20 prescribed from time to time by the Board.

21 (a-15) The System shall determine the employer's normal  
22 cost under item (i) of subsection (a-10) as a percentage of  
23 projected payroll applicable to all employers, based on  
24 actuarial assumptions applicable to the System as a whole. The  
25 required employer contribution under item (i) in a fiscal year  
26 shall not exceed a percentage of payroll determined by

1 subtracting 2013 from the applicable fiscal year and  
2 multiplying the result by 0.5%.

3 The System shall determine the employer's normal cost under  
4 item (ii) of subsection (a-10) as an additional percentage of  
5 projected payroll payable by a specific employer, based on the  
6 optional employer contributions agreed to by that employer for  
7 that fiscal year under Section 1-161 and the actuarial  
8 assumptions applicable to the System as a whole.

9 The System shall determine the employer's portion of the  
10 unfunded accrued liability under item (iii) of subsection  
11 (a-10) separately for each employer, as a percentage of that  
12 employer's projected payroll, based on the liabilities  
13 attributable to that employer arising on or after July 1, 2013  
14 and the actuarial assumptions applicable to the System as a  
15 whole.

16 For use in determining the employer's contribution for  
17 unfunded accrued liability under item (iii), the System shall  
18 maintain a separate account for each employer. The separate  
19 account shall be maintained in such form and detail as the  
20 System determines to be appropriate. The separate account shall  
21 reflect the following items to the extent that they are  
22 attributable to that employer and arise on or after July 1,  
23 2013: employer contributions, State contributions under  
24 subsection (a-20), employee contributions, investment returns,  
25 payments of benefits, and that employer's proportionate share  
26 of the System's administrative expenses.

1       In the event that the Board determines that there is a  
2 deficiency or surplus in the account of an employer with  
3 respect to the , the Board shall determine the employer's  
4 contribution rate under item (iii) of subsection (a-10) so as  
5 to address that deficiency or surplus over a reasonable period  
6 of time as determined by the Board.

7       (a-20) Beginning in State fiscal year 2014, for any fiscal  
8 year in which (1) the System's normal cost for all employers  
9 for that fiscal year, exclusive of the normal cost that arises  
10 from optional employer contributions agreed to by employers for  
11 that fiscal year under Section 1-161, exceeds (2) the total  
12 contribution calculated under item (i) of subsection (a-10) for  
13 all employers for that fiscal year, the State shall make an  
14 additional contribution to the System for that fiscal year  
15 equal to the difference.

16       The State contribution under this subsection (a-20) is in  
17 addition to the State contributions required under subsection  
18 (a-1) and any contributions required to be paid by the State as  
19 an employer under subsection (a-10) of this Section.

20       (b) If an employee is paid from trust or federal funds, the  
21 employer shall pay to the Board contributions from those funds  
22 which are sufficient to cover the accruing normal costs on  
23 behalf of the employee. However, universities having employees  
24 who are compensated out of local auxiliary funds, income funds,  
25 or service enterprise funds are not required to pay such  
26 contributions on behalf of those employees. The local auxiliary

1 funds, income funds, and service enterprise funds of  
2 universities shall not be considered trust funds for the  
3 purpose of this Article, but funds of alumni associations,  
4 foundations, and athletic associations which are affiliated  
5 with the universities included as employers under this Article  
6 and other employers which do not receive State appropriations  
7 are considered to be trust funds for the purpose of this  
8 Article.

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

22 (c) Through State fiscal year 1995: The total employer  
23 contribution shall be apportioned among the various funds of  
24 the State and other employers, whether trust, federal, or other  
25 funds, in accordance with actuarial procedures approved by the  
26 Board. State of Illinois contributions for employers receiving



1 State appropriations for personal services shall be payable  
2 from appropriations made to the employers or to the System. The  
3 contributions for Class I community colleges covering earnings  
4 other than those paid from trust and federal funds, shall be  
5 payable solely from appropriations to the Illinois Community  
6 College Board or the System for employer contributions.

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

12 (e) The State Comptroller shall draw warrants payable to  
13 the System upon proper certification by the System or by the  
14 employer in accordance with the appropriation laws and this  
15 Code.

16 (f) Normal costs under this Section means liability for  
17 pensions and other benefits which accrues to the System because  
18 of the credits earned for service rendered by the participants  
19 during the fiscal year and expenses of administering the  
20 System, but shall not include the principal of or any  
21 redemption premium or interest on any bonds issued by the Board  
22 or any expenses incurred or deposits required in connection  
23 therewith.

24 (g) The employer contributions under this subsection (g)  
25 are no longer required after June 30, 2013.

26 If the amount of a participant's earnings for any academic

1 year used to determine the final rate of earnings, determined  
2 on a full-time equivalent basis, exceeds the amount of his or  
3 her earnings with the same employer for the previous academic  
4 year, determined on a full-time equivalent basis, by more than  
5 6%, the participant's employer shall pay to the System, in  
6 addition to all other payments required under this Section and  
7 in accordance with guidelines established by the System, the  
8 present value of the increase in benefits resulting from the  
9 portion of the increase in earnings that is in excess of 6%.  
10 This present value shall be computed by the System on the basis  
11 of the actuarial assumptions and tables used in the most recent  
12 actuarial valuation of the System that is available at the time  
13 of the computation. The System may require the employer to  
14 provide any pertinent information or documentation.

15 Whenever it determines that a payment is or may be required  
16 under this subsection (g), the System shall calculate the  
17 amount of the payment and bill the employer for that amount.  
18 The bill shall specify the calculations used to determine the  
19 amount due. If the employer disputes the amount of the bill, it  
20 may, within 30 days after receipt of the bill, apply to the  
21 System in writing for a recalculation. The application must  
22 specify in detail the grounds of the dispute and, if the  
23 employer asserts that the calculation is subject to subsection  
24 (h) or (i) of this Section, must include an affidavit setting  
25 forth and attesting to all facts within the employer's  
26 knowledge that are pertinent to the applicability of subsection

1 (h) or (i). Upon receiving a timely application for  
2 recalculation, the System shall review the application and, if  
3 appropriate, recalculate the amount due.

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

13 (h) This subsection (h) applies only to payments made or  
14 salary increases given on or after June 1, 2005 but before July  
15 1, 2011. The changes made by Public Act 94-1057 shall not  
16 require the System to refund any payments received before July  
17 31, 2006 (the effective date of Public Act 94-1057).

18 When assessing payment for any amount due under subsection  
19 (g), the System shall exclude earnings increases paid to  
20 participants under contracts or collective bargaining  
21 agreements entered into, amended, or renewed before June 1,  
22 2005.

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

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

15           When assessing payment for any amount due under subsection  
16 (g), the System shall exclude any earnings increase resulting  
17 from (i) a promotion for which the employee moves from one  
18 classification to a higher classification under the State  
19 Universities Civil Service System, (ii) a promotion in academic  
20 rank for a tenured or tenure-track faculty position, or (iii) a  
21 promotion that the Illinois Community College Board has  
22 recommended in accordance with subsection (k) of this Section.  
23 These earnings increases shall be excluded only if the  
24 promotion is to a position that has existed and been filled by  
25 a member for no less than one complete academic year and the  
26 earnings increase as a result of the promotion is an increase

1 that results in an amount no greater than the average salary  
2 paid for other similar positions.

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

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

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

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

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

25 (4) The increase in the required State contribution  
26 resulting from the changes made to this Section by Public

1 Act 94-1057.

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

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

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

1 5-year period following that fiscal year.

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

6 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
7 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.  
8 7-13-12; revised 10-17-12.)

9 (40 ILCS 5/15-155.1 new)

10 Sec. 15-155.1. Actions to enforce payments by employers  
11 other than the State. Any employer, other than the State, that  
12 fails to transmit to the System contributions required of it  
13 under this Article or contributions required of employees, for  
14 more than 90 days after such contributions are due, is subject  
15 to the following: after giving notice to the employer, the  
16 System may certify to the State Comptroller or the Illinois  
17 Community College Board, whichever is applicable, the amounts  
18 of such delinquent payments and the State Comptroller or the  
19 Illinois Community College Board, whichever is applicable,  
20 shall deduct the amounts so certified or any part thereof from  
21 any State funds to be remitted to the employer and shall pay  
22 the amount so deducted to the System. If State funds from which  
23 such deductions may be made are not available, the System may  
24 proceed against the employer to recover the amounts of such  
25 delinquent payments in the appropriate circuit court.

1       The System may provide for an audit of the records of an  
2 employer, other than the State, as may be required to establish  
3 the amounts of required contributions. The employer shall make  
4 its records available to the System for the purpose of such  
5 audit. The cost of such audit shall be added to the amount of  
6 the delinquent payments and may be recovered by the System from  
7 the employer at the same time and in the same manner as the  
8 delinquent payments are recovered.

9       (40 ILCS 5/15-156) (from Ch. 108 1/2, par. 15-156)

10       Sec. 15-156. Obligations of State; funding guarantees.

11       (a) The payment of (1) the required State contributions,  
12 (2) all benefits granted under this system and (3) all expenses  
13 in connection with the administration and operation thereof are  
14 obligations of the State of Illinois to the extent specified in  
15 this Article. The accumulated employee normal, additional and  
16 survivors insurance contributions credited to the accounts of  
17 active and inactive participants shall not be used to pay the  
18 State's share of the obligations.

19       (b) Beginning July 1, 2013, the State shall be  
20 contractually obligated to contribute to the System under  
21 Section 15-155 in each State fiscal year an amount not less  
22 than the sum of (i) the State's required contribution under  
23 subsections (a-10) and (a-20) of Section 15-155 and (ii) the  
24 portion of the total cost of the benefits of the System arising  
25 before July 1, 2013 assigned to that State fiscal year by law



1 in accordance with a schedule that distributes payments  
2 equitably over a reasonable period of time and in accordance  
3 with accepted actuarial practices. The obligations created  
4 under this subsection (b) are contractual obligations  
5 protected and enforceable under Article I, Section 16 and  
6 Article XIII, Section 5 of the Illinois Constitution.

7 Notwithstanding any other provision of law, if the State  
8 fails to pay in a State fiscal year the amount guaranteed under  
9 this subsection, the System may bring a mandamus action in the  
10 circuit court of Champaign or Sangamon County to compel the  
11 State to make that payment, irrespective of other remedies that  
12 may be available to the System. In ordering the State to make  
13 the required payment, the court may order a reasonable payment  
14 schedule to enable the State to make the required payment  
15 without significantly imperiling the public health, safety, or  
16 welfare.

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

18 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

19 Sec. 15-157. Employee Contributions.

20 (a) Each participating employee shall make contributions  
21 towards the retirement benefits payable under the retirement  
22 program applicable to the employee from each payment of  
23 earnings applicable to employment under this system on and  
24 after the date of becoming a participant as follows: Prior to  
25 September 1, 1949, 3 1/2% of earnings; from September 1, 1949

1 to August 31, 1955, 5%; from September 1, 1955 to August 31,  
2 1969, 6%; from September 1, 1969, 6 1/2%. These contributions  
3 are to be considered as normal contributions for purposes of  
4 this Article.

5 Each participant who is a police officer or firefighter  
6 shall make normal contributions of 8% of each payment of  
7 earnings applicable to employment as a police officer or  
8 firefighter under this system on or after September 1, 1981,  
9 unless he or she files with the board within 60 days after the  
10 effective date of this amendatory Act of 1991 or 60 days after  
11 the board receives notice that he or she is employed as a  
12 police officer or firefighter, whichever is later, a written  
13 notice waiving the retirement formula provided by Rule 4 of  
14 Section 15-136. This waiver shall be irrevocable. If a  
15 participant had met the conditions set forth in Section  
16 15-132.1 prior to the effective date of this amendatory Act of  
17 1991 but failed to make the additional normal contributions  
18 required by this paragraph, he or she may elect to pay the  
19 additional contributions plus compound interest at the  
20 effective rate. If such payment is received by the board, the  
21 service shall be considered as police officer service in  
22 calculating the retirement annuity under Rule 4 of Section  
23 15-136. While performing service described in clause (i) or  
24 (ii) of Rule 4 of Section 15-136, a participating employee  
25 shall be deemed to be employed as a firefighter for the purpose  
26 of determining the rate of employee contributions under this

1 Section.

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

9 (c) In addition to the amounts described in subsections (a)  
10 and (b) of this Section, each participating employee shall make  
11 contributions of 1% of earnings applicable under this system on  
12 and after August 1, 1959. The contributions made under this  
13 subsection (c) shall be considered as survivor's insurance  
14 contributions for purposes of this Article if the employee is  
15 covered under the traditional benefit package, and such  
16 contributions shall be considered as additional contributions  
17 for purposes of this Article if the employee is participating  
18 in the self-managed plan or has elected to participate in the  
19 portable benefit package and has completed the applicable  
20 one-year waiting period. Contributions in excess of \$80 during  
21 any fiscal year beginning before August 31, 1969 and in excess  
22 of \$120 during any fiscal year thereafter until September 1,  
23 1971 shall be considered as additional contributions for  
24 purposes of this Article.

25 (c-5) In addition to the contributions otherwise required  
26 under this Article, each Tier I participant shall also make the

1 following contributions toward the retirement benefits payable  
2 under the retirement program applicable to the employee from  
3 each payment of earnings applicable to employment under this  
4 system:

5 (1) beginning July 1, 2013 and through June 30, 2014,  
6 1% of earnings; and

7 (2) beginning on July 1, 2014, 2% of earnings.

8 Except as otherwise specified, these contributions are to  
9 be considered as normal contributions for purposes of this  
10 Article.

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

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

26 (f) Notwithstanding the foregoing, a participating

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

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

8 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,  
9 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;  
10 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

11 (40 ILCS 5/15-158.2)

12 Sec. 15-158.2. Self-managed plan.

13 (a) Purpose. The General Assembly finds that it is  
14 important for colleges and universities to be able to attract  
15 and retain the most qualified employees and that in order to  
16 attract and retain these employees, colleges and universities  
17 should have the flexibility to provide a defined contribution  
18 plan as an alternative for eligible employees who elect not to  
19 participate in a defined benefit retirement program provided  
20 under this Article. Accordingly, the State Universities  
21 Retirement System is hereby authorized to establish and  
22 administer a self-managed plan, which shall offer  
23 participating employees who became participating employees  
24 before the effective date of this amendatory Act of the 97th  
25 General Assembly the opportunity to accumulate assets for

1 retirement through a combination of employee and employer  
2 contributions that may be invested in mutual funds, collective  
3 investment funds, or other investment products and used to  
4 purchase annuity contracts, either fixed or variable or a  
5 combination thereof. The plan must be qualified under the  
6 Internal Revenue Code of 1986.

7 (b) Adoption by employers. Until the effective date of this  
8 amendatory Act of the 97th General Assembly, each ~~Each~~ employer  
9 subject to this Article may elect to adopt the self-managed  
10 plan established under this Section; this election is  
11 irrevocable. An employer's election to adopt the self-managed  
12 plan makes available to the eligible employees of that employer  
13 the elections described in Section 15-134.5.

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

24 (c) Selection of service providers and funding vehicles.  
25 The System, in consultation with the employers, shall solicit  
26 proposals to provide administrative services and funding

1 vehicles for the self-managed plan from insurance and annuity  
2 companies and mutual fund companies, banks, trust companies, or  
3 other financial institutions authorized to do business in this  
4 State. In reviewing the proposals received and approving and  
5 contracting with no fewer than 2 and no more than 7 companies,  
6 the Board of Trustees of the System shall consider, among other  
7 things, the following criteria:

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

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

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

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

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

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

24 (d) Employee Direction. Employees who are participating in  
25 the program must be allowed to direct the transfer of their  
26 account balances among the various investment options offered,

1 subject to applicable contractual provisions. The participant  
2 shall not be deemed a fiduciary by reason of providing such  
3 investment direction. A person who is a fiduciary shall not be  
4 liable for any loss resulting from such investment direction  
5 and shall not be deemed to have breached any fiduciary duty by  
6 acting in accordance with that direction. Neither the System  
7 nor the employer guarantees any of the investments in the  
8 employee's account balances.

9 (e) Participation. An employee eligible to participate in  
10 the self-managed plan must make a written election in  
11 accordance with the provisions of Section 15-134.5 and the  
12 procedures established by the System. Participation in the  
13 self-managed plan by an electing employee shall begin on the  
14 first day of the first pay period following the later of the  
15 date the employee's election is filed with the System or the  
16 effective date as of which the employee's employer begins to  
17 offer participation in the self-managed plan. Employers may not  
18 make the self-managed plan available earlier than January 1,  
19 1998. An employee's participation in any other retirement  
20 program administered by the System under this Article shall  
21 terminate on the date that participation in the self-managed  
22 plan begins.

23 An employee who has elected to participate in the  
24 self-managed plan under this Section must continue  
25 participation while employed in an eligible position, and may  
26 not participate in any other retirement program administered by



1 the System under this Article while employed by that employer  
2 or any other employer that has adopted the self-managed plan,  
3 unless the self-managed plan is terminated in accordance with  
4 subsection (i).

5 Participation in the self-managed plan under this Section  
6 shall constitute membership in the State Universities  
7 Retirement System.

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

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

25 (g) No Duplication of Service Credit. Notwithstanding any  
26 other provision of this Article, an employee may not purchase

1 or receive service or service credit applicable to any other  
2 retirement program administered by the System under this  
3 Article for any period during which the employee was a  
4 participant in the self-managed plan established under this  
5 Section.

6 (h) Contributions. The self-managed plan shall be funded by  
7 contributions from employees participating in the self-managed  
8 plan and employer contributions as provided in this Section.

9 The contribution rate for employees participating in the  
10 self-managed plan under this Section shall be equal to the  
11 employee contribution rate for other participants in the  
12 System, as provided in Section 15-157. This required  
13 contribution shall be made as an "employer pick-up" under  
14 Section 414(h) of the Internal Revenue Code of 1986 or any  
15 successor Section thereof. Any employee participating in the  
16 System's traditional benefit package prior to his or her  
17 election to participate in the self-managed plan shall continue  
18 to have the employer pick up the contributions required under  
19 Section 15-157. However, the amounts picked up after the  
20 election of the self-managed plan shall be remitted to and  
21 treated as assets of the self-managed plan. In no event shall  
22 an employee have an option of receiving these amounts in cash.  
23 Employees may make additional contributions to the  
24 self-managed plan in accordance with procedures prescribed by  
25 the System, to the extent permitted under rules prescribed by  
26 the System.

1           The program shall provide for employer contributions to be  
2           credited to each self-managed plan participant at a rate of  
3           7.6% of the participating employee's salary, less the amount  
4           used by the System to provide disability benefits for the  
5           employee. The amounts so credited shall be paid into the  
6           participant's self-managed plan accounts in a manner to be  
7           prescribed by the System.

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

16          The State of Illinois shall make contributions by  
17          appropriations to the System of the employer contributions  
18          required for employees who participate in the self-managed plan  
19          under this Section. The amount required shall be certified by  
20          the Board of Trustees of the System and paid by the State in  
21          accordance with Section 15-165. The System shall not be  
22          obligated to remit the required employer contributions to any  
23          of the insurance and annuity companies, mutual fund companies,  
24          banks, trust companies, financial institutions, or other  
25          sponsors of any of the funding vehicles offered under the  
26          self-managed plan until it has received the required employer

1 contributions from the State. In the event of a deficiency in  
2 the amount of State contributions, the System shall implement  
3 those procedures described in subsection (c) of Section 15-165  
4 to obtain the required funding from the General Revenue Fund.

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

16 (j) Vesting; Withdrawal; Return to Service. A participant  
17 in the self-managed plan becomes vested in the employer  
18 contributions credited to his or her accounts in the  
19 self-managed plan on the earliest to occur of the following:  
20 (1) completion of 5 years of service with an employer described  
21 in Section 15-106; (2) the death of the participating employee  
22 while employed by an employer described in Section 15-106, if  
23 the participant has completed at least 1 1/2 years of service;  
24 or (3) the participant's election to retire and apply the  
25 reciprocal provisions of Article 20 of this Code.

26 A participant in the self-managed plan who receives a

1 distribution of his or her vested amounts from the self-managed  
2 plan while not yet eligible for retirement under this Article  
3 (and Article 20, if applicable) shall forfeit all service  
4 credit and accrued rights in the System; if subsequently  
5 re-employed, the participant shall be considered a new  
6 employee. If a former participant again becomes a participating  
7 employee (or becomes employed by a participating system under  
8 Article 20 of this Code) and continues as such for at least 2  
9 years, all such rights, service credits, and previous status as  
10 a participant shall be restored upon repayment of the amount of  
11 the distribution, without interest.

12 (k) Benefit amounts. If an employee who is vested in  
13 employer contributions terminates employment, the employee  
14 shall be entitled to a benefit which is based on the account  
15 values attributable to both employer and employee  
16 contributions and any investment return thereon.

17 If an employee who is not vested in employer contributions  
18 terminates employment, the employee shall be entitled to a  
19 benefit based solely on the account values attributable to the  
20 employee's contributions and any investment return thereon,  
21 and the employer contributions and any investment return  
22 thereon shall be forfeited. Any employer contributions which  
23 are forfeited shall be held in escrow by the company investing  
24 those contributions and shall be used as directed by the System  
25 for future allocations of employer contributions or for the  
26 restoration of amounts previously forfeited by former

1 participants who again become participating employees.

2 (1) Notwithstanding any other provision of this Section, a  
3 person may not elect to participate or begin participation in  
4 the self-managed plan established under this Section on or  
5 after the effective date of this amendatory Act of the 97th  
6 General Assembly.

7 (Source: P.A. 93-347, eff. 7-24-03.)

8 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

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

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

25 On or before July 1, 2005, the Board shall recalculate and

1 recertify to the Governor the amount of the required State  
2 contribution to the System for State fiscal year 2006, taking  
3 into account the changes in required State contributions made  
4 by this amendatory Act of the 94th General Assembly.

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

11 On or before July 1, 2013, the Board shall, if necessary,  
12 recalculate and recertify to the Governor the amount of the  
13 required State contribution to the System for State fiscal year  
14 2014, taking into account the changes in required State  
15 contributions made by this amendatory Act of the 97th General  
16 Assembly.

17 (a-5) On or before November 1 of each year, beginning  
18 November 1, 2012, the Board shall submit to the State Actuary,  
19 the Governor, and the General Assembly a proposed certification  
20 of the amount of the required State contribution to the System  
21 for the next fiscal year, along with all of the actuarial  
22 assumptions, calculations, and data upon which that proposed  
23 certification is based. On or before January 1 of each year,  
24 beginning January 1, 2013, the State Actuary shall issue a  
25 preliminary report concerning the proposed certification and  
26 identifying, if necessary, recommended changes in actuarial

1 assumptions that the Board must consider before finalizing its  
2 certification of the required State contributions.

3 On or before January 15, 2013 and each January 15  
4 thereafter, the Board shall certify to the Governor and the  
5 General Assembly the amount of the required State contribution  
6 for the next fiscal year. The certification shall include a  
7 copy of the actuarial recommendations upon which it is based  
8 and shall specifically identify the System's projected State  
9 normal cost for that fiscal year and the projected State cost  
10 for the self-managed plan for that fiscal year. The Board's  
11 certification must note, in a written response to the State  
12 Actuary, any deviations from the State Actuary's recommended  
13 changes, the reason or reasons for not following the State  
14 Actuary's recommended changes, and the fiscal impact of not  
15 following the State Actuary's recommended changes on the  
16 required State contribution.

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

21 (c) Beginning in State fiscal year 1996, on or as soon as  
22 possible after the 15th day of each month the Board shall  
23 submit vouchers for payment of State contributions to the  
24 System, in a total monthly amount of one-twelfth of the  
25 required annual State contribution certified under subsection  
26 (a). From the effective date of this amendatory Act of the 93rd



1 General Assembly through June 30, 2004, the Board shall not  
2 submit vouchers for the remainder of fiscal year 2004 in excess  
3 of the fiscal year 2004 certified contribution amount  
4 determined under this Section after taking into consideration  
5 the transfer to the System under subsection (b) of Section  
6 6z-61 of the State Finance Act. These vouchers shall be paid by  
7 the State Comptroller and Treasurer by warrants drawn on the  
8 funds appropriated to the System for that fiscal year.

9 If in any month the amount remaining unexpended from all  
10 other appropriations to the System for the applicable fiscal  
11 year (including the appropriations to the System under Section  
12 8.12 of the State Finance Act and Section 1 of the State  
13 Pension Funds Continuing Appropriation Act) is less than the  
14 amount lawfully vouchered under this Section, the difference  
15 shall be paid from the General Revenue Fund under the  
16 continuing appropriation authority provided in Section 1.1 of  
17 the State Pension Funds Continuing Appropriation Act.

18 (d) So long as the payments received are the full amount  
19 lawfully vouchered under this Section, payments received by the  
20 System under this Section shall be applied first toward the  
21 employer contribution to the self-managed plan established  
22 under Section 15-158.2. Payments shall be applied second toward  
23 the employer's portion of the normal costs of the System, as  
24 defined in subsection (f) of Section 15-155. The balance shall  
25 be applied toward the unfunded actuarial liabilities of the  
26 System.

1 (e) In the event that the System does not receive, as a  
2 result of legislative enactment or otherwise, payments  
3 sufficient to fully fund the employer contribution to the  
4 self-managed plan established under Section 15-158.2 and to  
5 fully fund that portion of the employer's portion of the normal  
6 costs of the System, as calculated in accordance with Section  
7 15-155(a-1), then any payments received shall be applied  
8 proportionately to the optional retirement program established  
9 under Section 15-158.2 and to the employer's portion of the  
10 normal costs of the System, as calculated in accordance with  
11 Section 15-155(a-1).

12 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
13 97-694, eff. 6-18-12.)

14 (40 ILCS 5/15-198)

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

17 (a) As used in this Section, "new benefit increase" means  
18 an increase in the amount of any benefit provided under this  
19 Article, or an expansion of the conditions of eligibility for  
20 any benefit under this Article or Article 1, that results from  
21 an amendment to this Code that takes effect after the effective  
22 date of this amendatory Act of the 94th General Assembly. "New  
23 benefit increase", however, does not include any benefit  
24 increase resulting from the changes made to this Article or  
25 Article 1 by this amendatory Act of the 97th 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 Financial and Professional Regulation. A new  
17 benefit increase created by a Public Act that does not include  
18 the additional funding required under this subsection is null  
19 and void. If the Public Pension Division determines that the  
20 additional funding provided for a new benefit increase under  
21 this subsection is or has become inadequate, it may so certify  
22 to the Governor and the State Comptroller and, in the absence  
23 of corrective action by the General Assembly, the new benefit  
24 increase shall expire at the end of the fiscal year in which  
25 the certification is 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. 94-4, eff. 6-1-05.)

17 (40 ILCS 5/16-106.4 new)

18 Sec. 16-106.4. Tier I member. "Tier I member": A member  
19 under this Article who first became a member or participant  
20 before January 1, 2011 under any reciprocal retirement system  
21 or pension fund established under this Code other than a  
22 retirement system or pension fund established under Article 2,  
23 3, 4, 5, 6, or 18 of this Code.

24 (40 ILCS 5/16-106.5 new)

1       Sec. 16-106.5. Tier I retiree. "Tier I retiree": A former  
2       Tier I member who is receiving a retirement annuity.

3           (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

4       Sec. 16-121. Salary. "Salary": The actual compensation  
5       received by a teacher during any school year and recognized by  
6       the system in accordance with rules of the board. For purposes  
7       of this Section, "school year" includes the regular school term  
8       plus any additional period for which a teacher is compensated  
9       and such compensation is recognized by the rules of the board.

10       Notwithstanding any other provision of this Code, the  
11       salary of a Tier I member for the purposes of this Code shall  
12       not exceed, for periods of service on or after the effective  
13       date of this amendatory Act of the 97th General Assembly, the  
14       annual contribution and benefit base established for the  
15       applicable year by the Commissioner of Social Security under  
16       the federal Social Security Act; except that this limitation  
17       does not apply to a member's salary that is determined under an  
18       employment contract or collective bargaining agreement that is  
19       in effect on the effective date of this amendatory Act of the  
20       97th General Assembly and has not been amended or renewed after  
21       that date.

22       (Source: P.A. 84-1028.)

23           (40 ILCS 5/16-132) (from Ch. 108 1/2, par. 16-132)

24       Sec. 16-132. Retirement annuity eligibility.

1       (a) A member who has at least 20 years of creditable  
2 service is entitled to a retirement annuity upon or after  
3 attainment of age 55. A member who has at least 10 but less  
4 than 20 years of creditable service is entitled to a retirement  
5 annuity upon or after attainment of age 60. A member who has at  
6 least 5 but less than 10 years of creditable service is  
7 entitled to a retirement annuity upon or after attainment of  
8 age 62. A member who (i) has earned during the period  
9 immediately preceding the last day of service at least one year  
10 of contributing creditable service as an employee of a  
11 department as defined in Section 14-103.04, (ii) has earned at  
12 least 5 years of contributing creditable service as an employee  
13 of a department as defined in Section 14-103.04, and (iii)  
14 retires on or after January 1, 2001 is entitled to a retirement  
15 annuity upon or after attainment of an age which, when added to  
16 the number of years of his or her total creditable service,  
17 equals at least 85. Portions of years shall be counted as  
18 decimal equivalents.

19       A member who is eligible to receive a retirement annuity of  
20 at least 74.6% of final average salary and will attain age 55  
21 on or before December 31 during the year which commences on  
22 July 1 shall be deemed to attain age 55 on the preceding June  
23 1.

24       (b) Notwithstanding subsection (a) of this Section, for a  
25 Tier I member who begins receiving a retirement annuity under  
26 this Article after July 1, 2013:

1           (1) If the Tier I member is at least 45 years old on  
2           the effective date of this amendatory Act of the 97th  
3           General Assembly, then the references to age 55, 60, and 62  
4           in subsection (a) of this Section remain unchanged and the  
5           reference to 85 in subsection (a) of this Section remains  
6           unchanged.

7           (2) If the Tier I member is at least 40 but less than  
8           45 years old on the effective date of this amendatory Act  
9           of the 97th General Assembly, then the references to age  
10          55, 60, and 62 in subsection (a) of this Section are  
11          increased by one year and the reference to 85 in subsection  
12          (a) is increased to 87.

13          (3) If the Tier I member is at least 35 but less than  
14          40 years old on the effective date of this amendatory Act  
15          of the 97th General Assembly, then the references to age  
16          55, 60, and 62 in subsection (a) of this Section are  
17          increased by 3 years and the reference to 85 in subsection  
18          (a) is increased to 91.

19          (4) If the Tier I member is less than 35 years old on  
20          the effective date of this amendatory Act of the 97th  
21          General Assembly, then the references to age 55, 60, and 62  
22          in subsection (a) of this Section are increased by 5 years  
23          and the reference to 85 in subsection (a) is increased to  
24          95.

25          Notwithstanding Section 1-103.1, this subsection (b)  
26          applies without regard to whether or not the Tier I member is

1 in active service under this Article on or after the effective  
2 date of this amendatory Act of the 97th General Assembly.

3 (c) A member meeting the above eligibility conditions is  
4 entitled to a retirement annuity upon written application to  
5 the board setting forth the date the member wishes the  
6 retirement annuity to commence. However, the effective date of  
7 the retirement annuity shall be no earlier than the day  
8 following the last day of creditable service, regardless of the  
9 date of official termination of employment.

10 (d) To be eligible for a retirement annuity, a member shall  
11 not be employed as a teacher in the schools included under this  
12 System or under Article 17, except (i) as provided in Section  
13 16-118 or 16-150.1, (ii) if the member is disabled (in which  
14 event, eligibility for salary must cease), or (iii) if the  
15 System is required by federal law to commence payment due to  
16 the member's age; the changes to this sentence made by Public  
17 Act 93-320 ~~this amendatory Act of the 93rd General Assembly~~  
18 apply without regard to whether the member terminated  
19 employment before or after its effective date.

20 (Source: P.A. 93-320, eff. 7-23-03.)

21 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

22 Sec. 16-133. Retirement annuity; amount.

23 (a) The amount of the retirement annuity shall be (i) in  
24 the case of a person who first became a teacher under this  
25 Article before July 1, 2005, the larger of the amounts



1 determined under paragraphs (A) and (B) below, or (ii) in the  
2 case of a person who first becomes a teacher under this Article  
3 on or after July 1, 2005, the amount determined under the  
4 applicable provisions of paragraph (B):

5 (A) An amount consisting of the sum of the following:

6 (1) An amount that can be provided on an  
7 actuarially equivalent basis by the member's  
8 accumulated contributions at the time of retirement;  
9 and

10 (2) The sum of (i) the amount that can be provided  
11 on an actuarially equivalent basis by the member's  
12 accumulated contributions representing service prior  
13 to July 1, 1947, and (ii) the amount that can be  
14 provided on an actuarially equivalent basis by the  
15 amount obtained by multiplying 1.4 times the member's  
16 accumulated contributions covering service subsequent  
17 to June 30, 1947; and

18 (3) If there is prior service, 2 times the amount  
19 that would have been determined under subparagraph (2)  
20 of paragraph (A) above on account of contributions  
21 which would have been made during the period of prior  
22 service creditable to the member had the System been in  
23 operation and had the member made contributions at the  
24 contribution rate in effect prior to July 1, 1947.

25 For the purpose of calculating the sum provided under  
26 this paragraph (A), the contribution required under

1       subsection (a-5) of Section 16-152 shall not be considered  
2       when determining the amount of the member's accumulated  
3       contributions under subparagraph (1) or (2).

4               This paragraph (A) does not apply to a person who first  
5       becomes a teacher under this Article on or after July 1,  
6       2005.

7               (B) An amount consisting of the greater of the  
8       following:

9               (1) For creditable service earned before July 1,  
10       1998 that has not been augmented under Section  
11       16-129.1: 1.67% of final average salary for each of the  
12       first 10 years of creditable service, 1.90% of final  
13       average salary for each year in excess of 10 but not  
14       exceeding 20, 2.10% of final average salary for each  
15       year in excess of 20 but not exceeding 30, and 2.30% of  
16       final average salary for each year in excess of 30; and

17               For creditable service earned on or after July 1,  
18       1998 by a member who has at least 24 years of  
19       creditable service on July 1, 1998 and who does not  
20       elect to augment service under Section 16-129.1: 2.2%  
21       of final average salary for each year of creditable  
22       service earned on or after July 1, 1998 but before the  
23       member reaches a total of 30 years of creditable  
24       service and 2.3% of final average salary for each year  
25       of creditable service earned on or after July 1, 1998  
26       and after the member reaches a total of 30 years of

1           creditable service; and

2                   For all other creditable service: 2.2% of final  
3           average salary for each year of creditable service; or

4                   (2) 1.5% of final average salary for each year of  
5           creditable service plus the sum \$7.50 for each of the  
6           first 20 years of creditable service.

7           The amount of the retirement annuity determined under this  
8           paragraph (B) shall be reduced by 1/2 of 1% for each month  
9           that the member is less than age 60 at the time the  
10          retirement annuity begins. However, this reduction shall  
11          not apply (i) if the member has at least 35 years of  
12          creditable service, or (ii) if the member retires on  
13          account of disability under Section 16-149.2 of this  
14          Article with at least 20 years of creditable service, or  
15          (iii) if the member (1) has earned during the period  
16          immediately preceding the last day of service at least one  
17          year of contributing creditable service as an employee of a  
18          department as defined in Section 14-103.04, (2) has earned  
19          at least 5 years of contributing creditable service as an  
20          employee of a department as defined in Section 14-103.04,  
21          (3) retires on or after January 1, 2001, and (4) retires  
22          having attained an age which, when added to the number of  
23          years of his or her total creditable service, equals at  
24          least 85. Portions of years shall be counted as decimal  
25          equivalents. For participants to whom subsection (b) of  
26          Section 16-132 applies, the reference to age 60 in this

1       paragraph and the reference to 85 in this paragraph are  
2       increased as provided in subsection (b) of Section 16-132.

3       (b) For purposes of this Section, final average salary  
4 shall be the average salary for the highest 4 consecutive years  
5 within the last 10 years of creditable service as determined  
6 under rules of the board. The minimum final average salary  
7 shall be considered to be \$2,400 per year.

8       In the determination of final average salary for members  
9 other than elected officials and their appointees when such  
10 appointees are allowed by statute, that part of a member's  
11 salary for any year beginning after June 30, 1979 which exceeds  
12 the member's annual full-time salary rate with the same  
13 employer for the preceding year by more than 20% shall be  
14 excluded. The exclusion shall not apply in any year in which  
15 the member's creditable earnings are less than 50% of the  
16 preceding year's mean salary for downstate teachers as  
17 determined by the survey of school district salaries provided  
18 in Section 2-3.103 of the School Code.

19       (c) In determining the amount of the retirement annuity  
20 under paragraph (B) of this Section, a fractional year shall be  
21 granted proportional credit.

22       (d) The retirement annuity determined under paragraph (B)  
23 of this Section shall be available only to members who render  
24 teaching service after July 1, 1947 for which member  
25 contributions are required, and to annuitants who re-enter  
26 under the provisions of Section 16-150.

1           (e) The maximum retirement annuity provided under  
2 paragraph (B) of this Section shall be 75% of final average  
3 salary.

4           (f) A member retiring after the effective date of this  
5 amendatory Act of 1998 shall receive a pension equal to 75% of  
6 final average salary if the member is qualified to receive a  
7 retirement annuity equal to at least 74.6% of final average  
8 salary under this Article or as proportional annuities under  
9 Article 20 of this Code.

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

11           (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)  
12       Sec. 16-133.1. Automatic annual increase in annuity.

13           (a) Each member with creditable service and retiring on or  
14 after August 26, 1969 is entitled to the automatic annual  
15 increases in annuity provided under this Section while  
16 receiving a retirement annuity or disability retirement  
17 annuity from the system.

18           An annuitant shall first be entitled to an initial increase  
19 under this Section on the January 1 next following the first  
20 anniversary of retirement, or January 1 of the year next  
21 following attainment of age 61, whichever is later. At such  
22 time, the system shall pay an initial increase determined as  
23 follows or as provided in subsections (a-1) and (a-2):

24           (1) 1.5% of the originally granted retirement annuity  
25       or disability retirement annuity multiplied by the number

1 of years elapsed, if any, from the date of retirement until  
2 January 1, 1972, plus

3 (2) 2% of the originally granted annuity multiplied by  
4 the number of years elapsed, if any, from the date of  
5 retirement or January 1, 1972, whichever is later, until  
6 January 1, 1978, plus

7 (3) 3% of the originally granted annuity multiplied by  
8 the number of years elapsed from the date of retirement or  
9 January 1, 1978, whichever is later, until the effective  
10 date of the initial increase.

11 However, the initial annual increase calculated under this  
12 Section for the recipient of a disability retirement annuity  
13 granted under Section 16-149.2 shall be reduced by an amount  
14 equal to the total of all increases in that annuity received  
15 under Section 16-149.5 (but not exceeding 100% of the amount of  
16 the initial increase otherwise provided under this Section).

17 Following the initial increase, automatic annual increases  
18 in annuity shall be payable on each January 1 thereafter during  
19 the lifetime of the annuitant, determined as a percentage of  
20 the originally granted retirement annuity or disability  
21 retirement annuity for increases granted prior to January 1,  
22 1990, and calculated as a percentage of the total amount of  
23 annuity, including previous increases under this Section, for  
24 increases granted on or after January 1, 1990, as follows: 1.5%  
25 for periods prior to January 1, 1972, 2% for periods after  
26 December 31, 1971 and prior to January 1, 1978, and 3% for

1 periods after December 31, 1977, or as provided in subsections  
2 (a-1) and (a-2).

3 (a-1) Notwithstanding any other provision of this Article,  
4 for a Tier I retiree, the amount of each automatic annual  
5 increase in retirement annuity occurring on or after the  
6 effective date of this amendatory Act of the 97th General  
7 Assembly shall be the lesser of \$750 or 3% of the total annuity  
8 payable at the time of the increase, including previous  
9 increases granted.

10 (a-2) Notwithstanding any other provision of this Article,  
11 for a Tier I retiree, the monthly retirement annuity shall  
12 first be subject to annual increases on the January 1 occurring  
13 on or next after the attainment of age 67 or the January 1  
14 occurring on or next after the fifth anniversary of the annuity  
15 start date, whichever occurs earlier. If on the effective date  
16 of this amendatory Act of the 97th General Assembly a Tier I  
17 retiree has already received an annual increase under this  
18 Section but does not yet meet the new eligibility requirements  
19 of this subsection, the annual increases already received shall  
20 continue in force, but no additional annual increase shall be  
21 granted until the Tier I retiree meets the new eligibility  
22 requirements.

23 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)  
24 and (a-2) apply without regard to whether or not the Tier I  
25 retiree is in active service under this Article on or after the  
26 effective date of this amendatory Act of the 97th General

1 Assembly.

2 (b) The automatic annual increases in annuity provided  
3 under this Section shall not be applicable unless a member has  
4 made contributions toward such increases for a period  
5 equivalent to one full year of creditable service. If a member  
6 contributes for service performed after August 26, 1969 but the  
7 member becomes an annuitant before such contributions amount to  
8 one full year's contributions based on the salary at the date  
9 of retirement, he or she may pay the necessary balance of the  
10 contributions to the system and be eligible for the automatic  
11 annual increases in annuity provided under this Section.

12 (c) Each member shall make contributions toward the cost of  
13 the automatic annual increases in annuity as provided under  
14 Section 16-152.

15 (d) An annuitant receiving a retirement annuity or  
16 disability retirement annuity on July 1, 1969, who subsequently  
17 re-enters service as a teacher is eligible for the automatic  
18 annual increases in annuity provided under this Section if he  
19 or she renders at least one year of creditable service  
20 following the latest re-entry.

21 (e) In addition to the automatic annual increases in  
22 annuity provided under this Section, an annuitant who meets the  
23 service requirements of this Section and whose retirement  
24 annuity or disability retirement annuity began on or before  
25 January 1, 1971 shall receive, on January 1, 1981, an increase  
26 in the annuity then being paid of one dollar per month for each



1 year of creditable service. On January 1, 1982, an annuitant  
2 whose retirement annuity or disability retirement annuity  
3 began on or before January 1, 1977 shall receive an increase in  
4 the annuity then being paid of one dollar per month for each  
5 year of creditable service.

6 On January 1, 1987, any annuitant whose retirement annuity  
7 began on or before January 1, 1977, shall receive an increase  
8 in the monthly retirement annuity equal to 8¢ per year of  
9 creditable service times the number of years that have elapsed  
10 since the annuity began.

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

12 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

13 Sec. 16-152. Contributions by members.

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

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

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

22 (3) Effective July 24, 1959, contributions of 1% of  
23 salary towards the cost of survivor benefits. Such  
24 contributions shall not be credited to the individual  
25 account of the member and shall not be subject to refund

1           except as provided under Section 16-143.2.

2           (4) Effective July 1, 2005, contributions of 0.40% of  
3           salary toward the cost of the early retirement without  
4           discount option provided under Section 16-133.2. This  
5           contribution shall cease upon termination of the early  
6           retirement without discount option as provided in Section  
7           16-176.

8           (a-5) In addition to the contributions otherwise required  
9           under this Article, each Tier I member shall also make the  
10           following contributions toward the cost of the retirement  
11           annuity from each payment of salary:

12           (1) beginning July 1, 2013 and through June 30, 2014,  
13           1% of salary; and

14           (2) beginning on July 1, 2014, 2% of salary.

15           Except as otherwise specified, these contributions are to  
16           be considered as normal contributions for purposes of this  
17           Article.

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

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

23           (d) A person who (i) was a member before July 1, 1998, (ii)  
24           retires with more than 34 years of creditable service, and  
25           (iii) does not elect to qualify for the augmented rate under  
26           Section 16-129.1 shall be entitled, at the time of retirement,

1 to receive a partial refund of contributions made under this  
2 Section for service occurring after the later of June 30, 1998  
3 or attainment of 34 years of creditable service, in an amount  
4 equal to 1.00% of the salary upon which those contributions  
5 were based.

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

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

20 (2) The contributions shall be included, without  
21 interest, in any refund claimed by the member under Section  
22 16-151.

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

1 this Article.

2 (4) The contributions shall be refunded to the member,  
3 without interest, within 120 days after the early  
4 retirement without discount option provided under Section  
5 16-133.2 is terminated under Section 16-176.

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

7 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

8 Sec. 16-158. Contributions by State and other employing  
9 units; funding guarantee.

10 (a) The State shall make contributions to the System by  
11 means of appropriations from the Common School Fund and other  
12 State funds of amounts which, together with ~~other~~ employer  
13 contributions, employee contributions, investment income, and  
14 other income, will be sufficient to meet the cost of  
15 maintaining and administering the System on a 100% ~~90%~~ funded  
16 basis in accordance with actuarial recommendations by the end  
17 of State fiscal year 2043.

18 Beginning with State fiscal year 2014, the State's required  
19 contributions to the System under subsection (b-3) shall be  
20 limited to the amounts required to amortize the total cost of  
21 the benefits of the System arising before July 1, 2013. The  
22 State shall also pay any employer contributions required from  
23 the State as the actual employer of participants under this  
24 Article and any contribution required under subsection (b-20).

25 The Board shall determine the amount of State and employer

1 contributions required for each fiscal year on the basis of the  
2 actuarial tables and other assumptions adopted by the Board and  
3 the recommendations of the actuary, using the formulas provided  
4 in this Section ~~formula in subsection (b-3)~~.

5 (a-1) Annually, on or before November 15 through ~~until~~  
6 November 15, 2011, the Board shall certify to the Governor the  
7 amount of the required State contribution for the coming fiscal  
8 year. The certification under this subsection (a-1) shall  
9 include a copy of the actuarial recommendations upon which it  
10 is based ~~and shall specifically identify the System's projected~~  
11 ~~State normal cost for that fiscal year.~~

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

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

23 On or before April 1, 2011, the Board shall recalculate and  
24 recertify to the Governor the amount of the required State  
25 contribution to the System for State fiscal year 2011, applying  
26 the changes made by Public Act 96-889 to the System's assets

1 and liabilities as of June 30, 2009 as though Public Act 96-889  
2 was approved on that date.

3 On or before July 1, 2013, the Board shall, if necessary,  
4 recalculate and recertify to the Governor the amount of the  
5 required State contribution to the System for State fiscal year  
6 2014, taking into account the changes in required State  
7 contributions made by this amendatory Act of the 97th General  
8 Assembly.

9 (a-5) On or before November 1 of each year, beginning  
10 November 1, 2012, the Board shall submit to the State Actuary,  
11 the Governor, and the General Assembly a proposed certification  
12 of the amount of the required State contribution to the System  
13 for the next fiscal year, along with all of the actuarial  
14 assumptions, calculations, and data upon which that proposed  
15 certification is based. On or before January 1 of each year,  
16 beginning January 1, 2013, the State Actuary shall issue a  
17 preliminary report concerning the proposed certification and  
18 identifying, if necessary, recommended changes in actuarial  
19 assumptions that the Board must consider before finalizing its  
20 certification of the required State contributions.

21 On or before January 15, 2013 and each January 15  
22 thereafter, the Board shall certify to the Governor and the  
23 General Assembly the amount of the required State contribution  
24 for the next fiscal year. The certification shall include a  
25 copy of the actuarial recommendations upon which it is based  
26 and shall specifically identify the System's projected State

1 normal cost for that fiscal year. The Board's certification  
2 must note any deviations from the State Actuary's recommended  
3 changes, the reason or reasons for not following the State  
4 Actuary's recommended changes, and the fiscal impact of not  
5 following the State Actuary's recommended changes on the  
6 required State contribution.

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

10 (b-1) Beginning in State fiscal year 1996, on the 15th day  
11 of each month, or as soon thereafter as may be practicable, the  
12 Board shall submit vouchers for payment of State contributions  
13 to the System, in a total monthly amount of one-twelfth of the  
14 required annual State contribution certified under subsection  
15 (a-1). From the effective date of this amendatory Act of the  
16 93rd General Assembly through June 30, 2004, the Board shall  
17 not submit vouchers for the remainder of fiscal year 2004 in  
18 excess of the fiscal year 2004 certified contribution amount  
19 determined under this Section after taking into consideration  
20 the transfer to the System under subsection (a) of Section  
21 6z-61 of the State Finance Act. These vouchers shall be paid by  
22 the State Comptroller and Treasurer by warrants drawn on the  
23 funds appropriated to the System for that fiscal year.

24 If in any month the amount remaining unexpended from all  
25 other appropriations to the System for the applicable fiscal  
26 year (including the appropriations to the System under Section

1 8.12 of the State Finance Act and Section 1 of the State  
2 Pension Funds Continuing Appropriation Act) is less than the  
3 amount lawfully vouchered under this subsection, the  
4 difference shall be paid from the Common School Fund under the  
5 continuing appropriation authority provided in Section 1.1 of  
6 the State Pension Funds Continuing Appropriation Act.

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

10 (b-3) For State fiscal years 2014 through 2043, the minimum  
11 contribution to the System to be made by the State under this  
12 subsection (b-3) for each fiscal year shall be an amount  
13 determined by the Board to be sufficient to amortize the  
14 unfunded accrued liability that is attributable to benefits  
15 that accrued before July 1, 2013 as a level percentage of  
16 payroll over the years remaining to and including fiscal year  
17 2043, determined under the projected unit credit actuarial cost  
18 method.

19 For State fiscal year 2044 and thereafter, the minimum  
20 contribution to the System to be made by the State under this  
21 subsection (b-3) for each fiscal year shall be an amount  
22 determined by the Board to be sufficient to amortize, over a  
23 30-year rolling amortization period, any unfunded liability  
24 arising on or after July 1, 2043 that is attributable to  
25 benefits that accrued before July 1, 2013.

26 For State fiscal years 2012 and 2013 ~~through 2045~~, the



1 minimum contribution to the System to be made by the State for  
2 each fiscal year shall be an amount determined by the System to  
3 be sufficient to bring the total assets of the System up to 90%  
4 of the total actuarial liabilities of the System by the end of  
5 State fiscal year 2045. In making these determinations, the  
6 required State contribution shall be calculated each year as a  
7 level percentage of payroll over the years remaining to and  
8 including fiscal year 2045 and shall be determined under the  
9 projected unit credit actuarial cost method.

10 For State fiscal years 1996 through 2005, the State  
11 contribution to the System, as a percentage of the applicable  
12 employee payroll, shall be increased in equal annual increments  
13 so that by State fiscal year 2011, the State is contributing at  
14 the rate required under this Section; except that in the  
15 following specified State fiscal years, the State contribution  
16 to the System shall not be less than the following indicated  
17 percentages of the applicable employee payroll, even if the  
18 indicated percentage will produce a State contribution in  
19 excess of the amount otherwise required under this subsection  
20 and subsection (a), and notwithstanding any contrary  
21 certification made under subsection (a-1) before the effective  
22 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%  
23 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY  
24 2003; and 13.56% in FY 2004.

25 Notwithstanding any other provision of this Article, the  
26 total required State contribution for State fiscal year 2006 is

1 \$534,627,700.

2 Notwithstanding any other provision of this Article, the  
3 total required State contribution for State fiscal year 2007 is  
4 \$738,014,500.

5 For each of State fiscal years 2008 through 2009, the State  
6 contribution to the System, as a percentage of the applicable  
7 employee payroll, shall be increased in equal annual increments  
8 from the required State contribution for State fiscal year  
9 2007, so that by State fiscal year 2011, the State is  
10 contributing at the rate otherwise required under this Section.

11 Notwithstanding any other provision of this Article, the  
12 total required State contribution for State fiscal year 2010 is  
13 \$2,089,268,000 and shall be made from the proceeds of bonds  
14 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
15 Obligation Bond Act, less (i) the pro rata share of bond sale  
16 expenses determined by the System's share of total bond  
17 proceeds, (ii) any amounts received from the Common School Fund  
18 in fiscal year 2010, and (iii) any reduction in bond proceeds  
19 due to the issuance of discounted bonds, if applicable.

20 Notwithstanding any other provision of this Article, the  
21 total required State contribution for State fiscal year 2011 is  
22 the amount recertified by the System on or before April 1, 2011  
23 pursuant to subsection (a-1) of this Section and shall be made  
24 from the proceeds of bonds sold in fiscal year 2011 pursuant to  
25 Section 7.2 of the General Obligation Bond Act, less (i) the  
26 pro rata share of bond sale expenses determined by the System's

1 share of total bond proceeds, (ii) any amounts received from  
2 the Common School Fund in fiscal year 2011, and (iii) any  
3 reduction in bond proceeds due to the issuance of discounted  
4 bonds, if applicable. This amount shall include, in addition to  
5 the amount certified by the System, an amount necessary to meet  
6 employer contributions required by the State as an employer  
7 under paragraph (e) of this Section, which may also be used by  
8 the System for contributions required by paragraph (a) of  
9 Section 16-127.

10 ~~Beginning in State fiscal year 2016, the minimum State~~  
11 ~~contribution for each fiscal year shall be the amount needed to~~  
12 ~~maintain the total assets of the System at 90% of the total~~  
13 ~~actuarial liabilities of the System.~~

14 Amounts received by the System pursuant to Section 25 of  
15 the Budget Stabilization Act or Section 8.12 of the State  
16 Finance Act in any fiscal year do not reduce and do not  
17 constitute payment of any portion of the minimum State  
18 contribution required under this Article in that fiscal year.  
19 Such amounts shall not reduce, and shall not be included in the  
20 calculation of, the required State contributions under this  
21 Article in any future year until the System has reached a  
22 funding ratio of at least 100% ~~90%~~. A reference in this Article  
23 to the "required State contribution" or any substantially  
24 similar term does not include or apply to any amounts payable  
25 to the System under Section 25 of the Budget Stabilization Act.

26 Notwithstanding any other provision of this Section, the

1 required State contribution for State fiscal year 2005 and for  
2 fiscal year 2008 and each fiscal year thereafter through State  
3 fiscal year 2013, as calculated under this Section and  
4 certified under subsection (a-1), shall not exceed an amount  
5 equal to (i) the amount of the required State contribution that  
6 would have been calculated under this Section for that fiscal  
7 year if the System had not received any payments under  
8 subsection (d) of Section 7.2 of the General Obligation Bond  
9 Act, minus (ii) the portion of the State's total debt service  
10 payments for that fiscal year on the bonds issued in fiscal  
11 year 2003 for the purposes of that Section 7.2, as determined  
12 and certified by the Comptroller, that is the same as the  
13 System's portion of the total moneys distributed under  
14 subsection (d) of Section 7.2 of the General Obligation Bond  
15 Act. In determining this maximum for State fiscal years 2008  
16 through 2010, however, the amount referred to in item (i) shall  
17 be increased, as a percentage of the applicable employee  
18 payroll, in equal increments calculated from the sum of the  
19 required State contribution for State fiscal year 2007 plus the  
20 applicable portion of the State's total debt service payments  
21 for fiscal year 2007 on the bonds issued in fiscal year 2003  
22 for the purposes of Section 7.2 of the General Obligation Bond  
23 Act, so that, by State fiscal year 2011, the State is  
24 contributing at the rate otherwise required under this Section.

25 (b-10) Subject to the limitations provided in subsection  
26 (b-15), beginning with State fiscal year 2014, the minimum

1 required contribution of each employer under this Article shall  
2 be sufficient to produce an annual amount equal to:

3 (i) the employer's normal cost for that fiscal year,  
4 exclusive of the employer's normal cost that arises from  
5 optional employer contributions agreed to by that employer  
6 for that fiscal year under Section 1-161; plus

7 (ii) the employer's normal cost for that fiscal year  
8 that arises from optional employer contributions agreed to  
9 by that employer for that fiscal year under Section 1-161;  
10 plus

11 (iii) the amount required for that fiscal year to  
12 amortize that employer's portion of the unfunded accrued  
13 liability associated with the cost of benefits accrued on  
14 or after July 1, 2013 as a level percentage of payroll over  
15 a 30-year rolling amortization period, as determined for  
16 each employer by the Board.

17 Each employer under this Article shall make these  
18 contributions in the amounts determined and the manner  
19 prescribed from time to time by the Board.

20 (b-15) The System shall determine the employer's normal  
21 cost under item (i) of subsection (b-10) as a percentage of  
22 projected payroll applicable to all employers, based on  
23 actuarial assumptions applicable to the System as a whole. The  
24 required employer contribution under item (i) in a fiscal year  
25 shall not exceed a percentage of payroll determined by  
26 subtracting 2013 from the applicable fiscal year and

1 multiplying the result by 0.5%.

2 The System shall determine the employer's normal cost under  
3 item (ii) of subsection (b-10) as an additional percentage of  
4 projected payroll payable by a specific employer, based on the  
5 optional employer contributions agreed to by that employer for  
6 that fiscal year under Section 1-161 and the actuarial  
7 assumptions applicable to the System as a whole.

8 The System shall determine the employer's portion of the  
9 unfunded accrued liability under item (iii) of subsection  
10 (b-10) separately for each employer, as a percentage of that  
11 employer's projected payroll, based on the liabilities  
12 attributable to that employer and the actuarial assumptions  
13 applicable to the System as a whole.

14 For use in determining the employer's contribution for  
15 unfunded accrued liability under item (iii), the System shall  
16 maintain a separate account for each employer. The separate  
17 account shall be maintained in such form and detail as the  
18 System determines to be appropriate. The separate account shall  
19 reflect the following items to the extent that they are  
20 attributable to that employer and arise on or after July 1,  
21 2013: employer contributions, State contributions under  
22 subsection (b-20), employee contributions, investment returns,  
23 payments of benefits, and that employer's proportionate share  
24 of the System's administrative expenses.

25 In the event that the Board determines that there is a  
26 deficiency or surplus in the account of an employer with

1 respect to the projected liabilities attributable to that  
2 employer arising on or after July 1, 2013, the Board shall  
3 determine the employer's contribution rate under item (iii) of  
4 subsection (b-10) so as to address that deficiency or surplus  
5 over a reasonable period of time as determined by the Board.

6 (b-20) Beginning in State fiscal year 2014, for any fiscal  
7 year in which (1) the System's normal cost for all employers  
8 for that fiscal year, exclusive of the normal cost that arises  
9 from optional employer contributions agreed to by employers for  
10 that fiscal year under Section 1-161, exceeds (2) the total  
11 contribution calculated under item (i) of subsection (b-10) for  
12 all employers for that fiscal year, the State shall make an  
13 additional contribution to the System for that fiscal year  
14 equal to the difference.

15 The State contribution under this subsection (b-20) is in  
16 addition to the State contributions required under subsection  
17 (b-1) and any contributions required to be paid by the State as  
18 an employer under subsection (b-10) of this Section.

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

24 If members are paid from special trust or federal funds  
25 which are administered by the employing unit, whether school  
26 district or other unit, the employing unit shall pay to the

1 System from such funds the full accruing retirement costs based  
2 upon that service, as determined by the System. Employer  
3 contributions, based on salary paid to members from federal  
4 funds, may be forwarded by the distributing agency of the State  
5 of Illinois to the System prior to allocation, in an amount  
6 determined in accordance with guidelines established by such  
7 agency and the System.

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

15 However, with respect to benefits granted under Section  
16 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)  
17 of Section 16-106, the employer's contribution shall be 12%  
18 (rather than 20%) of the member's highest annual salary rate  
19 for each year of creditable service granted, and the employer  
20 shall also pay the required employee contribution on behalf of  
21 the teacher. For the purposes of Sections 16-133.4 and  
22 16-133.5, a teacher as defined in paragraph (8) of Section  
23 16-106 who is serving in that capacity while on leave of  
24 absence from another employer under this Article shall not be  
25 considered an employee of the employer from which the teacher  
26 is on leave.



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

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

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

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

15 These employer contributions are intended to offset a  
16 portion of the cost to the System of the increases in  
17 retirement benefits resulting from this amendatory Act of 1998.

18 Each employer of teachers is entitled to a credit against  
19 the contributions required under this subsection (e) with  
20 respect to salaries paid to teachers for the period January 1,  
21 2002 through June 30, 2003, equal to the amount paid by that  
22 employer under subsection (a-5) of Section 6.6 of the State  
23 Employees Group Insurance Act of 1971 with respect to salaries  
24 paid to teachers for that period.

25 The additional 1% employee contribution required under  
26 Section 16-152 by this amendatory Act of 1998 is the

1 responsibility of the teacher and not the teacher's employer,  
2 unless the employer agrees, through collective bargaining or  
3 otherwise, to make the contribution on behalf of the teacher.

4 If an employer is required by a contract in effect on May  
5 1, 1998 between the employer and an employee organization to  
6 pay, on behalf of all its full-time employees covered by this  
7 Article, all mandatory employee contributions required under  
8 this Article, then the employer shall be excused from paying  
9 the employer contribution required under this subsection (e)  
10 for the balance of the term of that contract. The employer and  
11 the employee organization shall jointly certify to the System  
12 the existence of the contractual requirement, in such form as  
13 the System may prescribe. This exclusion shall cease upon the  
14 termination, extension, or renewal of the contract at any time  
15 after May 1, 1998.

16 (f) The employer contributions under this subsection (f)  
17 are no longer required after June 30, 2013.

18 If the amount of a teacher's salary for any school year  
19 used to determine final average salary exceeds the member's  
20 annual full-time salary rate with the same employer for the  
21 previous school year by more than 6%, the teacher's employer  
22 shall pay to the System, in addition to all other payments  
23 required under this Section and in accordance with guidelines  
24 established by the System, the present value of the increase in  
25 benefits resulting from the portion of the increase in salary  
26 that is in excess of 6%. This present value shall be computed

1 by the System on the basis of the actuarial assumptions and  
2 tables used in the most recent actuarial valuation of the  
3 System that is available at the time of the computation. If a  
4 teacher's salary for the 2005-2006 school year is used to  
5 determine final average salary under this subsection (f), then  
6 the changes made to this subsection (f) by Public Act 94-1057  
7 shall apply in calculating whether the increase in his or her  
8 salary is in excess of 6%. For the purposes of this Section,  
9 change in employment under Section 10-21.12 of the School Code  
10 on or after June 1, 2005 shall constitute a change in employer.  
11 The System may require the employer to provide any pertinent  
12 information or documentation. The changes made to this  
13 subsection (f) by this amendatory Act of the 94th General  
14 Assembly apply without regard to whether the teacher was in  
15 service on or after its effective date.

16 Whenever it determines that a payment is or may be required  
17 under this subsection, the System shall calculate the amount of  
18 the payment and bill the employer for that amount. The bill  
19 shall specify the calculations used to determine the amount  
20 due. If the employer disputes the amount of the bill, it may,  
21 within 30 days after receipt of the bill, apply to the System  
22 in writing for a recalculation. The application must specify in  
23 detail the grounds of the dispute and, if the employer asserts  
24 that the calculation is subject to subsection (g) or (h) of  
25 this Section, must include an affidavit setting forth and  
26 attesting to all facts within the employer's knowledge that are

1 pertinent to the applicability of that subsection. Upon  
2 receiving a timely application for recalculation, the System  
3 shall review the application and, if appropriate, recalculate  
4 the amount due.

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

14 (g) This subsection (g) applies only to payments made or  
15 salary increases given on or after June 1, 2005 but before July  
16 1, 2011. The changes made by Public Act 94-1057 shall not  
17 require the System to refund any payments received before July  
18 31, 2006 (the effective date of Public Act 94-1057).

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

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

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

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

25           When assessing payment for any amount due under subsection  
26 (f), the System shall exclude any payment to the teacher from

1 the State of Illinois or the State Board of Education over  
2 which the employer does not have discretion, notwithstanding  
3 that the payment is included in the computation of final  
4 average salary.

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

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

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

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

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

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

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

8           As of June 30, 2008, the actuarial value of the System's  
9           assets shall be equal to the market value of the assets as of  
10          that date. In determining the actuarial value of the System's  
11          assets for fiscal years after June 30, 2008, any actuarial  
12          gains or losses from investment return incurred in a fiscal  
13          year shall be recognized in equal annual amounts over the  
14          5-year period following that fiscal year.

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

19          (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
20          96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.  
21          6-18-12; 97-813, eff. 7-13-12.)

22           (40 ILCS 5/16-158.1) (from Ch. 108 1/2, par. 16-158.1)

23           Sec. 16-158.1. Actions to enforce payments by school  
24           districts and other employing units other than the State. Any  
25           school district or other employing unit, other than the State,

1 that fails ~~failing~~ to transmit to the System contributions  
2 required of it under this Article or contributions required of  
3 teachers, for more than 90 days after such contributions are  
4 due is subject to the following: after giving notice to the  
5 district or other unit, the System may certify to the State  
6 Comptroller or the Regional Superintendent of Schools the  
7 amounts of such delinquent payments and the State Comptroller  
8 or the Regional Superintendent of Schools shall deduct the  
9 amounts so certified or any part thereof from any State funds  
10 to be remitted to the school district or other employing unit  
11 involved and shall pay the amount so deducted to the System. If  
12 State funds from which such deductions may be made are not  
13 available, the System may proceed against the school district  
14 or other employing unit to recover the amounts of such  
15 delinquent payments in the appropriate circuit court.

16 The System may provide for an audit of the records of a  
17 school district or other employing unit, other than the State,  
18 as may be required to establish the amounts of required  
19 contributions. The school district or other employing unit  
20 shall make its records available to the System for the purpose  
21 of such audit. The cost of such audit shall be added to the  
22 amount of the delinquent payments and shall be recovered by the  
23 System from the school district or other employing unit at the  
24 same time and in the same manner as the delinquent payments are  
25 recovered.

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



1 (40 ILCS 5/16-158.2 new)

2 Sec. 16-158.2. Obligations of State; funding guarantee.

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

8 (b) Beginning July 1, 2013, the State shall be  
9 contractually obligated to contribute to the System under  
10 Section 16-158 in each State fiscal year an amount not less  
11 than the sum of (i) the State's required contribution under  
12 subsections (b-10) and (b-20) of Section 16-158 and (ii) the  
13 portion of the total cost of the benefits of the System arising  
14 before July 1, 2013 assigned to that State fiscal year by law  
15 in accordance with a schedule that distributes payments  
16 equitably over a reasonable period of time and in accordance  
17 with accepted actuarial practices. The obligations created  
18 under this subsection (b) are contractual obligations  
19 protected and enforceable under Article I, Section 16 and  
20 Article XIII, Section 5 of the Illinois Constitution.

21 Notwithstanding any other provision of law, if the State  
22 fails to pay in a State fiscal year the amount guaranteed under  
23 this subsection, the System may bring a mandamus action in the  
24 circuit court of Sangamon County to compel the State to make  
25 that payment, irrespective of other remedies that may be

1 available to the System. In ordering the State to make the  
2 required payment, the court may order a reasonable payment  
3 schedule to enable the State to make the required payment  
4 without significantly imperiling the public health, safety, or  
5 welfare.

6 (40 ILCS 5/16-203)

7 Sec. 16-203. 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 June 1, 2005 (the  
14 effective date of Public Act 94-4). "New benefit increase",  
15 however, does not include any benefit increase resulting from  
16 the changes made to this Article or Article 1 by Public Act  
17 95-910 or this amendatory Act of the 97th ~~95th~~ General  
18 Assembly.

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

24 (c) The Public Act enacting a new benefit increase must  
25 identify and provide for payment to the System of additional

1 funding at least sufficient to fund the resulting annual  
2 increase in cost to the System as it accrues.

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

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

25 (e) Except as otherwise provided in the language creating  
26 the new benefit increase, a new benefit increase that expires

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

9 (Source: P.A. 94-4, eff. 6-1-05; 95-910, eff. 8-26-08.)

10 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

11 Sec. 20-121. Calculation of proportional retirement  
12 annuities. Upon retirement of the employee, a proportional  
13 retirement annuity shall be computed by each participating  
14 system in which pension credit has been established on the  
15 basis of pension credits under each system. The computation  
16 shall be in accordance with the formula or method prescribed by  
17 each participating system which is in effect at the date of the  
18 employee's latest withdrawal from service covered by any of the  
19 systems in which he has pension credits which he elects to have  
20 considered under this Article. However, (1) the amount of any  
21 retirement annuity payable under the self-managed plan  
22 established under Section 15-158.2 of this Code depends solely  
23 on the value of the participant's vested account balances and  
24 is not subject to any proportional adjustment under this  
25 Section, and (2) the amount of any retirement annuity payable

1 under the cash balance plan established under Section 1-161 of  
2 this Code shall be calculated solely in accordance with that  
3 Section and is not subject to any proportional adjustment under  
4 this Section.

5 Combined pension credit under all retirement systems  
6 subject to this Article shall be considered in determining  
7 whether the minimum qualification has been met and the formula  
8 or method of computation which shall be applied. If a system  
9 has a step-rate formula for calculation of the retirement  
10 annuity, pension credits covering previous service which have  
11 been established under another system shall be considered in  
12 determining which range or ranges of the step-rate formula are  
13 to be applicable to the employee.

14 Interest on pension credit shall continue to accumulate in  
15 accordance with the provisions of the law governing the  
16 retirement system in which the same has been established during  
17 the time an employee is in the service of another employer, on  
18 the assumption such employee, for interest purposes for pension  
19 credit, is continuing in the service covered by such retirement  
20 system.

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

22 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

23 Sec. 20-123. Survivor's annuity. The provisions governing  
24 a retirement annuity shall be applicable to a survivor's  
25 annuity. Appropriate credits shall be established for

1 survivor's annuity purposes in those participating systems  
2 which provide survivor's annuities, according to the same  
3 conditions and subject to the same limitations and restrictions  
4 herein prescribed for a retirement annuity. If a participating  
5 system has no survivor's annuity benefit, or if the survivor's  
6 annuity benefit under that system is waived, pension credit  
7 established in that system shall not be considered in  
8 determining eligibility for or the amount of the survivor's  
9 annuity which may be payable by any other participating system.

10 For persons who participate in the self-managed plan  
11 established under Section 15-158.2 or the portable benefit  
12 package established under Section 15-136.4, pension credit  
13 established under Article 15 may be considered in determining  
14 eligibility for or the amount of the survivor's annuity that is  
15 payable by any other participating system, but pension credit  
16 established in any other system shall not result in any right  
17 to a survivor's annuity under the Article 15 system.

18 For persons who participate in the cash balance plan  
19 established under Section 1-161, pension credit established  
20 under the participating system with respect to which the person  
21 participates in the cash balance plan may be considered in  
22 determining eligibility for or the amount of the survivor's  
23 annuity that is payable by any other participating system with  
24 respect to which the person does not participate in the cash  
25 balance plan, but the amount of any survivor's annuity payable  
26 under the cash balance plan established under Section 1-161

1 shall be calculated solely in accordance with that Section.

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

3 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

4 Sec. 20-124. Maximum benefits.

5 (a) In no event shall the combined retirement or survivors  
6 annuities exceed the highest annuity which would have been  
7 payable by any participating system in which the employee has  
8 pension credits, if all of his pension credits had been  
9 validated in that system.

10 If the combined annuities should exceed the highest maximum  
11 as determined in accordance with this Section, the respective  
12 annuities shall be reduced proportionately according to the  
13 ratio which the amount of each proportional annuity bears to  
14 the aggregate of all such annuities; except that benefits  
15 payable under the cash balance plan established under Section  
16 1-161 are not subject to proportionate reduction under this  
17 Section.

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

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

1 annuity to which the annuitant would have been entitled if  
2 he or she had participated in the traditional benefit  
3 package as defined in Section 15-103.1 rather than the  
4 self-managed plan.

5 (ii) For purposes of calculating the combined  
6 survivor's annuity and the proportionate reduction, if  
7 any, in a survivor's annuity other than one payable under  
8 the self-managed plan, the amount of the Article 15  
9 survivor's annuity shall be deemed to be the highest  
10 survivor's annuity to which the survivor would have been  
11 entitled if the deceased employee had participated in the  
12 traditional benefit package as defined in Section 15-103.1  
13 rather than the self-managed plan.

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

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

17 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

18 Sec. 20-125. Return to employment - suspension of benefits.  
19 If a retired employee returns to employment which is covered by  
20 a system from which he is receiving a proportional annuity  
21 under this Article, his proportional annuity from all  
22 participating systems shall be suspended during the period of  
23 re-employment, except that this suspension does not apply to  
24 any distributions payable under the self-managed plan  
25 established under Section 15-158.2 of this Code.



1           The provisions of the Article under which such employment  
2 would be covered (including Section 1-161 in the case of a  
3 participant in the cash balance plan) shall govern the  
4 determination of whether the employee has returned to  
5 employment, and if applicable the exemption of temporary  
6 employment or employment not exceeding a specified duration or  
7 frequency, for all participating systems from which the retired  
8 employee is receiving a proportional annuity under this  
9 Article, notwithstanding any contrary provisions in the other  
10 Articles governing such systems.

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

12           Section 90. The State Mandates Act is amended by adding  
13 Section 8.36 as follows:

14           (30 ILCS 805/8.36 new)

15           Sec. 8.36. Exempt mandate. Notwithstanding Sections 6 and 8  
16 of this Act, no reimbursement by the State is required for the  
17 implementation of any mandate created by this amendatory Act of  
18 the 97th General Assembly.

19           Section 97. Inseverability. The provisions of this Act are  
20 inseverable.

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