



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB3932

Introduced 11/14/2012, by Sen. Kyle McCarter

SYNOPSIS AS INTRODUCED:

See Index

Amends the Project Labor Agreements Act. Prohibits the State Board of Education and the Capital Development Board from requiring a project labor agreement for any school construction project or grant. Authorizes a board of education to exempt any school construction project from the requirements of the Act. Amends the General Assembly, State Employees, State Universities, Downstate Teachers, and Judges Articles of the Illinois Pension Code. Prohibits employees, except in certain circumstances, from receiving a retirement annuity before age 62. Changes the conditions of eligibility for, and the amount of, automatic annual increases in retirement annuities. Caps pensionable salary and compensation. Suspends the accrual of benefits in traditional and portable benefit packages. Establishes a self-managed plan for each State-funded retirement system. Requires affected participants to participate in the self-managed plans with respect to future service. Shifts normal costs to local school districts if certain mandates are funded. In various Articles, excludes new hires of certain government-related organizations from participation in State retirement systems. Amends the School Code. Makes changes in provisions concerning mandates for public and private schools. Repeals the Driver's Education Act. Amends the Illinois Educational Labor Relations Act. Prohibits school districts from entering into, amending, or renewing certain technology-related collective bargaining agreements. Amends the Prevailing Wage Act. Provides that a board of education may exempt school construction projects undertaken in the district from the Act. Amends the State Mandates Act to require implementation without reimbursement. Makes other changes. Effective immediately.

LRB097 22549 JDS 71324 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 Section 1. The Illinois Public Labor Relations Act is
5 amended by changing Section 15 as follows:

6 (5 ILCS 315/15) (from Ch. 48, par. 1615)

7 Sec. 15. Act Takes Precedence.

8 (a) In case of any conflict between the provisions of this
9 Act and any other law (other than Section 5 of the State
10 Employees Group Insurance Act of 1971 and other than the
11 changes made by this amendatory Act of the 97th General
12 Assembly or to the Illinois Pension Code by this amendatory Act
13 of the 96th General Assembly), executive order or
14 administrative regulation relating to wages, hours and
15 conditions of employment and employment relations, the
16 provisions of this Act or any collective bargaining agreement
17 negotiated thereunder shall prevail and control. Nothing in
18 this Act shall be construed to replace or diminish the rights
19 of employees established by Sections 28 and 28a of the
20 Metropolitan Transit Authority Act, Sections 2.15 through 2.19
21 of the Regional Transportation Authority Act. The provisions of
22 this Act are subject to Section 5 of the State Employees Group
23 Insurance Act of 1971. Nothing in this Act shall be construed

1 to replace the necessity of complaints against a sworn peace
2 officer, as defined in Section 2(a) of the Uniform Peace
3 Officer Disciplinary Act, from having a complaint supported by
4 a sworn affidavit.

5 (b) Except as provided in subsection (a) above, any
6 collective bargaining contract between a public employer and a
7 labor organization executed pursuant to this Act shall
8 supersede any contrary statutes, charters, ordinances, rules
9 or regulations relating to wages, hours and conditions of
10 employment and employment relations adopted by the public
11 employer or its agents. Any collective bargaining agreement
12 entered into prior to the effective date of this Act shall
13 remain in full force during its duration.

14 (c) It is the public policy of this State, pursuant to
15 paragraphs (h) and (i) of Section 6 of Article VII of the
16 Illinois Constitution, that the provisions of this Act are the
17 exclusive exercise by the State of powers and functions which
18 might otherwise be exercised by home rule units. Such powers
19 and functions may not be exercised concurrently, either
20 directly or indirectly, by any unit of local government,
21 including any home rule unit, except as otherwise authorized by
22 this Act.

23 (Source: P.A. 95-331, eff. 8-21-07; 96-889, eff. 1-1-11.)

24 Section 5. The Project Labor Agreements Act is amended by
25 changing Sections 10 and 15 and by adding Section 17 as

1 follows:

2 (30 ILCS 571/10)

3 Sec. 10. Public works projects. Except as provided in
4 Section 17 of this Act, on ~~On~~ a project-by-project basis, a
5 State department, agency, authority, board, or instrumentality
6 that is under the control of the Governor shall include a
7 project labor agreement on a public works project when that
8 department, agency, authority, board, or instrumentality has
9 determined that the agreement advances the State's interests of
10 cost, efficiency, quality, safety, timeliness, skilled labor
11 force, labor stability, or the State's policy to advance
12 minority-owned and women-owned businesses and minority and
13 female employment.

14 (Source: P.A. 97-199, eff. 7-27-11.)

15 (30 ILCS 571/15)

16 Sec. 15. Public works projects funded with federal funds.
17 Except as provided in Section 17 of this Act, when ~~When~~ it has
18 been determined that a project labor agreement is appropriate,
19 and in furtherance of the President's Executive Order 13502,
20 the State department, agency, authority, board, or
21 instrumentality responsible for awarding the project may
22 include a project labor agreement on a public works project
23 funded in whole or in part with federal funds.

24 (Source: P.A. 97-199, eff. 7-27-11.)

1 (30 ILCS 571/17 new)

2 Sec. 17. School construction projects; grants.

3 (a) Notwithstanding any other provision of this Act, the
4 State Board of Education and the Capital Development Board
5 shall not require a project labor agreement for any school
6 construction project or any school construction project grant
7 or debt service grant provided under the School Construction
8 Law.

9 (b) Notwithstanding any other provision of this Act, the
10 board of education of any school district may, by passage of a
11 resolution, exempt any school construction project undertaken
12 in the district from the requirements of this Act, unless the
13 district has already entered into a project labor agreement
14 concerning that school construction project.

15 (c) For the purposes of this Section, "school construction
16 project" means the acquisition, development, construction,
17 reconstruction, rehabilitation, improvement, architectural
18 planning, and installation of capital facilities consisting of
19 buildings, structures, durable equipment, and land for
20 educational purposes.

21 Section 10. The Illinois Pension Code is amended by
22 changing Sections 1-160, 2-108, 2-119, 2-119.1, 7-109,
23 14-103.10, 14-107, 14-110, 14-114, 15-103.1, 15-103.2, 15-107,
24 15-111, 15-134.5, 15-135, 15-136, 15-158.2, 16-106, 16-121,

1 16-132, 16-133.1, 16-152.1, 16-158, 18-111, 18-124, and
2 18-125.1 and adding Sections 2-103.1, 2-103.2, 2-105.1,
3 2-126.2, 14-103.40, 14-103.41, 14-103.42, 14-103.43, 14-106.5,
4 14-133.2, 15-107.1, 15-134.6, 16-104.1, 16-104.2, 16-106.4,
5 16-131.7, 16-158.2, 18-105.1, 18-105.2, 18-108.1, 18-123.3,
6 and 18-133.2 as follows:

7 (40 ILCS 5/1-160)

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

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

20 (b) "Final average salary" means the average monthly (or
21 annual) salary obtained by dividing the total salary or
22 earnings calculated under the Article applicable to the member
23 or participant during the 96 consecutive months (or 8
24 consecutive years) of service within the last 120 months (or 10
25 years) of service in which the total salary or earnings

1 calculated under the applicable Article was the highest by the
2 number of months (or years) of service in that period. For the
3 purposes of a person who first becomes a member or participant
4 of any retirement system or pension fund to which this Section
5 applies on or after January 1, 2011, in this Code, "final
6 average salary" shall be substituted for the following:

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

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

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

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

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

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

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

1 price index-u for the 12 months ending with the September
2 preceding each November 1, including all previous adjustments.

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

12 (c) A member or participant is entitled to a retirement
13 annuity upon written application if he or she has attained age
14 67 and has at least 10 years of service credit and is otherwise
15 eligible under the requirements of the applicable Article.

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

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

25 (e) Any retirement annuity or supplemental annuity shall be
26 subject to annual increases on the January 1 occurring either

1 on or after the attainment of age 67 or the first anniversary
2 of the annuity start date, whichever is later. Each annual
3 increase shall be calculated at 3% or one-half the annual
4 unadjusted percentage increase (but not less than zero) in the
5 consumer price index-u for the 12 months ending with the
6 September preceding each November 1, whichever is less, of the
7 originally granted retirement annuity. If the annual
8 unadjusted percentage change in the consumer price index-u for
9 the 12 months ending with the September preceding each November
10 1 is zero or there is a decrease, then the annuity shall not be
11 increased.

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

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

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

26 (h) If a person who first becomes a member or a participant

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

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

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

7 (i) Notwithstanding any other provision of this Section, a
8 person who first becomes a participant of the retirement system
9 established under Article 15 on or after January 1, 2011 shall
10 have the option to enroll in the self-managed plan created
11 under Section 15-158.2 of this Code.

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

15 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11;
16 97-609, eff. 1-1-12.)

17 (40 ILCS 5/2-103.1 new)

18 Sec. 2-103.1. Traditional benefit package. "Traditional
19 benefit package" means the defined benefit retirement program
20 maintained by the System, which includes retirement annuities
21 payable directly from the System, as provided in Sections
22 2-119, 2-119.01, 2-119.1, and 2-120; survivor's annuities
23 payable directly from the System, as provided in Sections
24 2-121, 2-121.1, 2-121.2, and 2-121.3; and contribution
25 refunds, as provided in Section 2-123.

1 (40 ILCS 5/2-103.2 new)

2 Sec. 2-103.2. Self-managed plan. "Self-managed plan" means
3 the defined contribution retirement program maintained by the
4 System, as described in Section 2-126.2. The self-managed plan
5 does not include retirement annuities or survivor's benefits
6 payable directly from the System, as provided in Sections
7 2-119, 2-119.01, 2-119.1, 2-120, 2-121, 2-121.1, 2-121.2, and
8 2-121.3 or refunds determined under Section 2-123.

9 (40 ILCS 5/2-105.1 new)

10 Sec. 2-105.1. Tier I employee. "Tier I employee": A
11 participant who first became a participant before January 1,
12 2011.

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

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

21 (2) For the State executive officers specified in Section
22 2-105, the total compensation paid to the member for one year
23 of service.

1 (3) For members of the System who are participants under
2 Section 2-117.1, or who are serving as Clerk or Assistant Clerk
3 of the House of Representatives or Secretary or Assistant
4 Secretary of the Senate, the total compensation paid to the
5 member for one year of service, but not to exceed the salary of
6 the highest salaried officer of the General Assembly.

7 However, in the event that federal law results in any
8 participant receiving imputed income based on the value of
9 group term life insurance provided by the State, such imputed
10 income shall not be included in salary for the purposes of this
11 Article.

12 Notwithstanding any other provision of this Code, for
13 periods of service on and after the effective date of this
14 amendatory Act of the 97th General Assembly, "salary" does not
15 include any annual remuneration for personal services in an
16 amount that is in excess of the annual contribution and benefit
17 base established for the previous year by the Commissioner of
18 Social Security pursuant to Section 230 of the federal Social
19 Security Act.

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

21 (40 ILCS 5/2-119) (from Ch. 108 1/2, par. 2-119)

22 Sec. 2-119. Retirement annuity - conditions for
23 eligibility.

24 (a) A participant whose service as a member is terminated,
25 regardless of age or cause, is entitled to a retirement annuity

1 beginning on the date specified by the participant in a written
2 application subject to the following conditions:

3 1. The date the annuity begins does not precede the
4 date of final termination of service, or is not more than
5 30 days before the receipt of the application by the board
6 in the case of annuities based on disability or one year
7 before the receipt of the application in the case of
8 annuities based on attained age;

9 2. The participant meets one of the following
10 eligibility requirements:

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

14 (A) He or she has attained age 55 and has at least
15 8 years of service credit;

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

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

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

26 Notwithstanding any other provision of this Code,

1 beginning on the effective date of this amendatory Act of the
2 97th General Assembly, a Tier I employee shall not, regardless
3 of the amount of accrued service credit, be entitled to a
4 retirement annuity until he or she has attained age 62.

5 (a-5) A participant who first becomes a participant of this
6 System on or after January 1, 2011 (the effective date of
7 Public Act 96-889) who has attained age 62 and has at least 8
8 years of service credit may elect to receive the lower
9 retirement annuity provided in paragraph (c) of Section
10 2-119.01 of this Code.

11 (b) A participant shall be considered permanently disabled
12 only if: (1) disability occurs while in service and is of such
13 a nature as to prevent him or her from reasonably performing
14 the duties of his or her office at the time; and (2) the board
15 has received a written certificate by at least 2 licensed
16 physicians appointed by the board stating that the member is
17 disabled and that the disability is likely to be permanent.

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

19 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

21 (a) A participant who retires after June 30, 1967, and who
22 has not received an initial increase under this Section before
23 the effective date of this amendatory Act of 1991, shall, in
24 January or July next following the first anniversary of
25 retirement, whichever occurs first, and in the same month of

1 each year thereafter, but in no event prior to age 60, have the
2 amount of the originally granted retirement annuity increased
3 as follows: for each year through 1971, 1 1/2%; for each year
4 from 1972 through 1979, 2%; and for 1980 and each year
5 thereafter, 3%. Annuitants who have received an initial
6 increase under this subsection prior to the effective date of
7 this amendatory Act of 1991 shall continue to receive their
8 annual increases in the same month as the initial increase.

9 (b) Beginning January 1, 1990, for eligible participants
10 who remain in service after attaining 20 years of creditable
11 service, the 3% increases provided under subsection (a) shall
12 begin to accrue on the January 1 next following the date upon
13 which the participant (1) attains age 55, or (2) attains 20
14 years of creditable service, whichever occurs later, and shall
15 continue to accrue while the participant remains in service;
16 such increases shall become payable on January 1 or July 1,
17 whichever occurs first, next following the first anniversary of
18 retirement. For any person who has service credit in the System
19 for the entire period from January 15, 1969 through December
20 31, 1992, regardless of the date of termination of service, the
21 reference to age 55 in clause (1) of this subsection (b) shall
22 be deemed to mean age 50.

23 This subsection (b) does not apply to any person who first
24 becomes a member of the System after the effective date of this
25 amendatory Act of the 93rd General Assembly.

26 (b-5) Notwithstanding any other provision of this Article,

1 except subsections (f), (f-5), and (g) of this Section, a
2 participant who first becomes a participant on or after January
3 1, 2011 (the effective date of Public Act 96-889) shall, in
4 January or July next following the first anniversary of
5 retirement, whichever occurs first, and in the same month of
6 each year thereafter, but in no event prior to age 67, have the
7 amount of the retirement annuity then being paid increased by
8 3% or the annual unadjusted percentage increase in the Consumer
9 Price Index for All Urban Consumers as determined by the Public
10 Pension Division of the Department of Insurance under
11 subsection (a) of Section 2-108.1, whichever is less.

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

22 (d) A participant who terminated service prior to July 1,
23 1967, with at least 14 years of service is entitled to an
24 increase in retirement annuity beginning January, 1976, and to
25 additional increases in January of each year thereafter.

26 The initial increase shall be 1 1/2% of the originally

1 granted retirement annuity multiplied by the number of full
2 years that the annuitant was in receipt of such annuity prior
3 to January 1, 1972, plus 2% of the originally granted
4 retirement annuity for each year after that date. The
5 subsequent annual increases shall be at the rate of 2% of the
6 originally granted retirement annuity for each year through
7 1979 and at the rate of 3% for 1980 and thereafter.

8 (e) Beginning January 1, 1990, all automatic annual
9 increases payable under this Section shall be calculated as a
10 percentage of the total annuity payable at the time of the
11 increase, including previous increases granted under this
12 Article.

13 (f) Notwithstanding any other provision of this Code,
14 except subsection (f-5) of this Section, beginning on the
15 effective date of this amendatory Act of the 97th General
16 Assembly, the monthly retirement annuity of an annuitant shall
17 first be subject to annual increases on the January 1 occurring
18 on or next after either the attainment of age 67 or the January
19 1 occurring on or next after the fifth anniversary of the
20 annuity start date, whichever occurs earlier. If on the
21 effective date of this amendatory Act of the 97th General
22 Assembly an annuitant has already received an annual increase
23 under this Section but is not eligible to receive an annual
24 increase under this subsection (f), then the annual increases
25 already received shall continue in force, but no additional
26 annual increase shall be granted until the annuitant meets the

1 new eligibility requirements.

2 (f-5) Notwithstanding subsection (f), no annual increase
3 shall be paid under this Section in a calendar year if, on
4 January 1 of the preceding calendar year, the total assets of
5 the System are less than 85% of the total actuarial liabilities
6 of the System, as annually certified by the System.

7 (g) Notwithstanding any other provision of this Code,
8 except subsection (f-5), beginning on the effective date of
9 this amendatory Act of the 97th General Assembly, the amount of
10 each automatic annual increase in retirement annuity occurring
11 on or after the effective date of this amendatory Act of the
12 97th General Assembly shall be 3% or one-half of the annual
13 unadjusted percentage increase, if any, in the Consumer Price
14 Index-U for the 12 months ending with the preceding September,
15 whichever is less, of the originally granted retirement
16 annuity. For the purposes of this Section, "Consumer Price
17 Index-U" means the index published by the Bureau of Labor
18 Statistics of the United States Department of Labor that
19 measures the average change in prices of goods and services
20 purchased by all urban consumers, United States city average,
21 all items, 1982-84 = 100.

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

23 (40 ILCS 5/2-126.2 new)

24 Sec. 2-126.2. Self-managed plan.

25 (a) The General Assembly finds that the State should have

1 the flexibility to provide a defined contribution
2 (self-managed) plan for eligible participants. Accordingly,
3 the General Assembly Retirement System is hereby required,
4 within 6 months after the effective date of this Section, to
5 establish and administer a self-managed plan, which shall offer
6 participants the opportunity to accumulate assets for
7 retirement through a combination of participant and State
8 contributions that may be invested in mutual funds, collective
9 investment funds, or other investment products and used to
10 purchase annuity contracts, either fixed or variable or a
11 combination of fixed and variable. The plan must be qualified
12 under the Internal Revenue Code of 1986.

13 (b) The Board shall adopt the self-managed plan established
14 under this Section for all participants under this Article.

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

24 (c) The System shall solicit proposals to provide
25 administrative services and funding vehicles for the
26 self-managed plan from insurance and annuity companies and

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

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

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

11 (3) the suitability of the benefits to the needs and
12 interests of the participants and the State; and

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

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

21 In addition to the companies approved by the System under
22 this subsection (c), the System may offer its participants an
23 investment fund managed by the System.

24 (d) Participants in the program must be allowed to direct
25 the transfer of their account balances among the various
26 investment options offered, subject to applicable contractual

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

8 (e) Notwithstanding any other provision of this Code,
9 beginning on the effective date of the self-managed plan
10 established pursuant to this Section, all participants shall
11 participate in the self-managed plan instead of the traditional
12 benefit package with respect to service under this Article on
13 and after that date. A member's participation in the
14 traditional benefit package under this Article shall terminate
15 on that date, and any existing rights and credits in the
16 traditional benefit package shall be rolled over into the
17 self-managed plan in accordance with subsection (f) of this
18 Section.

19 Participation in the self-managed plan under this Section
20 shall constitute participation in the General Assembly
21 Retirement System.

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

24 (f) If, on the effective date of the self-managed plan
25 established under this Section, a participant has rights and
26 credits in the System due to previous participation in the

1 traditional benefit package, the System shall establish for the
2 participant an opening account balance in the self-managed
3 plan, equal to (1) the amount of the contribution refund that
4 the participant would be eligible to receive under Section
5 2-123 if the participant terminated employment on that date and
6 elected a refund of contributions and (2) an amount equal to
7 the regular employer contribution that would be required to
8 fund the actual regular cost incurred for each year of service
9 credit earned, provided that the total opening account balance
10 does not exceed 7.6% of the participant's salary for that year,
11 plus interest. The interest used in this subsection (f) is
12 calculated as the average annual rate of return that the System
13 has earned over the past 20 fiscal years and is compounded. The
14 System shall transfer assets from the defined benefit
15 retirement program to the self-managed plan, as a tax-free
16 transfer in accordance with Internal Revenue Service
17 guidelines, for purposes of funding the participant's opening
18 account balance.

19 (g) Notwithstanding any other provision of this Article, a
20 participant may not purchase or receive service or service
21 credit applicable to the traditional benefit package under this
22 Article for any period during which the member was a
23 participant in the self-managed plan established under this
24 Section.

25 (h) The self-managed plan shall be funded by contributions
26 from participants in the self-managed plan, as provided in this

1 Section.

2 The annual required contribution for participants in the
3 self-managed plan shall be an amount equal to 6% of the
4 employee's salary. This required contribution shall be made as
5 an employer pick-up under Section 414(h) of the Internal
6 Revenue Code of 1986 or any successor Section thereof.
7 Participants may make additional contributions to the
8 self-managed plan in accordance with procedures prescribed by
9 the System, to the extent permitted under rules adopted by the
10 System.

11 (i) A participant in the self-managed plan who receives a
12 distribution from the self-managed plan while not yet eligible
13 for retirement under this Article (and Article 20, if
14 applicable) shall forfeit all service credit and accrued rights
15 in the System; if he or she subsequently becomes a participant
16 under this Article again, he or she shall be considered a new
17 participant. If a former participant again becomes a
18 participating member (or becomes employed by a participating
19 system under Article 20 of this Code) and continues as such for
20 at least 2 years, all rights, service credits, and previous
21 status as a participant shall be restored upon repayment of the
22 amount of the distribution, without interest.

23 (j) If a participant in the self-managed plan terminates
24 employment, the participant shall be entitled to a benefit that
25 is based on the account values attributable to contributions
26 and any investment return thereon.

1 (k) If a participant so requests, a distribution of funds
2 from the self-managed plan may be paid in the form of a direct
3 rollover to another qualified plan, to the extent allowed by
4 federal law and in accordance with the rules of the System.

5 (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)

6 Sec. 7-109. Employee.

7 (1) "Employee" means any person who:

8 (a) 1. Receives earnings as payment for the performance
9 of personal services or official duties out of the
10 general fund of a municipality, or out of any special
11 fund or funds controlled by a municipality, or by an
12 instrumentality thereof, or a participating
13 instrumentality, including, in counties, the fees or
14 earnings of any county fee office; and

15 2. Under the usual common law rules applicable in
16 determining the employer-employee relationship, has
17 the status of an employee with a municipality, or any
18 instrumentality thereof, or a participating
19 instrumentality, including aldermen, county
20 supervisors and other persons (excepting those
21 employed as independent contractors) who are paid
22 compensation, fees, allowances or other emolument for
23 official duties, and, in counties, the several county
24 fee offices.

25 (b) Serves as a township treasurer appointed under the

1 School Code, as heretofore or hereafter amended, and who
2 receives for such services regular compensation as
3 distinguished from per diem compensation, and any regular
4 employee in the office of any township treasurer whether or
5 not his earnings are paid from the income of the permanent
6 township fund or from funds subject to distribution to the
7 several school districts and parts of school districts as
8 provided in the School Code, or from both such sources; or
9 is the chief executive officer, chief educational officer,
10 chief fiscal officer, or other employee of a Financial
11 Oversight Panel established pursuant to Article 1H of the
12 School Code, other than a superintendent or certified
13 school business official, except that such person shall not
14 be treated as an employee under this Section if that person
15 has negotiated with the Financial Oversight Panel, in
16 conjunction with the school district, a contractual
17 agreement for exclusion from this Section.

18 (c) Holds an elective office in a municipality,
19 instrumentality thereof or participating instrumentality.

20 (2) "Employee" does not include persons who:

21 (a) Are eligible for inclusion under any of the
22 following laws:

23 1. "An Act in relation to an Illinois State
24 Teachers' Pension and Retirement Fund", approved May
25 27, 1915, as amended;

26 2. Articles 15 and 16 of this Code.

1 However, such persons shall be included as employees to
2 the extent of earnings that are not eligible for inclusion
3 under the foregoing laws for services not of an
4 instructional nature of any kind.

5 However, any member of the armed forces who is employed
6 as a teacher of subjects in the Reserve Officers Training
7 Corps of any school and who is not certified under the law
8 governing the certification of teachers shall be included
9 as an employee.

10 (b) Are designated by the governing body of a
11 municipality in which a pension fund is required by law to
12 be established for policemen or firemen, respectively, as
13 performing police or fire protection duties, except that
14 when such persons are the heads of the police or fire
15 department and are not eligible to be included within any
16 such pension fund, they shall be included within this
17 Article; provided, that such persons shall not be excluded
18 to the extent of concurrent service and earnings not
19 designated as being for police or fire protection duties.
20 However, (i) any head of a police department who was a
21 participant under this Article immediately before October
22 1, 1977 and did not elect, under Section 3-109 of this Act,
23 to participate in a police pension fund shall be an
24 "employee", and (ii) any chief of police who elects to
25 participate in this Fund under Section 3-109.1 of this
26 Code, regardless of whether such person continues to be

1 employed as chief of police or is employed in some other
2 rank or capacity within the police department, shall be an
3 employee under this Article for so long as such person is
4 employed to perform police duties by a participating
5 municipality and has not lawfully rescinded that election.

6 (c) After August 26, 2011 (the effective date of Public
7 Act 97-609) ~~this amendatory Act of the 97th General~~
8 ~~Assembly~~, are contributors to or eligible to contribute to
9 a Taft-Hartley pension plan established on or before June
10 1, 2011 and are employees of a theatre, arena, or
11 convention center that is located in a municipality located
12 in a county with a population greater than 5,000,000, and
13 to which the participating municipality is required to
14 contribute as the person's employer based on earnings from
15 the municipality. Nothing in this paragraph shall affect
16 service credit or creditable service for any period of
17 service prior to August 26, 2011 ~~the effective date of this~~
18 ~~amendatory Act of the 97th General Assembly~~, and this
19 paragraph shall not apply to individuals who are
20 participating in the Fund prior to August 26, 2011 ~~the~~
21 ~~effective date of this amendatory Act of the 97th General~~
22 ~~Assembly~~.

23 (d) Become an employee of any of the following
24 participating instrumentalities on or after the effective
25 date of this amendatory Act of the 97th General Assembly:
26 the Illinois Municipal League; the Illinois Association of

1 Park Districts; the Illinois Supervisors, County
2 Commissioners and Superintendents of Highways Association;
3 an association, or not-for-profit corporation, membership
4 in which is authorized under Section 85-15 of the Township
5 Code; the United Counties Council; or the Will County
6 Governmental League.

7 (3) All persons, including, without limitation, public
8 defenders and probation officers, who receive earnings from
9 general or special funds of a county for performance of
10 personal services or official duties within the territorial
11 limits of the county, are employees of the county (unless
12 excluded by subsection (2) of this Section) notwithstanding
13 that they may be appointed by and are subject to the direction
14 of a person or persons other than a county board or a county
15 officer. It is hereby established that an employer-employee
16 relationship under the usual common law rules exists between
17 such employees and the county paying their salaries by reason
18 of the fact that the county boards fix their rates of
19 compensation, appropriate funds for payment of their earnings
20 and otherwise exercise control over them. This finding and this
21 amendatory Act shall apply to all such employees from the date
22 of appointment whether such date is prior to or after the
23 effective date of this amendatory Act and is intended to
24 clarify existing law pertaining to their status as
25 participating employees in the Fund.

26 (Source: P.A. 97-429, eff. 8-16-11; 97-609, eff. 8-26-11;

1 revised 9-28-11.)

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

3 Sec. 14-103.10. Compensation.

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

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

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

22 (1) for vacation,

23 (2) for accumulated unused sick leave,

24 (3) upon discharge or dismissal,

25 (4) for approved holidays.

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

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

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

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

25 (f) Notwithstanding any other provision of this Code, for
26 periods of service on and after the effective date of this

1 amendatory Act of the 97th General Assembly, "compensation"
2 does not include any annual remuneration for personal services
3 in an amount that is in excess of the annual contribution and
4 benefit base established for the previous year by the
5 Commissioner of Social Security pursuant to Section 230 of the
6 federal Social Security Act or any remuneration for overtime.

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

8 (40 ILCS 5/14-103.40 new)

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

15 (40 ILCS 5/14-103.41 new)

16 Sec. 14-103.41. Tier II employee. "Tier II employee": An
17 employee under this Article to whom Section 1-160 applies.

18 (40 ILCS 5/14-103.42 new)

19 Sec. 14-103.42. Traditional benefit package. "Traditional
20 benefit package" means the defined benefit retirement program
21 maintained by the System, which includes retirement annuities
22 payable directly from the System, as provided in Sections
23 14-107, 14-108, 14-108.3, 14-108.4, 14-109, 14-110, 14-112,

1 14-113, 14-114, and 14-115; disability benefits payable under
2 Sections 14-123, 14-123.1, 14-124, 14-125, 14-125.1, and
3 14-126; death benefits payable directly from the System, as
4 provided in Sections 14-116, 14-117, and 14-128; widow or
5 survivors annuities payable directly from the System, as
6 provided in Sections 14-118, 14-119, 14-120, 14-121, 14-121.1,
7 and 14-122; and contribution refunds, as provided in Section
8 14-130. The traditional benefit package also includes any
9 benefits determined under Section 1-160 with respect to service
10 performed under this Article.

11 (40 ILCS 5/14-103.43 new)

12 Sec. 14-103.43. Self-managed plan. "Self-managed plan"
13 means the defined contribution retirement program maintained
14 under the System, as described in Section 14-133.2. The
15 self-managed plan also includes disability benefits, as
16 provided in Sections 14-123, 14-123.1, 14-124, 14-125,
17 14-125.1, and 14-126. The self-managed plan does not include
18 retirement annuities, death benefits, widow or survivors
19 annuities payable directly from the System, as provided in
20 Sections 14-107, 14-108, 14-108.3, 14-108.4, 14-109, 14-110,
21 14-112, 14-113, 14-114, 14-115, 14-116, 14-117, 14-118,
22 14-119, 14-120, 14-121, 14-121.1, 14-122, and 14-128 or refunds
23 determined under Section 14-130.

24 (40 ILCS 5/14-106.5 new)

1 Sec. 14-106.5. Suspension of the accrual of benefits under
2 the traditional benefit package.

3 (a) Notwithstanding any other provision of this Code, the
4 retirement annuity of a member who satisfies, on the effective
5 date of the self-managed plan established under Section
6 14-133.2, the service requirement for a retirement annuity
7 under this Article and who retires on or after that date shall
8 be calculated based on the service credit accrued under this
9 Article prior to that date and the member's annual rate of
10 compensation on that date.

11 However, notwithstanding any other provision of this Code,
12 a member who does not, on the effective date of the
13 self-managed plan established under Section 14-133.2, satisfy
14 the service requirement for a retirement annuity under this
15 Article shall not be entitled to a retirement annuity under
16 this Article, but shall instead be eligible to have an initial
17 account balance established in the self-managed plan in
18 accordance with Section 14-133.2.

19 (b) Notwithstanding any other provision of this Code, if a
20 member or any other person is eligible for a benefit in the
21 traditional benefit package, other than a retirement annuity,
22 on the effective date of the self-managed plan established
23 under Section 14-133.2, then he or she shall continue to be
24 eligible for that benefit while he or she continues to meet all
25 otherwise applicable eligibility requirements.

26 However, notwithstanding any other provision of this Code,

1 if a member or other person is ineligible for a benefit in the
2 traditional benefit package, other than a retirement annuity,
3 on the effective date of the self-managed plan established
4 under Section 14-133.2, then he or she shall remain ineligible
5 for that benefit on and after the effective date of this
6 Section.

7 (40 ILCS 5/14-107) (from Ch. 108 1/2, par. 14-107)

8 Sec. 14-107. Retirement annuity - service and age -
9 conditions. A member is entitled to a retirement annuity after
10 having at least 8 years of creditable service.

11 A member who has at least 35 years of creditable service
12 may claim his or her retirement annuity at any age. A member
13 having at least 8 years of creditable service but less than 35
14 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 Notwithstanding any other provision of this Code,
25 beginning on the effective date of this amendatory Act of the

1 97th General Assembly, a member shall not, regardless of the
2 amount of accrued service credit, be entitled to a retirement
3 annuity until he or she has attained age 62, except as provided
4 in Section 14-110 and subsection (g) of Section 1-160.

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

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

12 (40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)

13 Sec. 14-110. Alternative retirement annuity.

14 (a) Any member who has withdrawn from service with not less
15 than 20 years of eligible creditable service and has attained
16 age 55, and any member who has withdrawn from service with not
17 less than 25 years of eligible creditable service and has
18 attained age 50, regardless of whether the attainment of either
19 of the specified ages occurs while the member is still in
20 service, shall, upon payment of the amount specified in
21 subsection (o), be entitled to receive at the option of the
22 member, in lieu of the regular or minimum retirement annuity, a
23 retirement annuity computed as follows:

24 (i) for periods of service as a noncovered employee: if
25 retirement occurs on or after January 1, 2001, 3% of final

1 average compensation for each year of creditable service;
2 if retirement occurs before January 1, 2001, 2 1/4% of
3 final average compensation for each of the first 10 years
4 of creditable service, 2 1/2% for each year above 10 years
5 to and including 20 years of creditable service, and 2 3/4%
6 for each year of creditable service above 20 years; and

7 (ii) for periods of eligible creditable service as a
8 covered employee: if retirement occurs on or after January
9 1, 2001, 2.5% of final average compensation for each year
10 of creditable service; if retirement occurs before January
11 1, 2001, 1.67% of final average compensation for each of
12 the first 10 years of such service, 1.90% for each of the
13 next 10 years of such service, 2.10% for each year of such
14 service in excess of 20 but not exceeding 30, and 2.30% for
15 each year in excess of 30.

16 Such annuity shall be subject to a maximum of 75% of final
17 average compensation if retirement occurs before January 1,
18 2001 or to a maximum of 80% of final average compensation if
19 retirement occurs on or after January 1, 2001.

20 These rates shall not be applicable to any service
21 performed by a member as a covered employee which is not
22 eligible creditable service. Service as a covered employee
23 which is not eligible creditable service shall be subject to
24 the rates and provisions of Section 14-108.

25 (b) For the purpose of this Section, prior to the effective
26 date of this amendatory Act of the 97th General Assembly,

1 "eligible creditable service" means creditable service
2 resulting from service in one or more of the following
3 positions:

4 (1) State policeman;

5 (2) fire fighter in the fire protection service of a
6 department;

7 (3) air pilot;

8 (4) special agent;

9 (5) investigator for the Secretary of State;

10 (6) conservation police officer;

11 (7) investigator for the Department of Revenue or the
12 Illinois Gaming Board;

13 (8) security employee of the Department of Human
14 Services;

15 (9) Central Management Services security police
16 officer;

17 (10) security employee of the Department of
18 Corrections or the Department of Juvenile Justice;

19 (11) dangerous drugs investigator;

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

21 (13) investigator for the Office of the Attorney
22 General;

23 (14) controlled substance inspector;

24 (15) investigator for the Office of the State's
25 Attorneys Appellate Prosecutor;

26 (16) Commerce Commission police officer;

1 (17) arson investigator;

2 (18) State highway maintenance worker.

3 A person employed in one of the positions specified in this
4 subsection is entitled to eligible creditable service for
5 service credit earned under this Article while undergoing the
6 basic police training course approved by the Illinois Law
7 Enforcement Training Standards Board, if completion of that
8 training is required of persons serving in that position. For
9 the purposes of this Code, service during the required basic
10 police training course shall be deemed performance of the
11 duties of the specified position, even though the person is not
12 a sworn peace officer at the time of the training.

13 (b-1) For the purpose of this Section, on and after the
14 effective date of this amendatory Act of the 97th General
15 Assembly, "eligible creditable service" means creditable
16 service resulting from service in one or more of the following
17 positions:

18 (1) State policeman;

19 (2) special agent;

20 (3) security employee of the Department of
21 Corrections;

22 (4) investigator for the Department of State Police.

23 (c) For the purposes of this Section:

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

1 (2) The term "fire fighter in the fire protection
2 service of a department" includes all officers in such fire
3 protection service including fire chiefs and assistant
4 fire chiefs.

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

15 (4) The term "special agent" means any person who by
16 reason of employment by the Division of Narcotic Control,
17 the Bureau of Investigation or, after July 1, 1977, the
18 Division of Criminal Investigation, the Division of
19 Internal Investigation, the Division of Operations, or any
20 other Division or organizational entity in the Department
21 of State Police is vested by law with duties to maintain
22 public order, investigate violations of the criminal law of
23 this State, enforce the laws of this State, make arrests
24 and recover property. The term "special agent" includes any
25 title or position in the Department of State Police that is
26 held by an individual employed under the State Police Act.

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

7 A person who became employed as an investigator for the
8 Secretary of State between January 1, 1967 and December 31,
9 1975, and who has served as such until attainment of age
10 60, either continuously or with a single break in service
11 of not more than 3 years duration, which break terminated
12 before January 1, 1976, shall be entitled to have his
13 retirement annuity calculated in accordance with
14 subsection (a), notwithstanding that he has less than 20
15 years of credit for such service.

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

25 (7) The term "investigator for the Department of
26 Revenue" means any person employed by the Department of

1 Revenue and vested with such investigative duties as render
2 him ineligible for coverage under the Social Security Act
3 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and
4 218(1)(1) of that Act.

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

11 (8) The term "security employee of the Department of
12 Human Services" means any person employed by the Department
13 of Human Services who (i) is employed at the Chester Mental
14 Health Center and has daily contact with the residents
15 thereof, (ii) is employed within a security unit at a
16 facility operated by the Department and has daily contact
17 with the residents of the security unit, (iii) is employed
18 at a facility operated by the Department that includes a
19 security unit and is regularly scheduled to work at least
20 50% of his or her working hours within that security unit,
21 or (iv) is a mental health police officer. "Mental health
22 police officer" means any person employed by the Department
23 of Human Services in a position pertaining to the
24 Department's mental health and developmental disabilities
25 functions who is vested with such law enforcement duties as
26 render the person ineligible for coverage under the Social

1 Security Act by reason of Sections 218(d)(5)(A),
2 218(d)(8)(D) and 218(1)(1) of that Act. "Security unit"
3 means that portion of a facility that is devoted to the
4 care, containment, and treatment of persons committed to
5 the Department of Human Services as sexually violent
6 persons, persons unfit to stand trial, or persons not
7 guilty by reason of insanity. With respect to past
8 employment, references to the Department of Human Services
9 include its predecessor, the Department of Mental Health
10 and Developmental Disabilities.

11 The changes made to this subdivision (c)(8) by Public
12 Act 92-14 apply to persons who retire on or after January
13 1, 2001, notwithstanding Section 1-103.1.

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

20 (10) For a member who first became an employee under
21 this Article before July 1, 2005, the term "security
22 employee of the Department of Corrections or the Department
23 of Juvenile Justice" means any employee of the Department
24 of Corrections or the Department of Juvenile Justice or the
25 former Department of Personnel, and any member or employee
26 of the Prisoner Review Board, who has daily contact with

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

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

18 (12) The term "investigator for the Department of State
19 Police" means a person employed by the Department of State
20 Police who is vested under Section 4 of the Narcotic
21 Control Division Abolition Act with such law enforcement
22 powers as render him ineligible for coverage under the
23 Social Security Act by reason of Sections 218(d)(5)(A),
24 218(d)(8)(D) and 218(1)(1) of that Act.

25 (13) "Investigator for the Office of the Attorney
26 General" means any person who is employed as such by the

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

9 (14) "Controlled substance inspector" means any person
10 who is employed as such by the Department of Professional
11 Regulation and is vested with such law enforcement duties
12 as render him 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. The term
15 "controlled substance inspector" includes the Program
16 Executive of Enforcement and the Assistant Program
17 Executive of Enforcement.

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

23 (16) "Commerce Commission police officer" means any
24 person employed by the Illinois Commerce Commission who is
25 vested with such law enforcement duties as render him
26 ineligible for coverage under the Social Security Act by

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

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

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

21 (i) A person employed on a full-time basis by the
22 Illinois Department of Transportation in the position
23 of highway maintainer, highway maintenance lead
24 worker, highway maintenance lead/lead worker, heavy
25 construction equipment operator, power shovel
26 operator, or bridge mechanic; and whose principal

1 responsibility is to perform, on the roadway, the
2 actual maintenance necessary to keep the highways that
3 form a part of the State highway system in serviceable
4 condition for vehicular traffic.

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

18 (d) A security employee of the Department of Corrections or
19 the Department of Juvenile Justice, and a security employee of
20 the Department of Human Services who is not a mental health
21 police officer, shall not be eligible for the alternative
22 retirement annuity provided by this Section unless he or she
23 meets the following minimum age and service requirements at the
24 time of retirement:

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

26 or

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

4 (iii) beginning January 1, 1988, 25 years of eligible
5 creditable service and age 53, or 23 years of eligible
6 creditable service and age 55; or

7 (iv) beginning January 1, 1989, 25 years of eligible
8 creditable service and age 52, or 22 years of eligible
9 creditable service and age 55; or

10 (v) beginning January 1, 1990, 25 years of eligible
11 creditable service and age 51, or 21 years of eligible
12 creditable service and age 55; or

13 (vi) beginning January 1, 1991, 25 years of eligible
14 creditable service and age 50, or 20 years of eligible
15 creditable service and age 55.

16 Persons who have service credit under Article 16 of this
17 Code for service as a security employee of the Department of
18 Corrections or the Department of Juvenile Justice, or the
19 Department of Human Services in a position requiring
20 certification as a teacher may count such service toward
21 establishing their eligibility under the service requirements
22 of this Section; but such service may be used only for
23 establishing such eligibility, and not for the purpose of
24 increasing or calculating any benefit.

25 (e) If a member enters military service while working in a
26 position in which eligible creditable service may be earned,

1 and returns to State service in the same or another such
2 position, and fulfills in all other respects the conditions
3 prescribed in this Article for credit for military service,
4 such military service shall be credited as eligible creditable
5 service for the purposes of the retirement annuity prescribed
6 in this Section.

7 (f) For purposes of calculating retirement annuities under
8 this Section, periods of service rendered after December 31,
9 1968 and before October 1, 1975 as a covered employee in the
10 position of special agent, conservation police officer, mental
11 health police officer, or investigator for the Secretary of
12 State, shall be deemed to have been service as a noncovered
13 employee, provided that the employee pays to the System prior
14 to retirement an amount equal to (1) the difference between the
15 employee contributions that would have been required for such
16 service as a noncovered employee, and the amount of employee
17 contributions actually paid, plus (2) if payment is made after
18 July 31, 1987, regular interest on the amount specified in item
19 (1) from the date of service to the date of payment.

20 For purposes of calculating retirement annuities under
21 this Section, periods of service rendered after December 31,
22 1968 and before January 1, 1982 as a covered employee in the
23 position of investigator for the Department of Revenue shall be
24 deemed to have been service as a noncovered employee, provided
25 that the employee pays to the System prior to retirement an
26 amount equal to (1) the difference between the employee

1 contributions that would have been required for such service as
2 a noncovered employee, and the amount of employee contributions
3 actually paid, plus (2) if payment is made after January 1,
4 1990, regular interest on the amount specified in item (1) from
5 the date of service to the date of payment.

6 (g) A State policeman may elect, not later than January 1,
7 1990, to establish eligible creditable service for up to 10
8 years of his service as a policeman under Article 3, by filing
9 a written election with the Board, accompanied by payment of an
10 amount to be determined by the Board, equal to (i) the
11 difference between the amount of employee and employer
12 contributions transferred to the System under Section 3-110.5,
13 and the amounts that would have been contributed had such
14 contributions been made at the rates applicable to State
15 policemen, plus (ii) interest thereon at the effective rate for
16 each year, compounded annually, from the date of service to the
17 date of payment.

18 Subject to the limitation in subsection (i), a State
19 policeman may elect, not later than July 1, 1993, to establish
20 eligible creditable service for up to 10 years of his service
21 as a member of the County Police Department under Article 9, by
22 filing a written election with the Board, accompanied by
23 payment of an amount to be determined by the Board, equal to
24 (i) the difference between the amount of employee and employer
25 contributions transferred to the System under Section 9-121.10
26 and the amounts that would have been contributed had those

1 contributions been made at the rates applicable to State
2 policemen, plus (ii) interest thereon at the effective rate for
3 each year, compounded annually, from the date of service to the
4 date of payment.

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

18 Subject to the limitation in subsection (i), a State
19 policeman, conservation police officer, or investigator for
20 the Secretary of State may elect to establish eligible
21 creditable service for up to 10 years of service as a sheriff's
22 law enforcement employee under Article 7, by filing a written
23 election with the Board on or before January 31, 1993, and
24 paying to the System by January 31, 1994 an amount to be
25 determined by the Board, equal to (i) the difference between
26 the amount of employee and employer contributions transferred

1 to the System under Section 7-139.7, and the amounts that would
2 have been contributed had such contributions been made at the
3 rates applicable to State policemen, plus (ii) interest thereon
4 at the effective rate for each year, compounded annually, from
5 the date of service to the date of payment.

6 Subject to the limitation in subsection (i), a State
7 policeman, conservation police officer, or investigator for
8 the Secretary of State may elect to establish eligible
9 creditable service for up to 5 years of service as a police
10 officer under Article 3, a policeman under Article 5, a
11 sheriff's law enforcement employee under Article 7, a member of
12 the county police department under Article 9, or a police
13 officer under Article 15 by filing a written election with the
14 Board and paying to the System an amount to be determined by
15 the Board, equal to (i) the difference between the amount of
16 employee and employer contributions transferred to the System
17 under Section 3-110.6, 5-236, 7-139.8, 9-121.10, or 15-134.4
18 and the amounts that would have been contributed had such
19 contributions been made at the rates applicable to State
20 policemen, plus (ii) interest thereon at the effective rate for
21 each year, compounded annually, from the date of service to the
22 date of payment.

23 Subject to the limitation in subsection (i), an
24 investigator for the Office of the Attorney General, or an
25 investigator for the Department of Revenue, may elect to
26 establish eligible creditable service for up to 5 years of

1 service as a police officer under Article 3, a policeman under
2 Article 5, a sheriff's law enforcement employee under Article
3 7, or a member of the county police department under Article 9
4 by filing a written election with the Board within 6 months
5 after August 25, 2009 (the effective date of Public Act 96-745)
6 and paying to the System an amount to be determined by the
7 Board, equal to (i) the difference between the amount of
8 employee and employer contributions transferred to the System
9 under Section 3-110.6, 5-236, 7-139.8, or 9-121.10 and the
10 amounts that would have been contributed had such contributions
11 been made at the rates applicable to State policemen, plus (ii)
12 interest thereon at the actuarially assumed rate for each year,
13 compounded annually, from the date of service to the date of
14 payment.

15 Subject to the limitation in subsection (i), a State
16 policeman, conservation police officer, investigator for the
17 Office of the Attorney General, an investigator for the
18 Department of Revenue, or investigator for the Secretary of
19 State may elect to establish eligible creditable service for up
20 to 5 years of service as a person employed by a participating
21 municipality to perform police duties, or law enforcement
22 officer employed on a full-time basis by a forest preserve
23 district under Article 7, a county corrections officer, or a
24 court services officer under Article 9, by filing a written
25 election with the Board within 6 months after August 25, 2009
26 (the effective date of Public Act 96-745) and paying to the

1 System an amount to be determined by the Board, equal to (i)
2 the difference between the amount of employee and employer
3 contributions transferred to the System under Sections 7-139.8
4 and 9-121.10 and the amounts that would have been contributed
5 had such contributions been made at the rates applicable to
6 State policemen, plus (ii) interest thereon at the actuarially
7 assumed rate for each year, compounded annually, from the date
8 of service to the date of payment.

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

12 (j) Subject to the limitation in subsection (i), an
13 investigator for the Office of the State's Attorneys Appellate
14 Prosecutor or a controlled substance inspector may elect to
15 establish eligible creditable service for up to 10 years of his
16 service as a policeman under Article 3 or a sheriff's law
17 enforcement employee under Article 7, by filing a written
18 election with the Board, accompanied by payment of an amount to
19 be determined by the Board, equal to (1) the difference between
20 the amount of employee and employer contributions transferred
21 to the System under Section 3-110.6 or 7-139.8, and the amounts
22 that would have been contributed had such contributions been
23 made at the rates applicable to State policemen, plus (2)
24 interest thereon at the effective rate for each year,
25 compounded annually, from the date of service to the date of
26 payment.

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

22 (1) Subject to the limitation in subsection (i), a security
23 employee of the Department of Corrections may elect, not later
24 than July 1, 1998, to establish eligible creditable service for
25 up to 10 years of his or her service as a policeman under
26 Article 3, by filing a written election with the Board,

1 accompanied by payment of an amount to be determined by the
2 Board, equal to (i) the difference between the amount of
3 employee and employer contributions transferred to the System
4 under Section 3-110.5, and the amounts that would have been
5 contributed had such contributions been made at the rates
6 applicable to security employees of the Department of
7 Corrections, plus (ii) interest thereon at the effective rate
8 for each year, compounded annually, from the date of service to
9 the date of payment.

10 (m) The amendatory changes to this Section made by this
11 amendatory Act of the 94th General Assembly apply only to: (1)
12 security employees of the Department of Juvenile Justice
13 employed by the Department of Corrections before the effective
14 date of this amendatory Act of the 94th General Assembly and
15 transferred to the Department of Juvenile Justice by this
16 amendatory Act of the 94th General Assembly; and (2) persons
17 employed by the Department of Juvenile Justice on or after the
18 effective date of this amendatory Act of the 94th General
19 Assembly who are required by subsection (b) of Section 3-2.5-15
20 of the Unified Code of Corrections to have a bachelor's or
21 advanced degree from an accredited college or university with a
22 specialization in criminal justice, education, psychology,
23 social work, or a closely related social science or, in the
24 case of persons who provide vocational training, who are
25 required to have adequate knowledge in the skill for which they
26 are providing the vocational training.

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

12 (o) Any member who applies to the System for an alternative
13 retirement annuity under this Section on or after the effective
14 date of this subsection (o) shall, at the time of applying for
15 that annuity, make a one-time payment to the System in an
16 amount, to be determined by the Board, that is equal to:

17 (1) in the case of Tier I employees,

18 (A) the employee contributions that would be due
19 under Section 14-133 in each of the next 7 years if the
20 member remained employed during those years in the
21 position that he or she held on the date of application
22 for the alternative retirement annuity and earned an
23 annual salary in each of those years in an amount equal
24 to the annual salary that he or she earned on the date
25 of application for the alternative retirement annuity,
26 plus

1 (B) the amount of employer contributions that
2 would be due for that employee under Section 14-131 in
3 each of the next 7 years, as estimated by the Board,
4 plus

5 (C) interest on items (A) and (B) at the
6 actuarially assumed rate; and

7 (2) in the case of Tier II employees,

8 (A) the employee contributions that would be due
9 under Section 14-133 in each of the next 2 years if the
10 member remained employed during those years in the
11 position that he or she held on the date of application
12 for the alternative retirement annuity and earned an
13 annual salary in each of those years in an amount equal
14 to the annual salary that he or she earned on the date
15 of application for the alternative retirement annuity,
16 plus

17 (B) the amount of employer contributions that
18 would be due for that employee under Section 14-131 in
19 each of the next 2 years, as estimated by the Board,
20 plus

21 (C) interest on items (A) and (B) at the
22 actuarially assumed rate.

23 (Source: P.A. 95-530, eff. 8-28-07; 95-1036, eff. 2-17-09;
24 96-37, eff. 7-13-09; 96-745, eff. 8-25-09; 96-1000, eff.
25 7-2-10.)

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

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

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

1 anniversary of retirement shall be deemed to be January 1,
2 1993. For a person who retires on or after June 28, 2001 and on
3 or before October 1, 2001, and whose retirement annuity is
4 calculated, in whole or in part, under Section 14-110 or
5 subsection (g) or (h) of Section 14-108, the first anniversary
6 of retirement shall be deemed to be January 1, 2002.

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

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

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

24 (c) The provisions of subsection (a) of this Section shall
25 not be applicable to any annuitant who is on retirement on
26 December 31, 1969, and thereafter returns to State service,

1 unless the member has established at least one year of
2 additional creditable service following reentry into service.

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

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

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

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

16 (f-5) Notwithstanding subsection (f), no annual increase
17 shall be paid under this Section in a calendar year if, on
18 January 1 of the preceding calendar year, the total assets of
19 the System are less than 85% of the total actuarial liabilities
20 of the System, as annually certified by the System.

21 (g) Notwithstanding any other provision of this Code,
22 except subsection (f-5) of this Section, beginning on the
23 effective date of this amendatory Act of the 97th General
24 Assembly, the amount of each automatic annual increase in
25 retirement annuity occurring on or after the effective date of
26 this amendatory Act of the 97th General Assembly shall be 3% or

1 one-half of the annual unadjusted percentage increase, if any,
2 in the Consumer Price Index-U for the 12 months ending with the
3 preceding September, whichever is less, of the originally
4 granted retirement annuity. For the purposes of this Section,
5 "Consumer Price Index-U" means the index published by the
6 Bureau of Labor Statistics of the United States Department of
7 Labor that measures the average change in prices of goods and
8 services purchased by all urban consumers, United States city
9 average, all items, 1982-84 = 100.

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

12 (40 ILCS 5/14-133.2 new)

13 Sec. 14-133.2. Self-managed plan.

14 (a) The General Assembly finds that it is important for
15 Illinois to be able to attract and retain the most qualified
16 employees and that in order to attract and retain these
17 employees, the State of Illinois should have the flexibility to
18 provide a defined contribution (self-managed) plan for
19 eligible employees. Accordingly, the State Employees
20 Retirement System of Illinois is hereby required, within 6
21 months after the effective date of this Section, to establish
22 and administer a self-managed plan, which shall offer
23 participating employees the opportunity to accumulate assets
24 for retirement through a combination of employee and employer
25 contributions that may be invested in mutual funds, collective

1 investment funds, or other investment products and used to
2 purchase annuity contracts, either fixed or variable or a
3 combination of fixed and variable. The plan must be qualified
4 under the Internal Revenue Code of 1986.

5 (b) The Board shall adopt the self-managed plan established
6 under this Section for any person who is a member under this
7 Article.

8 The State Employees Retirement System of Illinois shall be
9 the plan sponsor for the self-managed plan and shall prepare a
10 plan document and adopt such rules and procedures as are
11 considered necessary or desirable for the administration of the
12 self-managed plan. Consistent with its fiduciary duty to the
13 participants and beneficiaries of the self-managed plan, the
14 Board of Trustees of the System may delegate aspects of plan
15 administration as it sees fit to companies authorized to do
16 business in this State.

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

26 (1) the nature and extent of the benefits that would be

- 1 provided to the participants;
2 (2) the reasonableness of the benefits in relation to
3 the premium charged;
4 (3) the suitability of the benefits to the needs and
5 interests of the participating employees and the State;
6 (4) the ability of the company to provide benefits
7 under the contract and the financial stability of the
8 company; and
9 (5) the efficacy of the contract in the recruitment and
10 retention of employees.

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

16 In addition to the companies approved by the System under
17 this subsection (c), the System may offer its participants an
18 investment fund managed by the System.

19 (d) Employees who are participating in the program must be
20 allowed to direct the transfer of their account balances among
21 the various investment options offered, subject to applicable
22 contractual provisions. The participant shall not be deemed a
23 fiduciary by reason of providing such investment direction. A
24 person who is a fiduciary shall not be liable for any loss
25 resulting from such investment direction and shall not be
26 deemed to have breached any fiduciary duty by acting in

1 accordance with that direction. Neither the System nor the
2 employer shall guarantee any of the investments in the
3 employee's account balances.

4 (e) Notwithstanding any other provision of this Code,
5 beginning on the effective date of the self-managed plan
6 established under this Section, each member shall participate
7 in the self-managed plan with respect to service under this
8 Article on and after that date, and a member's ability to
9 accrue, on and after that date, additional benefits under the
10 traditional benefit package is terminated.

11 A member who participates in the self-managed plan under
12 this Section must continue participation while employed in an
13 eligible position, and may not participate in the traditional
14 benefit package administered by the System under this Article
15 while employed by the State under this Article.

16 Participation in the self-managed plan under this Section
17 shall constitute membership in the State Employees' Retirement
18 System of Illinois.

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

21 (f) If a member has rights and credits in the System due to
22 previous participation in the traditional benefit package but
23 those credits are insufficient, on the effective date of the
24 self-managed plan established under this Section, to satisfy
25 the service requirement for a retirement annuity under this
26 Article, then the System shall establish for the member an

1 opening account balance in the self-managed plan, equal to (i)
2 the amount of the contribution refund that the member would be
3 eligible to receive under Section 14-130 if the employee
4 terminated employment on that date and elected a refund of
5 contributions, plus (ii) an amount equal to the regular
6 employer contribution that would be required to fund the actual
7 regular cost incurred for each year of service credit earned,
8 provided that the total opening account balance does not exceed
9 7.6% of that participant's salary for that year, plus interest.
10 The interest used in this subsection (f) is calculated as the
11 average annual rate of return that the System has earned over
12 the past 20 fiscal years and is compounded. The System shall
13 transfer assets from the traditional benefit package to the
14 self-managed plan, as a tax-free transfer in accordance with
15 Internal Revenue Service guidelines, for purposes of funding
16 the member's opening account balance.

17 (g) Notwithstanding any other provision of this Article, a
18 member may not purchase or receive service or service credit
19 applicable to the traditional benefit package under this
20 Article for any period during which the employee was a
21 participant in the self-managed plan established under this
22 Section.

23 (h) The self-managed plan shall be funded by contributions
24 from employees participating in the self-managed plan and State
25 contributions as provided in this Section.

26 The annual required contribution for employees

1 participating in the self-managed plan shall be an amount equal
2 to 6% of the employee's salary. This required contribution
3 shall be made as an employer pick-up under Section 414(h) of
4 the Internal Revenue Code of 1986 or any successor Section
5 thereof. Participants may make additional contributions to the
6 self-managed plan in accordance with procedures prescribed by
7 the System, to the extent permitted under rules adopted by the
8 System.

9 The program shall provide for annual State contributions to
10 be credited to the account of each employee who participates in
11 the self-managed plan in an amount equal to 6% of the
12 employee's compensation.

13 The System shall not be obligated to remit the required
14 employer contributions to any of the insurance and annuity
15 companies, mutual fund companies, banks, trust companies,
16 financial institutions, or other sponsors of any of the funding
17 vehicles offered under the self-managed plan until it has
18 received the required employer contributions from the State. In
19 the event of a deficiency in the amount of State contributions,
20 the System shall implement any procedures to obtain the
21 required funding from the General Revenue Fund.

22 (i) A participant in the self-managed plan becomes vested
23 in the employer contributions credited to his or her accounts
24 in the self-managed plan on the earliest to occur of the
25 following: (1) completion of 5 years of service credit under
26 this Article; (2) the death of the participating employee while

1 employed by an employer under this Article, if the participant
2 has completed at least 1.5 years of service; or (3) the
3 participant's election to retire and apply the reciprocal
4 provisions of Article 20 of this Code.

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

17 (j) If an employee participating in the self-managed plan
18 who is vested in employer contributions terminates employment,
19 the employee shall be entitled to a benefit which is based on
20 the account values attributable to both employer and employee
21 contributions and any investment return thereon.

22 If an employee participating in the self-managed plan who
23 is not vested in employer contributions terminates employment,
24 the employee shall be entitled to a benefit based solely on the
25 account values attributable to the employee's contributions
26 and any investment return thereon, and the employer

1 contributions and any investment return thereon shall be
2 forfeited. Any employer contributions which are forfeited
3 shall be held in escrow by the company investing those
4 contributions and shall be used, as directed by the System, for
5 future allocations of employer contributions or for the
6 restoration of amounts previously forfeited by former
7 participants who again become participating employees.

8 (k) If a participant so requests, a distribution of funds
9 from the self-managed plan may be paid in the form of a direct
10 rollover to another qualified plan, to the extent allowed by
11 federal law and in accordance with the rules of the System.

12 (40 ILCS 5/15-103.1)

13 Sec. 15-103.1. Traditional Benefit Package. "Traditional
14 benefit package": The defined benefit retirement program
15 maintained under the System which includes retirement
16 annuities payable directly from the System as provided in
17 Sections 15-135 through 15-140 (but disregarding Section
18 15-136.4), disability retirement annuities payable under
19 Section 15-153.2, death benefits payable directly from the
20 System as provided in Sections 15-141 through 15-144, survivors
21 insurance benefits payable directly from the System as provided
22 in Sections 15-145 through 15-149, and contribution refunds as
23 provided in Section 15-154. The traditional benefit package
24 also includes disability benefits as provided in Sections
25 15-150 through 15-153.3. The traditional benefit package also

1 includes any benefits determined under Section 1-160 with
2 respect to service performed under this Article.

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

4 (40 ILCS 5/15-103.2)

5 Sec. 15-103.2. Portable Benefit Package. "Portable benefit
6 package": The defined benefit retirement program maintained
7 under the System which includes retirement annuities payable
8 directly from the System as provided in Sections 15-135 through
9 15-139 (specifically including Section 15-136.4), disability
10 retirement annuities payable under Section 15-153.2, death
11 benefits payable directly from the System as provided in
12 Sections 15-141 through 15-144, and contribution refunds as
13 provided in Section 15-154. The portable benefit package also
14 includes disability benefits as provided in Sections 15-150
15 through 15-153.3. The portable benefit package does not include
16 the survivors insurance benefits payable directly from the
17 System as provided in Sections 15-145 through 15-149. The
18 traditional benefit package also includes any benefits
19 determined under Section 1-160 with respect to service
20 performed under this Article.

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

22 (40 ILCS 5/15-107) (from Ch. 108 1/2, par. 15-107)

23 Sec. 15-107. Employee.

24 (a) "Employee" means any member of the educational,

1 administrative, secretarial, clerical, mechanical, labor or
2 other staff of an employer whose employment is permanent and
3 continuous or who is employed in a position in which services
4 are expected to be rendered on a continuous basis for at least
5 4 months or one academic term, whichever is less, who (A)
6 receives payment for personal services on a warrant issued
7 pursuant to a payroll voucher certified by an employer and
8 drawn by the State Comptroller upon the State Treasurer or by
9 an employer upon trust, federal or other funds, or (B) is on a
10 leave of absence without pay. Employment which is irregular,
11 intermittent or temporary shall not be considered continuous
12 for purposes of this paragraph.

13 However, a person is not an "employee" if he or she:

14 (1) is a student enrolled in and regularly attending
15 classes in a college or university which is an employer,
16 and is employed on a temporary basis at less than full
17 time;

18 (2) is currently receiving a retirement annuity or a
19 disability retirement annuity under Section 15-153.2 from
20 this System;

21 (3) is on a military leave of absence;

22 (4) is eligible to participate in the Federal Civil
23 Service Retirement System and is currently making
24 contributions to that system based upon earnings paid by an
25 employer;

26 (5) is on leave of absence without pay for more than 60

1 days immediately following termination of disability
2 benefits under this Article;

3 (6) is hired after June 30, 1979 as a public service
4 employment program participant under the Federal
5 Comprehensive Employment and Training Act and receives
6 earnings in whole or in part from funds provided under that
7 Act; or

8 (7) is employed on or after July 1, 1991 to perform
9 services that are excluded by subdivision (a)(7)(f) or
10 (a)(19) of Section 210 of the federal Social Security Act
11 from the definition of employment given in that Section (42
12 U.S.C. 410).

13 (b) Any employer may, by filing a written notice with the
14 board, exclude from the definition of "employee" all persons
15 employed pursuant to a federally funded contract entered into
16 after July 1, 1982 with a federal military department in a
17 program providing training in military courses to federal
18 military personnel on a military site owned by the United
19 States Government, if this exclusion is not prohibited by the
20 federally funded contract or federal laws or rules governing
21 the administration of the contract.

22 (c) Any person appointed by the Governor under the Civil
23 Administrative Code of the State is an employee, if he or she
24 is a participant in this system on the effective date of the
25 appointment.

26 (d) A participant on lay-off status under civil service

1 rules is considered an employee for not more than 120 days from
2 the date of the lay-off.

3 (e) A participant is considered an employee during (1) the
4 first 60 days of disability leave, (2) the period, not to
5 exceed one year, in which his or her eligibility for disability
6 benefits is being considered by the board or reviewed by the
7 courts, and (3) the period he or she receives disability
8 benefits under the provisions of Section 15-152, workers'
9 compensation or occupational disease benefits, or disability
10 income under an insurance contract financed wholly or partially
11 by the employer.

12 (f) Absences without pay, other than formal leaves of
13 absence, of less than 30 calendar days, are not considered as
14 an interruption of a person's status as an employee. If such
15 absences during any period of 12 months exceed 30 work days,
16 the employee status of the person is considered as interrupted
17 as of the 31st work day.

18 (g) A staff member whose employment contract requires
19 services during an academic term is to be considered an
20 employee during the summer and other vacation periods, unless
21 he or she declines an employment contract for the succeeding
22 academic term or his or her employment status is otherwise
23 terminated, and he or she receives no earnings during these
24 periods.

25 (h) An individual who was a participating employee employed
26 in the fire department of the University of Illinois's

1 Champaign-Urbana campus immediately prior to the elimination
2 of that fire department and who immediately after the
3 elimination of that fire department became employed by the fire
4 department of the City of Urbana or the City of Champaign shall
5 continue to be considered as an employee for purposes of this
6 Article for so long as the individual remains employed as a
7 firefighter by the City of Urbana or the City of Champaign. The
8 individual shall cease to be considered an employee under this
9 subsection (h) upon the first termination of the individual's
10 employment as a firefighter by the City of Urbana or the City
11 of Champaign.

12 (i) An individual who is employed on a full-time basis as
13 an officer or employee of a statewide teacher organization that
14 serves System participants or an officer of a national teacher
15 organization that serves System participants may participate
16 in the System and shall be deemed an employee, provided that
17 (1) the individual has previously earned creditable service
18 under this Article, (2) the individual files with the System an
19 irrevocable election to become a participant before the
20 effective date of this amendatory Act of the 97th General
21 Assembly, (3) the individual does not receive credit for that
22 employment under any other Article of this Code, and (4) the
23 individual first became a full-time employee of the teacher
24 organization and becomes a participant before the effective
25 date of this amendatory Act of the 97th General Assembly. An
26 employee under this subsection (i) is responsible for paying to

1 the System both (A) employee contributions based on the actual
2 compensation received for service with the teacher
3 organization and (B) employer contributions equal to the normal
4 costs (as defined in Section 15-155) resulting from that
5 service; all or any part of these contributions may be paid on
6 the employee's behalf or picked up for tax purposes (if
7 authorized under federal law) by the teacher organization.

8 A person who is an employee as defined in this subsection
9 (i) may establish service credit for similar employment prior
10 to becoming an employee under this subsection by paying to the
11 System for that employment the contributions specified in this
12 subsection, plus interest at the effective rate from the date
13 of service to the date of payment. However, credit shall not be
14 granted under this subsection for any such prior employment for
15 which the applicant received credit under any other provision
16 of this Code, or during which the applicant was on a leave of
17 absence under Section 15-113.2.

18 (j) A person employed by the State Board of Higher
19 Education in a position with the Illinois Century Network as of
20 June 30, 2004 shall be considered to be an employee for so long
21 as he or she remains continuously employed after that date by
22 the Department of Central Management Services in a position
23 with the Illinois Century Network, the Bureau of Communication
24 and Computer Services, or, if applicable, any successor bureau
25 and meets the requirements of subsection (a).

26 (k) Notwithstanding any provision of law to the contrary,

1 an individual who begins employment with any of the following
2 employers on or after the effective date of this amendatory Act
3 of the 97th General Assembly shall not be deemed an employee
4 and shall not be eligible to participate in the System with
5 respect to that employment: any association of community
6 college boards organized under Section 3-55 of the Public
7 Community College Act, the Association of Illinois
8 Middle-Grade Schools, the Illinois Association of School
9 Administrators, the Illinois Association for Supervision and
10 Curriculum Development, the Illinois Principals Association,
11 the Illinois Association of School Business Officials, or the
12 Illinois Special Olympics; provided, however, that those
13 individuals who are both employed and already participants in
14 the System on the effective date of this amendatory Act of the
15 97th General Assembly shall be allowed to continue as
16 participants in the System for the duration of that employment.

17 (Source: P.A. 97-651, eff. 1-5-12.)

18 (40 ILCS 5/15-107.1 new)

19 Sec. 15-107.1. Tier I employee. "Tier I employee": An
20 employee under this Article who first became a member or
21 participant before January 1, 2011 under any reciprocal
22 retirement system or pension fund established under this Code
23 other than a retirement system or pension fund established
24 under Article 2, 3, 4, 5, 6, or 18 of this Code.

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
26 before January 1, 2001 an amount representing employee

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

8 Notwithstanding any other provision of this Code, for
9 periods of service on and after the effective date of this
10 amendatory Act of the 97th General Assembly, "earnings" does
11 not include any annual remuneration for personal services in an
12 amount that is in excess of the annual contribution and benefit
13 base established for the previous year by the Commissioner of
14 Social Security pursuant to Section 230 of the federal Social
15 Security Act.

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

17 (40 ILCS 5/15-134.5)

18 Sec. 15-134.5. Retirement program elections.

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

21 Effective as of the date that an employer elects, as
22 described in Section 15-158.2, to offer to its employees the
23 portable benefit package and the self-managed plan as
24 alternatives to the traditional benefit package, each of that
25 employer's eligible employees (as defined in subsection (b))

1 shall be given the choice to elect which retirement program he
2 or she wishes to participate in with respect to all periods of
3 covered employment occurring on and after the effective date of
4 the employee's election. The retirement program election made
5 by an eligible employee must be made in writing, in the manner
6 prescribed by the System, and within the time period described
7 in subsection (d) or (d-1).

8 The employee election authorized by this Section is a
9 one-time, irrevocable election. If an employee terminates
10 employment after making the election provided under this
11 subsection (a), then upon his or her subsequent re-employment
12 with an employer the original election shall automatically
13 apply to him or her, provided that the employer is then a
14 participating employer as described in Section 15-158.2.

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

17 (b) "Eligible employee" means an employee (as defined in
18 Section 15-107) who is either a currently eligible employee or
19 a newly eligible employee. For purposes of this Section, a
20 "currently eligible employee" is an employee who is employed by
21 an employer on the effective date on which the employer offers
22 to its employees the portable benefit package and the
23 self-managed plan as alternatives to the traditional benefit
24 package. A "newly eligible employee" is an employee who first
25 becomes employed by an employer after the effective date on
26 which the employer offers its employees the portable benefit

1 package and the self-managed plan as alternatives to the
2 traditional benefit package. A newly eligible employee
3 participates in the traditional benefit package until he or she
4 makes an election to participate in the portable benefit
5 package or the self-managed plan. If an employee does not elect
6 to participate in the portable benefit package or the
7 self-managed plan, he or she shall continue to participate in
8 the traditional benefit package by default.

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

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

24 A newly eligible employee must make this election within 6
25 months after the date on which the System receives the report
26 of status certification from the employer. If an employee

1 elects to participate in the self-managed plan, no employer
2 contributions shall be remitted to the self-managed plan when
3 the employee's account balance transfer is made. Employer
4 contributions to the self-managed plan shall commence as of the
5 first pay period that begins after the System receives the
6 employee's election.

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

16 (e) If a currently eligible employee elects the portable
17 benefit package, that election shall not become effective until
18 the one-year anniversary of the date on which the election is
19 filed with the System, provided the employee remains
20 continuously employed by the employer throughout the one-year
21 waiting period, and any benefits payable to or on account of
22 the employee before such one-year waiting period has ended
23 shall not be determined under the provisions applicable to the
24 portable benefit package but shall instead be determined in
25 accordance with the traditional benefit package. If a currently
26 eligible employee who has elected the portable benefit package

1 terminates employment covered by the System before the one-year
2 waiting period has ended, then no benefits shall be determined
3 under the portable benefit package provisions while he or she
4 is inactive in the System and upon re-employment with an
5 employer covered by the System he or she shall begin a new
6 one-year waiting period before the provisions of the portable
7 benefit package become effective.

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

18 (g) This Section applies only prior to the effective date
19 of this amendatory Act of the 97th General Assembly. On and
20 after that date, all participants in the System, other than
21 annuitants, shall participate in the self-managed plan.

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

23 (40 ILCS 5/15-134.6 new)

24 Sec. 15-134.6. Suspension of the accrual of benefits under
25 the traditional benefit package and portable benefit package.

1 (a) Notwithstanding any other provision of this Code, the
2 retirement annuity of an employee who satisfies, on the
3 effective date of this Section, the service requirement for a
4 retirement annuity under this Article and who retires on or
5 after that date shall be calculated based on the service credit
6 accrued under this Article prior to that date and the
7 employee's annual rate of earnings on that date.

8 However, notwithstanding any other provision of this Code,
9 an employee who does not, on the effective date of this
10 Section, satisfy the service requirement for a retirement
11 annuity under this Article shall not be entitled to a
12 retirement annuity under this Article, but shall instead be
13 eligible to have an initial account balance established in the
14 self-managed plan in accordance with Section 15-158.2.

15 (b) Notwithstanding any other provision of this Code, if an
16 employee or any other person is eligible for a benefit in the
17 traditional benefit package or portable benefit package, other
18 than a retirement annuity, on the effective date of this
19 Section, then he or she shall continue to be eligible for that
20 benefit while he or she continues to meet all otherwise
21 applicable eligibility requirements.

22 However, notwithstanding any other provision of this Code,
23 if an employee or other person is ineligible for a benefit in
24 the traditional benefit package or portable benefit package,
25 other than a retirement annuity, on the effective date of this
26 Section, then he or she shall remain ineligible for that

1 benefit on and after the effective date of this Section.

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

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

4 (a) A participant who retires in one of the following
5 specified years with the specified amount of service is
6 entitled to a retirement annuity at any age under the
7 retirement program applicable to the participant:

8 35 years if retirement is in 1997 or before;

9 34 years if retirement is in 1998;

10 33 years if retirement is in 1999;

11 32 years if retirement is in 2000;

12 31 years if retirement is in 2001;

13 30 years if retirement is in 2002 or later.

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

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

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

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

1 97th General Assembly, a Tier I employee shall not, regardless
2 of the amount of accrued service credit, be entitled to a
3 retirement annuity until he or she has attained age 62.

4 (b) The annuity payment period shall begin on the date
5 specified by the participant submitting a written application,
6 which date shall not be prior to termination of employment or
7 more than one year before the application is received by the
8 board; however, if the participant is not an employee of an
9 employer participating in this System or in a participating
10 system as defined in Article 20 of this Code on April 1 of the
11 calendar year next following the calendar year in which the
12 participant attains age 70 1/2, the annuity payment period
13 shall begin on that date regardless of whether an application
14 has been filed.

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

17 (Source: P.A. 92-749, eff. 8-2-02.)

18 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

19 Sec. 15-136. Retirement annuities - Amount. The provisions
20 of this Section 15-136 apply only to those participants who are
21 participating in the traditional benefit package or the
22 portable benefit package and do not apply to participants who
23 are participating in the self-managed plan.

24 (a) The amount of a participant's retirement annuity,
25 expressed in the form of a single-life annuity, shall be

1 determined by whichever of the following rules is applicable
2 and provides the largest annuity:

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

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

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

18 (ii) an annuity from employer contributions of an
19 amount equal to that which can be provided on an
20 actuarially equivalent basis from the accumulated normal
21 contributions made by the participant under Section
22 15-113.6 and Section 15-113.7 plus 1.4 times all other
23 accumulated normal contributions made by the participant;
24 and

25 (iii) the annuity that can be provided on an
26 actuarially equivalent basis from the entire contribution

1 made by the participant under Section 15-113.3.

2 With respect to a police officer or firefighter who retires
3 on or after August 14, 1998, the accumulated normal
4 contributions taken into account under clauses (i) and (ii) of
5 this Rule 2 shall include the additional normal contributions
6 made by the police officer or firefighter under Section
7 15-157(a).

8 The amount of a retirement annuity calculated under this
9 Rule 2 shall be computed solely on the basis of the
10 participant's accumulated normal contributions, as specified
11 in this Rule and defined in Section 15-116. Neither an employee
12 or employer contribution for early retirement under Section
13 15-136.2 nor any other employer contribution shall be used in
14 the calculation of the amount of a retirement annuity under
15 this Rule 2.

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

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

22 Rule 3: The retirement annuity of a participant who is
23 employed at least one-half time during the period on which his
24 or her final rate of earnings is based, shall be equal to the
25 participant's years of service not to exceed 30, multiplied by
26 (1) \$96 if the participant's final rate of earnings is less

1 than \$3,500, (2) \$108 if the final rate of earnings is at least
2 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
3 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
4 the final rate of earnings is at least \$5,500 but less than
5 \$6,500, (5) \$144 if the final rate of earnings is at least
6 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
7 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
8 the final rate of earnings is at least \$8,500 but less than
9 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
10 more, except that the annuity for those persons having made an
11 election under Section 15-154(a-1) shall be calculated and
12 payable under the portable retirement benefit program pursuant
13 to the provisions of Section 15-136.4.

14 Rule 4: A participant who is at least age 50 and has 25 or
15 more years of service as a police officer or firefighter, and a
16 participant who is age 55 or over and has at least 20 but less
17 than 25 years of service as a police officer or firefighter,
18 shall be entitled to a retirement annuity of 2 1/4% of the
19 final rate of earnings for each of the first 10 years of
20 service as a police officer or firefighter, 2 1/2% for each of
21 the next 10 years of service as a police officer or
22 firefighter, and 2 3/4% for each year of service as a police
23 officer or firefighter in excess of 20. The retirement annuity
24 for all other service shall be computed under Rule 1.

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

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

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

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

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

26 (ii) an annuity from employer contributions of an

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

7 (iii) an annuity which can be provided on an
8 actuarially equivalent basis from the employee
9 contribution for early retirement under Section 15-136.2,
10 and an annuity from employer contributions of an amount
11 equal to that which can be provided on an actuarially
12 equivalent basis from the employee contribution for early
13 retirement under Section 15-136.2.

14 In no event shall a retirement annuity under this Rule 5 be
15 lower than the amount obtained by adding (1) the monthly amount
16 obtained by dividing the combined employee and employer
17 contributions made under Section 15-136.2 by the System's
18 annuity factor for the age of the participant at the beginning
19 of the annuity payment period and (2) the amount equal to the
20 participant's annuity if calculated under Rule 1, reduced under
21 Section 15-136(b) as if no contributions had been made under
22 Section 15-136.2.

23 With respect to a participant who is qualified for a
24 retirement annuity under this Rule 5 whose retirement annuity
25 began before the effective date of this amendatory Act of the
26 91st General Assembly, and for whom an employee contribution

1 was made under Section 15-136.2, the System shall recalculate
2 the retirement annuity under this Rule 5 and shall pay any
3 additional amounts due in the manner provided in Section
4 15-186.1 for benefits mistakenly set too low.

5 The amount of a retirement annuity calculated under this
6 Rule 5 shall be computed solely on the basis of those
7 contributions specifically set forth in this Rule 5. Except as
8 provided in clause (iii) of this Rule 5, neither an employee
9 nor employer contribution for early retirement under Section
10 15-136.2, nor any other employer contribution, shall be used in
11 the calculation of the amount of a retirement annuity under
12 this Rule 5.

13 The General Assembly has adopted the changes set forth in
14 Section 25 of this amendatory Act of the 91st General Assembly
15 in recognition that the decision of the Appellate Court for the
16 Fourth District in *Mattis v. State Universities Retirement*
17 *System et al.* might be deemed to give some right to the
18 plaintiff in that case. The changes made by Section 25 of this
19 amendatory Act of the 91st General Assembly are a legislative
20 implementation of the decision of the Appellate Court for the
21 Fourth District in *Mattis v. State Universities Retirement*
22 *System et al.* with respect to that plaintiff.

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

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

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

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

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

18 (c) The maximum retirement annuity provided under Rules 1,
19 2, 4, and 5 shall be the lesser of (1) the annual limit of
20 benefits as specified in Section 415 of the Internal Revenue
21 Code of 1986, as such Section may be amended from time to time
22 and as such benefit limits shall be adjusted by the
23 Commissioner of Internal Revenue, and (2) 80% of final rate of
24 earnings.

25 (d) An annuitant whose status as an employee terminates
26 after August 14, 1969 shall receive automatic increases in his

1 or her retirement annuity as follows:

2 Effective January 1 immediately following the date the
3 retirement annuity begins, the annuitant shall receive an
4 increase in his or her monthly retirement annuity of 0.125% of
5 the monthly retirement annuity provided under Rule 1, Rule 2,
6 Rule 3, Rule 4, or Rule 5, contained in this Section,
7 multiplied by the number of full months which elapsed from the
8 date the retirement annuity payments began to January 1, 1972,
9 plus 0.1667% of such annuity, multiplied by the number of full
10 months which elapsed from January 1, 1972, or the date the
11 retirement annuity payments began, whichever is later, to
12 January 1, 1978, plus 0.25% of such annuity multiplied by the
13 number of full months which elapsed from January 1, 1978, or
14 the date the retirement annuity payments began, whichever is
15 later, to the effective date of the increase.

16 The annuitant shall receive an increase in his or her
17 monthly retirement annuity on each January 1 thereafter during
18 the annuitant's life of 3% of the monthly annuity provided
19 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in
20 this Section. The change made under this subsection by P.A.
21 81-970 is effective January 1, 1980 and applies to each
22 annuitant whose status as an employee terminates before or
23 after that date.

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

1 including all increases previously granted under this Article.

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

5 (d-1) Notwithstanding any other provision of this Code,
6 except subsection (d-2) of this Section, beginning on the
7 effective date of this amendatory Act of the 97th General
8 Assembly, the monthly retirement annuity of an annuitant shall
9 first be subject to annual increases on the January 1 occurring
10 on or next after either the attainment of age 67 or the January
11 1 occurring on or next after the fifth anniversary of the
12 annuity start date, whichever occurs earlier. If on the
13 effective date of this amendatory Act of the 97th General
14 Assembly an annuitant has already received an annual increase
15 under this Section but is not eligible to receive an annual
16 increase under this subsection, then the annual increases
17 already received shall continue in force, but no additional
18 annual increase shall be granted until the annuitant meets the
19 new eligibility requirements.

20 (d-2) Notwithstanding subsection (d-1), no annual increase
21 shall be paid under this Section in a calendar year if, on
22 January 1 of the preceding calendar year, the total assets of
23 the System are less than 85% of the total actuarial liabilities
24 of the System, as annually certified by the System.

25 (d-3) Notwithstanding any other provision of this Code,
26 except subsection (d-2) of this Section, beginning on the

1 effective date of this amendatory Act of the 97th General
2 Assembly, the amount of each automatic annual increase in
3 retirement annuity occurring on or after the effective date of
4 this amendatory Act of the 97th General Assembly shall be 3% or
5 one-half of the annual unadjusted percentage increase, if any,
6 in the Consumer Price Index-U for the 12 months ending with the
7 preceding September, whichever is less, of the originally
8 granted retirement annuity. For the purposes of this Section,
9 "Consumer Price Index-U" means the index published by the
10 Bureau of Labor Statistics of the United States Department of
11 Labor that measures the average change in prices of goods and
12 services purchased by all urban consumers, United States city
13 average, all items, 1982-84 = 100.

14 (e) If, on January 1, 1987, or the date the retirement
15 annuity payment period begins, whichever is later, the sum of
16 the retirement annuity provided under Rule 1 or Rule 2 of this
17 Section and the automatic annual increases provided under the
18 preceding subsection or Section 15-136.1, amounts to less than
19 the retirement annuity which would be provided by Rule 3, the
20 retirement annuity shall be increased as of January 1, 1987, or
21 the date the retirement annuity payment period begins,
22 whichever is later, to the amount which would be provided by
23 Rule 3 of this Section. Such increased amount shall be
24 considered as the retirement annuity in determining benefits
25 provided under other Sections of this Article. This paragraph
26 applies without regard to whether status as an employee

1 terminated before the effective date of this amendatory Act of
2 1987, provided that the annuitant was employed at least
3 one-half time during the period on which the final rate of
4 earnings was based.

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

12 (g) If, (1) by law, a function of a governmental unit, as
13 defined by Section 20-107 of this Code, is transferred in whole
14 or in part to an employer, and (2) a participant transfers
15 employment from such governmental unit to such employer within
16 6 months after the transfer of the function, and (3) the sum of
17 (A) the annuity payable to the participant under Rule 1, 2, or
18 3 of this Section (B) all proportional annuities payable to the
19 participant by all other retirement systems covered by Article
20 20, and (C) the initial primary insurance amount to which the
21 participant is entitled under the Social Security Act, is less
22 than the retirement annuity which would have been payable if
23 all of the participant's pension credits validated under
24 Section 20-109 had been validated under this system, a
25 supplemental annuity equal to the difference in such amounts
26 shall be payable to the participant.

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

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

14 (Source: P.A. 93-347, eff. 7-24-03; 94-4, eff. 6-1-05.)

15 (40 ILCS 5/15-158.2)

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

17 (a) Purpose. The General Assembly finds that it is
18 important for colleges and universities to be able to attract
19 and retain the most qualified employees and that in order to
20 attract and retain these employees, colleges and universities
21 should have the flexibility to provide a defined contribution
22 plan as an alternative for eligible employees who elect not to
23 participate in a defined benefit retirement program provided
24 under this Article. Accordingly, the State Universities
25 Retirement System is hereby required ~~authorized~~ to establish

1 and administer a self-managed plan, which shall offer
2 participating employees the opportunity to accumulate assets
3 for retirement through a combination of employee and employer
4 contributions that may be invested in mutual funds, collective
5 investment funds, or other investment products and used to
6 purchase annuity contracts, either fixed or variable or a
7 combination thereof. The plan must be qualified under the
8 Internal Revenue Code of 1986.

9 (b) Adoption by employers. Before the effective date of
10 this amendatory Act of the 97th General Assembly, each ~~Each~~
11 employer subject to this Article may elect to adopt the
12 self-managed plan established under this Section; this
13 election is irrevocable. An employer's election to adopt the
14 self-managed plan makes available to the eligible employees of
15 that employer the elections described in Section 15-134.5. On
16 and after the effective date of this amendatory Act of the 97th
17 General Assembly, each employer subject to this Article shall
18 adopt the self-managed plan established under this Section, and
19 each participant shall participate in that plan with respect to
20 service on and after that date.

21 The State Universities Retirement System shall be the plan
22 sponsor for the self-managed plan and shall prepare a plan
23 document and prescribe such rules and procedures as are
24 considered necessary or desirable for the administration of the
25 self-managed plan. Consistent with its fiduciary duty to the
26 participants and beneficiaries of the self-managed plan, the

1 Board of Trustees of the System may delegate aspects of plan
2 administration as it sees fit to companies authorized to do
3 business in this State, to the employers, or to a combination
4 of both.

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

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

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

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

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

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

26 The System, in consultation with the employers, shall

1 periodically review each approved company. A company may
2 continue to provide administrative services and funding
3 vehicles for the self-managed plan only so long as it continues
4 to be an approved company under contract with the Board.

5 (d) Employee Direction. Employees who are participating in
6 the program must be allowed to direct the transfer of their
7 account balances among the various investment options offered,
8 subject to applicable contractual provisions. The participant
9 shall not be deemed a fiduciary by reason of providing such
10 investment direction. A person who is a fiduciary shall not be
11 liable for any loss resulting from such investment direction
12 and shall not be deemed to have breached any fiduciary duty by
13 acting in accordance with that direction. Neither the System
14 nor the employer guarantees any of the investments in the
15 employee's account balances.

16 (e) Participation. Prior to the effective date of this
17 amendatory Act of the 97th General Assembly, an ~~An~~ employee
18 eligible to participate in the self-managed plan must make a
19 written election in accordance with the provisions of Section
20 15-134.5 and the procedures established by the System.
21 Participation in the self-managed plan by an electing employee
22 shall begin on the first day of the first pay period following
23 the later of the date the employee's election is filed with the
24 System or the effective date as of which the employee's
25 employer begins to offer participation in the self-managed
26 plan. Notwithstanding any other provision of this Code,

1 beginning on the effective date of this amendatory Act of the
2 97th General Assembly, each participant in the System shall
3 participate in the self-managed plan with respect to service on
4 and after that date, and a participant's ability to accrue, on
5 and after that date, additional benefits under the traditional
6 benefit package or the portable benefit package is terminated.

7 Employers may not make the self-managed plan available earlier
8 than January 1, 1998. An employee's participation in any other
9 retirement program administered by the System under this
10 Article shall terminate on the date that participation in the
11 self-managed plan begins.

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

20 Participation in the self-managed plan under this Section
21 shall constitute membership in the State Universities
22 Retirement System.

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

25 (f) Establishment of Initial Account Balance. Prior to the
26 effective date of this amendatory Act of the 97th General

1 Assembly, if ~~If~~ at the time an employee elects to participate
2 in the self-managed plan he or she has rights and credits in
3 the System due to previous participation in the traditional
4 benefit package, the System shall establish for the employee an
5 opening account balance in the self-managed plan, equal to the
6 amount of contribution refund that the employee would be
7 eligible to receive under Section 15-154 if the employee
8 terminated employment on that date and elected a refund of
9 contributions, except that this hypothetical refund shall
10 include interest at the effective rate for the respective
11 years. The System shall transfer assets from the defined
12 benefit retirement program to the self-managed plan, as a tax
13 free transfer in accordance with Internal Revenue Service
14 guidelines, for purposes of funding the employee's opening
15 account balance.

16 Beginning on the effective date of this amendatory Act of
17 the 97th General Assembly, if a participant has rights and
18 credits in the System due to previous participation in the
19 traditional benefit package, portable benefit package, or both
20 but those credits are insufficient, on the effective date of
21 this amendatory Act of the 97th General Assembly, to satisfy
22 the service requirement for a retirement annuity under this
23 Article, then the System shall establish for the member an
24 opening account balance in the self-managed plan, equal to (i)
25 the amount of the contribution refund that the member would be
26 eligible to receive under Section 15-154 if the employee

1 terminated employment on that date and elected a refund of
2 contributions, plus (ii) an amount equal to the regular
3 employer contribution that would be required to fund the actual
4 regular cost incurred for each year of service credit earned,
5 provided that the total opening account balance does not exceed
6 7.6% of that participant's salary for that year, plus interest.
7 The interest used in this subsection (f) is calculated as the
8 average annual rate of return that the System has earned over
9 the past 20 fiscal years and is compounded. The System shall
10 transfer assets from the traditional benefit package and the
11 portable benefit package to the self-managed plan, as a
12 tax-free transfer in accordance with Internal Revenue Service
13 guidelines, for purposes of funding the member's opening
14 account balance.

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

22 (h) Contributions prior to the effective date of this
23 amendatory Act of the 97th General Assembly. The self-managed
24 plan shall be funded by contributions from employees
25 participating in the self-managed plan and employer
26 contributions as provided in this Section.

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

19 The program shall provide for employer contributions to be
20 credited to each self-managed plan participant at a rate of
21 7.6% of the participating employee's salary, less the amount
22 used by the System to provide disability benefits for the
23 employee. The amounts so credited shall be paid into the
24 participant's self-managed plan accounts in a manner to be
25 prescribed by the System.

26 An amount of employer contribution, not exceeding 1% of the

1 participating employee's salary, shall be used for the purpose
2 of providing the disability benefits of the System to the
3 employee. Prior to the beginning of each plan year under the
4 self-managed plan, the Board of Trustees shall determine, as a
5 percentage of salary, the amount of employer contributions to
6 be allocated during that plan year for providing disability
7 benefits for employees in the self-managed plan.

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

23 The provisions of this subsection (h) apply before the
24 effective date of this amendatory Act of the 97th General
25 Assembly.

26 (h-5) Contributions on and after the effective date of this

1 amendatory Act of the 97th General Assembly.

2 The self-managed plan shall be funded by contributions from
3 employees participating in the self-managed plan and State
4 contributions as provided in this Section.

5 The annual required contribution for employees
6 participating in the self-managed plan shall be an amount equal
7 to 6% of the employee's salary. This required contribution
8 shall be made as an employer pick-up under Section 414(h) of
9 the Internal Revenue Code of 1986 or any successor Section
10 thereof. Participants may make additional contributions to the
11 self-managed plan in accordance with procedures prescribed by
12 the System, to the extent permitted under rules adopted by the
13 System.

14 The program shall provide for annual State contributions to
15 be credited to the account of each employee who participates in
16 the self-managed plan in an amount equal to 6% of the
17 employee's compensation.

18 The System shall not be obligated to remit the required
19 employer contributions to any of the insurance and annuity
20 companies, mutual fund companies, banks, trust companies,
21 financial institutions, or other sponsors of any of the funding
22 vehicles offered under the self-managed plan until it has
23 received the required employer contributions from the State. In
24 the event of a deficiency in the amount of State contributions,
25 the System shall implement any procedures to obtain the
26 required funding from the General Revenue Fund.

1 The provisions of this subsection (h-5) apply on and after
2 the effective date of this amendatory Act of the 97th General
3 Assembly.

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

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

25 A participant in the self-managed plan who receives a
26 distribution of his or her vested amounts from the self-managed

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

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

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

1 (1) If a participant so requests, a distribution of funds
2 from the self-managed plan may be paid in the form of a direct
3 rollover to another qualified plan, to the extent allowed by
4 federal law and in accordance with the rules of the System.

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

6 (40 ILCS 5/16-104.1 new)

7 Sec. 16-104.1. Traditional benefit package. "Traditional
8 benefit package" means the defined benefit retirement program
9 maintained by the System, which includes retirement annuities
10 payable directly from the System, as provided in Sections
11 16-132 through 16-136.4; disability benefits payable under
12 Sections 16-149 through 16-149.5; survivor's benefits payable
13 directly from the System, as provided in Sections 16-140
14 through 16-143.1; and contribution refunds, as provided in
15 Sections 16-138, 16-143.2, and 16-151. The traditional benefit
16 package also includes any benefits determined under Section
17 1-160 with respect to service performed under this Article.

18 (40 ILCS 5/16-104.2 new)

19 Sec. 16-104.2. Self-managed plan. "Self-managed plan"
20 means the defined contribution retirement program maintained
21 by the System, as described in Section 16-158.2. The
22 self-managed plan also includes disability benefits, as
23 provided in Sections 16-149 through 16-149.5 (but disregarding
24 disability retirement annuities under Section 16-149.2). The

1 self-managed plan does not include retirement annuities or
2 survivor's benefits payable directly from the System as
3 provided in Sections 16-132 through 16-136.4, Sections 16-140
4 through 16-143.1, and Section 16-149.2, or refunds determined
5 under Sections 16-138, 16-143.2, and 16-151.

6 (40 ILCS 5/16-106) (from Ch. 108 1/2, par. 16-106)

7 Sec. 16-106. Teacher. "Teacher": The following
8 individuals, provided that, for employment prior to July 1,
9 1990, they are employed on a full-time basis, or if not
10 full-time, on a permanent and continuous basis in a position in
11 which services are expected to be rendered for at least one
12 school term:

13 (1) Any educational, administrative, professional or
14 other staff employed in the public common schools included
15 within this system in a position requiring certification
16 under the law governing the certification of teachers;

17 (2) Any educational, administrative, professional or
18 other staff employed in any facility of the Department of
19 Children and Family Services or the Department of Human
20 Services, in a position requiring certification under the
21 law governing the certification of teachers, and any person
22 who (i) works in such a position for the Department of
23 Corrections, (ii) was a member of this System on May 31,
24 1987, and (iii) did not elect to become a member of the
25 State Employees' Retirement System pursuant to Section

1 14-108.2 of this Code; except that "teacher" does not
2 include any person who (A) becomes a security employee of
3 the Department of Human Services, as defined in Section
4 14-110, after June 28, 2001 (the effective date of Public
5 Act 92-14), or (B) becomes a member of the State Employees'
6 Retirement System pursuant to Section 14-108.2c of this
7 Code;

8 (3) Any regional superintendent of schools, assistant
9 regional superintendent of schools, State Superintendent
10 of Education; any person employed by the State Board of
11 Education as an executive; any executive of the boards
12 engaged in the service of public common school education in
13 school districts covered under this system of which the
14 State Superintendent of Education is an ex-officio member;

15 (4) Any employee of a school board association
16 operating in compliance with Article 23 of the School Code
17 who is certificated under the law governing the
18 certification of teachers, provided that he or she becomes
19 such an employee before the effective date of this
20 amendatory Act of the 97th General Assembly;

21 (5) Any person employed by the retirement system who:

22 (i) was an employee of and a participant in the
23 system on August 17, 2001 (the effective date of Public
24 Act 92-416), or

25 (ii) becomes an employee of the system on or after
26 August 17, 2001;

1 (6) Any educational, administrative, professional or
2 other staff employed by and under the supervision and
3 control of a regional superintendent of schools, provided
4 such employment position requires the person to be
5 certificated under the law governing the certification of
6 teachers and is in an educational program serving 2 or more
7 districts in accordance with a joint agreement authorized
8 by the School Code or by federal legislation;

9 (7) Any educational, administrative, professional or
10 other staff employed in an educational program serving 2 or
11 more school districts in accordance with a joint agreement
12 authorized by the School Code or by federal legislation and
13 in a position requiring certification under the laws
14 governing the certification of teachers;

15 (8) Any officer or employee of a statewide teacher
16 organization or officer of a national teacher organization
17 who is certified under the law governing certification of
18 teachers, provided: (i) the individual had previously
19 established creditable service under this Article, (ii)
20 the individual files with the system an irrevocable
21 election to become a member before the effective date of
22 this amendatory Act of the 97th General Assembly, (iii) the
23 individual does not receive credit for such service under
24 any other Article of this Code, and (iv) the individual
25 first became an officer or employee of the teacher
26 organization and becomes a member before the effective date

1 of this amendatory Act of the 97th General Assembly;

2 (9) Any educational, administrative, professional, or
3 other staff employed in a charter school operating in
4 compliance with the Charter Schools Law who is certificated
5 under the law governing the certification of teachers; -

6 (10) Any person employed, on the effective date of this
7 amendatory Act of the 94th General Assembly, by the
8 Macon-Piatt Regional Office of Education in a
9 birth-through-age-three pilot program receiving funds
10 under Section 2-389 of the School Code who is required by
11 the Macon-Piatt Regional Office of Education to hold a
12 teaching certificate, provided that the Macon-Piatt
13 Regional Office of Education makes an election, within 6
14 months after the effective date of this amendatory Act of
15 the 94th General Assembly, to have the person participate
16 in the system. Any service established prior to the
17 effective date of this amendatory Act of the 94th General
18 Assembly for service as an employee of the Macon-Piatt
19 Regional Office of Education in a birth-through-age-three
20 pilot program receiving funds under Section 2-389 of the
21 School Code shall be considered service as a teacher if
22 employee and employer contributions have been received by
23 the system and the system has not refunded those
24 contributions.

25 An annuitant receiving a retirement annuity under this
26 Article or under Article 17 of this Code who is employed by a

1 board of education or other employer as permitted under Section
2 16-118 or 16-150.1 is not a "teacher" for purposes of this
3 Article. A person who has received a single-sum retirement
4 benefit under Section 16-136.4 of this Article is not a
5 "teacher" for purposes of this Article.

6 (Source: P.A. 97-651, eff. 1-5-12; revised 8-3-12.)

7 (40 ILCS 5/16-106.4 new)

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

14 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

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

21 Notwithstanding any other provision of this Code, for
22 periods of service on and after the effective date of this
23 amendatory Act of the 97th General Assembly, "salary" does not
24 include any annual remuneration for personal services in an

1 amount that is in excess of the annual contribution and benefit
2 base established for the previous year by the Commissioner of
3 Social Security pursuant to Section 230 of the federal Social
4 Security Act.

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

6 (40 ILCS 5/16-131.7 new)

7 Sec. 16-131.7. Suspension of the accrual of benefits under
8 the traditional benefit package.

9 (a) Notwithstanding any other provision of this Code, the
10 retirement annuity of a teacher who satisfies, on the effective
11 date of the self-managed plan established under Section
12 16-158.2, the service requirement for a retirement annuity
13 under this Article and who retires on or after the effective
14 date of this Section shall be calculated based on service
15 credit accrued under this Article prior to the effective date
16 of this Section and the teacher's annual salary on the
17 effective date of this Section.

18 However, notwithstanding any other provision of this Code,
19 a teacher who does not, on the effective date of the
20 self-managed plan established under Section 16-158.2, satisfy
21 the service requirement for a retirement annuity under this
22 Article shall not be entitled to a retirement annuity under
23 this Article, but shall instead be eligible to have an initial
24 account balance established in the self-managed plan in
25 accordance with Section 16-158.2.

1 (b) Notwithstanding any other provision of this Code, if a
2 teacher or any other person is eligible for a benefit in the
3 traditional benefit package, other than a retirement annuity,
4 on the effective date of the self-managed plan established
5 under Section 16-158.2, then he or she shall continue to be
6 eligible for that benefit while he or she continues to meet all
7 otherwise applicable eligibility requirements.

8 However, notwithstanding any other provision of this Code,
9 if a teacher or other person is ineligible for such a benefit
10 in the traditional benefit package, other than a retirement
11 annuity, on the effective date of the self-managed plan
12 established under Section 16-158.2, then he or she shall remain
13 ineligible for that benefit on and after the effective date of
14 this Section.

15 (40 ILCS 5/16-132) (from Ch. 108 1/2, par. 16-132)

16 Sec. 16-132. Retirement annuity eligibility. A member who
17 has at least 20 years of creditable service is entitled to a
18 retirement annuity upon or after attainment of age 55. A member
19 who has at least 10 but less than 20 years of creditable
20 service is entitled to a retirement annuity upon or after
21 attainment of age 60. A member who has at least 5 but less than
22 10 years of creditable service is entitled to a retirement
23 annuity upon or after attainment of age 62. A member who (i)
24 has earned during the period immediately preceding the last day
25 of service at least one year of contributing creditable service

1 as an employee of a department as defined in Section 14-103.04,
2 (ii) has earned at least 5 years of contributing creditable
3 service as an employee of a department as defined in Section
4 14-103.04, and (iii) retires on or after January 1, 2001 is
5 entitled to a retirement annuity upon or after attainment of an
6 age which, when added to the number of years of his or her
7 total creditable service, equals at least 85. Portions of years
8 shall be counted as decimal equivalents.

9 A member who is eligible to receive a retirement annuity of
10 at least 74.6% of final average salary and will attain age 55
11 on or before December 31 during the year which commences on
12 July 1 shall be deemed to attain age 55 on the preceding June
13 1.

14 A member meeting the above eligibility conditions is
15 entitled to a retirement annuity upon written application to
16 the board setting forth the date the member wishes the
17 retirement annuity to commence. However, the effective date of
18 the retirement annuity shall be no earlier than the day
19 following the last day of creditable service, regardless of the
20 date of official termination of employment.

21 To be eligible for a retirement annuity, a member shall not
22 be employed as a teacher in the schools included under this
23 System or under Article 17, except (i) as provided in Section
24 16-118 or 16-150.1, (ii) if the member is disabled (in which
25 event, eligibility for salary must cease), or (iii) if the
26 System is required by federal law to commence payment due to

1 the member's age; the changes to this sentence made by this
2 amendatory Act of the 93rd General Assembly apply without
3 regard to whether the member terminated employment before or
4 after its effective date.

5 Notwithstanding any other provision of this Code,
6 beginning on the effective date of this amendatory Act of the
7 97th General Assembly, a Tier I employee shall not, regardless
8 of the amount of accrued service credit, be entitled to a
9 retirement annuity until he or she has attained age 62.

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

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:

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.

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 (f) Notwithstanding any other provision of this Code,
12 except subsection (f-5) of this Section, beginning on the
13 effective date of this amendatory Act of the 97th General
14 Assembly, the monthly retirement annuity of an annuitant shall
15 first be subject to annual increases on the January 1 occurring
16 on or next after either the attainment of age 67 or the January
17 1 occurring on or next after the fifth anniversary of the
18 annuity start date, whichever occurs earlier. If on the
19 effective date of this amendatory Act of the 97th General
20 Assembly an annuitant has already received an annual increase
21 under this Section but is not eligible to receive an annual
22 increase under this subsection, then the annual increases
23 already received shall continue in force, but no additional
24 annual increase shall be granted until the annuitant meets the
25 new eligibility requirements.

26 (f-5) Notwithstanding subsection (f), no annual increase

1 shall be paid under this Section in a calendar year if, on
2 January 1 of the preceding calendar year, the total assets of
3 the System are less than 85% of the total actuarial liabilities
4 of the System, as annually certified by the System.

5 (g) Notwithstanding any other provision of this Code,
6 except subsection (f-5) of this Section, beginning on the
7 effective date of this amendatory Act of the 97th General
8 Assembly, the amount of each automatic annual increase in
9 retirement annuity occurring on or after the effective date of
10 this amendatory Act of the 97th General Assembly shall be 3% or
11 one-half of the annual unadjusted percentage increase, if any,
12 in the Consumer Price Index-U for the 12 months ending with the
13 preceding September, whichever is less, of the originally
14 granted retirement annuity. For the purposes of this Section,
15 "Consumer Price Index-U" means the index published by the
16 Bureau of Labor Statistics of the United States Department of
17 Labor that measures the average change in prices of goods and
18 services purchased by all urban consumers, United States city
19 average, all items, 1982-84 = 100.

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

21 (40 ILCS 5/16-152.1) (from Ch. 108 1/2, par. 16-152.1)

22 Sec. 16-152.1. Pickup of contributions.

23 (a) Each employer may pick up the member contributions
24 required under Section 16-152 for all salary earned after
25 December 31, 1981 and before the effective date of this

1 amendatory Act of the 97th General Assembly. If an employer
2 decides not to pick up the member contributions, the amount
3 that would have been picked up shall continue to be deducted
4 from salary. If contributions are picked up, they shall be
5 treated as employer contributions in determining tax treatment
6 under the United States Internal Revenue Code. The employer
7 shall pay these member contributions from the same source of
8 funds which is used in paying salary to the member. The
9 employer may pick up these contributions by a reduction in the
10 cash salary of the member or by an offset against a future
11 salary increase or by a combination of a reduction in salary
12 and offset against a future salary increase. If member
13 contributions are picked up, they shall be treated for all
14 purposes of this Article 16 in the same manner as member
15 contributions made prior to the date the pick up began.

16 (b) The State Board of Education shall pick up the
17 contributions of regional superintendents required under
18 Section 16-152 for all salary earned for the 1982 calendar year
19 and prior to the effective date of this amendatory Act of the
20 97th General Assembly thereafter.

21 (c) Effective July 1, 1983 and until the effective date of
22 this amendatory Act of the 97th General Assembly, each employer
23 shall pick up the member contributions required under Section
24 16-152 for all salary earned after such date. Contributions so
25 picked up shall be treated as employer contributions in
26 determining tax treatment under the United States Internal

1 Revenue Code. The employer shall pay these member contributions
2 from the same source of funds which is used in paying salary to
3 the member. The employer may pick up these contributions by a
4 reduction in the cash salary of the member or by an offset
5 against a future salary increase or by a combination of a
6 reduction in salary and offset against a future salary
7 increase. Member contributions so picked up shall be treated
8 for all purposes of this Article 16 in the same manner as
9 member contributions made prior to the date the pick up began.

10 (d) Subject to the requirements of federal law and the
11 rules of the board, beginning July 1, 1998 and until the
12 effective date of this amendatory Act of the 97th General
13 Assembly, a member who is employed on a full-time basis may
14 elect to have the employer pick up optional contributions that
15 the member has elected to pay to the System, and the
16 contributions so picked up shall be treated as employer
17 contributions for the purposes of determining federal tax
18 treatment. The election to have optional contributions picked
19 up is irrevocable. At the time of making the election, the
20 member shall execute a binding, irrevocable payroll deduction
21 authorization. Upon receiving notice of the election, the
22 employer shall pick up the contributions by a reduction in the
23 cash salary of the member and shall pay the contributions from
24 the same source of funds that is used to pay earnings to the
25 member.

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

1 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)
2 Sec. 16-158. Contributions by State and other employing
3 units.

4 (a) The State shall make contributions to the System by
5 means of appropriations from the Common School Fund and other
6 State funds of amounts which, together with other employer
7 contributions, employee contributions, investment income, and
8 other income, will be sufficient to meet the cost of
9 maintaining and administering the System on a 90% funded basis
10 in accordance with actuarial recommendations.

11 Subject to the conditions set forth in subsection (b-4),
12 the employers under this Article shall be responsible for
13 paying a portion of the normal costs of the System beginning in
14 State fiscal year 2014 and all of the normal costs of the
15 System beginning in State fiscal year 2023.

16 The Board shall determine the amount of State contributions
17 required for each fiscal year on the basis of the actuarial
18 tables and other assumptions adopted by the Board and the
19 recommendations of the actuary, using the formula in subsection
20 (b-3).

21 (a-1) Annually, on or before November 15, the Board shall
22 certify to the Governor the amount of the required State
23 contribution for the coming fiscal year. The certification
24 shall include a copy of the actuarial recommendations upon
25 which it is based.

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

7 On or before July 1, 2005 ~~April 1, 2011~~, the Board shall
8 recalculate and recertify to the Governor the amount of the
9 required State contribution to the System for State fiscal year
10 2006, taking into account the changes in required State
11 contributions made by this amendatory Act of the 94th General
12 Assembly.

13 On or before April 1, 2011 ~~June 15, 2010~~, the Board shall
14 recalculate and recertify to the Governor the amount of the
15 required State contribution to the System for State fiscal year
16 2011, applying the changes made by Public Act 96-889 to the
17 System's assets and liabilities as of June 30, 2009 as though
18 Public Act 96-889 was approved on that date.

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

22 (b-1) Beginning in State fiscal year 1996, on the 15th day
23 of each month, or as soon thereafter as may be practicable, the
24 Board shall submit vouchers for payment of State contributions
25 to the System, in a total monthly amount of one-twelfth of the
26 required annual State contribution certified under subsection

1 (a-1). From the effective date of this amendatory Act of the
2 93rd General Assembly through June 30, 2004, the Board shall
3 not submit vouchers for the remainder of fiscal year 2004 in
4 excess of the fiscal year 2004 certified contribution amount
5 determined under this Section after taking into consideration
6 the transfer to the System under subsection (a) of Section
7 6z-61 of the State Finance Act. These vouchers shall be paid by
8 the State Comptroller and Treasurer by warrants drawn on the
9 funds appropriated to the System for that fiscal year.

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

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

22 (b-3) For State fiscal years 2012 through 2045, the minimum
23 contribution to the System to be made by the State for each
24 fiscal year shall be an amount determined by the System to be
25 sufficient to bring the total assets of the System up to 90% of
26 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; except that in the
11 following specified State fiscal years, the State contribution
12 to the System shall not be less than the following indicated
13 percentages of the applicable employee payroll, even if the
14 indicated percentage will produce a State contribution in
15 excess of the amount otherwise required under this subsection
16 and subsection (a), and notwithstanding any contrary
17 certification made under subsection (a-1) before the effective
18 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
19 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
20 2003; and 13.56% in FY 2004.

21 Notwithstanding any other provision of this Article, the
22 total required State contribution for State fiscal year 2006 is
23 \$534,627,700.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2007 is
26 \$738,014,500.

1 For each of State fiscal years 2008 through 2009, the State
2 contribution to the System, as a percentage of the applicable
3 employee payroll, shall be increased in equal annual increments
4 from the required State contribution for State fiscal year
5 2007, so that by State fiscal year 2011, the State is
6 contributing at the rate otherwise required under this Section.

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2010 is
9 \$2,089,268,000 and shall be made from the proceeds of bonds
10 sold in fiscal year 2010 pursuant to Section 7.2 of the General
11 Obligation Bond Act, less (i) the pro rata share of bond sale
12 expenses determined by the System's share of total bond
13 proceeds, (ii) any amounts received from the Common School Fund
14 in fiscal year 2010, and (iii) any reduction in bond proceeds
15 due to the issuance of discounted bonds, if applicable.

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

1 the amount certified by the System, an amount necessary to meet
2 employer contributions required by the State as an employer
3 under paragraph (e) of this Section, which may also be used by
4 the System for contributions required by paragraph (a) of
5 Section 16-127.

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

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

22 Notwithstanding any other provision of this Section, the
23 required State contribution for State fiscal year 2005 and for
24 fiscal year 2008 and each fiscal year thereafter, as calculated
25 under this Section and certified under subsection (a-1), shall
26 not exceed an amount equal to (i) the amount of the required

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

21 (b-4) Beginning in State fiscal year 2014, the minimum
22 required contribution of employers under this Article shall be
23 the following percentages of payroll, but only if, for the
24 specified State fiscal year, the State provides full funding at
25 the State fiscal year 2010 level for the mandates set forth in
26 the School Breakfast and Lunch Program Act and Article 14 and

1 Sections 18-3, 18-4.3, and 29-5 of the School Code:

2 (i) for State fiscal year 2014, 0.5% of the- employer's
3 payroll for that fiscal year;

4 (ii) for State fiscal year 2015, 1.0% of the employer's
5 payroll for that fiscal year; and

6 (iii) for State fiscal year 2016, 2.0% of the
7 employer's payroll for that fiscal year;

8 (iv) for State fiscal year 2017, 3.0% of the employer's
9 payroll for that fiscal year;

10 (v) for State fiscal year 2018, 4.0% of the employer's
11 payroll for that fiscal year;

12 (vi) for State fiscal year 2019, 5.0% of the employer's
13 payroll for that fiscal year;

14 (vii) for State fiscal year 2020, 6.0% of the
15 employer's payroll for that fiscal year;

16 (viii) for State fiscal year 2021, 7.0% of the
17 employer's payroll for that fiscal year;

18 (ix) for State fiscal year 2022, 8.0% of the employer's
19 payroll for that fiscal year; and

20 (x) for State fiscal year 2023 and each State fiscal
21 year thereafter, 9.0% of the employer's payroll for that
22 fiscal year.

23 If the State does not provide, for a State fiscal year,
24 full funding at the State fiscal year 2010 level for the
25 mandates set forth in the School Breakfast and Lunch Program
26 Act and Article 14 and Sections 18-3, 18-4.3, and 29-5 of the

1 School Code, then the employers shall not be required to make a
2 contribution under this subsection (b-4) for that State fiscal
3 year.

4 Notwithstanding any other provision of this subsection
5 (b-4), the minimum required contribution under this Section for
6 a fiscal year shall not exceed the System's normal costs for
7 that year.

8 Whenever it determines that a payment is or may be required
9 under this subsection (b-4), the System shall calculate the
10 amount of the payment and bill the employer for that amount.
11 The bill shall specify the calculations used to determine the
12 amount due. If the employer disputes the amount of the bill, it
13 may, within 30 days after receipt of the bill, apply to the
14 System in writing for a recalculation. The application must
15 specify in detail the grounds of the dispute. Upon receiving a
16 timely application for recalculation, the System shall review
17 the application and, if appropriate, recalculate the amount
18 due.

19 The employer contributions required under this subsection
20 (b-4) may be paid in the form of a lump sum within 90 days after
21 receipt of the bill. If the employer contributions are not paid
22 within 90 days after receipt of the bill, then interest will be
23 charged at a rate equal to the System's annual actuarially
24 assumed rate of return on investment compounded annually from
25 the 91st day after receipt of the bill. Payments must be
26 concluded within 3 years after the employer's receipt of the

1 bill.

2 The purpose of this subsection (b-4), as well as the
3 school-mandate-related provisions of this amendatory Act of
4 the 97th General Assembly, is to shift certain pension-related
5 costs to employers while lessening the effects of unfunded
6 State mandates in order to ensure the financial stability of
7 affected employers.

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

13 If members are paid from special trust or federal funds
14 which are administered by the employing unit, whether school
15 district or other unit, the employing unit shall pay to the
16 System from such funds the full accruing retirement costs based
17 upon that service, as determined by the System. Employer
18 contributions, based on salary paid to members from federal
19 funds, may be forwarded by the distributing agency of the State
20 of Illinois to the System prior to allocation, in an amount
21 determined in accordance with guidelines established by such
22 agency and the System.

23 (d) Effective July 1, 1986, any employer of a teacher as
24 defined in paragraph (8) of Section 16-106 shall pay the
25 employer's normal cost of benefits based upon the teacher's
26 service, in addition to employee contributions, as determined

1 by the System. Such employer contributions shall be forwarded
2 monthly in accordance with guidelines established by the
3 System.

4 However, with respect to benefits granted under Section
5 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
6 of Section 16-106, the employer's contribution shall be 12%
7 (rather than 20%) of the member's highest annual salary rate
8 for each year of creditable service granted, and the employer
9 shall also pay the required employee contribution on behalf of
10 the teacher. For the purposes of Sections 16-133.4 and
11 16-133.5, a teacher as defined in paragraph (8) of Section
12 16-106 who is serving in that capacity while on leave of
13 absence from another employer under this Article shall not be
14 considered an employee of the employer from which the teacher
15 is on leave.

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

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

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

25 The school district or other employing unit may pay these
26 employer contributions out of any source of funding available

1 for that purpose and shall forward the contributions to the
2 System on the schedule established for the payment of member
3 contributions.

4 These employer contributions are intended to offset a
5 portion of the cost to the System of the increases in
6 retirement benefits resulting from this amendatory Act of 1998.

7 Each employer of teachers is entitled to a credit against
8 the contributions required under this subsection (e) with
9 respect to salaries paid to teachers for the period January 1,
10 2002 through June 30, 2003, equal to the amount paid by that
11 employer under subsection (a-5) of Section 6.6 of the State
12 Employees Group Insurance Act of 1971 with respect to salaries
13 paid to teachers for that period.

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

19 If an employer is required by a contract in effect on May
20 1, 1998 between the employer and an employee organization to
21 pay, on behalf of all its full-time employees covered by this
22 Article, all mandatory employee contributions required under
23 this Article, then the employer shall be excused from paying
24 the employer contribution required under this subsection (e)
25 for the balance of the term of that contract. The employer and
26 the employee organization shall jointly certify to the System

1 the existence of the contractual requirement, in such form as
2 the System may prescribe. This exclusion shall cease upon the
3 termination, extension, or renewal of the contract at any time
4 after May 1, 1998.

5 (f) If the amount of a teacher's salary for any school year
6 used to determine final average salary exceeds the member's
7 annual full-time salary rate with the same employer for the
8 previous school year by more than 6%, the teacher's employer
9 shall pay to the System, in addition to all other payments
10 required under this Section and in accordance with guidelines
11 established by the System, the present value of the increase in
12 benefits resulting from the portion of the increase in salary
13 that is in excess of 6%. This present value shall be computed
14 by the System on the basis of the actuarial assumptions and
15 tables used in the most recent actuarial valuation of the
16 System that is available at the time of the computation. If a
17 teacher's salary for the 2005-2006 school year is used to
18 determine final average salary under this subsection (f), then
19 the changes made to this subsection (f) by Public Act 94-1057
20 shall apply in calculating whether the increase in his or her
21 salary is in excess of 6%. For the purposes of this Section,
22 change in employment under Section 10-21.12 of the School Code
23 on or after June 1, 2005 shall constitute a change in employer.
24 The System may require the employer to provide any pertinent
25 information or documentation. The changes made to this
26 subsection (f) by this amendatory Act of the 94th General

1 Assembly apply without regard to whether the teacher was in
2 service on or after its effective date.

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

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

1 (g) This subsection (g) applies only to payments made or
2 salary increases given on or after June 1, 2005 but before July
3 1, 2011. The changes made by Public Act 94-1057 shall not
4 require the System to refund any payments received before July
5 31, 2006 (the effective date of Public Act 94-1057).

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

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

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

24 When assessing payment for any amount due under subsection
25 (f), the System shall exclude a salary increase resulting from
26 a promotion (i) for which the employee is required to hold a

1 certificate or supervisory endorsement issued by the State
2 Teacher Certification Board that is a different certification
3 or supervisory endorsement than is required for the teacher's
4 previous position and (ii) to a position that has existed and
5 been filled by a member for no less than one complete academic
6 year and the salary increase from the promotion is an increase
7 that results in an amount no greater than the lesser of the
8 average salary paid for other similar positions in the district
9 requiring the same certification or the amount stipulated in
10 the collective bargaining agreement for a similar position
11 requiring the same certification.

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

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

1 subsection (f) of this Section.

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

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

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

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

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

17 (j) 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 (k) 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. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
7 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.
8 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)

9 (40 ILCS 5/16-158.2 new)

10 Sec. 16-158.2. Self-managed plan.

11 (a) The General Assembly finds that it is important for
12 schools to be able to attract and retain the most qualified
13 employees and that in order to attract and retain these
14 employees, schools should have the flexibility to provide a
15 defined contribution (self-managed) plan for eligible members.
16 Accordingly, the Teachers' Retirement System of the State of
17 Illinois is hereby required, within 6 months after the
18 effective date of this Section, to establish and administer a
19 self-managed plan, which shall offer participating members the
20 opportunity to accumulate assets for retirement through a
21 combination of member and employer contributions that may be
22 invested in mutual funds, collective investment funds, or other
23 investment products and used to purchase annuity contracts,
24 either fixed or variable or a combination of fixed and
25 variable. The plan must be qualified under the Internal Revenue

1 Code of 1986.

2 (b) Each employer subject to this Article shall adopt the
3 self-managed plan established under this Section.

4 The Teachers' Retirement System of the State of Illinois
5 shall be the plan sponsor for the self-managed plan and shall
6 prepare a plan document and adopt any rules and procedures as
7 are considered necessary or desirable for the administration of
8 the self-managed plan. Consistent with its fiduciary duty to
9 the participants and beneficiaries of the self-managed plan,
10 the Board of Trustees of the System may delegate aspects of
11 plan administration as it sees fit to companies authorized to
12 do business in this State, to the employers, or to a
13 combination of both.

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

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

26 (2) the reasonableness of the benefits in relation to

1 the premium charged;

2 (3) the suitability of the benefits to the needs and
3 interests of the participating members and employers;

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

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

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

14 In addition to the companies approved by the System under
15 this subsection (c), the System may offer its participants an
16 investment fund managed by the System.

17 (d) Participants in the program must be allowed to direct
18 the transfer of their account balances among the various
19 investment options offered, subject to applicable contractual
20 provisions. The participant shall not be deemed a fiduciary by
21 reason of providing such investment direction. A person who is
22 a fiduciary shall not be liable for any loss resulting from
23 such investment direction and shall not be deemed to have
24 breached any fiduciary duty by acting in accordance with that
25 direction. Neither the System nor the employer guarantees any
26 of the investments in the participant's account balances.

1 (e) Notwithstanding any other provision of this Code,
2 beginning on the effective date of the self-managed plan
3 established under this Section, each member in the System shall
4 participate in the self-managed plan with respect to service
5 under this Article on and after that date, and the ability of a
6 member in the System to accrue, on and after that date,
7 additional benefits under the traditional benefit package is
8 terminated.

9 A participant in the self-managed plan under this Section
10 must continue participation while he or she remains a member,
11 and may not participate in the traditional benefit package
12 while employed by that employer or any other employer under
13 this Article.

14 Participation in the self-managed plan under this Section
15 shall constitute membership in the Teachers' Retirement System
16 of the State of Illinois.

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

19 (f) If a member has rights and credits in the System due to
20 previous participation in the traditional benefit package but
21 those credits are insufficient, on the effective date of the
22 self-managed plan established under this Section, to satisfy
23 the service requirement for a retirement annuity under this
24 Article, then the System shall establish for the member an
25 opening account balance in the self-managed plan, equal to (i)
26 the amount of the contribution refund that the member would be

1 eligible to receive under Sections 16-143.2 and 16-151 if the
2 employee terminated employment on that date and elected a
3 refund of contributions, plus (ii) an amount equal to the
4 regular employer contribution that would be required to fund
5 the actual regular cost incurred for each year of service
6 credit earned, provided that the total opening account balance
7 does not exceed 7.6% of that participant's salary for that
8 year, plus interest. The interest used in this subsection (f)
9 is calculated as the average annual rate of return that the
10 System has earned over the past 20 fiscal years and is
11 compounded. The System shall transfer assets from the
12 traditional benefit package to the self-managed plan, as a
13 tax-free transfer in accordance with Internal Revenue Service
14 guidelines, for purposes of funding the member's opening
15 account balance.

16 (g) Notwithstanding any other provision of this Article, a
17 member may not purchase or receive service or service credit
18 applicable to the traditional benefit package under this
19 Article for any period during which the member was a
20 participant in the self-managed plan established under this
21 Section.

22 (h) The self-managed plan shall be funded by contributions
23 from participants in the self-managed plan and employer
24 contributions as provided in this Section.

25 The annual required contribution for employees
26 participating in the self-managed plan shall be an amount equal

1 to 6% of the employee's salary. This required contribution
2 shall be made as an employer pick-up under Section 414(h) of
3 the Internal Revenue Code of 1986 or any successor Section
4 thereof. Participants may make additional contributions to the
5 self-managed plan in accordance with procedures prescribed by
6 the System, to the extent permitted under rules adopted by the
7 System.

8 The program shall provide for annual State contributions to
9 be credited to the account of each employee who participates in
10 the self-managed plan in an amount equal to 6% of the
11 employee's compensation.

12 The System shall not be obligated to remit the required
13 employer contributions to any of the insurance and annuity
14 companies, mutual fund companies, banks, trust companies,
15 financial institutions, or other sponsors of any of the funding
16 vehicles offered under the self-managed plan until it has
17 received the required employer contributions from the State. In
18 the event of a deficiency in the amount of State contributions,
19 the System shall implement those procedures described in
20 subsection (b-1) of Section 16-158 to obtain the required
21 funding from the Common School Fund.

22 (i) A participant in the self-managed plan becomes vested
23 in the employer contributions credited to his or her accounts
24 in the self-managed plan on the earliest to occur of the
25 following: (1) attainment of at least 5 years of creditable
26 service under this Article; (2) the death of the participating

1 member while employed under this Article, if the participant
2 has completed at least 1.5 years of service; or (3) the
3 participant's election to retire and apply the reciprocal
4 provisions of Article 20 of this Code.

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

18 (j) If a member participating in the self-managed plan who
19 is vested in employer contributions terminates employment, the
20 member shall be entitled to a benefit that is based on the
21 account values attributable to both employer and member
22 contributions and any investment return thereon.

23 If a member participating in the self-managed plan who is
24 not vested in employer contributions terminates employment,
25 the member shall be entitled to a benefit based solely on the
26 account values attributable to the member's contributions and

1 any investment return thereon, and the employer contributions
2 and any investment return thereon shall be forfeited. Any
3 employer contributions that are forfeited shall be held in
4 escrow by the company investing those contributions and shall
5 be used, as directed by the System, for future allocations of
6 employer contributions or for the restoration of amounts
7 previously forfeited by former participants who again become
8 participants in the self-managed plan.

9 (k) If a participant so requests, a distribution of funds
10 from the self-managed plan may be paid in the form of a direct
11 rollover to another qualified plan, to the extent allowed by
12 federal law and in accordance with the rules of the System.

13 (40 ILCS 5/18-105.1 new)

14 Sec. 18-105.1. Traditional benefit package. "Traditional
15 benefit package" means the defined benefit retirement program
16 maintained by the System, which includes retirement annuities
17 payable directly from the System, as provided in Sections
18 18-124 through 18-125.1; disability retirement annuities
19 payable under Sections 18-126 and 18-126.1; survivor's
20 annuities payable directly from the System, as provided in
21 Section 18-123 and Sections 18-128 through 18-128.1 and Section
22 18-128.3; and contribution refunds as provided in Section
23 18-129.

24 (40 ILCS 5/18-105.2 new)

1 Sec. 18-105.2. Self-managed plan. "Self-managed plan"
2 means the defined contribution retirement program maintained
3 by the System, as described in Section 18-133.2. The
4 self-managed plan also includes disability benefits, as
5 provided in Section 18-126.1. The self-managed plan does not
6 include retirement annuities or survivor's annuities payable
7 directly from the System, as provided in Section 18-123,
8 Sections 18-124 through 18-126, Sections 18-128 through
9 18-128.1, and Section 18-128.3 or refunds determined under
10 Section 18-129.

11 (40 ILCS 5/18-108.1 new)

12 Sec. 18-108.1. Tier I employee. "Tier I employee": A
13 participant who first became a participant before January 1,
14 2011.

15 (40 ILCS 5/18-111) (from Ch. 108 1/2, par. 18-111)

16 Sec. 18-111. Salary. "Salary": The total compensation paid
17 for personal services as a judge, by the State, or by the State
18 and a county as authorized by law. However, in the event that
19 federal law results in any judge receiving imputed income based
20 on the value of group term life insurance provided by the
21 State, such imputed income shall not be included in salary for
22 the purposes of this Article.

23 Notwithstanding any other provision of this Code, for
24 periods of service on and after the effective date of this

1 amendatory Act of the 97th General Assembly, "salary" does not
2 include any annual remuneration for personal services in an
3 amount that is in excess of the annual contribution and benefit
4 base established for the previous year by the Commissioner of
5 Social Security pursuant to Section 230 of the federal Social
6 Security Act.

7 (Source: P.A. 86-273.)

8 (40 ILCS 5/18-123.3 new)

9 Sec. 18-123.3. Suspension of the accrual of benefits under
10 the traditional benefit package.

11 (a) Notwithstanding any other provision of this Code, the
12 retirement annuity of a judge who satisfies, on the effective
13 date of the self-managed plan established under Section
14 18-133.2, the service requirement for a retirement annuity
15 under this Article and who retires on or after the effective
16 date of this Section shall be calculated based on service
17 credit accrued under this Article prior to the effective date
18 of this Section and the judge's annual salary on the effective
19 date of this Section.

20 However, notwithstanding any other provision of this Code,
21 a judge who does not, on the effective date of the self-managed
22 plan established under Section 18-133.2, satisfy the service
23 requirement for a retirement annuity under this Article shall
24 not be entitled to a retirement annuity under this Article, but
25 shall instead be eligible to have an initial account balance

1 established in the self-managed plan in accordance with Section
2 18-133.2.

3 (b) Notwithstanding any other provision of this Code, if a
4 judge or any other person is eligible for a benefit in the
5 traditional benefit package, other than a retirement annuity,
6 on the effective date of the self-managed plan established
7 under Section 18-133.2, then he or she shall continue to be
8 eligible for that benefit while he or she continues to meet all
9 otherwise applicable eligibility requirements.

10 However, notwithstanding any other provision of this Code,
11 if a judge or other person is ineligible for a benefit in the
12 traditional benefit package, other than a retirement annuity,
13 on the effective date of the self-managed plan established
14 under Section 18-133.2, then he or she shall remain ineligible
15 for that benefit on and after the effective date of this
16 Section.

17 (40 ILCS 5/18-124) (from Ch. 108 1/2, par. 18-124)

18 Sec. 18-124. Retirement annuities - conditions for
19 eligibility.

20 (a) This subsection (a) applies to a participant who first
21 serves as a judge before the effective date of this amendatory
22 Act of the 96th General Assembly.

23 A participant whose employment as a judge is terminated,
24 regardless of age or cause is entitled to a retirement annuity
25 beginning on the date specified in a written application

1 subject to the following:

2 (1) the date the annuity begins is subsequent to the
3 date of final termination of employment, or the date 30
4 days prior to the receipt of the application by the board
5 for annuities based on disability, or one year before the
6 receipt of the application by the board for annuities based
7 on attained age;

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

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

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

19 Notwithstanding any other provision of this Code,
20 beginning on the effective date of this amendatory Act of the
21 97th General Assembly, a Tier I employee shall not, regardless
22 of the amount of accrued service credit, be entitled to a
23 retirement annuity until he or she has attained age 62.

24 (b) This subsection (b) applies to a participant who first
25 serves as a judge on or after the effective date of this
26 amendatory Act of the 96th General Assembly.

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

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

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

9 (40 ILCS 5/18-125.1) (from Ch. 108 1/2, par. 18-125.1)

10 Sec. 18-125.1. Automatic increase in retirement annuity.

11 (a) A participant who retires from service after June 30,
12 1969, shall, in January of the year next following the year in
13 which the first anniversary of retirement occurs, and in
14 January of each year thereafter, have the amount of his or her
15 originally granted retirement annuity increased as follows:
16 for each year up to and including 1971, 1 1/2%; for each year
17 from 1972 through 1979 inclusive, 2%; and for 1980 and each
18 year thereafter, 3%.

19 (b) Notwithstanding any other provision of this Article,
20 except subsections (f), (f-5), and (g) of this Section, a
21 retirement annuity for a participant who first serves as a
22 judge on or after January 1, 2011 (the effective date of Public
23 Act 96-889) shall be increased in January of the year next
24 following the year in which the first anniversary of retirement
25 occurs, but in no event prior to age 67, and in January of each

1 year thereafter, by an amount equal to 3% or the annual
2 percentage increase in the consumer price index-u as determined
3 by the Public Pension Division of the Department of Insurance
4 under subsection (b-5) of Section 18-125, whichever is less, of
5 the retirement annuity then being paid.

6 (c) This Section is not applicable to a participant who
7 retires before he or she has made contributions at the rate
8 prescribed in Section 18-133 for automatic increases for not
9 less than the equivalent of one full year, unless such a
10 participant arranges to pay the system the amount required to
11 bring the total contributions for the automatic increase to the
12 equivalent of one year's contribution based upon his or her
13 last year's salary.

14 This Section is applicable to all participants in service
15 after June 30, 1969 unless a participant has elected, prior to
16 September 1, 1969, in a written direction filed with the board
17 not to be subject to the provisions of this Section. Any
18 participant in service on or after July 1, 1992 shall have the
19 option of electing prior to April 1, 1993, in a written
20 direction filed with the board, to be covered by the provisions
21 of the 1969 amendatory Act. Such participant shall be required
22 to make the aforesaid additional contributions with compound
23 interest at 4% per annum.

24 (d) Any participant who has become eligible to receive the
25 maximum rate of annuity and who resumes service as a judge
26 after receiving a retirement annuity under this Article shall

1 have the amount of his or her retirement annuity increased by
2 3% of the originally granted annuity amount for each year of
3 such resumed service, beginning in January of the year next
4 following the date of such resumed service, upon subsequent
5 termination of such resumed service.

6 (e) Beginning January 1, 1990, all automatic annual
7 increases payable under this Section shall be calculated as a
8 percentage of the total annuity payable at the time of the
9 increase, including previous increases granted under this
10 Article.

11 (f) Notwithstanding any other provision of this Code,
12 except subsection (f-5) of this Section, beginning on the
13 effective date of this amendatory Act of the 97th General
14 Assembly, the monthly retirement annuity of an annuitant shall
15 first be subject to annual increases on the January 1 occurring
16 on or next after either the attainment of age 67 or the January
17 1 occurring on or next after the fifth anniversary of the
18 annuity start date, whichever occurs earlier. If on the
19 effective date of this amendatory Act of the 97th General
20 Assembly an annuitant has already received an annual increase
21 under this Section but is not eligible to receive an annual
22 increase under this subsection, then the annual increases
23 already received shall continue in force, but no additional
24 annual increase shall be granted until the annuitant meets the
25 new eligibility requirements.

26 (f-5) Notwithstanding any other provision of this Code, no

1 annual increase shall be paid under this Section in a calendar
2 year if, on January 1 of the preceding calendar year, the total
3 assets of the System are less than 85% of the total actuarial
4 liabilities of the System, as annually certified by the System.

5 (g) Notwithstanding any other provision of this Code,
6 except subsection (f-5) of this Section, beginning on the
7 effective date of this amendatory Act of the 97th General
8 Assembly, the amount of each automatic annual increase in
9 retirement annuity occurring on or after the effective date of
10 this amendatory Act of the 97th General Assembly shall be 3% or
11 one-half of the annual unadjusted percentage increase, if any,
12 in the Consumer Price Index-U for the 12 months ending with the
13 preceding September, whichever is less, of the originally
14 granted retirement annuity. For the purposes of this Section,
15 "Consumer Price Index-U" means the index published by the
16 Bureau of Labor Statistics of the United States Department of
17 Labor that measures the average change in prices of goods and
18 services purchased by all urban consumers, United States city
19 average, all items, 1982-84 = 100.

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

21 (40 ILCS 5/18-133.2 new)

22 Sec. 18-133.2. Self-managed plan.

23 (a) The General Assembly finds that it is important to be
24 able to attract and retain the most qualified judges and that
25 in order to attract and retain these judges, the System should

1 have the flexibility to provide a defined contribution
2 (self-managed) plan for eligible participants. Accordingly,
3 the Judges Retirement System of Illinois is hereby required,
4 within 6 months after the effective date of this Section, to
5 establish and administer a self-managed plan, which shall offer
6 participants the opportunity to accumulate assets for
7 retirement through a combination of participant and employer
8 contributions that may be invested in mutual funds, collective
9 investment funds, or other investment products and used to
10 purchase annuity contracts, either fixed or variable or a
11 combination thereof. The plan must be qualified under the
12 Internal Revenue Code of 1986.

13 (b) The Board shall adopt the self-managed plan established
14 under this Section.

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

24 (c) The System shall solicit proposals to provide
25 administrative services and funding vehicles for the
26 self-managed plan from insurance and annuity companies and

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

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

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

11 (3) the suitability of the benefits to the needs and
12 interests of the participants and the employer;

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

16 (5) the efficacy of the contract in the recruitment and
17 retention of judges.

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

23 In addition to the companies approved by the System under
24 this subsection (c), the System may offer its participants an
25 investment fund managed by the System.

26 (d) Participants who are under the self-managed plan must

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

11 (e) Notwithstanding any other provision of this Code,
12 beginning on the effective date of the self-managed plan
13 established under this Section, each participant in the System
14 shall participate in the self-managed plan with respect to
15 service under this Article on and after that date, and the
16 ability of a participant in the System to accrue, on and after
17 that date, additional benefits under the traditional benefit
18 package is terminated.

19 A participant who participates in the self-managed plan
20 under this Section must continue participation while employed
21 as a judge, and may not participate in the traditional benefit
22 package administered by the System under this Article while
23 employed as a judge.

24 Participation in the self-managed plan under this Section
25 shall constitute membership in the Judges Retirement System of
26 Illinois.

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

3 (f) If a participant has rights and credits in the System
4 due to previous participation in the traditional benefit
5 package but those credits are insufficient, on the effective
6 date of the self-managed plan established under this Section,
7 to satisfy the service requirement for a retirement annuity
8 under this Article, then the System shall establish for the
9 member an opening account balance in the self-managed plan,
10 equal to (i) the amount of the contribution refund that the
11 member would be eligible to receive under Section 18-129 if the
12 employee terminated employment on that date and elected a
13 refund of contributions, plus (ii) an amount equal to the
14 regular employer contribution that would be required to fund
15 the actual regular cost incurred for each year of service
16 credit earned, provided that the total opening account balance
17 does not exceed 7.6% of that participant's salary for that
18 year, plus interest. The interest used in this subsection (f)
19 is calculated as the average annual rate of return that the
20 System has earned over the past 20 fiscal years and is
21 compounded. The System shall transfer assets from the
22 traditional benefit package to the self-managed plan, as a
23 tax-free transfer in accordance with Internal Revenue Service
24 guidelines, for purposes of funding the member's opening
25 account balance.

26 (g) Notwithstanding any other provision of this Article, a

1 participant may not purchase or receive service or service
2 credit applicable to the traditional benefit package under this
3 Article for any period during which the participant was covered
4 under the self-managed plan established under this Section.

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

8 The annual required contribution for employees
9 participating in the self-managed plan shall be an amount equal
10 to 6% of the employee's salary. This required contribution
11 shall be made as an employer pick-up under Section 414(h) of
12 the Internal Revenue Code of 1986 or any successor Section
13 thereof. Participants may make additional contributions to the
14 self-managed plan in accordance with procedures prescribed by
15 the System, to the extent permitted under rules adopted by the
16 System.

17 The program shall provide for annual State contributions to
18 be credited to the account of each employee who participates in
19 the self-managed plan in an amount equal to 6% of the
20 employee's compensation.

21 The System shall not be obligated to remit the required
22 employer contributions to any of the insurance and annuity
23 companies, mutual fund companies, banks, trust companies,
24 financial institutions, or other sponsors of any of the funding
25 vehicles offered under the self-managed plan until it has
26 received the required employer contributions from the State. In

1 the event of a deficiency in the amount of State contributions,
2 the System shall implement those procedures described in
3 subsection (b-1) of Section 16-158 to obtain the required
4 funding from the Common School Fund.

5 (i) A participant in the self-managed plan becomes vested
6 in the employer contributions credited to his or her accounts
7 in the self-managed plan on the earliest to occur of the
8 following: (1) attainment of 5 years of service credit; (2) the
9 death of the participant while employed as a judge, if the
10 participant has completed at least 1.5 years of service; or (3)
11 the participant's election to retire and apply the reciprocal
12 provisions of Article 20 of this Code.

13 A participant in the self-managed plan who receives a
14 distribution of his or her vested amounts from the self-managed
15 plan while not yet eligible for retirement under this Article
16 (and Article 20, if applicable) shall forfeit all service
17 credit and accrued rights in the System; if subsequently
18 re-employed as a judge, the participant shall be considered a
19 new employee. If a former participant again becomes a
20 participating employee (or becomes employed by a participating
21 system under Article 20 of this Code) and continues as such for
22 at least 2 years, all such rights, service credits, and
23 previous status as a participant shall be restored upon
24 repayment of the amount of the distribution, without interest.

25 (j) If a participant who is vested in employer
26 contributions terminates employment, the participant shall be

1 entitled to a benefit which is based on the account values
2 attributable to both employer and participant contributions
3 and any investment return thereon.

4 If a participant who is not vested in employer
5 contributions terminates employment, the participant shall be
6 entitled to a benefit based solely on the account values
7 attributable to the participant's contributions and any
8 investment return thereon, and the employer contributions and
9 any investment return thereon shall be forfeited. Any employer
10 contributions which are forfeited shall be held in escrow by
11 the company investing those contributions and shall be used, as
12 directed by the System, for future allocations of employer
13 contributions or for the restoration of amounts previously
14 forfeited by former participants who again become
15 participating employees.

16 (k) If a participant so requests, a distribution of funds
17 from the self-managed plan may be paid in the form of a direct
18 rollover to another qualified plan, to the extent allowed by
19 federal law and in accordance with the rules of the System.

20 Section 15. The School Code is amended by changing Sections
21 2-3.11, 10-22.34c, 14-2, and 22-60 as follows:

22 (105 ILCS 5/2-3.11) (from Ch. 122, par. 2-3.11)

23 Sec. 2-3.11. Report to Governor and General Assembly. To
24 report to the Governor and General Assembly annually on or

1 before January 14 the condition of the schools of the State
2 using the most recently available data.

3 Such annual report shall contain reports of the State
4 Teacher Certification Board; the schools of the State
5 charitable institutions; reports on ~~driver education~~, special
6 education, and transportation; and for such year the annual
7 statistical reports of the State Board of Education, including
8 the number and kinds of school districts; number of school
9 attendance centers; number of men and women teachers;
10 enrollment by grades; total enrollment; total days attendance;
11 total days absence; average daily attendance; number of
12 elementary and secondary school graduates; assessed valuation;
13 tax levies and tax rates for various purposes; amount of
14 teachers' orders, anticipation warrants, and bonds
15 outstanding; and number of men and women teachers and total
16 enrollment of private schools. The report shall give for all
17 school districts receipts from all sources and expenditures for
18 all purposes for each fund; the total operating expense, the
19 per capita cost, and instructional expenditures; federal and
20 state aids and reimbursements; new school buildings, and
21 recognized schools; together with such other information and
22 suggestions as the State Board of Education may deem important
23 in relation to the schools and school laws and the means of
24 promoting education throughout the state.

25 In this Section, "instructional expenditures" means the
26 annual expenditures of school districts properly attributable

1 to expenditure functions defined in rules of the State Board of
2 Education as: 1100 (Regular Education); 1200-1220 (Special
3 Education); 1250 (Ed. Deprived/Remedial); 1400 (Vocational
4 Programs); 1600 (Summer School); 1650 (Gifted); 1800
5 (Bilingual Programs); 1900 (Truant Alternative); 2110
6 (Attendance and Social Work Services); 2120 (Guidance
7 Services); 2130 (Health Services); 2140 (Psychological
8 Services); 2150 (Speech Pathology and Audiology Services);
9 2190 (Other Support Services Pupils); 2210 (Improvement of
10 Instruction); 2220 (Educational Media Services); 2230
11 (Assessment and Testing); 2540 (Operation and Maintenance of
12 Plant Services); 2550 (Pupil Transportation Service); 2560
13 (Food Service); 4110 (Payments for Regular Programs); 4120
14 (Payments for Special Education Programs); 4130 (Payments for
15 Adult Education Programs); 4140 (Payments for Vocational
16 Education Programs); 4170 (Payments for Community College
17 Programs); 4190 (Other payments to in-state government units);
18 and 4200 (Other payments to out of state government units).
19 (Source: P.A. 95-793, eff. 1-1-09; 96-734, eff. 8-25-09.)

20 (105 ILCS 5/10-22.34c)

21 Sec. 10-22.34c. Third party non-instructional services.
22 Notwithstanding any other law of this State, nothing in this
23 Code prevents a ~~(a)~~ A board of education from entering ~~may~~
24 ~~enter~~ into a contract with a third party for non-instructional
25 services currently performed by any employee or bargaining unit

1 member or from laying ~~lay~~ off those educational support
2 personnel employees upon 30 ~~90~~ days written notice to the
3 affected employees. ~~7~~ provided that:

4 ~~(1) a contract must not be entered into and become~~
5 ~~effective during the term of a collective bargaining~~
6 ~~agreement, as that term is set forth in the agreement,~~
7 ~~covering any employees who perform the non instructional~~
8 ~~services;~~

9 ~~(2) a contract may only take effect upon the expiration~~
10 ~~of an existing collective bargaining agreement;~~

11 ~~(3) any third party that submits a bid to perform the~~
12 ~~non instructional services shall provide the following:~~

13 ~~(A) evidence of liability insurance in scope and~~
14 ~~amount equivalent to the liability insurance provided~~
15 ~~by the school board pursuant to Section 10-22.3 of this~~
16 ~~Code;~~

17 ~~(B) a benefits package for the third party's~~
18 ~~employees who will perform the non instructional~~
19 ~~services comparable to the benefits package provided~~
20 ~~to school board employees who perform those services;~~

21 ~~(C) a list of the number of employees who will~~
22 ~~provide the non instructional services, the job~~
23 ~~classifications of those employees, and the wages the~~
24 ~~third party will pay those employees;~~

25 ~~(D) a minimum 3-year cost projection, using~~
26 ~~generally accepted accounting principles and which the~~

1 ~~third party is prohibited from increasing if the bid is~~
2 ~~accepted by the school board, for each and every~~
3 ~~expenditure category and account for performing the~~
4 ~~non-instructional services;~~

5 ~~(E) composite information about the criminal and~~
6 ~~disciplinary records, including alcohol or other~~
7 ~~substance abuse, Department of Children and Family~~
8 ~~Services complaints and investigations, traffic~~
9 ~~violations, and license revocations or any other~~
10 ~~licensure problems, of any employees who may perform~~
11 ~~the non-instructional services, provided that the~~
12 ~~individual names and other identifying information of~~
13 ~~employees need not be provided with the submission of~~
14 ~~the bid, but must be made available upon request of the~~
15 ~~school board; and~~

16 ~~(F) an affidavit, notarized by the president or~~
17 ~~chief executive officer of the third party, that each~~
18 ~~of its employees has completed a criminal background~~
19 ~~check as required by Section 10-21.9 of this Code~~
20 ~~within 3 months prior to submission of the bid,~~
21 ~~provided that the results of such background checks~~
22 ~~need not be provided with the submission of the bid,~~
23 ~~but must be made available upon request of the school~~
24 ~~board;~~

25 ~~(4) a contract must not be entered into unless the~~
26 ~~school board provides a cost comparison, using generally~~

1 ~~accepted accounting principles, of each and every~~
2 ~~expenditure category and account that the school board~~
3 ~~projects it would incur over the term of the contract if it~~
4 ~~continued to perform the non-instructional services using~~
5 ~~its own employees with each and every expenditure category~~
6 ~~and account that is projected a third party would incur if~~
7 ~~a third party performed the non-instructional services;~~

8 ~~(5) review and consideration of all bids by third~~
9 ~~parties to perform the non-instructional services shall~~
10 ~~take place in open session of a regularly scheduled school~~
11 ~~board meeting, unless the exclusive bargaining~~
12 ~~representative of the employees who perform the~~
13 ~~non-instructional services, if any such exclusive~~
14 ~~bargaining representative exists, agrees in writing that~~
15 ~~such review and consideration can take place in open~~
16 ~~session at a specially scheduled school board meeting;~~

17 ~~(6) a minimum of one public hearing, conducted by the~~
18 ~~school board prior to a regularly scheduled school board~~
19 ~~meeting, to discuss the school board's proposal to contract~~
20 ~~with a third party to perform the non-instructional~~
21 ~~services must be held before the school board may enter~~
22 ~~into such a contract; the school board must provide notice~~
23 ~~to the public of the date, time, and location of the first~~
24 ~~public hearing on or before the initial date that bids to~~
25 ~~provide the non-instructional services are solicited or a~~
26 ~~minimum of 30 days prior to entering into such a contract,~~

1 ~~whichever provides a greater period of notice;~~

2 ~~(7) a contract shall contain provisions requiring the~~
3 ~~contractor to offer available employee positions pursuant~~
4 ~~to the contract to qualified school district employees~~
5 ~~whose employment is terminated because of the contract; and~~

6 ~~(8) a contract shall contain provisions requiring the~~
7 ~~contractor to comply with a policy of nondiscrimination and~~
8 ~~equal employment opportunity for all persons and to take~~
9 ~~affirmative steps to provide equal opportunity for all~~
10 ~~persons.~~

11 ~~(b) Notwithstanding subsection (a) of this Section, a board~~
12 ~~of education may enter into a contract, of no longer than 3~~
13 ~~months in duration, with a third party for non-instructional~~
14 ~~services currently performed by an employee or bargaining unit~~
15 ~~member for the purpose of augmenting the current workforce in~~
16 ~~an emergency situation that threatens the safety or health of~~
17 ~~the school district's students or staff, provided that the~~
18 ~~school board meets all of its obligations under the Illinois~~
19 ~~Educational Labor Relations Act.~~

20 ~~(c) The changes to this Section made by this amendatory Act~~
21 ~~of the 95th General Assembly are not applicable to~~
22 ~~non-instructional services of a school district that on the~~
23 ~~effective date of this amendatory Act of the 95th General~~
24 ~~Assembly are performed for the school district by a third~~
25 ~~party.~~

26 (Source: P.A. 95-241, eff. 8-17-07; 96-328, eff. 8-11-09.)

1 (105 ILCS 5/14-2)

2 Sec. 14-2. Class size ~~Definition~~ of general education
3 classes ~~classroom~~ for special education students receiving
4 services in the general education classes and special education
5 classrooms for special education students receiving services
6 in the special education classroom.

7 (a) The State Board of Education shall have no authority to
8 adopt or promulgate any administrative rules or regulations
9 that establish or limit the class size or ratio of the student
10 population of a general education class for students receiving
11 services in general education classes beyond what may be
12 required by federal rule or law, unless the State Board of
13 Education fully funds the cost of additional teachers and other
14 staff that are required by such class size limitation. With
15 respect to any State statute or administrative rule that
16 defines a general education classroom to be composed of a
17 certain percentage of students with individualized education
18 programs (IEPs), students with individualized education
19 programs shall exclude students receiving only speech services
20 outside of the general education classroom, provided that the
21 instruction the students receive in the general education
22 classroom does not require modification.

23 (b) The State Board of Education shall have no authority to
24 adopt or promulgate any administrative rules or regulations
25 that establish or limit the class size of special education

1 classes beyond what may be required by federal rule or law,
2 unless the State Board of Education fully funds the cost of
3 additional teachers and other staff that are required by such
4 class size limitation. "Special Education Classes" means any
5 circumstance where only students with individual education
6 plans are served and at least one special education teacher is
7 assigned and provides instruction or therapy exclusively to
8 students with individual education plans. ~~In every instance, a~~
9 ~~school district must ensure that composition of the general~~
10 ~~education classroom does not interfere with the provision of a~~
11 ~~free and appropriate public education to any student.~~

12 (c) Any rule or regulation in effect establishing or
13 limiting the class size or ratio of student population of
14 general education classes for special education students
15 receiving services in general education classes or
16 establishing or limiting the class size of special education
17 classes is hereby null and void on the effective date of this
18 amendatory Act of the 97th General Assembly.

19 (Source: P.A. 97-284, eff. 8-9-11.)

20 (105 ILCS 5/22-60)

21 Sec. 22-60. Unfunded mandates prohibited.

22 (a) No ~~public school~~ district ~~or private school~~ is
23 obligated to comply with any statutory or regulatory mandate or
24 requirement ~~the following types of mandates~~ unless a separate
25 appropriation has been enacted into law providing ~~full~~ funding

1 for the ~~mandate for the~~ school year during which the mandate is
2 required. ÷

3 ~~(1) Any mandate in this Code enacted after the~~
4 ~~effective date of this amendatory Act of the 96th General~~
5 ~~Assembly.~~

6 ~~(2) Any regulatory mandate promulgated by the State~~
7 ~~Board of Education and adopted by rule after the effective~~
8 ~~date of this amendatory Act of the 96th General Assembly~~
9 ~~other than those promulgated with respect to this Section~~
10 ~~or statutes already enacted on or before the effective date~~
11 ~~of this amendatory Act of the 96th General Assembly.~~

12 (b) If the amount appropriated to fund a statutory or
13 regulatory mandate or requirement is insufficient to ~~described~~
14 ~~in subsection (a) of this Section does not~~ fully fund the
15 mandated activity, then the school district ~~or private school~~
16 may choose to discontinue or modify the mandated activity to
17 ensure that the costs of compliance do not exceed the funding
18 received. Official action by a school board must take place
19 before a school district may discontinue or modify a mandated
20 activity due to insufficient funding from the State. If a
21 school district discontinues or modifies a mandated activity
22 due to insufficient funding from the State, then the school
23 district shall maintain a list of discontinued or modified
24 mandated activities. The list shall be provided to the State
25 Board of Education upon request.

26 ~~Before discontinuing or modifying the mandate, the school~~

1 ~~district shall petition its regional superintendent of schools~~
2 ~~on or before February 15 of each year to request to be exempt~~
3 ~~from implementing the mandate in a school or schools in the~~
4 ~~next school year. The petition shall include all legitimate~~
5 ~~costs associated with implementing and operating the mandate,~~
6 ~~the estimated reimbursement from State and federal sources, and~~
7 ~~any unique circumstances the school district can verify that~~
8 ~~exist that would cause the implementation and operation of such~~
9 ~~a mandate to be cost prohibitive.~~

10 ~~The regional superintendent of schools shall review the~~
11 ~~petition. In accordance with the Open Meetings Act, he or she~~
12 ~~shall convene a public hearing to hear testimony from the~~
13 ~~school district and interested community members. The regional~~
14 ~~superintendent shall, on or before March 15 of each year,~~
15 ~~inform the school district of his or her decision, along with~~
16 ~~the reasons why the exemption was granted or denied, in~~
17 ~~writing. The regional superintendent must also send~~
18 ~~notification to the State Board of Education detailing which~~
19 ~~school districts requested an exemption and the results.~~

20 ~~If the regional superintendent grants an exemption to the~~
21 ~~school district, then the school district is relieved from the~~
22 ~~requirement to establish and implement the mandate in the~~
23 ~~school or schools granted an exemption for the next school~~
24 ~~year. If the regional superintendent of schools does not grant~~
25 ~~an exemption, then the school district shall implement the~~
26 ~~mandate in accordance with the applicable law or rule by the~~

1 ~~first student attendance day of the next school year. However,~~
2 ~~the school district or a resident of the school district may on~~
3 ~~or before April 15 appeal the decision of the regional~~
4 ~~superintendent to the State Superintendent of Education. The~~
5 ~~State Superintendent shall hear appeals on the decisions of~~
6 ~~regional superintendents of schools no later than May 15 of~~
7 ~~each year. The State Superintendent shall make a final decision~~
8 ~~at the conclusion of the hearing on the school district's~~
9 ~~request for an exemption from the mandate. If the State~~
10 ~~Superintendent grants an exemption, then the school district is~~
11 ~~relieved from the requirement to implement a mandate in the~~
12 ~~school or schools granted an exemption for the next school~~
13 ~~year. If the State Superintendent does not grant an exemption,~~
14 ~~then the school district shall implement the mandate in~~
15 ~~accordance with the applicable law or rule by the first student~~
16 ~~attendance day of the next school year.~~

17 ~~If a school district or private school discontinues or~~
18 ~~modifies a mandated activity due to lack of full funding from~~
19 ~~the State, then the school district or private school shall~~
20 ~~annually maintain and update a list of discontinued or modified~~
21 ~~mandated activities. The list shall be provided to the State~~
22 ~~Board of Education upon request.~~

23 (c) (Blank). ~~This Section does not apply to (i) any new~~
24 ~~statutory or regulatory mandates related to revised learning~~
25 ~~standards developed through the Common Core State Standards~~
26 ~~Initiative and assessments developed to align with those~~

1 ~~standards or actions specified in this State's Phase 2 Race to~~
2 ~~the Top Grant application if the application is approved by the~~
3 ~~United States Department of Education or (ii) new statutory or~~
4 ~~regulatory mandates from the Race to the Top Grant through the~~
5 ~~federal American Recovery and Reinvestment Act of 2009 imposed~~
6 ~~on school districts designated as being in the lowest~~
7 ~~performing 5% of schools within the Race to the Top Grant~~
8 ~~application.~~

9 (d) (Blank). ~~In any instances in which this Section~~
10 ~~conflicts with the State Mandates Act, the State Mandates Act~~
11 ~~shall prevail.~~

12 (Source: P.A. 96-1441, eff. 8-20-10.)

13 (105 ILCS 5/27-24 rep.)

14 (105 ILCS 5/27-24.1 rep.)

15 (105 ILCS 5/27-24.2 rep.)

16 (105 ILCS 5/27-24.3 rep.)

17 (105 ILCS 5/27-24.4 rep.)

18 (105 ILCS 5/27-24.5 rep.)

19 (105 ILCS 5/27-24.6 rep.)

20 (105 ILCS 5/27-24.7 rep.)

21 (105 ILCS 5/27-24.8 rep.)

22 Section 20. The School Code is amended by repealing
23 Sections 27-24, 27-24.1, 27-24.2, 27-24.3, 27-24.4, 27-24.5,
24 27-24.6, 27-24.7, and 27-24.8.

1 Section 22. The Illinois Educational Labor Relations Act is
2 amended by changing Section 4.5 and 17 as follows:

3 (115 ILCS 5/4.5)

4 Sec. 4.5. Subjects of collective bargaining.

5 (a) Notwithstanding the existence of any other provision in
6 this Act or other law, except subsection (a-5) of this Section,
7 collective bargaining between an educational employer whose
8 territorial boundaries are coterminous with those of a city
9 having a population in excess of 500,000 and an exclusive
10 representative of its employees may include any of the
11 following subjects:

12 (1) (Blank).

13 (2) Decisions to contract with a third party for one or
14 more services otherwise performed by employees in a
15 bargaining unit and the procedures for obtaining such
16 contract or the identity of the third party.

17 (3) Decisions to layoff or reduce in force employees.

18 (4) Decisions to determine class size, class staffing
19 and assignment, class schedules, academic calendar, length
20 of the work and school day with respect to a public school
21 district organized under Article 34 of the School Code
22 only, length of the work and school year with respect to a
23 public school district organized under Article 34 of the
24 School Code only, hours and places of instruction, or pupil
25 assessment policies.

1 (5) Decisions concerning use and staffing of
2 experimental or pilot programs and decisions concerning
3 use of technology to deliver educational programs and
4 services and staffing to provide the technology.

5 (a-5) On and after the effective date of this amendatory
6 Act of the 97th General Assembly, a school district organized
7 under Article 34 of the School Code and an exclusive
8 representative of that district's employees shall not enter
9 into, amend, or renew a collective bargaining agreement that
10 relates to decisions concerning the use and staffing of
11 experimental or pilot programs or decisions concerning the use
12 of technology to deliver educational programs and services and
13 staffing to provide the technology.

14 (b) The subject or matters described in subsection (a) are
15 permissive subjects of bargaining between an educational
16 employer and an exclusive representative of its employees and,
17 for the purpose of this Act, are within the sole discretion of
18 the educational employer to decide to bargain, provided that
19 the educational employer is required to bargain over the impact
20 of a decision concerning such subject or matter on the
21 bargaining unit upon request by the exclusive representative.
22 During this bargaining, the educational employer shall not be
23 precluded from implementing its decision. If, after a
24 reasonable period of bargaining, a dispute or impasse exists
25 between the educational employer and the exclusive
26 representative, the dispute or impasse shall be resolved

1 exclusively as set forth in subsection (b) of Section 12 of
2 this Act in lieu of a strike under Section 13 of this Act.
3 Neither the Board nor any mediator or fact-finder appointed
4 pursuant to subsection (a-10) of Section 12 of this Act shall
5 have jurisdiction over such a dispute or impasse.

6 (c) A provision in a collective bargaining agreement that
7 was rendered null and void because it involved a prohibited
8 subject of collective bargaining under this subsection (c) as
9 this subsection (c) existed before the effective date of this
10 amendatory Act of the 93rd General Assembly remains null and
11 void and shall not otherwise be reinstated in any successor
12 agreement unless the educational employer and exclusive
13 representative otherwise agree to include an agreement reached
14 on a subject or matter described in subsection (a) of this
15 Section as subsection (a) existed before this amendatory Act of
16 the 93rd General Assembly.

17 (Source: P.A. 97-7, eff. 6-13-11; 97-8, eff. 6-13-11.)

18 (115 ILCS 5/17) (from Ch. 48, par. 1717)

19 Sec. 17. Effect on other laws. In case of any conflict
20 between the provisions of this Act and any other law (other
21 than the changes made by this amendatory Act of the 97th
22 General Assembly), executive order or administrative
23 regulation, the provisions of this Act shall prevail and
24 control. Nothing in this Act shall be construed to replace or
25 diminish the rights of employees established by Section 36d of

1 "An Act to create the State Universities Civil Service System",
2 approved May 11, 1905, as amended or modified.
3 (Source: P.A. 83-1014.)

4 Section 25. The Illinois Vehicle Code is amended by
5 changing Sections 1-103 and 6-103 as follows:

6 (625 ILCS 5/1-103) (from Ch. 95 1/2, par. 1-103)

7 Sec. 1-103. Approved driver education course. (a) Any
8 course of driver education approved by the State Board of
9 Education, offered by public or private schools maintaining
10 grades 9 through 12, ~~and meeting at least the minimum~~
11 ~~requirements of the "Driver Education Act", as now or hereafter~~
12 ~~amended,~~ (b) any course of driver education offered by a school
13 licensed to give driver education instructions under this Code
14 that Act ~~which meets at least the minimum educational~~
15 ~~requirements of the "Driver Education Act", as now or hereafter~~
16 ~~amended,~~ and is approved by the State Board of Education, (c)
17 any course of driver education given in another state ~~State~~ to
18 an Illinois resident attending school in such state ~~State~~ and
19 approved by the state ~~State~~ administrator of the Driver
20 Education Program of such other state ~~State~~, or (d) any course
21 of driver education given at a Department of Defense Education
22 Activity school that is approved by the Department of Defense
23 Education Activity and taught by an adult driver education
24 instructor or traffic safety officer.

1 (Source: P.A. 96-740, eff. 1-1-10.)

2 (625 ILCS 5/6-103) (from Ch. 95 1/2, par. 6-103)

3 Sec. 6-103. What persons shall not be licensed as drivers
4 or granted permits. The Secretary of State shall not issue,
5 renew, or allow the retention of any driver's license nor issue
6 any permit under this Code:

7 1. To any person, as a driver, who is under the age of
8 18 years except as provided in Section 6-107, and except
9 that an instruction permit may be issued under Section
10 6-107.1 to a child who is not less than 15 years of age if
11 the child is enrolled in an approved driver education
12 course as defined in Section 1-103 of this Code and
13 requires an instruction permit to participate therein,
14 except that an instruction permit may be issued under the
15 provisions of Section 6-107.1 to a child who is 17 years
16 and 3 months of age without the child having enrolled in an
17 approved driver education course and except that an
18 instruction permit may be issued to a child who is at least
19 15 years and 3 months of age, is enrolled in school, ~~meets~~
20 ~~the educational requirements of the Driver Education Act,~~
21 and has passed examinations the Secretary of State in his
22 or her discretion may prescribe;

23 2. To any person who is under the age of 18 as an
24 operator of a motorcycle other than a motor driven cycle
25 unless the person has, in addition to meeting the

1 provisions of Section 6-107 of this Code, successfully
2 completed a motorcycle training course approved by the
3 Illinois Department of Transportation and successfully
4 completes the required Secretary of State's motorcycle
5 driver's examination;

6 3. To any person, as a driver, whose driver's license
7 or permit has been suspended, during the suspension, nor to
8 any person whose driver's license or permit has been
9 revoked, except as provided in Sections 6-205, 6-206, and
10 6-208;

11 4. To any person, as a driver, who is a user of alcohol
12 or any other drug to a degree that renders the person
13 incapable of safely driving a motor vehicle;

14 5. To any person, as a driver, who has previously been
15 adjudged to be afflicted with or suffering from any mental
16 or physical disability or disease and who has not at the
17 time of application been restored to competency by the
18 methods provided by law;

19 6. To any person, as a driver, who is required by the
20 Secretary of State to submit an alcohol and drug evaluation
21 or take an examination provided for in this Code unless the
22 person has successfully passed the examination and
23 submitted any required evaluation;

24 7. To any person who is required under the provisions
25 of the laws of this State to deposit security or proof of
26 financial responsibility and who has not deposited the

1 security or proof;

2 8. To any person when the Secretary of State has good
3 cause to believe that the person by reason of physical or
4 mental disability would not be able to safely operate a
5 motor vehicle upon the highways, unless the person shall
6 furnish to the Secretary of State a verified written
7 statement, acceptable to the Secretary of State, from a
8 competent medical specialist, a licensed physician
9 assistant who has been delegated the performance of medical
10 examinations by his or her supervising physician, or a
11 licensed advanced practice nurse who has a written
12 collaborative agreement with a collaborating physician
13 which authorizes him or her to perform medical
14 examinations, to the effect that the operation of a motor
15 vehicle by the person would not be inimical to the public
16 safety;

17 9. To any person, as a driver, who is 69 years of age
18 or older, unless the person has successfully complied with
19 the provisions of Section 6-109;

20 10. To any person convicted, within 12 months of
21 application for a license, of any of the sexual offenses
22 enumerated in paragraph 2 of subsection (b) of Section
23 6-205;

24 11. To any person who is under the age of 21 years with
25 a classification prohibited in paragraph (b) of Section
26 6-104 and to any person who is under the age of 18 years

1 with a classification prohibited in paragraph (c) of
2 Section 6-104;

3 12. To any person who has been either convicted of or
4 adjudicated under the Juvenile Court Act of 1987 based upon
5 a violation of the Cannabis Control Act, the Illinois
6 Controlled Substances Act, or the Methamphetamine Control
7 and Community Protection Act while that person was in
8 actual physical control of a motor vehicle. For purposes of
9 this Section, any person placed on probation under Section
10 10 of the Cannabis Control Act, Section 410 of the Illinois
11 Controlled Substances Act, or Section 70 of the
12 Methamphetamine Control and Community Protection Act shall
13 not be considered convicted. Any person found guilty of
14 this offense, while in actual physical control of a motor
15 vehicle, shall have an entry made in the court record by
16 the judge that this offense did occur while the person was
17 in actual physical control of a motor vehicle and order the
18 clerk of the court to report the violation to the Secretary
19 of State as such. The Secretary of State shall not issue a
20 new license or permit for a period of one year;

21 13. To any person who is under the age of 18 years and
22 who has committed the offense of operating a motor vehicle
23 without a valid license or permit in violation of Section
24 6-101 or a similar out of state offense;

25 14. To any person who is 90 days or more delinquent in
26 court ordered child support payments or has been

1 adjudicated in arrears in an amount equal to 90 days'
2 obligation or more and who has been found in contempt of
3 court for failure to pay the support, subject to the
4 requirements and procedures of Article VII of Chapter 7 of
5 the Illinois Vehicle Code;

6 14.5. To any person certified by the Illinois
7 Department of Healthcare and Family Services as being 90
8 days or more delinquent in payment of support under an
9 order of support entered by a court or administrative body
10 of this or any other State, subject to the requirements and
11 procedures of Article VII of Chapter 7 of this Code
12 regarding those certifications;

13 15. To any person released from a term of imprisonment
14 for violating Section 9-3 of the Criminal Code of 1961 or a
15 similar provision of a law of another state relating to
16 reckless homicide or for violating subparagraph (F) of
17 paragraph (1) of subsection (d) of Section 11-501 of this
18 Code relating to aggravated driving under the influence of
19 alcohol, other drug or drugs, intoxicating compound or
20 compounds, or any combination thereof, if the violation was
21 the proximate cause of a death, within 24 months of release
22 from a term of imprisonment;

23 16. To any person who, with intent to influence any act
24 related to the issuance of any driver's license or permit,
25 by an employee of the Secretary of State's Office, or the
26 owner or employee of any commercial driver training school

1 licensed by the Secretary of State, or any other individual
2 authorized by the laws of this State to give driving
3 instructions or administer all or part of a driver's
4 license examination, promises or tenders to that person any
5 property or personal advantage which that person is not
6 authorized by law to accept. Any persons promising or
7 tendering such property or personal advantage shall be
8 disqualified from holding any class of driver's license or
9 permit for 120 consecutive days. The Secretary of State
10 shall establish by rule the procedures for implementing
11 this period of disqualification and the procedures by which
12 persons so disqualified may obtain administrative review
13 of the decision to disqualify;

14 17. To any person for whom the Secretary of State
15 cannot verify the accuracy of any information or
16 documentation submitted in application for a driver's
17 license; or

18 18. To any person who has been adjudicated under the
19 Juvenile Court Act of 1987 based upon an offense that is
20 determined by the court to have been committed in
21 furtherance of the criminal activities of an organized
22 gang, as provided in Section 5-710 of that Act, and that
23 involved the operation or use of a motor vehicle or the use
24 of a driver's license or permit. The person shall be denied
25 a license or permit for the period determined by the court.
26 The Secretary of State shall retain all conviction

1 information, if the information is required to be held
2 confidential under the Juvenile Court Act of 1987.

3 (Source: P.A. 96-607, eff. 8-24-09; 96-740, eff. 1-1-10;
4 96-962, eff. 7-2-10; 96-1000, eff. 7-2-10; 97-185, eff.
5 7-22-11.)

6 Section 30. The Prevailing Wage Act is amended by changing
7 Section 2 and by adding Section 11c as follows:

8 (820 ILCS 130/2) (from Ch. 48, par. 39s-2)

9 Sec. 2. This Act applies to the wages of laborers,
10 mechanics and other workers employed in any public works, as
11 hereinafter defined, by any public body and to anyone under
12 contracts for public works. This includes any maintenance,
13 repair, assembly, or disassembly work performed on equipment
14 whether owned, leased, or rented.

15 As used in this Act, unless the context indicates
16 otherwise:

17 "Public works" means all fixed works constructed or
18 demolished by any public body, or paid for wholly or in part
19 out of public funds. "Public works" as defined herein includes
20 all projects financed in whole or in part with bonds, grants,
21 loans, or other funds made available by or through the State or
22 any of its political subdivisions, including but not limited
23 to: bonds issued under the Industrial Project Revenue Bond Act
24 (Article 11, Division 74 of the Illinois Municipal Code), the

1 Industrial Building Revenue Bond Act, the Illinois Finance
2 Authority Act, the Illinois Sports Facilities Authority Act, or
3 the Build Illinois Bond Act; loans or other funds made
4 available pursuant to the Build Illinois Act; or funds from the
5 Fund for Illinois' Future under Section 6z-47 of the State
6 Finance Act, funds for school construction under Section 5 of
7 the General Obligation Bond Act, funds authorized under Section
8 3 of the School Construction Bond Act, funds for school
9 infrastructure under Section 6z-45 of the State Finance Act,
10 and funds for transportation purposes under Section 4 of the
11 General Obligation Bond Act. "Public works" also includes (i)
12 all projects financed in whole or in part with funds from the
13 Department of Commerce and Economic Opportunity under the
14 Illinois Renewable Fuels Development Program Act for which
15 there is no project labor agreement; (ii) all work performed
16 pursuant to a public private agreement under the Public Private
17 Agreements for the Illiana Expressway Act; and (iii) all
18 projects undertaken under a public-private agreement under the
19 Public-Private Partnerships for Transportation Act. "Public
20 works" also includes all projects at leased facility property
21 used for airport purposes under Section 35 of the Local
22 Government Facility Lease Act. "Public works" also includes the
23 construction of a new wind power facility by a business
24 designated as a High Impact Business under Section 5.5(a)(3)(E)
25 of the Illinois Enterprise Zone Act. "Public works" does not
26 include work done directly by any public utility company,

1 whether or not done under public supervision or direction, or
2 paid for wholly or in part out of public funds. "Public works"
3 does not include projects undertaken by the owner at an
4 owner-occupied single-family residence or at an owner-occupied
5 unit of a multi-family residence.

6 "School construction project" means the acquisition,
7 development, construction, reconstruction, rehabilitation,
8 improvement, architectural planning, and installation of
9 capital facilities consisting of buildings, structures,
10 durable equipment, and land for educational purposes.

11 "Construction" means all work on public works involving
12 laborers, workers or mechanics. This includes any maintenance,
13 repair, assembly, or disassembly work performed on equipment
14 whether owned, leased, or rented.

15 "Locality" means the county where the physical work upon
16 public works is performed, except (1) that if there is not
17 available in the county a sufficient number of competent
18 skilled laborers, workers and mechanics to construct the public
19 works efficiently and properly, "locality" includes any other
20 county nearest the one in which the work or construction is to
21 be performed and from which such persons may be obtained in
22 sufficient numbers to perform the work and (2) that, with
23 respect to contracts for highway work with the Department of
24 Transportation of this State, "locality" may at the discretion
25 of the Secretary of the Department of Transportation be
26 construed to include two or more adjacent counties from which

1 workers may be accessible for work on such construction.

2 "Public body" means the State or any officer, board or
3 commission of the State or any political subdivision or
4 department thereof, or any institution supported in whole or in
5 part by public funds, and includes every county, city, town,
6 village, township, school district, irrigation, utility,
7 reclamation improvement or other district and every other
8 political subdivision, district or municipality of the state
9 whether such political subdivision, municipality or district
10 operates under a special charter or not.

11 The terms "general prevailing rate of hourly wages",
12 "general prevailing rate of wages" or "prevailing rate of
13 wages" when used in this Act mean the hourly cash wages plus
14 fringe benefits for training and apprenticeship programs
15 approved by the U.S. Department of Labor, Bureau of
16 Apprenticeship and Training, health and welfare, insurance,
17 vacations and pensions paid generally, in the locality in which
18 the work is being performed, to employees engaged in work of a
19 similar character on public works.

20 (Source: P.A. 96-28, eff. 7-1-09; 96-58, eff. 1-1-10; 96-186,
21 eff. 1-1-10; 96-913, eff. 6-9-10; 96-1000, eff. 7-2-10; 97-502,
22 eff. 8-23-11.)

23 (820 ILCS 130/11c new)

24 Sec. 11c. School district exemption.

25 By passage of a resolution, the board of education of any

1 school district may exempt all school construction projects
2 undertaken in the district from the requirements of this Act.

3 Section 90. The State Mandates Act is amended by adding
4 Section 8.36 as follows:

5 (30 ILCS 805/8.36 new)

6 Sec. 8.36. Exempt mandate. Notwithstanding Sections 6 and 8
7 of this Act, no reimbursement by the State is required for the
8 implementation of any mandate created by this amendatory Act of
9 the 97th General Assembly.

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

1

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5 30 ILCS 571/15
6 30 ILCS 571/17 new
7 40 ILCS 5/1-160
8 40 ILCS 5/2-103.1 new
9 40 ILCS 5/2-103.2 new
10 40 ILCS 5/2-105.1 new
11 40 ILCS 5/2-108 from Ch. 108 1/2, par. 2-108
12 40 ILCS 5/2-119 from Ch. 108 1/2, par. 2-119
13 40 ILCS 5/2-119.1 from Ch. 108 1/2, par. 2-119.1
14 40 ILCS 5/2-126.2 new
15 40 ILCS 5/7-109 from Ch. 108 1/2, par. 7-109
16 40 ILCS 5/14-103.10 from Ch. 108 1/2, par. 14-103.10
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19 40 ILCS 5/14-103.42 new
20 40 ILCS 5/14-103.43 new
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23 40 ILCS 5/14-110 from Ch. 108 1/2, par. 14-110
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