



Rep. David Harris

**Filed: 3/7/2013**

09800HB1154ham009

LRB098 08482 EFG 42440 a

1 AMENDMENT TO HOUSE BILL 1154

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 1154, AS AMENDED, by  
3 replacing everything after the enacting clause with the  
4 following:

5 "Section 3. The Illinois Public Labor Relations Act is  
6 amended by changing Sections 4 and 15 as follows:

7 (5 ILCS 315/4) (from Ch. 48, par. 1604)

8 Sec. 4. Management Rights. Employers shall not be required  
9 to bargain over matters of inherent managerial policy, which  
10 shall include such areas of discretion or policy as the  
11 functions of the employer, standards of services, its overall  
12 budget, the organizational structure and selection of new  
13 employees, examination techniques and direction of employees.  
14 Employers, however, shall be required to bargain collectively  
15 with regard to policy matters directly affecting wages, hours  
16 and terms and conditions of employment as well as the impact

1 thereon upon request by employee representatives, but  
2 excluding the changes, the impact of changes, and the  
3 implementation of the changes set forth in this amendatory Act  
4 of the 98th General Assembly.

5 To preserve the rights of employers and exclusive  
6 representatives which have established collective bargaining  
7 relationships or negotiated collective bargaining agreements  
8 prior to the effective date of this Act, employers shall be  
9 required to bargain collectively with regard to any matter  
10 concerning wages, hours or conditions of employment about which  
11 they have bargained for and agreed to in a collective  
12 bargaining agreement prior to the effective date of this Act,  
13 but excluding the changes, the impact of changes, and the  
14 implementation of the changes set forth in this amendatory Act  
15 of the 98th General Assembly.

16 The chief judge of the judicial circuit that employs a  
17 public employee who is a court reporter, as defined in the  
18 Court Reporters Act, has the authority to hire, appoint,  
19 promote, evaluate, discipline, and discharge court reporters  
20 within that judicial circuit.

21 Nothing in this amendatory Act of the 94th General Assembly  
22 shall be construed to intrude upon the judicial functions of  
23 any court. This amendatory Act of the 94th General Assembly  
24 applies only to nonjudicial administrative matters relating to  
25 the collective bargaining rights of court reporters.

26 (Source: P.A. 94-98, eff. 7-1-05.)

1 (5 ILCS 315/15) (from Ch. 48, par. 1615)

2 Sec. 15. Act Takes Precedence.

3 (a) In case of any conflict between the provisions of this  
4 Act and any other law (other than Section 5 of the State  
5 Employees Group Insurance Act of 1971 and other than the  
6 changes made to the Illinois Pension Code by Public Act 96-889  
7 and the changes, impact of changes, and the implementation of  
8 the changes made to the Illinois Pension Code by this  
9 amendatory Act of the 98th ~~96th~~ General Assembly), executive  
10 order or administrative regulation relating to wages, hours and  
11 conditions of employment and employment relations, the  
12 provisions of this Act or any collective bargaining agreement  
13 negotiated thereunder shall prevail and control. Nothing in  
14 this Act shall be construed to replace or diminish the rights  
15 of employees established by Sections 28 and 28a of the  
16 Metropolitan Transit Authority Act, Sections 2.15 through 2.19  
17 of the Regional Transportation Authority Act. The provisions of  
18 this Act are subject to the changes made by this amendatory Act  
19 of the 98th General Assembly and Section 5 of the State  
20 Employees Group Insurance Act of 1971. Nothing in this Act  
21 shall be construed to replace the necessity of complaints  
22 against a sworn peace officer, as defined in Section 2(a) of  
23 the Uniform Peace Officer Disciplinary Act, from having a  
24 complaint supported by a sworn affidavit.

25 (b) Except as provided in subsection (a) above, any

1 collective bargaining contract between a public employer and a  
2 labor organization executed pursuant to this Act shall  
3 supersede any contrary statutes, charters, ordinances, rules  
4 or regulations relating to wages, hours and conditions of  
5 employment and employment relations adopted by the public  
6 employer or its agents. Any collective bargaining agreement  
7 entered into prior to the effective date of this Act shall  
8 remain in full force during its duration.

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

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

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

21 (20 ILCS 3005/7) (from Ch. 127, par. 417)

22 Sec. 7. All statements and estimates of expenditures  
23 submitted to the Office in connection with the preparation of a  
24 State budget, and any other estimates of expenditures,

1 supporting requests for appropriations, shall be formulated  
2 according to the various functions and activities for which the  
3 respective department, office or institution of the State  
4 government (including the elective officers in the executive  
5 department and including the University of Illinois and the  
6 judicial department) is responsible. All such statements and  
7 estimates of expenditures relating to a particular function or  
8 activity shall be further formulated or subject to analysis in  
9 accordance with the following classification of objects:

- 10 (1) Personal services
- 11 (2) State contribution for employee group insurance
- 12 (3) Contractual services
- 13 (4) Travel
- 14 (5) Commodities
- 15 (6) Equipment
- 16 (7) Permanent improvements
- 17 (8) Land
- 18 (9) Electronic Data Processing
- 19 (10) Telecommunication services
- 20 (11) Operation of Automotive Equipment
- 21 (12) Contingencies
- 22 (13) Reserve
- 23 (14) Interest
- 24 (15) Awards and Grants
- 25 (16) Debt Retirement
- 26 (17) Non-cost Charges-

1       (18) State retirement contribution for annual normal cost

2       (19) State retirement contribution for unfunded accrued  
3 liability.

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

5       (20 ILCS 3005/8) (from Ch. 127, par. 418)

6       Sec. 8. When used in connection with a State budget or  
7 expenditure or estimate, items (1) through (16) in the  
8 classification of objects stated in Section 7 shall have the  
9 meanings ascribed to those items in Sections 14 through 24.7,  
10 respectively, of the State Finance Act. ~~"An Act in relation to~~  
11 ~~State finance", approved June 10, 1919, as amended.~~

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

17       (Source: P.A. 82-325.)

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

20       (30 ILCS 105/13) (from Ch. 127, par. 149)

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

23       (1) Personal services;

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

21 When an appropriation is made to an officer, department,  
22 institution, board, commission or other agency, or to a private  
23 association or corporation, in one or more of the items above  
24 specified, such appropriation shall be construed in accordance  
25 with the definitions and limitations specified in this Act,  
26 unless the appropriation act otherwise provides.

1           An appropriation for a purpose other than one specified and  
2 defined in this Act may be made only as an additional, separate  
3 and distinct item, specifically stating the object and purpose  
4 thereof.

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

6           (30 ILCS 105/24.12 new)

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

16           (30 ILCS 105/24.13 new)

17           Sec. 24.13. "State retirement contribution for unfunded  
18 accrued liability" defined. The term "State retirement  
19 contribution for unfunded accrued liability" means the portion  
20 of the total required State contribution to a retirement system  
21 for a fiscal year that is not included in the State retirement  
22 contribution for annual normal cost.

23           Section 15. The Budget Stabilization Act is amended by



1 changing Sections 20 and 25 as follows:

2 (30 ILCS 122/20)

3 Sec. 20. Pension Stabilization Fund.

4 (a) The Pension Stabilization Fund is hereby created as a  
5 special fund in the State treasury. Moneys in the fund shall be  
6 used for the sole purpose of making payments to the designated  
7 retirement systems as provided in Section 25.

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

16 (c) For each fiscal year through State fiscal year 2013,  
17 when the General Assembly's appropriations and transfers or  
18 diversions as required by law from general funds do not exceed  
19 98% of the estimated general funds revenues pursuant to  
20 subsection (b) of Section 10, the Comptroller shall transfer  
21 from the General Revenue Fund as provided by this Section a  
22 total amount equal to 1.0% of the estimated general funds  
23 revenues to the Pension Stabilization Fund.

24 (c-10) In State fiscal year 2020 and each fiscal year  
25 thereafter, the State Comptroller shall order transferred and

1 the State Treasurer shall transfer \$1,000,000,000 from the  
2 General Revenue Fund to the Pension Stabilization Fund.

3 (c-15) The transfers made pursuant to subsection (c-10) of  
4 this Section shall continue through State fiscal year 2045 or  
5 until each of the designated retirement systems, as defined in  
6 Section 25, has achieved the funding ratio prescribed by law  
7 for that retirement system, whichever occurs first; provided  
8 that those transfers shall not be made after any provision of  
9 this Act that is designated as inseverable in Section 97 of  
10 this Act is declared to be unconstitutional or invalid other  
11 than as applied.

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

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

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

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

7 (30 ILCS 122/25)

8 Sec. 25. Transfers from the Pension Stabilization Fund.

9 (a) As used in this Section, "designated retirement  
10 systems" means:

11 (1) the State Employees' Retirement System of  
12 Illinois;

13 (2) the Teachers' Retirement System of the State of  
14 Illinois;

15 (3) the State Universities Retirement System;

16 (4) the Judges Retirement System of Illinois; and

17 (5) the General Assembly Retirement System.

18 (b) As soon as may be practical after any money is  
19 deposited into the Pension Stabilization Fund, the State  
20 Comptroller shall apportion the deposited amount among the  
21 designated retirement systems and the State Comptroller and  
22 State Treasurer shall pay the apportioned amounts to the  
23 designated retirement systems. The amount deposited shall be  
24 apportioned among the designated retirement systems in the same  
25 proportion as their respective portions of the total actuarial

1 reserve deficiency of the designated retirement systems, as  
2 most recently determined by the Governor's Office of Management  
3 and Budget. Amounts received by a designated retirement system  
4 under this Section shall be used for funding the unfunded  
5 liabilities of the retirement system. Payments under this  
6 Section are authorized by the continuing appropriation under  
7 Section 1.7 of the State Pension Funds Continuing Appropriation  
8 Act.

9 (c) At the request of the State Comptroller, the Governor's  
10 Office of Management and Budget shall determine the individual  
11 and total actuarial reserve deficiencies of the designated  
12 retirement systems. For this purpose, the Governor's Office of  
13 Management and Budget shall consider the latest available audit  
14 and actuarial reports of each of the retirement systems and the  
15 relevant reports and statistics of the Public Pension Division  
16 of the Department of Financial and Professional Regulation.

17 (d) Payments to the designated retirement systems under  
18 this Section shall be in addition to, and not in lieu of, any  
19 State contributions required under Section 2-124, 14-131,  
20 15-155, 16-158, or 18-131 of the Illinois Pension Code.

21 Payments to the designated retirement systems under this  
22 Section, transferred after the effective date of this  
23 amendatory Act of the 98th General Assembly, do not reduce and  
24 do not constitute payment of any portion of the required State  
25 contribution under Article 2, 14, 15, 16, or 18 of the Illinois  
26 Pension Code in that fiscal year. Such amounts shall not

1 reduce, and shall not be included in the calculation of, the  
2 required State contribution under Article 2, 14, 15, 16, or 18  
3 of the Illinois Pension Code in any future year, until the  
4 designated retirement system has received payment of  
5 contributions pursuant to this Act.

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

7 Section 20. The Illinois Pension Code is amended by  
8 changing Sections 1-103.3, 1-160, 2-108, 2-119, 2-119.1,  
9 2-121.1, 2-124, 2-125, 2-126, 2-134, 2-162, 14-103.10, 14-107,  
10 14-108, 14-110, 14-114, 14-131, 14-132, 14-133, 14-135.08,  
11 14-152.1, 15-111, 15-113.6, 15-113.7, 15-135, 15-136, 15-139,  
12 15-153.2, 15-155, 15-156, 15-157, 15-165, 15-198, 16-121,  
13 16-132, 16-133, 16-133.1, 16-152, 16-158, 16-158.1, 16-203,  
14 20-121, 20-123, 20-124, and 20-125 and by adding Sections  
15 2-105.1, 2-105.2, 14-103.40, 14-103.41, 15-103.4, 15-107.1,  
16 15-107.2, 15-107.3, 15-155.1, 15-158.5, 16-106.4, 16-106.5,  
17 16-106.6, 16-152.8, and 16-158.2 as follows:

18 (40 ILCS 5/1-103.3)

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

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

1 first apply to the State contributions required for State  
2 fiscal year 1996.

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

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

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

22 (40 ILCS 5/1-160)

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

24 (a) The provisions of this Section apply to a person who,  
25 on or after January 1, 2011, first becomes a member or a

1 participant under any reciprocal retirement system or pension  
2 fund established under this Code, other than a retirement  
3 system or pension fund established under Article 2, 3, 4, 5, 6,  
4 or 18 of this Code, notwithstanding any other provision of this  
5 Code to the contrary, but do not apply (i) to any self-managed  
6 plan established under this Code, (ii) to any person with  
7 respect to service as a sheriff's law enforcement employee  
8 under Article 7, (iii) ~~or~~ to any participant of the retirement  
9 plan established under Section 22-101, or (iv) to any person  
10 who first becomes, on or after January 1, 2014, a Tier 3  
11 employee in a retirement system established under Article 15 or  
12 16 of this Code.

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

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

1           (2) In Articles 8, 9, 10, 11, and 12, "highest average  
2           annual salary for any 4 consecutive years within the last  
3           10 years of service immediately preceding the date of  
4           withdrawal".

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

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

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

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

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

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



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

4 (c) A member or participant is entitled to a retirement  
5 annuity upon written application if he or she has attained age  
6 67 and has at least 10 years of service credit and is otherwise  
7 eligible under the requirements of the applicable Article.

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

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

17 (e) Any retirement annuity or supplemental annuity shall be  
18 subject to annual increases on the January 1 occurring either  
19 on or after the attainment of age 67 or the first anniversary  
20 of the annuity start date, whichever is later. Each annual  
21 increase shall be calculated at 3% or one-half the annual  
22 unadjusted percentage increase (but not less than zero) in the  
23 consumer price index-u for the 12 months ending with the  
24 September preceding each November 1, whichever is less, of the  
25 originally granted retirement annuity. If the annual  
26 unadjusted percentage change in the consumer price index-u for

1 the 12 months ending with the September preceding each November  
2 1 is zero or there is a decrease, then the annuity shall not be  
3 increased.

4 (f) The initial survivor's or widow's annuity of an  
5 otherwise eligible survivor or widow of a retired member or  
6 participant who first became a member or participant on or  
7 after January 1, 2011 shall be in the amount of 66 2/3% of the  
8 retired member's or participant's retirement annuity at the  
9 date of death. In the case of the death of a member or  
10 participant who has not retired and who first became a member  
11 or participant on or after January 1, 2011, eligibility for a  
12 survivor's or widow's annuity shall be determined by the  
13 applicable Article of this Code. The initial benefit shall be  
14 66 2/3% of the earned annuity without a reduction due to age. A  
15 child's annuity of an otherwise eligible child shall be in the  
16 amount prescribed under each Article if applicable. Any  
17 survivor's or widow's annuity shall be increased (1) on each  
18 January 1 occurring on or after the commencement of the annuity  
19 if the deceased member died while receiving a retirement  
20 annuity or (2) in other cases, on each January 1 occurring  
21 after the first anniversary of the commencement of the annuity.  
22 Each annual increase shall be calculated at 3% or one-half the  
23 annual unadjusted percentage increase (but not less than zero)  
24 in the consumer price index-u for the 12 months ending with the  
25 September preceding each November 1, whichever is less, of the  
26 originally granted survivor's annuity. If the annual

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

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

18 (h) If a person who first becomes a member or a participant  
19 of a retirement system or pension fund subject to this Section  
20 on or after January 1, 2011 is receiving a retirement annuity  
21 or retirement pension under that system or fund and becomes a  
22 member or participant under any other system or fund created by  
23 this Code and is employed on a full-time basis, except for  
24 those members or participants exempted from the provisions of  
25 this Section under subsection (a) of this Section, then the  
26 person's retirement annuity or retirement pension under that

1 system or fund shall be suspended during that employment. Upon  
2 termination of that employment, the person's retirement  
3 annuity or retirement pension payments shall resume and be  
4 recalculated if recalculation is provided for under the  
5 applicable Article of this Code.

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

25 (i) Notwithstanding any other provision of this Section, a  
26 person who first becomes a participant of the retirement system

1 established under Article 15 on or after January 1, 2011 shall  
2 have the option to enroll in the self-managed plan created  
3 under Section 15-158.2 of this Code.

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

7 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11;  
8 97-609, eff. 1-1-12.)

9 (40 ILCS 5/2-105.1 new)

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

13 (40 ILCS 5/2-105.2 new)

14 Sec. 2-105.2. Tier I retiree. "Tier I retiree" means a  
15 former Tier I participant who is receiving a retirement  
16 annuity.

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

18 Sec. 2-108. Salary. "Salary": (1) For members of the  
19 General Assembly, the total compensation paid to the member by  
20 the State for one year of service, including the additional  
21 amounts, if any, paid to the member as an officer pursuant to  
22 Section 1 of "An Act in relation to the compensation and  
23 emoluments of the members of the General Assembly", approved

1 December 6, 1907, as now or hereafter amended.

2 (2) For the State executive officers specified in Section  
3 2-105, the total compensation paid to the member for one year  
4 of service.

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

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

16 Notwithstanding any other provision of this Code, the  
17 salary of a Tier I participant for the purposes of this Code  
18 shall not exceed, for periods of service in a term of office  
19 beginning on or after the effective date of this amendatory Act  
20 of the 98th General Assembly, the greater of (i) the annual  
21 contribution and benefit base established for the applicable  
22 year by the Commissioner of Social Security under the federal  
23 Social Security Act or (ii) the annual salary of the  
24 participant during the 365 days immediately preceding that  
25 effective date.

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

1 (40 ILCS 5/2-119) (from Ch. 108 1/2, par. 2-119)  
2 Sec. 2-119. Retirement annuity - conditions for  
3 eligibility.

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

8 1. The date the annuity begins does not precede the  
9 date of final termination of service, or is not more than  
10 30 days before the receipt of the application by the board  
11 in the case of annuities based on disability or one year  
12 before the receipt of the application in the case of  
13 annuities based on attained age;

14 2. The participant meets one of the following  
15 eligibility requirements:

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

19 (A) He or she has attained age 55 and has at least  
20 8 years of service credit;

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

24 (C) He or she has completed 8 years of service and  
25 has become permanently disabled and as a consequence,

1 is unable to perform the duties of his or her office.

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

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

9 (1) If the Tier I participant is at least 45 years old  
10 on the effective date of this amendatory Act of the 98th  
11 General Assembly, then the references to age 55 and 62 in  
12 subsection (a) of this Section remain unchanged.

13 (2) If the Tier I participant is at least 40 but less  
14 than 45 years old on the effective date of this amendatory  
15 Act of the 98th General Assembly, then the references to  
16 age 55 and 62 in subsection (a) of this Section are  
17 increased by one year.

18 (3) If the Tier I participant is at least 35 but less  
19 than 40 years old on the effective date of this amendatory  
20 Act of the 98th General Assembly, then the references to  
21 age 55 and 62 in subsection (a) of this Section are  
22 increased by 3 years.

23 (4) If the Tier I participant is less than 35 years old  
24 on the effective date of this amendatory Act of the 98th  
25 General Assembly, then the references to age 55 and 62 in  
26 subsection (a) of this Section are increased by 5 years.



1        Notwithstanding Section 1-103.1, this subsection (a-5)  
2        applies without regard to whether or not the Tier I member is  
3        in active service under this Article on or after the effective  
4        date of this amendatory Act of the 98th General Assembly.

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) Except as provided in subsections (a-1) and (a-2), a A  
22       participant who retires after June 30, 1967, and who has not  
23       received an initial increase under this Section before the  
24       effective date of this amendatory Act of 1991, shall, in  
25       January or July next following the first anniversary of

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

10 (a-1) Notwithstanding any other provision of this Article,  
11 for a Tier I retiree, the amount of each automatic annual  
12 increase in retirement annuity occurring on or after the  
13 effective date of this amendatory Act of the 98th General  
14 Assembly shall be the lesser of \$750 or 3% of the total annuity  
15 payable at the time of the increase, including previous  
16 increases granted.

17 (a-2) Notwithstanding any other provision of this Article,  
18 for a Tier I retiree, the monthly retirement annuity shall  
19 first be subject to annual increases on the January 1 occurring  
20 on or next after the attainment of age 67 or the January 1  
21 occurring on or next after the fifth anniversary of the annuity  
22 start date, whichever occurs earlier. If on the effective date  
23 of this amendatory Act of the 98th General Assembly a Tier I  
24 retiree has already received an annual increase under this  
25 Section but does not yet meet the new eligibility requirements  
26 of this subsection, the annual increases already received shall

1 continue in force, but no additional annual increase shall be  
2 granted until the Tier I retiree meets the new eligibility  
3 requirements.

4 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)  
5 and (a-2) apply without regard to whether or not the Tier I  
6 retiree is in active service under this Article on or after the  
7 effective date of this amendatory Act of the 98th General  
8 Assembly.

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 August 8, 2003 (the  
25 effective date of Public Act 93-494) ~~this amendatory Act of the~~  
26 ~~93rd General Assembly.~~

1 (b-5) Notwithstanding any other provision of this Article,  
2 a participant who first becomes a participant on or after  
3 January 1, 2011 (the effective date of Public Act 96-889)  
4 shall, in January or July next following the first anniversary  
5 of 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 originally granted retirement annuity ~~then being~~  
8 ~~paid~~ increased by 3% or one-half the annual unadjusted  
9 percentage increase in the Consumer Price Index for All Urban  
10 Consumers as determined by the Public Pension Division of the  
11 Department of Insurance under subsection (a) of Section  
12 2-108.1, whichever is less. The changes made to this subsection  
13 by this amendatory Act of the 98th General Assembly do not  
14 apply to any automatic annual increase granted under this  
15 subsection before the effective date of this amendatory Act.

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

26 (d) A participant who terminated service prior to July 1,

1 1967, with at least 14 years of service is entitled to an  
2 increase in retirement annuity beginning January, 1976, and to  
3 additional increases in January of each year thereafter.

4 The initial increase shall be 1 1/2% of the originally  
5 granted retirement annuity multiplied by the number of full  
6 years that the annuitant was in receipt of such annuity prior  
7 to January 1, 1972, plus 2% of the originally granted  
8 retirement annuity for each year after that date. The  
9 subsequent annual increases shall be at the rate of 2% of the  
10 originally granted retirement annuity for each year through  
11 1979 and at the rate of 3% for 1980 and thereafter.

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

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

18 (40 ILCS 5/2-121.1) (from Ch. 108 1/2, par. 2-121.1)

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

20 (a) A surviving spouse shall be entitled to 66 2/3% of the  
21 amount of retirement annuity to which the participant or  
22 annuitant was entitled on the date of death, without regard to  
23 whether the participant had attained age 55 prior to his or her  
24 death, subject to a minimum payment of 10% of salary. If a  
25 surviving spouse, regardless of age, has in his or her care at

1 the date of death any eligible child or children of the  
2 participant, the survivor's annuity shall be the greater of the  
3 following: (1) 66 2/3% of the amount of retirement annuity to  
4 which the participant or annuitant was entitled on the date of  
5 death, or (2) 30% of the participant's salary increased by 10%  
6 of salary on account of each such child, subject to a total  
7 payment for the surviving spouse and children of 50% of salary.  
8 If eligible children survive but there is no surviving spouse,  
9 or if the surviving spouse dies or becomes disqualified by  
10 remarriage while eligible children survive, each eligible  
11 child shall be entitled to an annuity of 20% of salary, subject  
12 to a maximum total payment for all such children of 50% of  
13 salary.

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

19 The salary to be used for determining these benefits shall  
20 be the salary used for determining the amount of retirement  
21 annuity as provided in Section 2-119.01.

22 (b) Upon the death of a participant after the termination  
23 of service or upon death of an annuitant, the maximum total  
24 payment to a surviving spouse and eligible children, or to  
25 eligible children alone if there is no surviving spouse, shall  
26 be 75% of the retirement annuity to which the participant or

1 annuitant was entitled, unless there is a dependent disabled  
2 child among the survivors.

3 (c) When a child ceases to be an eligible child, the  
4 annuity to that child, or to the surviving spouse on account of  
5 that child, shall thereupon cease, and the annuity payable to  
6 the surviving spouse or other eligible children shall be  
7 recalculated if necessary.

8 Upon the ineligibility of the last eligible child, the  
9 annuity shall immediately revert to the amount payable upon  
10 death of a participant or annuitant who leaves no eligible  
11 children. If the surviving spouse is then under age 50, the  
12 annuity as revised shall be deferred until the attainment of  
13 age 50.

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

25 (d-5) Notwithstanding any other provision of this Article,  
26 the initial survivor's annuity of a survivor of a participant

1 who first becomes a participant on or after January 1, 2011  
2 (the effective date of Public Act 96-889) shall be in the  
3 amount of 66 2/3% of the amount of the retirement annuity to  
4 which the participant or annuitant was entitled on the date of  
5 death and shall be increased (1) on each January 1 occurring on  
6 or after the commencement of the annuity if the deceased member  
7 died while receiving a retirement annuity or (2) in other  
8 cases, on each January 1 occurring on or after the first  
9 anniversary of the commencement of the annuity, by an amount  
10 equal to 3% or one-half the annual unadjusted percentage  
11 increase in the Consumer Price Index for All Urban Consumers as  
12 determined by the Public Pension Division of the Department of  
13 Insurance under subsection (a) of Section 2-108.1, whichever is  
14 less, of the originally granted survivor's annuity ~~then being~~  
15 ~~paid~~. The changes made to this subsection by this amendatory  
16 Act of the 98th General Assembly do not apply to any automatic  
17 annual increase granted under this subsection before the  
18 effective date of this amendatory Act.

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

25 (f) In the case of a proportional survivor's annuity  
26 arising under the Retirement Systems Reciprocal Act where the



1 amount payable by the System on January 1, 1993 is less than  
2 \$300 per month, the amount payable by the System shall be  
3 increased beginning on that date by a monthly amount equal to  
4 \$2 for each full year that has expired since the annuity began.  
5 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

6 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

7 Sec. 2-124. Contributions by State.

8 (a) The State shall make contributions to the System by  
9 appropriations of amounts which, together with the  
10 contributions of participants, interest earned on investments,  
11 and other income will meet the cost of maintaining and  
12 administering the System on a 100% ~~90%~~ funded basis in  
13 accordance with actuarial recommendations by the end of State  
14 fiscal year 2043.

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

20 (c) For State fiscal years 2014 through 2043, the minimum  
21 contribution to the System to be made by the State for each  
22 fiscal year shall be an amount determined by the System to be  
23 equal to the sum of (1) the State's portion of the projected  
24 normal cost for that fiscal year, plus (2) an amount sufficient  
25 to bring the total assets of the System up to 100% of the total

1 actuarial liabilities of the System by the end of State fiscal  
2 year 2043. In making these determinations, the required State  
3 contribution shall be calculated each year as a level  
4 percentage of payroll over the years remaining to and including  
5 fiscal year 2043 and shall be determined under the projected  
6 unit credit actuarial cost method.

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

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

22 Notwithstanding any other provision of this Article, the  
23 total required State contribution for State fiscal year 2006 is  
24 \$4,157,000.

25 Notwithstanding any other provision of this Article, the  
26 total required State contribution for State fiscal year 2007 is

1 \$5,220,300.

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

8 Notwithstanding any other provision of this Article, the  
9 total required State contribution for State fiscal year 2010 is  
10 \$10,454,000 and shall be made from the proceeds of bonds sold  
11 in fiscal year 2010 pursuant to Section 7.2 of the General  
12 Obligation Bond Act, less (i) the pro rata share of bond sale  
13 expenses determined by the System's share of total bond  
14 proceeds, (ii) any amounts received from the General Revenue  
15 Fund in fiscal year 2010, and (iii) any reduction in bond  
16 proceeds due to the issuance of discounted bonds, if  
17 applicable.

18 Notwithstanding any other provision of this Article, the  
19 total required State contribution for State fiscal year 2011 is  
20 the amount recertified by the System on or before April 1, 2011  
21 pursuant to Section 2-134 and shall be made from the proceeds  
22 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of  
23 the General Obligation Bond Act, less (i) the pro rata share of  
24 bond sale expenses determined by the System's share of total  
25 bond proceeds, (ii) any amounts received from the General  
26 Revenue Fund in fiscal year 2011, and (iii) any reduction in

1 bond proceeds due to the issuance of discounted bonds, if  
2 applicable.

3 Beginning in State fiscal year 2044, the minimum State  
4 contribution for each fiscal year shall be the amount needed to  
5 maintain the total assets of the System at 100% of the total  
6 actuarial liabilities of the System.

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

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

23 Notwithstanding any other provision of this Section, the  
24 required State contribution for State fiscal year 2005 and for  
25 fiscal year 2008 and each fiscal year thereafter through State  
26 fiscal year 2013, as calculated under this Section and

1 certified under Section 2-134, shall not exceed an amount equal  
2 to (i) the amount of the required State contribution that would  
3 have been calculated under this Section for that fiscal year if  
4 the System had not received any payments under subsection (d)  
5 of Section 7.2 of the General Obligation Bond Act, minus (ii)  
6 the portion of the State's total debt service payments for that  
7 fiscal year on the bonds issued in fiscal year 2003 for the  
8 purposes of that Section 7.2, as determined and certified by  
9 the Comptroller, that is the same as the System's portion of  
10 the total moneys distributed under subsection (d) of Section  
11 7.2 of the General Obligation Bond Act. In determining this  
12 maximum for State fiscal years 2008 through 2010, however, the  
13 amount referred to in item (i) shall be increased, as a  
14 percentage of the applicable employee payroll, in equal  
15 increments calculated from the sum of the required State  
16 contribution for State fiscal year 2007 plus the applicable  
17 portion of the State's total debt service payments for fiscal  
18 year 2007 on the bonds issued in fiscal year 2003 for the  
19 purposes of Section 7.2 of the General Obligation Bond Act, so  
20 that, by State fiscal year 2011, the State is contributing at  
21 the rate otherwise required under this Section.

22 (d) For purposes of determining the required State  
23 contribution to the System, the value of the System's assets  
24 shall be equal to the actuarial value of the System's assets,  
25 which shall be calculated as follows:

26 As of June 30, 2008, the actuarial value of the System's

1 assets shall be equal to the market value of the assets as of  
2 that date. In determining the actuarial value of the System's  
3 assets for fiscal years after June 30, 2008, any actuarial  
4 gains or losses from investment return incurred in a fiscal  
5 year shall be recognized in equal annual amounts over the  
6 5-year period following that fiscal year.

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

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

14 (40 ILCS 5/2-125) (from Ch. 108 1/2, par. 2-125)

15 Sec. 2-125. Obligations of State; funding guarantee.

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

20 (b) All income, interest and dividends derived from  
21 deposits and investments shall be credited to the account of  
22 the system in the State Treasury and used to pay benefits under  
23 this Article.

24 (c) Beginning July 1, 2013, the State shall be  
25 contractually obligated to contribute to the System under

1 Section 2-124 in each State fiscal year an amount not less than  
2 the sum of (i) the State's normal cost for that year and (ii)  
3 the portion of the unfunded accrued liability assigned to that  
4 year by law in accordance with a schedule that distributes  
5 payments equitably over a reasonable period of time and in  
6 accordance with accepted actuarial practices. The obligations  
7 created under this subsection (c) are contractual obligations  
8 protected and enforceable under Article I, Section 16 and  
9 Article XIII, Section 5 of the Illinois Constitution.

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

20 Any payments required to be made by the State pursuant to  
21 this subsection (c) are expressly subordinated to the payment  
22 of the principal, interest, and premium, if any, on any bonded  
23 debt obligation of the State or any other State-created entity,  
24 either currently outstanding or to be issued, for which the  
25 source of repayment or security thereon is derived directly or  
26 indirectly from tax revenues collected by the State or any

1 other State-created entity. Payments on such bonded  
2 obligations include any statutory fund transfers or other  
3 prefunding mechanisms or formulas set forth, now or hereafter,  
4 in State law or bond indentures, into debt service funds or  
5 accounts of the State related to such bonded obligations,  
6 consistent with the payment schedules associated with such  
7 obligations.

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

9 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

10 Sec. 2-126. Contributions by participants.

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

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

24 (1) beginning July 1, 2013 and through June 30, 2014,  
25 1% of salary; and



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

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

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

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

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

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

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

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

19 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

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

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

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

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

18 On or before January 15, 2013 and every January 15  
19 thereafter, the Board shall certify to the Governor and the  
20 General Assembly the amount of the required State contribution  
21 for the next fiscal year. The Board's certification shall  
22 include a copy of the actuarial recommendations upon which it  
23 is based and shall specifically identify the System's projected  
24 State normal cost for that fiscal year. The Board's  
25 certification must note any deviations from the State Actuary's  
26 recommended changes, the reason or reasons for not following

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

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

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

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

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

1 General Assembly through June 30, 2004, the Board shall not  
2 submit vouchers for the remainder of fiscal year 2004 in excess  
3 of the fiscal year 2004 certified contribution amount  
4 determined under this Section after taking into consideration  
5 the transfer to the System under subsection (d) of Section  
6 6z-61 of the State Finance Act. These vouchers shall be paid by  
7 the State Comptroller and Treasurer by warrants drawn on the  
8 funds appropriated to the System for that fiscal year. If in  
9 any month the amount remaining unexpended from all other  
10 appropriations to the System for the applicable fiscal year  
11 (including the appropriations to the System under Section 8.12  
12 of the State Finance Act and Section 1 of the State Pension  
13 Funds Continuing Appropriation Act) is less than the amount  
14 lawfully vouchered under this Section, the difference shall be  
15 paid from the General Revenue Fund under the continuing  
16 appropriation authority provided in Section 1.1 of the State  
17 Pension Funds Continuing Appropriation Act.

18 (c) The full amount of any annual appropriation for the  
19 System for State fiscal year 1995 shall be transferred and made  
20 available to the System at the beginning of that fiscal year at  
21 the request of the Board. Any excess funds remaining at the end  
22 of any fiscal year from appropriations shall be retained by the  
23 System as a general reserve to meet the System's accrued  
24 liabilities.

25 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
26 97-694, eff. 6-18-12.)

1 (40 ILCS 5/2-162)

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

4 (a) As used in this Section, "new benefit increase" means  
5 an increase in the amount of any benefit provided under this  
6 Article, or an expansion of the conditions of eligibility for  
7 any benefit under this Article, that results from an amendment  
8 to this Code that takes effect after the effective date of this  
9 amendatory Act of the 94th General Assembly. "New benefit  
10 increase", however, does not include any benefit increase  
11 resulting from the changes made to this Article by this  
12 amendatory Act of the 98th General Assembly.

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

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

22 Every new benefit increase is contingent upon the General  
23 Assembly providing the additional funding required under this  
24 subsection. The Commission on Government Forecasting and  
25 Accountability shall analyze whether adequate additional

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

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

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

1 apply and qualify for the affected benefit while the new  
2 benefit increase was in effect.

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

4 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)  
5 Sec. 14-103.10. Compensation.

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

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

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

24 (1) for vacation,

25 (2) for accumulated unused sick leave,



1 (3) upon discharge or dismissal,

2 (4) for approved holidays.

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

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

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

23 (1) for vacation;

24 (2) for accumulated unused sick leave;

25 (3) upon discharge or dismissal; and

26 (4) for approved holidays.

1       (f) Notwithstanding any other provision of this Code, the  
2 compensation of a Tier I member for the purposes of this Code  
3 shall not exceed, for periods of service on or after the  
4 effective date of this amendatory Act of the 98th General  
5 Assembly, the greater of (i) the annual contribution and  
6 benefit base established for the applicable year by the  
7 Commissioner of Social Security under the federal Social  
8 Security Act or (ii) the annual compensation of the member  
9 during the 365 days immediately preceding that effective date;  
10 except that this limitation does not apply to a member's  
11 compensation that is determined under an employment contract or  
12 collective bargaining agreement that is in effect on the  
13 effective date of this amendatory Act of the 98th General  
14 Assembly and has not been amended or renewed after that date.

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

16       (40 ILCS 5/14-103.40 new)

17       Sec. 14-103.40. Tier I member. "Tier I member": A member of  
18 this System who first became a member or participant before  
19 January 1, 2011 under any reciprocal retirement system or  
20 pension fund established under this Code other than a  
21 retirement system or pension fund established under Article 2,  
22 3, 4, 5, 6, or 18 of this Code.

23       (40 ILCS 5/14-103.41 new)

24       Sec. 14-103.41. Tier I retiree. "Tier I retiree": A former

1 Tier I member who is receiving a retirement annuity.

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

3 Sec. 14-107. Retirement annuity - service and age -  
4 conditions.

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

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

20 (c) Notwithstanding subsection (b) of this Section, for a  
21 Tier I member who begins receiving a retirement annuity under  
22 this Article after July 1, 2013:

23 (1) If the Tier I member is at least 45 years old on  
24 the effective date of this amendatory Act of the 98th  
25 General Assembly, then the references to age 55 and 60 in

1 subsection (b) of this Section remain unchanged and the  
2 references to 85 in subsection (b) of this Section remain  
3 unchanged.

4 (2) If the Tier I member is at least 40 but less than  
5 45 years old on the effective date of this amendatory Act  
6 of the 98th General Assembly, then the references to age 55  
7 and 60 in subsection (b) of this Section are increased by  
8 one year and the references to 85 in subsection (b) are  
9 increased to 87.

10 (3) If the Tier I member is at least 35 but less than  
11 40 years old on the effective date of this amendatory Act  
12 of the 98th General Assembly, then the references to age 55  
13 and 60 in subsection (b) of this Section are increased by 3  
14 years and the references to 85 in subsection (b) are  
15 increased to 91.

16 (4) If the Tier I member is less than 35 years old on  
17 the effective date of this amendatory Act of the 98th  
18 General Assembly, then the references to age 55 and 60 in  
19 subsection (b) of this Section are increased by 5 years and  
20 the references to 85 in subsection (b) are increased to 95.

21 Notwithstanding Section 1-103.1, this subsection (c)  
22 applies without regard to whether or not the Tier I member is  
23 in active service under this Article on or after the effective  
24 date of this amendatory Act of the 98th General Assembly.

25 (d) The allowance shall begin with the first full calendar  
26 month specified in the member's application therefor, the first

1 day of which shall not be before the date of withdrawal as  
2 approved by the board. Regardless of the date of withdrawal,  
3 the allowance need not begin within one year of application  
4 therefor.

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

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

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

17 The total period of service to be considered in  
18 establishing the measure of prior service annuity shall include  
19 service credited in the Teachers' Retirement System of the  
20 State of Illinois and the State Universities Retirement System  
21 for which contributions have been made by the member to such  
22 systems; provided that at least 1 year of the total period of 3  
23 years prescribed for the allowance of a full measure of prior  
24 service annuity shall consist of membership service in this  
25 system for which credit has been granted.

1 (a) In the case of a member who retires on or after January  
2 1, 1998 and is a noncovered employee, the retirement annuity  
3 for membership service and prior service shall be 2.2% of final  
4 average compensation for each year of service. Any service  
5 credit established as a covered employee shall be computed as  
6 stated in paragraph (b).

7 (b) In the case of a member who retires on or after January  
8 1, 1998 and is a covered employee, the retirement annuity for  
9 membership service and prior service shall be computed as  
10 stated in paragraph (a) for all service credit established as a  
11 noncovered employee; for service credit established as a  
12 covered employee it shall be 1.67% of final average  
13 compensation for each year of service.

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

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

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

14           (f) The retirement annuity payable to any covered employee  
15 who is a member of the System and in service on January 1,  
16 1969, or in service thereafter in 1969 as a result of the  
17 legislation designated in the immediately preceding paragraph,  
18 if fully insured for Old Age Insurance payments under the  
19 Federal Social Security Act at the date of acceptance of a  
20 retirement annuity, shall not be less than an amount which when  
21 added to the Primary Insurance Benefit payable to the member  
22 upon attainment of age 65 under such Federal Act, will equal  
23 the annuity which would otherwise be payable if the coordinated  
24 plan of coverage were not applicable.

25           (g) In the case of a member who is a noncovered employee,  
26 the retirement annuity for membership service as a security

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

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

23 (i) For the purposes of this Section and Section 14-133 of  
24 this Act, the term "security employee of the Department of  
25 Corrections" and the term "security employee of the Department  
26 of Human Services" shall have the meanings ascribed to them in



1 subsection (c) of Section 14-110.

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

15 (k) (Blank).

16 (l) The changes to this Section made by this amendatory Act  
17 of 1997 (changing certain retirement annuity formulas from a  
18 stepped rate to a flat rate) apply to members who retire on or  
19 after January 1, 1998, without regard to whether employment  
20 terminated before the effective date of this amendatory Act of  
21 1997. An annuity shall not be calculated in steps by using the  
22 new flat rate for some steps and the superseded stepped rate  
23 for other steps of the same type of service.

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

25 (40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)

1           Sec. 14-110. Alternative retirement annuity.

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

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

19           (ii) for periods of eligible creditable service as a  
20 covered employee: if retirement occurs on or after January  
21 1, 2001, 2.5% of final average compensation for each year  
22 of creditable service; if retirement occurs before January  
23 1, 2001, 1.67% of final average compensation for each of  
24 the first 10 years of such service, 1.90% for each of the  
25 next 10 years of such service, 2.10% for each year of such  
26 service in excess of 20 but not exceeding 30, and 2.30% for

1 each year in excess of 30.

2 Such annuity shall be subject to a maximum of 75% of final  
3 average compensation if retirement occurs before January 1,  
4 2001 or to a maximum of 80% of final average compensation if  
5 retirement occurs on or after January 1, 2001.

6 These rates shall not be applicable to any service  
7 performed by a member as a covered employee which is not  
8 eligible creditable service. Service as a covered employee  
9 which is not eligible creditable service shall be subject to  
10 the rates and provisions of Section 14-108.

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

14 (1) If the Tier I member is at least 45 years old on  
15 the effective date of this amendatory Act of the 98th  
16 General Assembly, then the references to age 50 and 55 in  
17 subsection (a) of this Section remain unchanged.

18 (2) If the Tier I member is at least 40 but less than  
19 45 years old on the effective date of this amendatory Act  
20 of the 98th General Assembly, then the references to age 50  
21 and 55 in subsection (a) of this Section are increased by  
22 one year.

23 (3) If the Tier I member is at least 35 but less than  
24 40 years old on the effective date of this amendatory Act  
25 of the 98th General Assembly, then the references to age 50  
26 and 55 in subsection (a) of this Section are increased by 3

1       years.

2       (4) If the Tier I member is less than 35 years old on  
3       the effective date of this amendatory Act of the 98th  
4       General Assembly, then the references to age 50 and 55 in  
5       subsection (a) of this Section are increased by 5 years.

6       Notwithstanding Section 1-103.1, this subsection (a-5)  
7       applies without regard to whether or not the Tier I member is  
8       in active service under this Article on or after the effective  
9       date of this amendatory Act of the 98th General Assembly.

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

13             (1) State policeman;

14             (2) fire fighter in the fire protection service of a  
15       department;

16             (3) air pilot;

17             (4) special agent;

18             (5) investigator for the Secretary of State;

19             (6) conservation police officer;

20             (7) investigator for the Department of Revenue or the  
21       Illinois Gaming Board;

22             (8) security employee of the Department of Human  
23       Services;

24             (9) Central Management Services security police  
25       officer;

26             (10) security employee of the Department of

1 Corrections or the Department of Juvenile Justice;

2 (11) dangerous drugs investigator;

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

4 (13) investigator for the Office of the Attorney  
5 General;

6 (14) controlled substance inspector;

7 (15) investigator for the Office of the State's  
8 Attorneys Appellate Prosecutor;

9 (16) Commerce Commission police officer;

10 (17) arson investigator;

11 (18) State highway maintenance worker.

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

22 (c) For the purposes of this Section:

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

26 (2) The term "fire fighter in the fire protection

1 service of a department" includes all officers in such fire  
2 protection service including fire chiefs and assistant  
3 fire chiefs.

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

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

26 (5) The term "investigator for the Secretary of State"

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

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

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

24 (7) The term "investigator for the Department of  
25 Revenue" means any person employed by the Department of  
26 Revenue and vested with such investigative duties as render

1 him ineligible for coverage under the Social Security Act  
2 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and  
3 218(1)(1) of that Act.

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

10 (8) The term "security employee of the Department of  
11 Human Services" means any person employed by the Department  
12 of Human Services who (i) is employed at the Chester Mental  
13 Health Center and has daily contact with the residents  
14 thereof, (ii) is employed within a security unit at a  
15 facility operated by the Department and has daily contact  
16 with the residents of the security unit, (iii) is employed  
17 at a facility operated by the Department that includes a  
18 security unit and is regularly scheduled to work at least  
19 50% of his or her working hours within that security unit,  
20 or (iv) is a mental health police officer. "Mental health  
21 police officer" means any person employed by the Department  
22 of Human Services in a position pertaining to the  
23 Department's mental health and developmental disabilities  
24 functions who is vested with such law enforcement duties as  
25 render the person ineligible for coverage under the Social  
26 Security Act by reason of Sections 218(d)(5)(A),



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

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

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

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

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

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

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

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

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

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

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

22          (16) "Commerce Commission police officer" means any  
23          person employed by the Illinois Commerce Commission who is  
24          vested with such law enforcement duties as render him  
25          ineligible for coverage under the Social Security Act by  
26          reason of Sections 218(d)(5)(A), 218(d)(8)(D), and

1 218(1)(1) of that Act.

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

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

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

1 actual maintenance necessary to keep the highways that  
2 form a part of the State highway system in serviceable  
3 condition for vehicular traffic.

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

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

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

25 or

26 (ii) beginning January 1, 1987, 25 years of eligible

1           creditable service and age 54, or 24 years of eligible  
2           creditable service and age 55; or

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

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

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

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

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

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

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

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

22           For purposes of calculating retirement annuities under  
23 this Section, periods of service rendered after December 31,  
24 1968 and before January 1, 1982 as a covered employee in the  
25 position of investigator for the Department of Revenue shall be  
26 deemed to have been service as a noncovered employee, provided

1 that the employee pays to the System prior to retirement an  
2 amount equal to (1) the difference between the employee  
3 contributions that would have been required for such service as  
4 a noncovered employee, and the amount of employee contributions  
5 actually paid, plus (2) if payment is made after January 1,  
6 1990, regular interest on the amount specified in item (1) from  
7 the date of service to the date of payment.

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

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



1 contributions transferred to the System under Section 9-121.10  
2 and the amounts that would have been contributed had those  
3 contributions been made at the rates applicable to State  
4 policemen, plus (ii) interest thereon at the effective rate for  
5 each year, compounded annually, from the date of service to the  
6 date of payment.

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

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

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

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

25 Subject to the limitation in subsection (i), an  
26 investigator for the Office of the Attorney General, or an

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

17 Subject to the limitation in subsection (i), a State  
18 policeman, conservation police officer, investigator for the  
19 Office of the Attorney General, an investigator for the  
20 Department of Revenue, or investigator for the Secretary of  
21 State may elect to establish eligible creditable service for up  
22 to 5 years of service as a person employed by a participating  
23 municipality to perform police duties, or law enforcement  
24 officer employed on a full-time basis by a forest preserve  
25 district under Article 7, a county corrections officer, or a  
26 court services officer under Article 9, by filing a written

1 election with the Board within 6 months after August 25, 2009  
2 (the effective date of Public Act 96-745) and paying to the  
3 System an amount to be determined by the Board, equal to (i)  
4 the difference between the amount of employee and employer  
5 contributions transferred to the System under Sections 7-139.8  
6 and 9-121.10 and the amounts that would have been contributed  
7 had such contributions been made at the rates applicable to  
8 State policemen, plus (ii) interest thereon at the actuarially  
9 assumed rate for each year, compounded annually, from the date  
10 of service to the date of payment.

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

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

1 compounded annually, from the date of service to the date of  
2 payment.

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

24 (l) Subject to the limitation in subsection (i), a security  
25 employee of the Department of Corrections may elect, not later  
26 than July 1, 1998, to establish eligible creditable service for

1 up to 10 years of his or her service as a policeman under  
2 Article 3, by filing a written election with the Board,  
3 accompanied by payment of an amount to be determined by the  
4 Board, equal to (i) the difference between the amount of  
5 employee and employer contributions transferred to the System  
6 under Section 3-110.5, and the amounts that would have been  
7 contributed had such contributions been made at the rates  
8 applicable to security employees of the Department of  
9 Corrections, plus (ii) interest thereon at the effective rate  
10 for each year, compounded annually, from the date of service to  
11 the date of payment.

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

1 required to have adequate knowledge in the skill for which they  
2 are providing the vocational training.

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

14 (Source: P.A. 95-530, eff. 8-28-07; 95-1036, eff. 2-17-09;  
15 96-37, eff. 7-13-09; 96-745, eff. 8-25-09; 96-1000, eff.  
16 7-2-10.)

17 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

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

19 (a) Except as provided in subsections (a-1) and (a-2), any  
20 ~~Any~~ person receiving a retirement annuity under this Article  
21 who retires having attained age 60, or who retires before age  
22 60 having at least 35 years of creditable service, or who  
23 retires on or after January 1, 2001 at an age which, when added  
24 to the number of years of his or her creditable service, equals  
25 at least 85, shall, on January 1 next following the first full

1 year of retirement, have the amount of the then fixed and  
2 payable monthly retirement annuity increased 3%. Any person  
3 receiving a retirement annuity under this Article who retires  
4 before attainment of age 60 and with less than (i) 35 years of  
5 creditable service if retirement is before January 1, 2001, or  
6 (ii) the number of years of creditable service which, when  
7 added to the member's age, would equal 85, if retirement is on  
8 or after January 1, 2001, shall have the amount of the fixed  
9 and payable retirement annuity increased by 3% on the January 1  
10 occurring on or next following (1) attainment of age 60, or (2)  
11 the first anniversary of retirement, whichever occurs later.  
12 However, for persons who receive the alternative retirement  
13 annuity under Section 14-110, references in this subsection (a)  
14 to attainment of age 60 shall be deemed to refer to attainment  
15 of age 55. For a person receiving early retirement incentives  
16 under Section 14-108.3 whose retirement annuity began after  
17 January 1, 1992 pursuant to an extension granted under  
18 subsection (e) of that Section, the first anniversary of  
19 retirement shall be deemed to be January 1, 1993. For a person  
20 who retires on or after June 28, 2001 and on or before October  
21 1, 2001, and whose retirement annuity is calculated, in whole  
22 or in part, under Section 14-110 or subsection (g) or (h) of  
23 Section 14-108, the first anniversary of retirement shall be  
24 deemed to be January 1, 2002.

25 On each January 1 following the date of the initial  
26 increase under this subsection, the employee's monthly



1 retirement annuity shall be increased by an additional 3%.

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

7 (a-1) Notwithstanding any other provision of this Article,  
8 for a Tier I retiree, the amount of each automatic annual  
9 increase in retirement annuity occurring on or after the  
10 effective date of this amendatory Act of the 98th General  
11 Assembly shall be the lesser of \$600 (\$750 if the annuity is  
12 based primarily upon service as a noncovered employee) or 3% of  
13 the total annuity payable at the time of the increase,  
14 including previous increases granted.

15 (a-2) Notwithstanding any other provision of this Article,  
16 for a Tier I retiree, the monthly retirement annuity shall  
17 first be subject to annual increases on the January 1 occurring  
18 on or next after the attainment of age 67 or the January 1  
19 occurring on or next after the fifth anniversary of the annuity  
20 start date, whichever occurs earlier. If on the effective date  
21 of this amendatory Act of the 98th General Assembly a Tier I  
22 retiree has already received an annual increase under this  
23 Section but does not yet meet the new eligibility requirements  
24 of this subsection, the annual increases already received shall  
25 continue in force, but no additional annual increase shall be  
26 granted until the Tier I retiree meets the new eligibility

1 requirements.

2 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)  
3 and (a-2) apply without regard to whether or not the Tier I  
4 retiree is in active service under this Article on or after the  
5 effective date of this amendatory Act of the 98th General  
6 Assembly.

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

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

22 (d) In addition to other increases which may be provided by  
23 this Section, on January 1, 1981 any annuitant who was  
24 receiving a retirement annuity on or before January 1, 1971  
25 shall have his retirement annuity then being paid increased \$1  
26 per month for each year of creditable service. On January 1,

1 1982, any annuitant who began receiving a retirement annuity on  
2 or before January 1, 1977, shall have his retirement annuity  
3 then being paid increased \$1 per month for each year of  
4 creditable service.

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

10 (e) Every person who receives the alternative retirement  
11 annuity under Section 14-110 and who is eligible to receive the  
12 3% increase under subsection (a) on January 1, 1986, shall also  
13 receive on that date a one-time increase in retirement annuity  
14 equal to the difference between (1) his actual retirement  
15 annuity on that date, including any increases received under  
16 subsection (a), and (2) the amount of retirement annuity he  
17 would have received on that date if the amendments to  
18 subsection (a) made by Public Act 84-162 had been in effect  
19 since the date of his retirement.

20 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;  
21 92-651, eff. 7-11-02.)

22 (40 ILCS 5/14-131)

23 Sec. 14-131. Contributions by State.

24 (a) The State shall make contributions to the System by  
25 appropriations of amounts which, together with other employer

1 contributions from trust, federal, and other funds, employee  
2 contributions, investment income, and other income, will be  
3 sufficient to meet the cost of maintaining and administering  
4 the System on a 100% ~~90%~~ funded basis in accordance with  
5 actuarial recommendations by the end of State fiscal year 2043.

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

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

15 The Board shall also determine a State contribution rate  
16 for each fiscal year, expressed as a percentage of payroll,  
17 based on the total required State contribution for that fiscal  
18 year (less the amount received by the System from  
19 appropriations under Section 8.12 of the State Finance Act and  
20 Section 1 of the State Pension Funds Continuing Appropriation  
21 Act, if any, for the fiscal year ending on the June 30  
22 immediately preceding the applicable November 15 certification  
23 deadline), the estimated payroll (including all forms of  
24 compensation) for personal services rendered by eligible  
25 employees, and the recommendations of the actuary.

26 For the purposes of this Section and Section 14.1 of the

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

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

21 (c-1) Notwithstanding subsection (c) of this Section, for  
22 fiscal years 2010, 2012, and 2013 only, contributions by the  
23 several departments are not required to be made for General  
24 Revenue Funds payrolls processed by the Comptroller. Payrolls  
25 paid by the several departments from all other State funds must  
26 continue to be processed pursuant to subsection (c) of this

1 Section.

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

9 (d) If an employee is paid from trust funds or federal  
10 funds, the department or other employer shall pay employer  
11 contributions from those funds to the System at the certified  
12 rate, unless the terms of the trust or the federal-State  
13 agreement preclude the use of the funds for that purpose, in  
14 which case the required employer contributions shall be paid by  
15 the State. From the effective date of this amendatory Act of  
16 the 93rd General Assembly through the payment of the final  
17 payroll from fiscal year 2004 appropriations, the department or  
18 other employer shall not pay contributions for the remainder of  
19 fiscal year 2004 but shall instead make payments as required  
20 under subsection (a-1) of Section 14.1 of the State Finance  
21 Act. The department or other employer shall resume payment of  
22 contributions at the commencement of fiscal year 2005.

23 (e) For State fiscal years 2014 through 2043, the minimum  
24 contribution to the System to be made by the State for each  
25 fiscal year shall be an amount determined by the System to be  
26 equal to the sum of (1) the State's portion of the projected

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

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

19 For State fiscal years 1996 through 2005, the State  
20 contribution to the System, as a percentage of the applicable  
21 employee payroll, shall be increased in equal annual increments  
22 so that by State fiscal year 2011, the State is contributing at  
23 the rate required under this Section; except that (i) for State  
24 fiscal year 1998, for all purposes of this Code and any other  
25 law of this State, the certified percentage of the applicable  
26 employee payroll shall be 5.052% for employees earning eligible

1 creditable service under Section 14-110 and 6.500% for all  
2 other employees, notwithstanding any contrary certification  
3 made under Section 14-135.08 before the effective date of this  
4 amendatory Act of 1997, and (ii) in the following specified  
5 State fiscal years, the State contribution to the System shall  
6 not be less than the following indicated percentages of the  
7 applicable employee payroll, even if the indicated percentage  
8 will produce a State contribution in excess of the amount  
9 otherwise required under this subsection and subsection (a):  
10 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY  
11 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

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

24 Notwithstanding any other provision of this Article, the  
25 total required State General Revenue Fund contribution for  
26 State fiscal year 2010 is \$723,703,100 and shall be made from



1 the proceeds of bonds sold in fiscal year 2010 pursuant to  
2 Section 7.2 of the General Obligation Bond Act, less (i) the  
3 pro rata share of bond sale expenses determined by the System's  
4 share of total bond proceeds, (ii) any amounts received from  
5 the General Revenue Fund in fiscal year 2010, and (iii) any  
6 reduction in bond proceeds due to the issuance of discounted  
7 bonds, if applicable.

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

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

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

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

13           Notwithstanding any other provision of this Section, the  
14 required State contribution for State fiscal year 2005 and for  
15 fiscal year 2008 and each fiscal year thereafter through State  
16 fiscal year 2013, as calculated under this Section and  
17 certified under Section 14-135.08, shall not exceed an amount  
18 equal to (i) the amount of the required State contribution that  
19 would have been calculated under this Section for that fiscal  
20 year if the System had not received any payments under  
21 subsection (d) of Section 7.2 of the General Obligation Bond  
22 Act, minus (ii) the portion of the State's total debt service  
23 payments for that fiscal year on the bonds issued in fiscal  
24 year 2003 for the purposes of that Section 7.2, as determined  
25 and certified by the Comptroller, that is the same as the  
26 System's portion of the total moneys distributed under

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

12 (f) After the submission of all payments for eligible  
13 employees from personal services line items in fiscal year 2004  
14 have been made, the Comptroller shall provide to the System a  
15 certification of the sum of all fiscal year 2004 expenditures  
16 for personal services that would have been covered by payments  
17 to the System under this Section if the provisions of this  
18 amendatory Act of the 93rd General Assembly had not been  
19 enacted. Upon receipt of the certification, the System shall  
20 determine the amount due to the System based on the full rate  
21 certified by the Board under Section 14-135.08 for fiscal year  
22 2004 in order to meet the State's obligation under this  
23 Section. The System shall compare this amount due to the amount  
24 received by the System in fiscal year 2004 through payments  
25 under this Section and under Section 6z-61 of the State Finance  
26 Act. If the amount due is more than the amount received, the

1 difference shall be termed the "Fiscal Year 2004 Shortfall" for  
2 purposes of this Section, and the Fiscal Year 2004 Shortfall  
3 shall be satisfied under Section 1.2 of the State Pension Funds  
4 Continuing Appropriation Act. If the amount due is less than  
5 the amount received, the difference shall be termed the "Fiscal  
6 Year 2004 Overpayment" for purposes of this Section, and the  
7 Fiscal Year 2004 Overpayment shall be repaid by the System to  
8 the Pension Contribution Fund as soon as practicable after the  
9 certification.

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

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

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

25 (i) After the submission of all payments for eligible  
26 employees from personal services line items paid from the

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

22 (j) After the submission of all payments for eligible  
23 employees from personal services line items paid from the  
24 General Revenue Fund in fiscal year 2011 have been made, the  
25 Comptroller shall provide to the System a certification of the  
26 sum of all fiscal year 2011 expenditures for personal services

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

19 (k) For fiscal years 2012 and 2013 only, after the  
20 submission of all payments for eligible employees from personal  
21 services line items paid from the General Revenue Fund in the  
22 fiscal year have been made, the Comptroller shall provide to  
23 the System a certification of the sum of all expenditures in  
24 the fiscal year for personal services. Upon receipt of the  
25 certification, the System shall determine the amount due to the  
26 System based on the full rate certified by the Board under

1 Section 14-135.08 for the fiscal year in order to meet the  
2 State's obligation under this Section. The System shall compare  
3 this amount due to the amount received by the System for the  
4 fiscal year. If the amount due is more than the amount  
5 received, the difference shall be termed the "Prior Fiscal Year  
6 Shortfall" for purposes of this Section, and the Prior Fiscal  
7 Year Shortfall shall be satisfied under Section 1.2 of the  
8 State Pension Funds Continuing Appropriation Act. If the amount  
9 due is less than the amount received, the difference shall be  
10 termed the "Prior Fiscal Year Overpayment" for purposes of this  
11 Section, and the Prior Fiscal Year Overpayment shall be repaid  
12 by the System to the General Revenue Fund as soon as  
13 practicable after the certification.

14 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;  
15 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.  
16 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11; 97-732,  
17 eff. 6-30-12.)

18 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

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

20 (a) The payment of the required department contributions,  
21 all allowances, annuities, benefits granted under this  
22 Article, and all expenses of administration of the system are  
23 obligations of the State of Illinois to the extent specified in  
24 this Article.

25 (b) All income of the system shall be credited to a

1 separate account for this system in the State treasury and  
2 shall be used to pay allowances, annuities, benefits and  
3 administration expense.

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

15 Notwithstanding any other provision of law, if the State  
16 fails to pay in a State fiscal year the amount guaranteed under  
17 this subsection, the System may bring a mandamus action in the  
18 Circuit Court of Sangamon County to compel the State to make  
19 that payment, irrespective of other remedies that may be  
20 available to the System. In ordering the State to make the  
21 required payment, the court may order a reasonable payment  
22 schedule to enable the State to make the required payment  
23 without significantly imperiling the public health, safety, or  
24 welfare.

25 Any payments required to be made by the State pursuant to  
26 this subsection (c) are expressly subordinated to the payment



1 of the principal, interest, and premium, if any, on any bonded  
2 debt obligation of the State or any other State-created entity,  
3 either currently outstanding or to be issued, for which the  
4 source of repayment or security thereon is derived directly or  
5 indirectly from tax revenues collected by the State or any  
6 other State-created entity. Payments on such bonded  
7 obligations include any statutory fund transfers or other  
8 prefunding mechanisms or formulas set forth, now or hereafter,  
9 in State law or bond indentures, into debt service funds or  
10 accounts of the State related to such bonded obligations,  
11 consistent with the payment schedules associated with such  
12 obligations.

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

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

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

16 (a) Each participating employee shall make contributions  
17 to the System, based on the employee's compensation, as  
18 follows:

19 (1) Covered employees, except as indicated below, 3.5%  
20 for retirement annuity, and 0.5% for a widow or survivors  
21 annuity;

22 (2) Noncovered employees, except as indicated below,  
23 7% for retirement annuity and 1% for a widow or survivors  
24 annuity;

25 (3) Noncovered employees serving in a position in which

1 "eligible creditable service" as defined in Section 14-110  
2 may be earned, 1% for a widow or survivors annuity plus the  
3 following amount for retirement annuity: 8.5% through  
4 December 31, 2001; 9.5% in 2002; 10.5% in 2003; and 11.5%  
5 in 2004 and thereafter;

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

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

18 (6) Each security employee of the Department of  
19 Corrections or of the Department of Human Services who is  
20 not a covered employee, 1% for a widow or survivors annuity  
21 plus the following amount for retirement annuity: 8.5%  
22 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and  
23 11.5% in 2004 and thereafter.

24 (a-5) In addition to the contributions otherwise required  
25 under this Article, each Tier I member shall also make the  
26 following contributions for retirement annuity from each

1 payment of compensation:

2 (1) beginning July 1, 2013 and through June 30, 2014,  
3 1% of compensation; and

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

5 (b) Contributions shall be in the form of a deduction from  
6 compensation and shall be made notwithstanding that the  
7 compensation paid in cash to the employee shall be reduced  
8 thereby below the minimum prescribed by law or regulation. Each  
9 member is deemed to consent and agree to the deductions from  
10 compensation provided for in this Article, and shall receipt in  
11 full for salary or compensation.

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

13 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

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

15 (a) To certify to the Governor and to each department, on  
16 or before November 15 of each year through ~~until~~ November 15,  
17 2011, the required rate for State contributions to the System  
18 for the next State fiscal year, as determined under subsection  
19 (b) of Section 14-131. The certification to the Governor under  
20 this subsection (a) shall include a copy of the actuarial  
21 recommendations upon which the rate is based ~~and shall~~  
22 ~~specifically identify the System's projected State normal cost~~  
23 ~~for that fiscal year.~~

24 (a-5) On or before November 1 of each year, beginning  
25 November 1, 2012, the Board shall submit to the State Actuary,

1 the Governor, and the General Assembly a proposed certification  
2 of the amount of the required State contribution to the System  
3 for the next fiscal year, along with all of the actuarial  
4 assumptions, calculations, and data upon which that proposed  
5 certification is based. On or before January 1 of each year,  
6 beginning January 1, 2013, the State Actuary shall issue a  
7 preliminary report concerning the proposed certification and  
8 identifying, if necessary, recommended changes in actuarial  
9 assumptions that the Board must consider before finalizing its  
10 certification of the required State contributions.

11 On or before January 15, 2013 and each January 15  
12 thereafter, the Board shall certify to the Governor and the  
13 General Assembly the amount of the required State contribution  
14 for the next fiscal year. The certification shall include a  
15 copy of the actuarial recommendations upon which it is based  
16 and shall specifically identify the System's projected State  
17 normal cost for that fiscal year. The Board's certification  
18 must note any deviations from the State Actuary's recommended  
19 changes, the reason or reasons for not following the State  
20 Actuary's recommended changes, and the fiscal impact of not  
21 following the State Actuary's recommended changes on the  
22 required State contribution.

23 (b) The certifications under subsections (a) and (a-5)  
24 shall include an additional amount necessary to pay all  
25 principal of and interest on those general obligation bonds due  
26 the next fiscal year authorized by Section 7.2(a) of the

1 General Obligation Bond Act and issued to provide the proceeds  
2 deposited by the State with the System in July 2003,  
3 representing deposits other than amounts reserved under  
4 Section 7.2(c) of the General Obligation Bond Act. For State  
5 fiscal year 2005, the Board shall make a supplemental  
6 certification of the additional amount necessary to pay all  
7 principal of and interest on those general obligation bonds due  
8 in State fiscal years 2004 and 2005 authorized by Section  
9 7.2(a) of the General Obligation Bond Act and issued to provide  
10 the proceeds deposited by the State with the System in July  
11 2003, representing deposits other than amounts reserved under  
12 Section 7.2(c) of the General Obligation Bond Act, as soon as  
13 practical after the effective date of this amendatory Act of  
14 the 93rd General Assembly.

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

22 On or before July 1, 2005, the Board shall recalculate and  
23 recertify to the Governor and to each department the amount of  
24 the required State contribution to the System and the required  
25 rates for State contributions to the System for State fiscal  
26 year 2006, taking into account the changes in required State

1 contributions made by this amendatory Act of the 94th General  
2 Assembly.

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

9 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
10 97-694, eff. 6-18-12.)

11 (40 ILCS 5/14-152.1)

12 Sec. 14-152.1. Application and expiration of new benefit  
13 increases.

14 (a) As used in this Section, "new benefit increase" means  
15 an increase in the amount of any benefit provided under this  
16 Article, or an expansion of the conditions of eligibility for  
17 any benefit under this Article, that results from an amendment  
18 to this Code that takes effect after June 1, 2005 (the  
19 effective date of Public Act 94-4). "New benefit increase",  
20 however, does not include any benefit increase resulting from  
21 the changes made to this Article by Public Act 96-37 or by this  
22 amendatory Act of the 98th ~~96th~~ General Assembly.

23 (b) Notwithstanding any other provision of this Code or any  
24 subsequent amendment to this Code, every new benefit increase  
25 is subject to this Section and shall be deemed to be granted

1 only in conformance with and contingent upon compliance with  
2 the provisions of this Section.

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

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

23 (d) Every new benefit increase shall expire 5 years after  
24 its effective date or on such earlier date as may be specified  
25 in the language enacting the new benefit increase or provided  
26 under subsection (c). This does not prevent the General

1 Assembly from extending or re-creating a new benefit increase  
2 by law.

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

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

14 (40 ILCS 5/15-103.4 new)

15 Sec. 15-103.4. Tier 3 retirement plan. "Tier 3 retirement  
16 plan": The composite defined-contribution, defined-benefit  
17 retirement program maintained under the System as described in  
18 Section 15-158.5.

19 The Tier 3 retirement plan consists of a defined-benefit  
20 component and a defined-contribution component; both  
21 components apply to all participants in the Tier 3 retirement  
22 plan.

23 (40 ILCS 5/15-107.1 new)

24 Sec. 15-107.1. Tier I participant. "Tier I participant": A



1 participant under this Article, other than a participant in the  
2 self-managed plan under Section 15-158.2, who first became a  
3 member or participant before January 1, 2011 under any  
4 reciprocal retirement system or pension fund established under  
5 this Code other than a retirement system or pension fund  
6 established under Article 2, 3, 4, 5, 6, or 18 of this Code.

7 (40 ILCS 5/15-107.2 new)

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

10 A person does not become a Tier I retiree by virtue of  
11 receiving a reversionary, survivors, beneficiary, or  
12 disability annuity.

13 (40 ILCS 5/15-107.3 new)

14 Sec. 15-107.3. Tier 3 employee. "Tier 3 employee": An  
15 employee, other than a participant in the self-managed plan  
16 under Section 15-158.2, who first becomes a participant on or  
17 after January 1, 2014; and an employee who first became a  
18 participant on or after January 1, 2011 but before January 1,  
19 2014 and has elected to transfer his or her pension credits to  
20 the Tier 3 retirement plan.

21 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

22 Sec. 15-111. Earnings. "Earnings": An amount paid for  
23 personal services equal to the sum of the basic compensation

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

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

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

18 (2) "Earnings" includes transition pay paid to the  
19 employee before the effective date of this amendatory Act  
20 of the 91st General Assembly only if (i) employee  
21 contributions under Section 15-157 have been withheld from  
22 that transition pay or (ii) the employee pays to the System  
23 before January 1, 2001 an amount representing employee  
24 contributions under Section 15-157 on that transition pay.  
25 Employee contributions under item (ii) may be paid in a  
26 lump sum, by withholding from additional transition pay

1 accruing before January 1, 2001, or in any other manner  
2 approved by the System. Upon payment of the employee  
3 contributions on transition pay, the corresponding  
4 employer contributions become an obligation of the State.

5 (f) Notwithstanding any other provision of this Code, the  
6 earnings of a Tier I participant or a Tier 3 employee for the  
7 purposes of this Code shall not exceed, for periods of service  
8 on or after the effective date of this amendatory Act of the  
9 98th General Assembly, the greater of (i) the annual  
10 contribution and benefit base established for the applicable  
11 year by the Commissioner of Social Security under the federal  
12 Social Security Act or (ii) the annual earnings of the  
13 participant during the 365 days immediately preceding that  
14 effective date; except that this limitation does not apply to a  
15 participant's earnings that are determined under an employment  
16 contract or collective bargaining agreement that is in effect  
17 on the effective date of this amendatory Act of the 98th  
18 General Assembly and has not been amended or renewed after that  
19 date.

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

21 (40 ILCS 5/15-113.6) (from Ch. 108 1/2, par. 15-113.6)

22 Sec. 15-113.6. Service for employment in public schools.  
23 "Service for employment in public schools": Includes those  
24 periods not exceeding the lesser of 10 years or 2/3 of the  
25 service granted under other Sections of this Article dealing

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

26 The service granted under this Section shall not be

1 considered in determining whether the person has the minimum of  
2 8 years of service required to qualify for a retirement annuity  
3 at age 55 or the 5 years of service required to qualify for a  
4 retirement annuity at age 62, as provided in Section 15-135, ~~or~~  
5 the 10 years required by subsection (c) of Section 1-160, or  
6 the 5 years of service required by Section 15-158.5 for a  
7 ~~person who first becomes a participant on or after January 1,~~  
8 ~~2011.~~ The maximum allowable service of 10 years for this  
9 governmental employment shall be reduced by the service credit  
10 which is validated under paragraph (2) of subsection (b) of  
11 Section 16-127 and paragraph 1 of Section 17-133.

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

13 (40 ILCS 5/15-113.7) (from Ch. 108 1/2, par. 15-113.7)

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

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

22 The service granted under this Section shall not be  
23 considered in determining whether the person has the minimum of  
24 8 years of service required to qualify for a retirement annuity  
25 at age 55 or the 5 years of service required to qualify for a  
26 retirement annuity at age 62, as provided in Section 15-135.

1 the 10 years required by subsection (c) of Section 1-160, or  
2 the 5 years of service required by Section 15-158.5. The  
3 maximum allowable service of 10 years for this governmental  
4 employment shall be reduced by the service credit which is  
5 validated under paragraph (2) of subsection (b) of Section  
6 16-127 and paragraph one of Section 17-133.

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

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

11 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

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

13 (a) A participant who retires in one of the following  
14 specified years with the specified amount of service is  
15 entitled to a retirement annuity at any age under the  
16 retirement program applicable to the participant:

17 35 years if retirement is in 1997 or before;

18 34 years if retirement is in 1998;

19 33 years if retirement is in 1999;

20 32 years if retirement is in 2000;

21 31 years if retirement is in 2001;

22 30 years if retirement is in 2002 or later.

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

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

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

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

11 (1) If the Tier I participant is at least 45 years old  
12 on the effective date of this amendatory Act of the 98th  
13 General Assembly, then the reference to retirement with 30  
14 years of service as well as the references to age 50, 55,  
15 and 62 in subsection (a) of this Section remain unchanged.

16 (2) If the Tier I participant is at least 40 but less  
17 than 45 years old on the effective date of this amendatory  
18 Act of the 98th General Assembly, then the reference to  
19 retirement with 30 years of service as well as the  
20 references to age 50, 55, and 62 in subsection (a) of this  
21 Section shall be increased by one year.

22 (3) If the Tier I participant is at least 35 but less  
23 than 40 years old on the effective date of this amendatory  
24 Act of the 98th General Assembly, then the reference to  
25 retirement with 30 years of service as well as the  
26 references to age 50, 55, and 62 in subsection (a) of this



1       Section shall be increased by 3 years.

2           (4) If the Tier I participant is less than 35 years old  
3       on the effective date of this amendatory Act of the 98th  
4       General Assembly, then the reference to retirement with 30  
5       years of service as well as the references to age 50, 55,  
6       and 62 in subsection (a) of this Section shall be increased  
7       by 5 years.

8       Notwithstanding Section 1-103.1, this subsection (a-5)  
9       applies without regard to whether or not the Tier I participant  
10      is in active service under this Article on or after the  
11      effective date of this amendatory Act of the 98th General  
12      Assembly.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 to the provisions of Section 15-136.4.

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

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

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

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

1 University of Illinois.

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

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

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

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

1 retirement under Section 15-136.2.

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

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

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

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

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

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

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

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

26           (3) For that portion of a retirement annuity which has



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

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

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

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

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

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

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

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

21 (d-1) Notwithstanding any other provision of this Article,  
22 for a Tier I retiree, the amount of each automatic annual  
23 increase in retirement annuity occurring on or after the  
24 effective date of this amendatory Act of the 98th General  
25 Assembly shall be the lesser of \$750 or 3% of the total annuity  
26 payable at the time of the increase, including previous

1 increases granted.

2 (d-2) Notwithstanding any other provision of this Article,  
3 for a Tier I retiree, the monthly retirement annuity shall  
4 first be subject to annual increases on the January 1 occurring  
5 on or next after the attainment of age 67 or the January 1  
6 occurring on or next after the fifth anniversary of the annuity  
7 start date, whichever occurs earlier. If on the effective date  
8 of this amendatory Act of the 98th General Assembly a Tier I  
9 retiree has already received an annual increase under this  
10 Section but does not yet meet the new eligibility requirements  
11 of this subsection, the annual increases already received shall  
12 continue in force, but no additional annual increase shall be  
13 granted until the Tier I retiree meets the new eligibility  
14 requirements.

15 (d-3) Notwithstanding Section 1-103.1, subsections (d-1)  
16 and (d-2) apply without regard to whether or not the Tier I  
17 retiree is in active service under this Article on or after the  
18 effective date of this amendatory Act of the 98th General  
19 Assembly.

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

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

11 (f) A participant is entitled to such additional annuity as  
12 may be provided on an actuarially equivalent basis, by any  
13 accumulated additional contributions to his or her credit.  
14 However, the additional contributions made by the participant  
15 toward the automatic increases in annuity provided under this  
16 Section and the contributions made under subsection (c-5) of  
17 Section 15-157 by this amendatory Act of the 98th General  
18 Assembly shall not be taken into account in determining the  
19 amount of such additional annuity.

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

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

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

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

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

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

1 (40 ILCS 5/15-139) (from Ch. 108 1/2, par. 15-139)

2 Sec. 15-139. Retirement annuities; cancellation; suspended  
3 during employment.

4 (a) If an annuitant returns to employment for an employer  
5 within 60 days after the beginning of the retirement annuity  
6 payment period, the retirement annuity shall be cancelled, and  
7 the annuitant shall refund to the System the total amount of  
8 the retirement annuity payments which he or she received. If  
9 the retirement annuity is cancelled, the participant shall  
10 continue to participate in the System.

11 (b) If an annuitant retires prior to age 60 and receives or  
12 becomes entitled to receive during any month compensation in  
13 excess of the monthly retirement annuity (including any  
14 automatic annual increases) for services performed after the  
15 date of retirement for any employer under this System, that  
16 portion of the monthly retirement annuity provided by employer  
17 contributions shall not be payable.

18 If an annuitant retires at age 60 or over and receives or  
19 becomes entitled to receive during any academic year  
20 compensation in excess of the difference between his or her  
21 highest annual earnings prior to retirement and his or her  
22 annual retirement annuity computed under Rule 1, Rule 2, Rule  
23 3, Rule 4, or Rule 5 of Section 15-136, or under Section  
24 15-136.4 or 15-158.5, for services performed after the date of  
25 retirement for any employer under this System, that portion of

1 the monthly retirement annuity provided by employer  
2 contributions shall be reduced by an amount equal to the  
3 compensation that exceeds such difference.

4 However, any remuneration received for serving as a member  
5 of the Illinois Educational Labor Relations Board shall be  
6 excluded from "compensation" for the purposes of this  
7 subsection (b), and serving as a member of the Illinois  
8 Educational Labor Relations Board shall not be deemed to be a  
9 return to employment for the purposes of this Section. This  
10 provision applies without regard to whether service was  
11 terminated prior to the effective date of this amendatory Act  
12 of 1991.

13 (c) If an employer certifies that an annuitant has been  
14 reemployed on a permanent and continuous basis or in a position  
15 in which the annuitant is expected to serve for at least 9  
16 months, the annuitant shall resume his or her status as a  
17 participating employee and shall be entitled to all rights  
18 applicable to participating employees upon filing with the  
19 board an election to forgo all annuity payments during the  
20 period of reemployment. Upon subsequent retirement, the  
21 retirement annuity shall consist of the annuity which was  
22 terminated by the reemployment, plus the additional retirement  
23 annuity based upon service granted during the period of  
24 reemployment, but the combined retirement annuity shall not  
25 exceed the maximum annuity applicable on the date of the last  
26 retirement.

1           The total service and earnings credited before and after  
2 the initial date of retirement shall be considered in  
3 determining eligibility of the employee or the employee's  
4 beneficiary to benefits under this Article, and in calculating  
5 final rate of earnings.

6           In determining the death benefit payable to a beneficiary  
7 of an annuitant who again becomes a participating employee  
8 under this Section, accumulated normal and additional  
9 contributions shall be considered as the sum of the accumulated  
10 normal and additional contributions at the date of initial  
11 retirement and the accumulated normal and additional  
12 contributions credited after that date, less the sum of the  
13 annuity payments received by the annuitant.

14           The survivors insurance benefits provided under Section  
15 15-145 shall not be applicable to an annuitant who resumes his  
16 or her status as a participating employee, unless the  
17 annuitant, at the time of initial retirement, has a survivors  
18 insurance beneficiary who could qualify for such benefits.

19           If the participant's employment is terminated because of  
20 circumstances other than death before 9 months from the date of  
21 reemployment, the provisions of this Section regarding  
22 resumption of status as a participating employee shall not  
23 apply. The normal and survivors insurance contributions which  
24 are deducted during this period shall be refunded to the  
25 annuitant without interest, and subsequent benefits under this  
26 Article shall be the same as those which were applicable prior



1 to the date the annuitant resumed employment.

2 The amendments made to this Section by this amendatory Act  
3 of the 91st General Assembly apply without regard to whether  
4 the annuitant was in service on or after the effective date of  
5 this amendatory Act.

6 This Section also applies to retirement annuities under the  
7 Tier 3 retirement plan established under Section 15-158.5.

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

9 (40 ILCS 5/15-153.2) (from Ch. 108 1/2, par. 15-153.2)

10 Sec. 15-153.2. Disability retirement annuity. A  
11 participant whose disability benefits are discontinued under  
12 the provisions of clause (6) of Section 15-152 and who is not a  
13 participant in the optional retirement plan established under  
14 Section 15-158.2 is entitled to a disability retirement annuity  
15 of 35% of the basic compensation which was payable to the  
16 participant at the time that disability began, provided that  
17 the board determines that the participant has a medically  
18 determinable physical or mental impairment that prevents him or  
19 her from engaging in any substantial gainful activity, and  
20 which can be expected to result in death or which has lasted or  
21 can be expected to last for a continuous period of not less  
22 than 12 months.

23 The board's determination of whether a participant is  
24 disabled shall be based upon:

25 (i) a written certificate from one or more licensed and

1 practicing physicians appointed by or acceptable to the  
2 board, stating that the participant is unable to engage in  
3 any substantial gainful activity; and

4 (ii) any other medical examinations, hospital records,  
5 laboratory results, or other information necessary for  
6 determining the employment capacity and condition of the  
7 participant.

8 The terms "medically determinable physical or mental  
9 impairment" and "substantial gainful activity" shall have the  
10 meanings ascribed to them in the federal Social Security Act,  
11 as now or hereafter amended, and the regulations issued  
12 thereunder.

13 The disability retirement annuity payment period shall  
14 begin immediately following the expiration of the disability  
15 benefit payments under clause (6) of Section 15-152 and shall  
16 be discontinued for a recipient of a disability retirement  
17 annuity when (1) the physical or mental impairment no longer  
18 prevents the participant from engaging in any substantial  
19 gainful activity, (2) the participant dies or (3) the  
20 participant elects to receive a retirement annuity under  
21 Sections 15-135 and 15-136 or Section 15-158.5. If a person's  
22 disability retirement annuity is discontinued under clause  
23 (1), all rights and credits accrued in the system on the date  
24 that the disability retirement annuity began shall be restored,  
25 and the disability retirement annuity paid shall be considered  
26 as disability payments under clause (6) of Section 15-152.

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

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

3 Sec. 15-155. Employer contributions.

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

12 The Board shall determine the amount of State contributions  
13 required for each fiscal year on the basis of the actuarial  
14 tables and other assumptions adopted by the Board and the  
15 recommendations of the actuary, using the formula in subsection  
16 (a-1).

17 (a-1) For State fiscal years 2014 through 2043, the minimum  
18 contribution to the System to be made by the State for each  
19 fiscal year shall be an amount determined by the System to be  
20 equal to the sum of (1) the State's portion of the projected  
21 normal cost for that fiscal year, plus (2) an amount sufficient  
22 to bring the total assets of the System up to 100% of the total  
23 actuarial liabilities of the System by the end of State fiscal  
24 year 2043. In making these determinations, the required State  
25 contribution shall be calculated each year as a level

1 percentage of payroll over the years remaining to and including  
2 fiscal year 2043 and shall be determined under the projected  
3 unit credit actuarial cost method.

4 Beginning in State fiscal year 2044, the minimum State  
5 contribution for each fiscal year shall be the amount needed to  
6 maintain the total assets of the System at 100% of the total  
7 actuarial liabilities of the System.

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

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

23 Notwithstanding any other provision of this Article, the  
24 total required State contribution for State fiscal year 2006 is  
25 \$166,641,900.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2007 is  
2 \$252,064,100.

3 For each of State fiscal years 2008 through 2009, the State  
4 contribution to the System, as a percentage of the applicable  
5 employee payroll, shall be increased in equal annual increments  
6 from the required State contribution for State fiscal year  
7 2007, so that by State fiscal year 2011, the State is  
8 contributing at the rate otherwise required under this Section.

9 Notwithstanding any other provision of this Article, the  
10 total required State contribution for State fiscal year 2010 is  
11 \$702,514,000 and shall be made from the State Pensions Fund and  
12 proceeds of bonds sold in fiscal year 2010 pursuant to Section  
13 7.2 of the General Obligation Bond Act, less (i) the pro rata  
14 share of bond sale expenses determined by the System's share of  
15 total bond proceeds, (ii) any amounts received from the General  
16 Revenue Fund in fiscal year 2010, (iii) any reduction in bond  
17 proceeds due to the issuance of discounted bonds, if  
18 applicable.

19 Notwithstanding any other provision of this Article, the  
20 total required State contribution for State fiscal year 2011 is  
21 the amount recertified by the System on or before April 1, 2011  
22 pursuant to Section 15-165 and shall be made from the State  
23 Pensions Fund and proceeds of bonds sold in fiscal year 2011  
24 pursuant to Section 7.2 of the General Obligation Bond Act,  
25 less (i) the pro rata share of bond sale expenses determined by  
26 the System's share of total bond proceeds, (ii) any amounts

1 received from the General Revenue Fund in fiscal year 2011, and  
2 (iii) any reduction in bond proceeds due to the issuance of  
3 discounted bonds, if applicable.

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

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

20 Notwithstanding any other provision of this Section, the  
21 required State contribution for State fiscal year 2005 and for  
22 fiscal year 2008 and each fiscal year thereafter through State  
23 fiscal year 2013, as calculated under this Section and  
24 certified under Section 15-165, shall not exceed an amount  
25 equal to (i) the amount of the required State contribution that  
26 would have been calculated under this Section for that fiscal

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

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

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

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

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



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

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

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

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

23 (g) If the amount of a participant's earnings for any  
24 academic year used to determine the final rate of earnings,  
25 determined on a full-time equivalent basis, exceeds the amount  
26 of his or her earnings with the same employer for the previous

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

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

1 appropriate, recalculate the amount due.

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

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

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

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

25 When assessing payment for any amount due under subsection  
26 (g), the System shall exclude earnings increases resulting from

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

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

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

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

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

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

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

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

26           (k) The Illinois Community College Board shall adopt rules

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

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

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

26 (m) For purposes of determining the required State

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

4 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
5 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.  
6 7-13-12; revised 10-17-12.)

7 (40 ILCS 5/15-155.1 new)

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

24 The System may provide for an audit of the records of an  
25 employer, other than the State, as may be required to establish

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

7 (40 ILCS 5/15-156) (from Ch. 108 1/2, par. 15-156)

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

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

17 (b) Beginning July 1, 2013, the State shall be  
18 contractually obligated to contribute to the System under  
19 Section 15-155 in each State fiscal year an amount not less  
20 than the sum of (i) the State's normal cost for that year and  
21 (ii) the portion of the unfunded accrued liability assigned to  
22 that year by law in accordance with a schedule that distributes  
23 payments equitably over a reasonable period of time and in  
24 accordance with accepted actuarial practices. The obligations  
25 created under this subsection (b) are contractual obligations



1 protected and enforceable under Article I, Section 16 and  
2 Article XIII, Section 5 of the Illinois Constitution.

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

13 Any payments required to be made by the State pursuant to  
14 this subsection (b) are expressly subordinated to the payment  
15 of the principal, interest, and premium, if any, on any bonded  
16 debt obligation of the State or any other State-created entity,  
17 either currently outstanding or to be issued, for which the  
18 source of repayment or security thereon is derived directly or  
19 indirectly from tax revenues collected by the State or any  
20 other State-created entity. Payments on such bonded  
21 obligations include any statutory fund transfers or other  
22 prefunding mechanisms or formulas set forth, now or hereafter,  
23 in State law or bond indentures, into debt service funds or  
24 accounts of the State related to such bonded obligations,  
25 consistent with the payment schedules associated with such  
26 obligations.

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

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

3 Sec. 15-157. Employee Contributions.

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

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

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

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

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

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

9 (c-5) In addition to the contributions otherwise required  
10 under this Article, each Tier I participant shall also make the  
11 following contributions toward the retirement benefits payable  
12 under the retirement program applicable to the employee from  
13 each payment of earnings applicable to employment under this  
14 system:

15 (1) beginning July 1, 2013 and through June 30, 2014,  
16 1% of earnings; and

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

18 Except as otherwise specified, these contributions are to  
19 be considered as normal contributions for purposes of this  
20 Article.

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

26 (e) That fraction of a participant's total accumulated

1 normal contributions, the numerator of which is equal to the  
2 number of years of service in excess of that which is required  
3 to qualify for the maximum retirement annuity, and the  
4 denominator of which is equal to the total service of the  
5 participant, shall be considered as accumulated additional  
6 contributions. The determination of the applicable maximum  
7 annuity and the adjustment in contributions required by this  
8 provision shall be made as of the date of the participant's  
9 retirement.

10 (f) Notwithstanding the foregoing, a participating  
11 employee shall not be required to make contributions under this  
12 Section after the date upon which continuance of such  
13 contributions would otherwise cause his or her retirement  
14 annuity to exceed the maximum retirement annuity as specified  
15 in clause (1) of subsection (c) of Section 15-136.

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

18 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,  
19 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;  
20 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

21 (40 ILCS 5/15-158.5 new)

22 Sec. 15-158.5. Tier 3 retirement plan.

23 (a) Contents of Tier 3 retirement plan. The Tier 3  
24 retirement plan consists of a defined-benefit component and a  
25 defined-contribution component; both components apply to all

1 participants in the Tier 3 retirement plan. The plan also  
2 includes provisions relating to contributions and refunds.

3 The defined-benefit component includes a retirement  
4 annuity as provided under this Section, a surviving spouse  
5 annuity as provided under this Section, and a disability  
6 benefit as provided in this Section.

7 The defined-contribution component shall be a defined  
8 contribution plan that shall be established by the System. Each  
9 participant shall have an individual account whose assets are  
10 managed by the System, which shall design a target-date or  
11 life-cycle investment allocation mechanism for this plan. This  
12 mechanism shall invest all assets in participants' defined  
13 contribution accounts in vehicles already in use by the  
14 System's defined-benefit Fund, but the specific allocation  
15 will vary with the participant's age, with more aggressive  
16 investments for younger participants and more conservative  
17 investments for older participants.

18 The balance in a participant's defined-contribution  
19 account shall be a function exclusively of employee  
20 contributions as described in subsection (g), employer  
21 contributions as described in subsection (h), and actual  
22 investment returns net of fees and administrative costs as  
23 certified by the System.

24 Subsequent to retirement, a participant may access the  
25 assets in his or her defined-contribution account by taking  
26 lump-sum disbursements, rolling over the balance into another

1 qualified plan, or purchasing an annuity or other insurance  
2 product to the extent allowable under federal law. Under no  
3 circumstances shall the State or employer be exposed to any  
4 investment or actuarial risk in the determination of benefit  
5 levels.

6 The defined-contribution component of the Tier 3  
7 retirement plan does not include any of the following with  
8 respect to service performed while participating in the Tier 3  
9 retirement plan: retirement annuities, death benefits,  
10 survivors insurance, or disability benefits payable directly  
11 from the System as provided in Sections 15-135 through 15-153.3  
12 (except Section 15-139) or Section 1-160; refunds determined  
13 under Section 15-154; or participation in the self-managed plan  
14 under Section 15-158.2, except as provided in subsection (c) of  
15 this Section.

16 Participation in the Tier 3 retirement plan under this  
17 Section constitutes membership in the State Universities  
18 Retirement System. Participants in the Tier 3 retirement plan  
19 remain subject to the provisions of this Article that apply to  
20 participants generally and that do not depend upon the benefit  
21 package or plan. A participant in the Tier 3 retirement plan is  
22 entitled to the applicable benefits of Article 20 of this Code.

23 The Tier 3 retirement plan is subject to the provisions of  
24 Article 1 of this Code that apply to retirement systems  
25 generally and must be qualified under the Internal Revenue Code  
26 of 1986.

1       (b) Definitions. As used in this Section:

2       "Consumer Price Index-U" means the Consumer Price Index  
3 published by the Bureau of Labor Statistics of the United  
4 States Department of Labor that measures the average change in  
5 prices of goods and services purchased by all urban consumers,  
6 United States city average, all items, 1982-84 = 100.

7       "Final rate of earnings" means:

8           (1) for an employee who is paid on an hourly basis or  
9 who receives an annual salary in installments during 12  
10 months of each academic year, the average annual earnings  
11 obtained by dividing by 8 the total earnings of the  
12 employee during the 96 consecutive months in which the  
13 total earnings were the highest within the last 120 months  
14 prior to termination;

15           (2) for any other employee, the average annual earnings  
16 during the 8 consecutive academic years within the 10 years  
17 prior to termination in which the employee's earnings were  
18 the highest; and

19           (3) for an employee with less than 96 consecutive  
20 months or 8 consecutive academic years of service,  
21 whichever is necessary, the average earnings during his or  
22 her entire period of service.

23       (c) Participation. An employee who first becomes a  
24 participant of the System on or after January 1, 2014 shall  
25 participate in the Tier 3 retirement plan in lieu of  
26 participation in the traditional benefit package or the



1 portable benefit package. However, an employee who first  
2 becomes a participant of the System on or after January 1, 2014  
3 shall have the option to elect to participate in the  
4 self-managed plan established under Section 15-158.2 in lieu of  
5 participating in the Tier 3 retirement plan.

6 An employee who first became a participant of this System  
7 on or after January 1, 2011 and before January 1, 2014 may  
8 choose to transfer his or her pension credits into the Tier 3  
9 retirement plan by making, on or before June 1, 2014, an  
10 irrevocable election to transfer his or her pension credits  
11 into the Tier 3 retirement plan. An employee so electing will  
12 be credited with employee contributions and employer normal  
13 cost contributions plus interest at the actual rate of return.  
14 The System shall calculate the total cost of transferring an  
15 equal amount of service credit into the Tier 3 defined benefit  
16 plan and use the credited contributions to cover the cost of  
17 the transfer. Any unused contributions shall be deposited into  
18 the employee's defined contribution account.

19 (d) Retirement annuity.

20 (1) A participant in the Tier 3 retirement plan is  
21 entitled to a retirement annuity under this Section upon  
22 written application if he or she has attained age 67, has  
23 at least 5 years of service credit, and has terminated  
24 employment under this Article.

25 A participant in the Tier 3 retirement plan is entitled  
26 to a reduced retirement annuity upon written application if

1 he or she has attained age 62 but is below age 67 at the  
2 time of retirement, has at least 10 years of service  
3 credit, and has terminated employment under this Article.

4 (2) The retirement annuity shall be 1.1% of the final  
5 rate of earnings for each year of creditable service. If  
6 the participant has not attained age 67 at the time of  
7 retirement, the retirement annuity shall be reduced by  
8 one-half of 1% for each full month by which the age at  
9 retirement is less than age 67.

10 (3) An eligible person may elect to have his or her  
11 retirement annuity under this Section determined in  
12 accordance with Article 20 of this Code.

13 (4) A retirement annuity under this Section is subject  
14 to the provisions of Section 15-139.

15 (5) A retirement annuity under this Section shall be  
16 subject to annual increases on each January 1 occurring on  
17 or after the attainment of age 67 or the first anniversary  
18 of the annuity start date, whichever is later. Each annual  
19 increase shall be a percentage of the originally granted  
20 retirement annuity equal to 3% or one-half of the annual  
21 unadjusted percentage increase in the Consumer Price  
22 Index-U for the 12 months ending with the preceding  
23 September, whichever is less. If that annual unadjusted  
24 percentage change is zero or there is a decrease, then the  
25 annuity shall not be increased.

26 (e) Survivor's annuity.

1           (1) Eligibility for and the duration of a survivor's  
2           annuity under this Section shall be determined in the same  
3           manner as eligibility for survivor's insurance benefits  
4           under Section 15-145.

5           (2) The initial survivor's annuity of an eligible  
6           survivor of a retired participant in the Tier 3 retirement  
7           plan shall be in the amount of 66 2/3% of the retired  
8           participant's retirement annuity at the date of death.

9           The initial survivor's annuity of an eligible survivor  
10           of a participant in the Tier 3 retirement plan who was not  
11           retired shall be 66 2/3% of the retirement annuity that  
12           would have been payable under this Section if the deceased  
13           participant had retired on the date of death, disregarding  
14           the minimum age required for retirement.

15           (3) A survivor's annuity shall be increased on each  
16           January 1 occurring on or after the first anniversary of  
17           the commencement of the annuity. Each annual increase shall  
18           be a percentage of the originally granted survivor's  
19           annuity equal to 3% or one-half of the annual unadjusted  
20           percentage increase in the Consumer Price Index-U for the  
21           12 months ending with the preceding September, whichever is  
22           less. If that annual unadjusted percentage change is zero  
23           or there is a decrease, then the annuity shall not be  
24           increased.

25           (f) Disability benefit.

26           (1) A participant in the Tier 3 retirement plan is

1 eligible for the disability benefit provided under this  
2 subsection subject to the conditions of eligibility  
3 specified in Section 15-150.

4 (2) The disability benefit provided under this  
5 subsection shall begin to accrue as specified in Section  
6 15-151.

7 (3) The disability benefit provided under this  
8 subsection shall be discontinued in accordance with  
9 Section 15-152.

10 (4) The disability benefit provided under this  
11 subsection shall be an amount determined as specified in  
12 Section 15-153.

13 (5) The disability benefit provided under this  
14 subsection shall be reduced in accordance with Section  
15 15-153.1.

16 (6) The provisions of Section 15-153.2 apply to any  
17 participant whose disability benefit under this subsection  
18 is discontinued by the operation of clause (6) of Section  
19 15-152 and who is not a participant in the self-managed  
20 plan.

21 (7) The disability benefit provided under this Section  
22 shall be increased on each January 1 occurring on or after  
23 the first anniversary of the commencement of that benefit.  
24 Each annual increase shall be a percentage of the  
25 disability benefit then payable, including any previous  
26 increases, equal to 3% or one-half of the annual unadjusted

1 percentage increase in the Consumer Price Index-U for the  
2 12 months ending with the preceding September, whichever is  
3 less. If that annual unadjusted percentage change is zero  
4 or there is a decrease, then the disability benefit shall  
5 not be increased.

6 An amount of employer contributions shall be used for the  
7 purpose of providing the disability benefit under this  
8 subsection to the participant. Prior to the beginning of each  
9 plan year under the Tier 3 retirement plan, the Board of  
10 Trustees shall determine, as a percentage of earnings, the  
11 amount of employer contributions to be allocated during that  
12 plan year for providing a disability benefit for employees in  
13 the Tier 3 retirement plan.

14 (g) Employee contributions. In lieu of the employee  
15 contributions required under Section 15-157, each employee who  
16 is a participant in the Tier 3 retirement plan shall contribute  
17 to the System an amount equal to 4% of each payment of earnings  
18 to fund the defined-benefit component of the Tier 3 retirement  
19 plan and an amount equal to 5% of each payment of earnings to  
20 fund the defined-contribution component of the Tier 3  
21 retirement plan. These contributions shall be deducted from the  
22 employee's earnings and may be picked up by the employer for  
23 federal tax purposes under Section 15-157.1. These  
24 contributions are a condition of employment.

25 A Tier 3 employee may make additional contributions to the  
26 defined-contribution component of the Tier 3 retirement plan in

1 accordance with the procedures prescribed by the System, to the  
2 extent permitted under the rules of the plan.

3 (h) Actual employer contributions.

4 (1) To fund the Tier 3 retirement plan, the actual  
5 employer of an employee who participates in the Tier 3  
6 retirement plan shall annually contribute to the System an  
7 amount determined by the System equal to the sum of: (i)  
8 the annual employer's normal cost of the defined-benefit  
9 component of the Tier 3 retirement plan for employees of  
10 that employer, (ii) any unfunded accrued liability arising  
11 from the Tier 3 retirement plan assigned to the employer  
12 that year in accordance with subsection (h-5), and (iii)  
13 any optional matching contribution to be made for that year  
14 to the defined-contribution accounts of the local  
15 employers' employees by the local employer pursuant to a  
16 collective bargaining agreement or other employment  
17 contract, provided that the optional matching contribution  
18 shall not be less than 3% or greater than 10% of the  
19 applicable employee salary.

20 (2) Each year, the retirement system shall obtain an  
21 actuarial estimate of the annual normal cost of the  
22 defined-benefit component of the Tier 3 retirement plan.

23 (3) The contributions required under this subsection  
24 (h) are in addition to the contributions required under  
25 Section 15-155 and any other contributions required under  
26 this Article.

1           (4) In no event shall a participant have an option of  
2           receiving any portion of the local employer contributions  
3           to the defined-benefit plan in cash.

4           (h-5) For use in determining the employer's contribution  
5           for unfunded accrued liability under item (ii) of paragraph (1)  
6           of subsection (h), the System shall maintain a separate account  
7           for each employer. The separate account shall be maintained in  
8           such form and detail as the System determines to be  
9           appropriate. The separate account shall reflect the following  
10           items to the extent that they are attributable to that employer  
11           and arise on or after the effective date of this amendatory Act  
12           of the 98th General Assembly: employer contributions, employee  
13           contributions, investment returns, payments of benefits, and  
14           that employer's proportionate share of the System's  
15           administrative expenses.

16           In the event that the Board determines that there is a  
17           deficiency or surplus in the account of an employer, the Board  
18           shall determine the employer's contribution rate as required by  
19           item (ii) of paragraph (1) of subsection (h) so as to address  
20           that deficiency or surplus over a reasonable period of time as  
21           determined by the Board, which shall be no more than 10 years.

22           (i) Refunds. Refunds of employee contributions to the  
23           defined-benefit component of the Tier 3 retirement plan and  
24           vested employer contributions to the defined-benefit component  
25           of the Tier 3 retirement plan shall be calculated in accordance  
26           with Section 15-154.

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

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

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

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

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

23 On or before April 1, 2011, the Board shall recalculate and  
24 recertify to the Governor the amount of the required State  
25 contribution to the System for State fiscal year 2011, applying



1 the changes made by Public Act 96-889 to the System's assets  
2 and liabilities as of June 30, 2009 as though Public Act 96-889  
3 was approved on that date.

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

16 On or before January 15, 2013 and each January 15  
17 thereafter, the Board shall certify to the Governor and the  
18 General Assembly the amount of the required State contribution  
19 for the next fiscal year. The certification shall include a  
20 copy of the actuarial recommendations upon which it is based  
21 and shall specifically identify the System's projected State  
22 normal cost for that fiscal year and the projected State cost  
23 for the self-managed plan for that fiscal year. The Board's  
24 certification must note, in a written response to the State  
25 Actuary, any deviations from the State Actuary's recommended  
26 changes, the reason or reasons for not following the State

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

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

8 (c) Beginning in State fiscal year 1996, on or as soon as  
9 possible after the 15th day of each month the Board shall  
10 submit vouchers for payment of State contributions to the  
11 System, in a total monthly amount of one-twelfth of the  
12 required annual State contribution certified under subsection  
13 (a). From the effective date of this amendatory Act of the 93rd  
14 General Assembly through June 30, 2004, the Board shall not  
15 submit vouchers for the remainder of fiscal year 2004 in excess  
16 of the fiscal year 2004 certified contribution amount  
17 determined under this Section after taking into consideration  
18 the transfer to the System under subsection (b) of Section  
19 6z-61 of the State Finance Act. These vouchers shall be paid by  
20 the State Comptroller and Treasurer by warrants drawn on the  
21 funds appropriated to the System for that fiscal year.

22 If in any month the amount remaining unexpended from all  
23 other appropriations to the System for the applicable fiscal  
24 year (including the appropriations to the System under Section  
25 8.12 of the State Finance Act and Section 1 of the State  
26 Pension Funds Continuing Appropriation Act) is less than the

1 amount lawfully vouchered under this Section, the difference  
2 shall be paid from the General Revenue Fund under the  
3 continuing appropriation authority provided in Section 1.1 of  
4 the State Pension Funds Continuing Appropriation Act.

5 (d) So long as the payments received are the full amount  
6 lawfully vouchered under this Section, payments received by the  
7 System under this Section shall be applied first toward the  
8 employer contribution to the self-managed plan established  
9 under Section 15-158.2. Payments shall be applied second toward  
10 the employer's portion of the normal costs of the System, as  
11 defined in subsection (f) of Section 15-155. The balance shall  
12 be applied toward the unfunded actuarial liabilities of the  
13 System.

14 (e) In the event that the System does not receive, as a  
15 result of legislative enactment or otherwise, payments  
16 sufficient to fully fund the employer contribution to the  
17 self-managed plan established under Section 15-158.2 and to  
18 fully fund that portion of the employer's portion of the normal  
19 costs of the System, as calculated in accordance with Section  
20 15-155(a-1), then any payments received shall be applied  
21 proportionately to the optional retirement program established  
22 under Section 15-158.2 and to the employer's portion of the  
23 normal costs of the System, as calculated in accordance with  
24 Section 15-155(a-1).

25 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
26 97-694, eff. 6-18-12.)

1 (40 ILCS 5/15-198)

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

4 (a) As used in this Section, "new benefit increase" means  
5 an increase in the amount of any benefit provided under this  
6 Article, or an expansion of the conditions of eligibility for  
7 any benefit under this Article or Article 1, that results from  
8 an amendment to this Code that takes effect after the effective  
9 date of this amendatory Act of the 94th General Assembly. "New  
10 benefit increase", however, does not include any benefit  
11 increase resulting from the changes made to this Article or  
12 Article 1 by this amendatory Act of the 98th General Assembly.

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

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

22 Every new benefit increase is contingent upon the General  
23 Assembly providing the additional funding required under this  
24 subsection. The Commission on Government Forecasting and  
25 Accountability shall analyze whether adequate additional

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

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

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

1 apply and qualify for the affected benefit while the new  
2 benefit increase was in effect.

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

4 (40 ILCS 5/16-106.4 new)

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

11 (40 ILCS 5/16-106.5 new)

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

14 (40 ILCS 5/16-106.6 new)

15 Sec. 16-106.6. Tier 3 employee. "Tier 3 employee": A  
16 teacher who first becomes a member on or after January 1, 2014  
17 and is subject to Section 16-152.8 of this Article; and a  
18 teacher who first became a member on or after January 1, 2011  
19 but before January 1, 2014 and has elected to transfer his or  
20 her pension credits to the Tier 3 retirement plan.

21 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

22 Sec. 16-121. Salary. "Salary": The actual compensation

1 received by a teacher during any school year and recognized by  
2 the system in accordance with rules of the board. For purposes  
3 of this Section, "school year" includes the regular school term  
4 plus any additional period for which a teacher is compensated  
5 and such compensation is recognized by the rules of the board.

6 Notwithstanding any other provision of this Code, the  
7 salary of a Tier I member or Tier 3 employee for the purposes  
8 of this Code shall not exceed, for periods of service on or  
9 after the effective date of this amendatory Act of the 98th  
10 General Assembly, the greater of (i) the annual contribution  
11 and benefit base established for the applicable year by the  
12 Commissioner of Social Security under the federal Social  
13 Security Act or (ii) the annual salary of the member during the  
14 365 days immediately preceding that effective date; except that  
15 this limitation does not apply to a member's salary that is  
16 determined under an employment contract or collective  
17 bargaining agreement that is in effect on the effective date of  
18 this amendatory Act of the 98th General Assembly and has not  
19 been amended or renewed after that date.

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

21 (40 ILCS 5/16-132) (from Ch. 108 1/2, par. 16-132)

22 Sec. 16-132. Retirement annuity eligibility.

23 (a) A member who has at least 20 years of creditable  
24 service is entitled to a retirement annuity upon or after  
25 attainment of age 55. A member who has at least 10 but less

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

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

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

24 (1) If the Tier I member is at least 45 years old on  
25 the effective date of this amendatory Act of the 98th  
26 General Assembly, then the references to age 55, 60, and 62



1 in subsection (a) of this Section remain unchanged and the  
2 reference to 85 in subsection (a) of this Section remains  
3 unchanged.

4 (2) If the Tier I member is at least 40 but less than  
5 45 years old on the effective date of this amendatory Act  
6 of the 98th General Assembly, then the references to age  
7 55, 60, and 62 in subsection (a) of this Section are  
8 increased by one year and the reference to 85 in subsection  
9 (a) is increased to 87.

10 (3) If the Tier I member is at least 35 but less than  
11 40 years old on the effective date of this amendatory Act  
12 of the 98th General Assembly, then the references to age  
13 55, 60, and 62 in subsection (a) of this Section are  
14 increased by 3 years and the reference to 85 in subsection  
15 (a) is increased to 91.

16 (4) If the Tier I member is less than 35 years old on  
17 the effective date of this amendatory Act of the 98th  
18 General Assembly, then the references to age 55, 60, and 62  
19 in subsection (a) of this Section are increased by 5 years  
20 and the reference to 85 in subsection (a) is increased to  
21 95.

22 Notwithstanding Section 1-103.1, this subsection (b)  
23 applies without regard to whether or not the Tier I member is  
24 in active service under this Article on or after the effective  
25 date of this amendatory Act of the 98th General Assembly.

26 (c) A member meeting the above eligibility conditions is

1 entitled to a retirement annuity upon written application to  
2 the board setting forth the date the member wishes the  
3 retirement annuity to commence. However, the effective date of  
4 the retirement annuity shall be no earlier than the day  
5 following the last day of creditable service, regardless of the  
6 date of official termination of employment.

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

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

18 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

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

20 (a) The amount of the retirement annuity shall be (i) in  
21 the case of a person who first became a teacher under this  
22 Article before July 1, 2005, the larger of the amounts  
23 determined under paragraphs (A) and (B) below, or (ii) in the  
24 case of a person who first becomes a teacher under this Article  
25 on or after July 1, 2005, the amount determined under the

1 applicable provisions of paragraph (B):

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

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

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

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

22 For the purpose of calculating the sum provided under  
23 this paragraph (A), the contribution required under  
24 subsection (a-5) of Section 16-152 shall not be considered  
25 when determining the amount of the member's accumulated  
26 contributions under subparagraph (1) or (2).

1           This paragraph (A) does not apply to a person who first  
2 becomes a teacher under this Article on or after July 1,  
3 2005.

4           (B) An amount consisting of the greater of the  
5 following:

6           (1) For creditable service earned before July 1,  
7 1998 that has not been augmented under Section  
8 16-129.1: 1.67% of final average salary for each of the  
9 first 10 years of creditable service, 1.90% of final  
10 average salary for each year in excess of 10 but not  
11 exceeding 20, 2.10% of final average salary for each  
12 year in excess of 20 but not exceeding 30, and 2.30% of  
13 final average salary for each year in excess of 30; and

14           For creditable service earned on or after July 1,  
15 1998 by a member who has at least 24 years of  
16 creditable service on July 1, 1998 and who does not  
17 elect to augment service under Section 16-129.1: 2.2%  
18 of final average salary for each year of creditable  
19 service earned on or after July 1, 1998 but before the  
20 member reaches a total of 30 years of creditable  
21 service and 2.3% of final average salary for each year  
22 of creditable service earned on or after July 1, 1998  
23 and after the member reaches a total of 30 years of  
24 creditable service; and

25           For all other creditable service: 2.2% of final  
26 average salary for each year of creditable service; or

1           (2) 1.5% of final average salary for each year of  
2           creditable service plus the sum \$7.50 for each of the  
3           first 20 years of creditable service.

4           The amount of the retirement annuity determined under this  
5           paragraph (B) shall be reduced by 1/2 of 1% for each month  
6           that the member is less than age 60 at the time the  
7           retirement annuity begins. However, this reduction shall  
8           not apply (i) if the member has at least 35 years of  
9           creditable service, or (ii) if the member retires on  
10          account of disability under Section 16-149.2 of this  
11          Article with at least 20 years of creditable service, or  
12          (iii) if the member (1) has earned during the period  
13          immediately preceding the last day of service at least one  
14          year of contributing creditable service as an employee of a  
15          department as defined in Section 14-103.04, (2) has earned  
16          at least 5 years of contributing creditable service as an  
17          employee of a department as defined in Section 14-103.04,  
18          (3) retires on or after January 1, 2001, and (4) retires  
19          having attained an age which, when added to the number of  
20          years of his or her total creditable service, equals at  
21          least 85. Portions of years shall be counted as decimal  
22          equivalents. For participants to whom subsection (b) of  
23          Section 16-132 applies, the reference to age 60 in this  
24          paragraph and the reference to 85 in this paragraph are  
25          increased as provided in subsection (b) of Section 16-132.

26          (b) For purposes of this Section, final average salary

1 shall be the average salary for the highest 4 consecutive years  
2 within the last 10 years of creditable service as determined  
3 under rules of the board. The minimum final average salary  
4 shall be considered to be \$2,400 per year.

5 In the determination of final average salary for members  
6 other than elected officials and their appointees when such  
7 appointees are allowed by statute, that part of a member's  
8 salary for any year beginning after June 30, 1979 which exceeds  
9 the member's annual full-time salary rate with the same  
10 employer for the preceding year by more than 20% shall be  
11 excluded. The exclusion shall not apply in any year in which  
12 the member's creditable earnings are less than 50% of the  
13 preceding year's mean salary for downstate teachers as  
14 determined by the survey of school district salaries provided  
15 in Section 2-3.103 of the School Code.

16 (c) In determining the amount of the retirement annuity  
17 under paragraph (B) of this Section, a fractional year shall be  
18 granted proportional credit.

19 (d) The retirement annuity determined under paragraph (B)  
20 of this Section shall be available only to members who render  
21 teaching service after July 1, 1947 for which member  
22 contributions are required, and to annuitants who re-enter  
23 under the provisions of Section 16-150.

24 (e) The maximum retirement annuity provided under  
25 paragraph (B) of this Section shall be 75% of final average  
26 salary.

1 (f) A member retiring after the effective date of this  
2 amendatory Act of 1998 shall receive a pension equal to 75% of  
3 final average salary if the member is qualified to receive a  
4 retirement annuity equal to at least 74.6% of final average  
5 salary under this Article or as proportional annuities under  
6 Article 20 of this Code.

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

8 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

9 Sec. 16-133.1. Automatic annual increase in annuity.

10 (a) Each member with creditable service and retiring on or  
11 after August 26, 1969 is entitled to the automatic annual  
12 increases in annuity provided under this Section while  
13 receiving a retirement annuity or disability retirement  
14 annuity from the system.

15 An annuitant shall first be entitled to an initial increase  
16 under this Section on the January 1 next following the first  
17 anniversary of retirement, or January 1 of the year next  
18 following attainment of age 61, whichever is later. At such  
19 time, the system shall pay an initial increase determined as  
20 follows or as provided in subsections (a-1) and (a-2):

21 (1) 1.5% of the originally granted retirement annuity  
22 or disability retirement annuity multiplied by the number  
23 of years elapsed, if any, from the date of retirement until  
24 January 1, 1972, plus

25 (2) 2% of the originally granted annuity multiplied by

1 the number of years elapsed, if any, from the date of  
2 retirement or January 1, 1972, whichever is later, until  
3 January 1, 1978, plus

4 (3) 3% of the originally granted annuity multiplied by  
5 the number of years elapsed from the date of retirement or  
6 January 1, 1978, whichever is later, until the effective  
7 date of the initial increase.

8 However, the initial annual increase calculated under this  
9 Section for the recipient of a disability retirement annuity  
10 granted under Section 16-149.2 shall be reduced by an amount  
11 equal to the total of all increases in that annuity received  
12 under Section 16-149.5 (but not exceeding 100% of the amount of  
13 the initial increase otherwise provided under this Section).

14 Following the initial increase, automatic annual increases  
15 in annuity shall be payable on each January 1 thereafter during  
16 the lifetime of the annuitant, determined as a percentage of  
17 the originally granted retirement annuity or disability  
18 retirement annuity for increases granted prior to January 1,  
19 1990, and calculated as a percentage of the total amount of  
20 annuity, including previous increases under this Section, for  
21 increases granted on or after January 1, 1990, as follows: 1.5%  
22 for periods prior to January 1, 1972, 2% for periods after  
23 December 31, 1971 and prior to January 1, 1978, and 3% for  
24 periods after December 31, 1977, or as provided in subsections  
25 (a-1) and (a-2).

26 (a-1) Notwithstanding any other provision of this Article,



1 for a Tier I retiree, the amount of each automatic annual  
2 increase in retirement annuity occurring on or after the  
3 effective date of this amendatory Act of the 98th General  
4 Assembly shall be the lesser of \$750 or 3% of the total annuity  
5 payable at the time of the increase, including previous  
6 increases granted.

7 (a-2) Notwithstanding any other provision of this Article,  
8 for a Tier I retiree, the monthly retirement annuity shall  
9 first be subject to annual increases on the January 1 occurring  
10 on or next after the attainment of age 67 or the January 1  
11 occurring on or next after the fifth anniversary of the annuity  
12 start date, whichever occurs earlier. If on the effective date  
13 of this amendatory Act of the 98th General Assembly a Tier I  
14 retiree has already received an annual increase under this  
15 Section but does not yet meet the new eligibility requirements  
16 of this subsection, the annual increases already received shall  
17 continue in force, but no additional annual increase shall be  
18 granted until the Tier I retiree meets the new eligibility  
19 requirements.

20 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)  
21 and (a-2) apply without regard to whether or not the Tier I  
22 retiree is in active service under this Article on or after the  
23 effective date of this amendatory Act of the 98th General  
24 Assembly.

25 (b) The automatic annual increases in annuity provided  
26 under this Section shall not be applicable unless a member has

1 made contributions toward such increases for a period  
2 equivalent to one full year of creditable service. If a member  
3 contributes for service performed after August 26, 1969 but the  
4 member becomes an annuitant before such contributions amount to  
5 one full year's contributions based on the salary at the date  
6 of retirement, he or she may pay the necessary balance of the  
7 contributions to the system and be eligible for the automatic  
8 annual increases in annuity provided under this Section.

9 (c) Each member shall make contributions toward the cost of  
10 the automatic annual increases in annuity as provided under  
11 Section 16-152.

12 (d) An annuitant receiving a retirement annuity or  
13 disability retirement annuity on July 1, 1969, who subsequently  
14 re-enters service as a teacher is eligible for the automatic  
15 annual increases in annuity provided under this Section if he  
16 or she renders at least one year of creditable service  
17 following the latest re-entry.

18 (e) In addition to the automatic annual increases in  
19 annuity provided under this Section, an annuitant who meets the  
20 service requirements of this Section and whose retirement  
21 annuity or disability retirement annuity began on or before  
22 January 1, 1971 shall receive, on January 1, 1981, an increase  
23 in the annuity then being paid of one dollar per month for each  
24 year of creditable service. On January 1, 1982, an annuitant  
25 whose retirement annuity or disability retirement annuity  
26 began on or before January 1, 1977 shall receive an increase in

1 the annuity then being paid of one dollar per month for each  
2 year of creditable service.

3 On January 1, 1987, any annuitant whose retirement annuity  
4 began on or before January 1, 1977, shall receive an increase  
5 in the monthly retirement annuity equal to 8¢ per year of  
6 creditable service times the number of years that have elapsed  
7 since the annuity began.

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

9 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

10 Sec. 16-152. Contributions by members.

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

13 (1) Effective July 1, 1998, contributions of 7.50% of  
14 salary towards the cost of the retirement annuity. Such  
15 contributions shall be deemed "normal contributions".

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

19 (3) Effective July 24, 1959, contributions of 1% of  
20 salary towards the cost of survivor benefits. Such  
21 contributions shall not be credited to the individual  
22 account of the member and shall not be subject to refund  
23 except as provided under Section 16-143.2.

24 (4) Effective July 1, 2005, contributions of 0.40% of  
25 salary toward the cost of the early retirement without

1 discount option provided under Section 16-133.2. This  
2 contribution shall cease upon termination of the early  
3 retirement without discount option as provided in Section  
4 16-176.

5 (a-5) In addition to the contributions otherwise required  
6 under this Article, each Tier I member shall also make the  
7 following contributions toward the cost of the retirement  
8 annuity from each payment of salary:

9 (1) beginning July 1, 2013 and through June 30, 2014,  
10 1% of salary; and

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

12 Except as otherwise specified, these contributions are to  
13 be considered as normal contributions for purposes of this  
14 Article.

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

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

20 (d) A person who (i) was a member before July 1, 1998, (ii)  
21 retires with more than 34 years of creditable service, and  
22 (iii) does not elect to qualify for the augmented rate under  
23 Section 16-129.1 shall be entitled, at the time of retirement,  
24 to receive a partial refund of contributions made under this  
25 Section for service occurring after the later of June 30, 1998  
26 or attainment of 34 years of creditable service, in an amount

1 equal to 1.00% of the salary upon which those contributions  
2 were based.

3 (e) A member's contributions toward the cost of early  
4 retirement without discount made under item (a)(4) of this  
5 Section shall not be refunded if the member has elected early  
6 retirement without discount under Section 16-133.2 and has  
7 begun to receive a retirement annuity under this Article  
8 calculated in accordance with that election. Otherwise, a  
9 member's contributions toward the cost of early retirement  
10 without discount made under item (a)(4) of this Section shall  
11 be refunded according to whichever one of the following  
12 circumstances occurs first:

13 (1) The contributions shall be refunded to the member,  
14 without interest, within 120 days after the member's  
15 retirement annuity commences, if the member does not elect  
16 early retirement without discount under Section 16-133.2.

17 (2) The contributions shall be included, without  
18 interest, in any refund claimed by the member under Section  
19 16-151.

20 (3) The contributions shall be refunded to the member's  
21 designated beneficiary (or if there is no beneficiary, to  
22 the member's estate), without interest, if the member dies  
23 without having begun to receive a retirement annuity under  
24 this Article.

25 (4) The contributions shall be refunded to the member,  
26 without interest, within 120 days after the early

1 retirement without discount option provided under Section  
2 16-133.2 is terminated under Section 16-176.  
3 (Source: P.A. 93-320, eff. 7-23-03; 94-4, eff. 6-1-05.)

4 (40 ILCS 5/16-152.8 new)

5 Sec. 16-152.8. Tier 3 retirement plan.

6 (a) Contents of Tier 3 retirement plan. The Tier 3  
7 retirement plan consists of a defined-benefit component and a  
8 defined-contribution component; both components apply to all  
9 participants in the Tier 3 retirement plan. The plan also  
10 includes provisions relating to contributions and refunds.

11 The defined-benefit component includes a retirement  
12 annuity as provided under this Section, a surviving spouse  
13 annuity as provided under this Section, and a disability  
14 benefit as provided in this Section.

15 The defined-contribution component shall be a defined  
16 contribution plan that shall be established by the System. Each  
17 participant shall have an individual account whose assets are  
18 managed by the System, which shall design a target-date or  
19 life-cycle investment allocation mechanism for this plan. This  
20 mechanism shall invest all assets in participants' defined  
21 contribution accounts in vehicles already in use by the  
22 System's defined-benefit Fund, but the specific allocation  
23 will vary with the participant's age, with more aggressive  
24 investments for younger participants and more conservative  
25 investments for older participants.

1       The balance in a participant's defined-contribution  
2 account shall be a function exclusively of employee  
3 contributions as described in subsection (g), employer  
4 contributions as described in subsection (h), and actual  
5 investment returns net of fees and administrative costs as  
6 certified by the System.

7       Subsequent to retirement, a participant may access the  
8 assets in his or her defined-contribution account by taking  
9 lump-sum disbursements, rolling over the balance into another  
10 qualified plan, or purchasing an annuity or other insurance  
11 product to the extent allowable under federal law. Under no  
12 circumstances shall the State or employer be exposed to any  
13 investment or actuarial risk in the determination of benefit  
14 levels.

15       The defined-contribution component of the Tier 3  
16 retirement plan does not include any of the following with  
17 respect to service performed while participating in the Tier 3  
18 retirement plan: retirement annuities, reversionary annuities,  
19 death benefits, survivors' benefits, or disability benefits  
20 payable directly from the System as provided in Sections 16-132  
21 through 16-149.6 (except Section 16-149.2) or Section 1-160; or  
22 refunds determined under Section 16-151.

23       Participation in the Tier 3 retirement plan under this  
24 Section constitutes membership in the Teachers' Retirement  
25 System of the State of Illinois. Participants in the Tier 3  
26 retirement plan remain subject to the provisions of this

1 Article that apply to participants generally and that do not  
2 depend upon the benefit package or plan. A participant in the  
3 Tier 3 retirement plan is entitled to the applicable benefits  
4 of Article 20 of this Code.

5 The Tier 3 retirement plan is subject to the provisions of  
6 Article 1 of this Code that apply to retirement systems  
7 generally and must be qualified under the Internal Revenue Code  
8 of 1986.

9 (b) Definitions. As used in this Section:

10 "Consumer Price Index-U" means the Consumer Price Index  
11 published by the Bureau of Labor Statistics of the United  
12 States Department of Labor that measures the average change in  
13 prices of goods and services purchased by all urban consumers,  
14 United States city average, all items, 1982-84 = 100.

15 "Final average salary" means:

16 (1) for a teacher who is paid on an hourly basis or who  
17 receives an annual salary in installments during 12 months  
18 of each school year, the average annual salary obtained by  
19 dividing by 8 the total salary of the teacher during the 96  
20 consecutive months in which the total salary was the  
21 highest within the last 120 months prior to termination;

22 (2) for any other teacher, the average annual salary  
23 during the 8 consecutive school years within the 10 years  
24 prior to termination in which the teacher's salary was the  
25 highest; and

26 (3) for a teacher with less than 96 consecutive months



1       or 8 consecutive school years of service, whichever is  
2       necessary, the average salary during his or her entire  
3       period of service.

4       (c) Participation. A teacher who first becomes a member of  
5       the System on or after January 1, 2014 shall, with respect to  
6       service under this Article, participate in the Tier 3  
7       retirement plan only and not, except as specified in this  
8       Section, any other benefit package provided under this Article  
9       or Section 1-160.

10       A teacher who first became a member of this System on or  
11       after January 1, 2011 and before January 1, 2014 may choose to  
12       transfer his or her pension credits into the Tier 3 retirement  
13       plan by making, on or before June 1, 2014, an irrevocable  
14       election to transfer his or her pension credits into the Tier 3  
15       retirement plan. A teacher so electing will be credited with  
16       employee contributions and employer normal cost contributions  
17       plus interest at the actual rate of return. The System shall  
18       calculate the total cost of transferring an equal amount of  
19       service credit into the Tier 3 defined benefit plan and use the  
20       credited contributions to cover the cost of the transfer. Any  
21       unused contributions shall be deposited into the member's  
22       defined contribution account.

23       (d) Retirement annuity.

24       (1) A participant in the Tier 3 retirement plan is  
25       entitled to a retirement annuity under this Section upon  
26       written application if he or she has attained age 67, has

1       at least 5 years of service credit, and has terminated  
2       employment under this Article.

3       A participant in the Tier 3 retirement plan is entitled  
4       to a reduced retirement annuity upon written application if  
5       he or she has attained age 62 but is below age 67 at the  
6       time of retirement, has at least 10 years of service  
7       credit, and has terminated employment under this Article.

8       (2) The retirement annuity shall be 1.1% of the final  
9       average salary for each year of creditable service. If the  
10      participant has not attained age 67 at the time of  
11      retirement, the retirement annuity shall be reduced by  
12      one-half of 1% for each full month by which the age at  
13      retirement is less than age 67.

14      (3) An eligible person may elect to have his or her  
15      retirement annuity under this Section determined in  
16      accordance with Article 20 of this Code.

17      (4) A retirement annuity under this Section shall be  
18      subject to annual increases on each January 1 occurring on  
19      or after the attainment of age 67 or the first anniversary  
20      of the annuity start date, whichever is later. Each annual  
21      increase shall be a percentage of the originally granted  
22      retirement annuity equal to 3% or one-half of the annual  
23      unadjusted percentage increase in the Consumer Price  
24      Index-U for the 12 months ending with the preceding  
25      September, whichever is less. If that annual unadjusted  
26      percentage change is zero or there is a decrease, then the

1 annuity shall not be increased.

2 (e) Survivor's annuity.

3 (1) Eligibility for and the duration of a survivor's  
4 annuity under this Section shall be determined in the same  
5 manner as eligibility for survivors' benefits under this  
6 Article.

7 (2) The initial survivor's annuity of an eligible  
8 survivor of a retired participant in the Tier 3 retirement  
9 plan shall be in the amount of 66 2/3% of the retired  
10 participant's retirement annuity at the date of death.

11 The initial survivor's annuity of an eligible survivor  
12 of a participant in the Tier 3 retirement plan who was not  
13 retired shall be 66 2/3% of the retirement annuity that  
14 would have been payable under this Section if the deceased  
15 participant had retired on the date of death, disregarding  
16 the minimum age required for retirement.

17 (3) A survivor's annuity shall be increased on each  
18 January 1 occurring on or after the first anniversary of  
19 the commencement of the annuity. Each annual increase shall  
20 be a percentage of the originally granted survivor's  
21 annuity equal to 3% or one-half of the annual unadjusted  
22 percentage increase in the Consumer Price Index-U for the  
23 12 months ending with the preceding September, whichever is  
24 less. If that annual unadjusted percentage change is zero  
25 or there is a decrease, then the annuity shall not be  
26 increased.

1       (f) Disability benefit.

2           (1) A participant in the Tier 3 retirement plan is  
3       eligible for the disability benefit provided under this  
4       subsection subject to the conditions of eligibility  
5       specified in Section 16-149.

6           (2) The disability benefit provided under this  
7       subsection shall begin to accrue as specified in Section  
8       16-149.

9           (3) The disability benefit provided under this  
10       subsection shall be discontinued in accordance with  
11       Section 16-149.

12           (4) The disability benefit provided under this  
13       subsection shall be an amount determined as specified in  
14       Section 16-149.

15           (5) The provisions of Section 16-149.2 apply to any  
16       participant whose disability benefit under this subsection  
17       is discontinued by the operation of Section 16-149 and who  
18       is not a participant in the self-managed plan.

19           (6) The disability benefit provided under this Section  
20       shall be increased on each January 1 occurring on or after  
21       the first anniversary of the commencement of that benefit.  
22       Each annual increase shall be a percentage of the  
23       disability benefit then payable, including any previous  
24       increases, equal to 3% or one-half of the annual unadjusted  
25       percentage increase in the Consumer Price Index-U for the  
26       12 months ending with the preceding September, whichever is

1       less. If that annual unadjusted percentage change is zero  
2       or there is a decrease, then the disability benefit shall  
3       not be increased.

4       An amount of employer contributions shall be used for the  
5       purpose of providing the disability benefit under this  
6       subsection to the participant. Prior to the beginning of each  
7       plan year under the Tier 3 retirement plan, the Board of  
8       Trustees shall determine, as a percentage of salary, the amount  
9       of employer contributions to be allocated during that plan year  
10       for providing a disability benefit for teachers in the Tier 3  
11       retirement plan.

12       (g) Teacher contributions. In lieu of the member  
13       contributions required under Section 16-152, each teacher who  
14       is a participant in the Tier 3 retirement plan shall contribute  
15       to the System an amount equal to 4% of each payment of salary  
16       to fund the defined-benefit component of the Tier 3 retirement  
17       plan and an amount equal to 5% of each payment of salary to  
18       fund the defined-contribution component of the Tier 3  
19       retirement plan. These contributions shall be deducted from the  
20       teacher's salary and may be picked up by the employer for  
21       federal tax purposes under Section 16-152.1. These  
22       contributions are a condition of employment.

23       A Tier 3 employee may make additional contributions to the  
24       defined-contribution component of the Tier 3 retirement plan in  
25       accordance with the procedures prescribed by the System, to the  
26       extent permitted under the rules of the plan.

1       (h) Actual employer contributions.

2           (1) To fund the Tier 3 retirement plan, the actual  
3 employer of a teacher who participates in the Tier 3  
4 retirement plan shall annually contribute to the System an  
5 amount determined by the System equal to the sum of: (i)  
6 the annual employer's normal cost of the defined-benefit  
7 component of the Tier 3 retirement plan for teachers of  
8 that employer, (ii) any unfunded accrued liability arising  
9 from the Tier 3 retirement plan assigned to the employer  
10 that year in accordance with subsection (h-5), and (iii)  
11 any optional matching contribution to be made for that year  
12 to the defined-contribution accounts of the local  
13 employers' teachers by the local employer pursuant to a  
14 collective bargaining agreement or other employment  
15 contract, provided that the optional matching contribution  
16 shall not be less than 3% or greater than 10% of the  
17 applicable teacher salary.

18           (2) Each year, the retirement system shall obtain an  
19 actuarial estimate of the annual normal cost of the  
20 defined-benefit component of the Tier 3 retirement plan.

21           (3) The contributions required under this subsection  
22 (h) are in addition to the contributions required under  
23 Section 16-158 and any other contributions required under  
24 this Article.

25           (4) In no event shall a participant have an option of  
26 receiving any portion of the local employer contributions

1           to the defined-benefit plan in cash.

2           (h-5) For use in determining the employer's contribution  
3 for unfunded accrued liability under item (ii) of paragraph (1)  
4 of subsection (h), the System shall maintain a separate account  
5 for each employer. The separate account shall be maintained in  
6 such form and detail as the System determines to be  
7 appropriate. The separate account shall reflect the following  
8 items to the extent that they are attributable to that employer  
9 and arise on or after the effective date of this amendatory Act  
10 of the 98th General Assembly: employer contributions, employee  
11 contributions, investment returns, payments of benefits, and  
12 that employer's proportionate share of the System's  
13 administrative expenses.

14           In the event that the Board determines that there is a  
15 deficiency or surplus in the account of an employer, the Board  
16 shall determine the employer's contribution rate as required by  
17 item (ii) of paragraph (1) of subsection (h) so as to address  
18 that deficiency or surplus over a reasonable period of time as  
19 determined by the Board, which shall be no more than 10 years.

20           (i) Refunds. Refunds of teacher contributions to the  
21 defined-benefit component of the Tier 3 retirement plan and  
22 vested employer contributions to the defined-benefit component  
23 of the Tier 3 retirement plan shall be calculated in accordance  
24 with Section 16-138.

1           Sec. 16-158. Contributions by State and other employing  
2 units.

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

11           The Board shall determine the amount of State contributions  
12 required for each fiscal year on the basis of the actuarial  
13 tables and other assumptions adopted by the Board and the  
14 recommendations of the actuary, using the formula in subsection  
15 (b-3).

16           (a-1) Annually, on or before November 15 through ~~until~~  
17 November 15, 2011, the Board shall certify to the Governor the  
18 amount of the required State contribution for the coming fiscal  
19 year. The certification under this subsection (a-1) shall  
20 include a copy of the actuarial recommendations upon which it  
21 is based ~~and shall specifically identify the System's projected~~  
22 ~~State normal cost for that fiscal year.~~

23           On or before May 1, 2004, the Board shall recalculate and  
24 recertify to the Governor the amount of the required State  
25 contribution to the System for State fiscal year 2005, taking  
26 into account the amounts appropriated to and received by the



1 System under subsection (d) of Section 7.2 of the General  
2 Obligation Bond Act.

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

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

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

26 On or before January 15, 2013 and each January 15

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

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

15 (b-1) Beginning in State fiscal year 1996, on the 15th day  
16 of each month, or as soon thereafter as may be practicable, the  
17 Board shall submit vouchers for payment of State contributions  
18 to the System, in a total monthly amount of one-twelfth of the  
19 required annual State contribution certified under subsection  
20 (a-1). From the effective date of this amendatory Act of the  
21 93rd General Assembly through June 30, 2004, the Board shall  
22 not submit vouchers for the remainder of fiscal year 2004 in  
23 excess of the fiscal year 2004 certified contribution amount  
24 determined under this Section after taking into consideration  
25 the transfer to the System under subsection (a) of Section  
26 6z-61 of the State Finance Act. These vouchers shall be paid by

1 the State Comptroller and Treasurer by warrants drawn on the  
2 funds appropriated to the System for that fiscal year.

3 If in any month the amount remaining unexpended from all  
4 other appropriations to the System for the applicable fiscal  
5 year (including the appropriations to the System under Section  
6 8.12 of the State Finance Act and Section 1 of the State  
7 Pension Funds Continuing Appropriation Act) is less than the  
8 amount lawfully vouchered under this subsection, the  
9 difference shall be paid from the Common School Fund under the  
10 continuing appropriation authority provided in Section 1.1 of  
11 the State Pension Funds Continuing Appropriation Act.

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

15 (b-3) For State fiscal years 2014 through 2043, the minimum  
16 contribution to the System to be made by the State for each  
17 fiscal year shall be an amount determined by the System to be  
18 equal to the sum of (1) the State's portion of the projected  
19 normal cost for that fiscal year, plus (2) an amount sufficient  
20 to bring the total assets of the System up to 100% of the total  
21 actuarial liabilities of the System by the end of State fiscal  
22 year 2043. In making these determinations, the required State  
23 contribution shall be calculated each year as a level  
24 percentage of payroll over the years remaining to and including  
25 fiscal year 2043 and shall be determined under the projected  
26 unit credit actuarial cost method.

1        Beginning in State fiscal year 2044, the minimum State  
2        contribution for each fiscal year shall be the amount needed to  
3        maintain the total assets of the System at 100% of the total  
4        actuarial liabilities of the System.

5        For State fiscal years 2012 and 2013 ~~through 2045~~, the  
6        minimum contribution to the System to be made by the State for  
7        each fiscal year shall be an amount determined by the System to  
8        be sufficient to bring the total assets of the System up to 90%  
9        of the total actuarial liabilities of the System by the end of  
10       State fiscal year 2045. In making these determinations, the  
11       required State contribution shall be calculated each year as a  
12       level percentage of payroll over the years remaining to and  
13       including fiscal year 2045 and shall be determined under the  
14       projected unit credit actuarial cost method.

15       For State fiscal years 1996 through 2005, the State  
16       contribution to the System, as a percentage of the applicable  
17       employee payroll, shall be increased in equal annual increments  
18       so that by State fiscal year 2011, the State is contributing at  
19       the rate required under this Section; except that in the  
20       following specified State fiscal years, the State contribution  
21       to the System shall not be less than the following indicated  
22       percentages of the applicable employee payroll, even if the  
23       indicated percentage will produce a State contribution in  
24       excess of the amount otherwise required under this subsection  
25       and subsection (a), and notwithstanding any contrary  
26       certification made under subsection (a-1) before the effective

1 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%  
2 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY  
3 2003; and 13.56% in FY 2004.

4 Notwithstanding any other provision of this Article, the  
5 total required State contribution for State fiscal year 2006 is  
6 \$534,627,700.

7 Notwithstanding any other provision of this Article, the  
8 total required State contribution for State fiscal year 2007 is  
9 \$738,014,500.

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

16 Notwithstanding any other provision of this Article, the  
17 total required State contribution for State fiscal year 2010 is  
18 \$2,089,268,000 and shall be made from the proceeds of bonds  
19 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
20 Obligation Bond Act, less (i) the pro rata share of bond sale  
21 expenses determined by the System's share of total bond  
22 proceeds, (ii) any amounts received from the Common School Fund  
23 in fiscal year 2010, and (iii) any reduction in bond proceeds  
24 due to the issuance of discounted bonds, if applicable.

25 Notwithstanding any other provision of this Article, the  
26 total required State contribution for State fiscal year 2011 is

1 the amount recertified by the System on or before April 1, 2011  
2 pursuant to subsection (a-1) of this Section and shall be made  
3 from the proceeds of bonds sold in fiscal year 2011 pursuant to  
4 Section 7.2 of the General Obligation Bond Act, less (i) the  
5 pro rata share of bond sale expenses determined by the System's  
6 share of total bond proceeds, (ii) any amounts received from  
7 the Common School Fund in fiscal year 2011, and (iii) any  
8 reduction in bond proceeds due to the issuance of discounted  
9 bonds, if applicable. This amount shall include, in addition to  
10 the amount certified by the System, an amount necessary to meet  
11 employer contributions required by the State as an employer  
12 under paragraph (e) of this Section, which may also be used by  
13 the System for contributions required by paragraph (a) of  
14 Section 16-127.

15 ~~Beginning in State fiscal year 2046, the minimum State~~  
16 ~~contribution for each fiscal year shall be the amount needed to~~  
17 ~~maintain the total assets of the System at 90% of the total~~  
18 ~~actuarial liabilities of the System.~~

19 Amounts received by the System pursuant to Section 25 of  
20 the Budget Stabilization Act or Section 8.12 of the State  
21 Finance Act in any fiscal year do not reduce and do not  
22 constitute payment of any portion of the minimum State  
23 contribution required under this Article in that fiscal year.  
24 Such amounts shall not reduce, and shall not be included in the  
25 calculation of, the required State contributions under this  
26 Article in any future year until the System has reached a

1 funding ratio of at least 100% ~~90%~~. A reference in this Article  
2 to the "required State contribution" or any substantially  
3 similar term does not include or apply to any amounts payable  
4 to the System under Section 25 of the Budget Stabilization Act.

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

1 for the purposes of Section 7.2 of the General Obligation Bond  
2 Act, so that, by State fiscal year 2011, the State is  
3 contributing at the rate otherwise required under this Section.

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

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

19 (d) Effective July 1, 1986, any employer of a teacher as  
20 defined in paragraph (8) of Section 16-106 shall pay the  
21 employer's normal cost of benefits based upon the teacher's  
22 service, in addition to employee contributions, as determined  
23 by the System. Such employer contributions shall be forwarded  
24 monthly in accordance with guidelines established by the  
25 System.

26 However, with respect to benefits granted under Section



1 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)  
2 of Section 16-106, the employer's contribution shall be 12%  
3 (rather than 20%) of the member's highest annual salary rate  
4 for each year of creditable service granted, and the employer  
5 shall also pay the required employee contribution on behalf of  
6 the teacher. For the purposes of Sections 16-133.4 and  
7 16-133.5, a teacher as defined in paragraph (8) of Section  
8 16-106 who is serving in that capacity while on leave of  
9 absence from another employer under this Article shall not be  
10 considered an employee of the employer from which the teacher  
11 is on leave.

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

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

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

21 The school district or other employing unit may pay these  
22 employer contributions out of any source of funding available  
23 for that purpose and shall forward the contributions to the  
24 System on the schedule established for the payment of member  
25 contributions.

26 These employer contributions are intended to offset a

1 portion of the cost to the System of the increases in  
2 retirement benefits resulting from this amendatory Act of 1998.

3 Each employer of teachers is entitled to a credit against  
4 the contributions required under this subsection (e) with  
5 respect to salaries paid to teachers for the period January 1,  
6 2002 through June 30, 2003, equal to the amount paid by that  
7 employer under subsection (a-5) of Section 6.6 of the State  
8 Employees Group Insurance Act of 1971 with respect to salaries  
9 paid to teachers for that period.

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

15 If an employer is required by a contract in effect on May  
16 1, 1998 between the employer and an employee organization to  
17 pay, on behalf of all its full-time employees covered by this  
18 Article, all mandatory employee contributions required under  
19 this Article, then the employer shall be excused from paying  
20 the employer contribution required under this subsection (e)  
21 for the balance of the term of that contract. The employer and  
22 the employee organization shall jointly certify to the System  
23 the existence of the contractual requirement, in such form as  
24 the System may prescribe. This exclusion shall cease upon the  
25 termination, extension, or renewal of the contract at any time  
26 after May 1, 1998.

1 (f) If the amount of a teacher's salary for any school year  
2 used to determine final average salary exceeds the member's  
3 annual full-time salary rate with the same employer for the  
4 previous school year by more than 6%, the teacher's employer  
5 shall pay to the System, in addition to all other payments  
6 required under this Section and in accordance with guidelines  
7 established by the System, the present value of the increase in  
8 benefits resulting from the portion of the increase in salary  
9 that is in excess of 6%. This present value shall be computed  
10 by the System on the basis of the actuarial assumptions and  
11 tables used in the most recent actuarial valuation of the  
12 System that is available at the time of the computation. If a  
13 teacher's salary for the 2005-2006 school year is used to  
14 determine final average salary under this subsection (f), then  
15 the changes made to this subsection (f) by Public Act 94-1057  
16 shall apply in calculating whether the increase in his or her  
17 salary is in excess of 6%. For the purposes of this Section,  
18 change in employment under Section 10-21.12 of the School Code  
19 on or after June 1, 2005 shall constitute a change in employer.  
20 The System may require the employer to provide any pertinent  
21 information or documentation. The changes made to this  
22 subsection (f) by this amendatory Act of the 94th General  
23 Assembly apply without regard to whether the teacher was in  
24 service on or after its effective date.

25 Whenever it determines that a payment is or may be required  
26 under this subsection, the System shall calculate the amount of

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

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

23 (g) This subsection (g) applies only to payments made or  
24 salary increases given on or after June 1, 2005 but before July  
25 1, 2011. The changes made by Public Act 94-1057 shall not  
26 require the System to refund any payments received before July

1 31, 2006 (the effective date of Public Act 94-1057).

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

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

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

20 When assessing payment for any amount due under subsection  
21 (f), the System shall exclude a salary increase resulting from  
22 a promotion (i) for which the employee is required to hold a  
23 certificate or supervisory endorsement issued by the State  
24 Teacher Certification Board that is a different certification  
25 or supervisory endorsement than is required for the teacher's  
26 previous position and (ii) to a position that has existed and

1     been filled by a member for no less than one complete academic  
2     year and the salary increase from the promotion is an increase  
3     that results in an amount no greater than the lesser of the  
4     average salary paid for other similar positions in the district  
5     requiring the same certification or the amount stipulated in  
6     the collective bargaining agreement for a similar position  
7     requiring the same certification.

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

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

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

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

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

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

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

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

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

24          (k) For purposes of determining the required State  
25 contribution to the system for a particular year, the actuarial  
26 value of assets shall be assumed to earn a rate of return equal

1 to the system's actuarially assumed rate of return.

2 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
3 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.  
4 6-18-12; 97-813, eff. 7-13-12.)

5 (40 ILCS 5/16-158.1) (from Ch. 108 1/2, par. 16-158.1)

6 Sec. 16-158.1. Actions to enforce payments by school  
7 districts and other employing units other than the State. Any  
8 school district or other employing unit, other than the State,  
9 that fails ~~failings~~ to transmit to the System contributions  
10 required of it under this Article or contributions required of  
11 teachers, for more than 90 days after such contributions are  
12 due is subject to the following: after giving notice to the  
13 district or other unit, the System may certify to the State  
14 Comptroller or the Regional Superintendent of Schools the  
15 amounts of such delinquent payments and the State Comptroller  
16 or the Regional Superintendent of Schools shall deduct the  
17 amounts so certified or any part thereof from any State funds  
18 to be remitted to the school district or other employing unit  
19 involved and shall pay the amount so deducted to the System. If  
20 State funds from which such deductions may be made are not  
21 available, the System may proceed against the school district  
22 or other employing unit to recover the amounts of such  
23 delinquent payments in the appropriate circuit court.

24 The System may provide for an audit of the records of a  
25 school district or other employing unit, other than the State,



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

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

10 (40 ILCS 5/16-158.2 new)

11 Sec. 16-158.2. Obligations of State; funding guarantee.  
12 Beginning July 1, 2013, the State shall be contractually  
13 obligated to contribute to the System under Section 16-158 in  
14 each State fiscal year an amount not less than the sum of (i)  
15 the State's normal cost for that year and (ii) the portion of  
16 the unfunded accrued liability assigned to that year by law in  
17 accordance with a schedule that distributes payments equitably  
18 over a reasonable period of time and in accordance with  
19 accepted actuarial practices. The obligations created under  
20 this Section are contractual obligations protected and  
21 enforceable under Article I, Section 16 and Article XIII,  
22 Section 5 of the Illinois Constitution.

23 Notwithstanding any other provision of law, if the State  
24 fails to pay in a State fiscal year the amount guaranteed under  
25 this Section, the System may bring a mandamus action in the

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

8 Any payments required to be made by the State pursuant to  
9 this Section are expressly subordinated to the payment of the  
10 principal, interest, and premium, if any, on any bonded debt  
11 obligation of the State or any other State-created entity,  
12 either currently outstanding or to be issued, for which the  
13 source of repayment or security thereon is derived directly or  
14 indirectly from tax revenues collected by the State or any  
15 other State-created entity. Payments on such bonded  
16 obligations include any statutory fund transfers or other  
17 prefunding mechanisms or formulas set forth, now or hereafter,  
18 in State law or bond indentures, into debt service funds or  
19 accounts of the State related to such bonded obligations,  
20 consistent with the payment schedules associated with such  
21 obligations.

22 (40 ILCS 5/16-203)

23 Sec. 16-203. Application and expiration of new benefit  
24 increases.

25 (a) As used in this Section, "new benefit increase" means

1 an increase in the amount of any benefit provided under this  
2 Article, or an expansion of the conditions of eligibility for  
3 any benefit under this Article, that results from an amendment  
4 to this Code that takes effect after June 1, 2005 (the  
5 effective date of Public Act 94-4). "New benefit increase",  
6 however, does not include any benefit increase resulting from  
7 the changes made to this Article or Article 1 by Public Act  
8 95-910 or this amendatory Act of the 98th ~~95th~~ General  
9 Assembly.

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

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

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

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

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

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

25 (Source: P.A. 94-4, eff. 6-1-05; 95-910, eff. 8-26-08.)

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

2 Sec. 20-121. Calculation of proportional retirement  
3 annuities. Upon retirement of the employee, a proportional  
4 retirement annuity shall be computed by each participating  
5 system in which pension credit has been established on the  
6 basis of pension credits under each system. The computation  
7 shall be in accordance with the formula or method prescribed by  
8 each participating system which is in effect at the date of the  
9 employee's latest withdrawal from service covered by any of the  
10 systems in which he has pension credits which he elects to have  
11 considered under this Article. However, the amount of any  
12 retirement annuity payable under the self-managed plan  
13 established under Section 15-158.2 of this Code or under the  
14 defined-contribution component of a Tier 3 retirement plan  
15 established under Section 15-158.5 or 16-152.8 depends solely  
16 on the value of the participant's vested account balances and  
17 is not subject to any proportional adjustment under this  
18 Section.

19 Combined pension credit under all retirement systems  
20 subject to this Article shall be considered in determining  
21 whether the minimum qualification has been met and the formula  
22 or method of computation which shall be applied. If a system  
23 has a step-rate formula for calculation of the retirement  
24 annuity, pension credits covering previous service which have  
25 been established under another system shall be considered in  
26 determining which range or ranges of the step-rate formula are

1 to be applicable to the employee.

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

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

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

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

23 For persons who participate in the self-managed plan  
24 established under Section 15-158.2 or the portable benefit  
25 package established under Section 15-136.4, or in a Tier 3

1 retirement plan established under Section 15-158.5, pension  
2 credit established under Article 15 may be considered in  
3 determining eligibility for or the amount of the survivor's  
4 annuity that is payable by any other participating system, but  
5 pension credit established in any other system shall not result  
6 in any right to a survivor's annuity under the Article 15  
7 system.

8 For persons who participate in the Tier 3 retirement plan  
9 established under Section 16-152.8, pension credit established  
10 under Article 16 may be considered in determining eligibility  
11 for or the amount of the survivor's annuity that is payable by  
12 any other participating system, but pension credit established  
13 in any other system shall not result in any right to a  
14 survivor's annuity under the Article 16 system.

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

16 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

17 Sec. 20-124. Maximum benefits.

18 (a) In no event shall the combined retirement or survivors  
19 annuities exceed the highest annuity which would have been  
20 payable by any participating system in which the employee has  
21 pension credits, if all of his pension credits had been  
22 validated in that system.

23 If the combined annuities should exceed the highest maximum  
24 as determined in accordance with this Section, the respective  
25 annuities shall be reduced proportionately according to the

1 ratio which the amount of each proportional annuity bears to  
2 the aggregate of all such annuities.

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

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

15 (ii) For purposes of calculating the combined  
16 survivor's annuity and the proportionate reduction, if  
17 any, in a survivor's annuity other than one payable under  
18 the self-managed plan, the amount of the Article 15  
19 survivor's annuity shall be deemed to be the highest  
20 survivor's annuity to which the survivor would have been  
21 entitled if the deceased employee had participated in the  
22 traditional benefit package as defined in Section 15-103.1  
23 rather than the self-managed plan.

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

26 (c) In the case of a participant in a Tier 3 retirement



1 plan established under Section 15-158.5 of this Code to whom  
2 the provisions of this Article apply:

3 (i) For purposes of calculating the combined  
4 retirement annuity and the proportionate reduction, if  
5 any, in a retirement annuity other than one payable under  
6 Article 15 of this Code, the amount of the Article 15  
7 retirement annuity shall be deemed to be the amount of the  
8 retirement annuity payable under the defined-benefit  
9 component of the Tier 3 retirement plan, but shall not  
10 include any benefit payable under the defined-contribution  
11 component of the Tier 3 retirement plan.

12 (ii) For purposes of calculating the combined  
13 survivor's annuity and the proportionate reduction, if  
14 any, in a survivor's annuity other than one payable under  
15 Article 15 of this Code, the amount of the Article 15  
16 survivor's annuity shall be deemed to be the amount of the  
17 survivor's annuity payable under the defined benefit  
18 portion of the Tier 3 retirement plan, but shall not  
19 include any benefit payable under the defined-contribution  
20 component of the Tier 3 retirement plan.

21 (iii) Benefits payable under the defined-contribution  
22 component of the Tier 3 retirement plan established under  
23 Section 15-158.5 are not subject to proportionate  
24 reduction under this Section.

25 (d) In the case of a participant in a Tier 3 retirement  
26 plan established under Section 16-152.8 of this Code to whom

1 the provisions of this Article apply:

2 (i) For purposes of calculating the combined  
3 retirement annuity and the proportionate reduction, if  
4 any, in a retirement annuity other than one payable under  
5 Article 16 of this Code, the amount of the Article 16  
6 retirement annuity shall be deemed to be the amount of the  
7 retirement annuity payable under the defined-benefit  
8 component of the Tier 3 retirement plan, but shall not  
9 include any benefit payable under the defined-contribution  
10 component of the Tier 3 retirement plan.

11 (ii) For purposes of calculating the combined  
12 survivor's annuity and the proportionate reduction, if  
13 any, in a survivor's annuity other than one payable under  
14 Article 16 of this Code, the amount of the Article 16  
15 survivor's annuity shall be deemed to be the amount of the  
16 survivor's annuity payable under the defined benefit  
17 portion of the Tier 3 retirement plan, but shall not  
18 include any benefit payable under the defined-contribution  
19 component of the Tier 3 retirement plan.

20 (iii) Benefits payable under the defined-contribution  
21 component of the Tier 3 retirement plan established under  
22 Section 16-152.8 are not subject to proportionate  
23 reduction under this Section.

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

25 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

1           Sec. 20-125. Return to employment - suspension of benefits.  
2           If a retired employee returns to employment which is covered by  
3           a system from which he is receiving a proportional annuity  
4           under this Article, his proportional annuity from all  
5           participating systems shall be suspended during the period of  
6           re-employment, except that this suspension does not apply to  
7           any distributions payable under the self-managed plan  
8           established under Section 15-158.2 or under the  
9           defined-contribution component of a Tier 3 retirement plan  
10          established under Section 15-158.5 or 16-152.8 of this Code.

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

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

20          Section 90. The State Mandates Act is amended by adding  
21          Section 8.37 as follows:

22                 (30 ILCS 805/8.37 new)

23                 Sec. 8.37. Exempt mandate. Notwithstanding Sections 6 and 8  
24                 of this Act, no reimbursement by the State is required for the

1 implementation of any mandate created by this amendatory Act of  
2 the 98th General Assembly.

3 Section 97. Inseverability. The provisions of this Act are  
4 inseverable.

5 Section 99. Effective date. This Act takes effect upon  
6 becoming law.".