



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB2725

Introduced 2/21/2013, by Rep. Robert Rita

SYNOPSIS AS INTRODUCED:

See Index

Amends the General Assembly, State Employee, State Universities, Downstate Teacher, and Judges Articles of the Illinois Pension Code. For Tier 1 employees and their survivors, and for Tier 2 participants in the General Assembly and Judges Retirement Systems and their survivors, imposes a reduction in automatic annual increases in retirement, survivor, and disability annuities. Effective immediately.

LRB098 07543 EFG 37614 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 2-119.1, 2-121.1, 14-114, 14-119, 14-121, 14-125.1,
6 15-136, 15-145, 15-153.3, 16-133.1, 16-136.1, 16-143.1,
7 16-149.5, 18-125.1, and 18-128.01 and by adding Sections
8 2-107.1, 2-107.2, 14-103.40, 14-103.41, 15-107.1, 15-107.2,
9 16-106.4, 16-106.5, 18-110.1, and 18-110.2 as follows:

10 (40 ILCS 5/2-107.1 new)

11 Sec. 2-107.1. Tier 1 participant. "Tier 1 participant"
12 means a participant who first became a participant of this
13 System before January 1, 2011 (the effective date of Public Act
14 96-889).

15 (40 ILCS 5/2-107.2 new)

16 Sec. 2-107.2. Tier 2 participant. "Tier 2 participant"
17 means a participant who first becomes a participant of this
18 System on or after January 1, 2011 (the effective date of
19 Public Act 96-889).

20 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

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

15 (b) Beginning January 1, 1990, for eligible participants
16 who remain in service after attaining 20 years of creditable
17 service, the ~~3%~~ increases provided under subsection (a) or (f)
18 shall begin to accrue on the January 1 next following the date
19 upon which the participant (1) attains age 55, or (2) attains
20 20 years of creditable service, whichever occurs later, and
21 shall continue to accrue while the participant remains in
22 service; such increases shall become payable on January 1 or
23 July 1, whichever occurs first, next following the first
24 anniversary of retirement. For any person who has service
25 credit in the System for the entire period from January 15,
26 1969 through December 31, 1992, regardless of the date of

1 termination of service, the reference to age 55 in clause (1)
2 of this subsection (b) shall be deemed to mean age 50.

3 This subsection (b) does not apply to any person who first
4 becomes a member of the System after August 8, 2003 (the
5 effective date of Public Act 93-494) ~~this amendatory Act of the~~
6 ~~93rd General Assembly.~~

7 (b-5) Except as provided in subsection (f), a Tier 2
8 ~~Notwithstanding any other provision of this Article, a~~
9 ~~participant who first becomes a participant on or after January~~
10 ~~1, 2011 (the effective date of Public Act 96-889)~~ shall, in
11 January or July next following the first anniversary of
12 retirement, whichever occurs first, and in the same month of
13 each year thereafter, but in no event prior to age 67, have the
14 amount of the retirement annuity then being paid increased by
15 3% or the annual unadjusted percentage increase in the Consumer
16 Price Index for All Urban Consumers as determined by the Public
17 Pension Division of the Department of Insurance under
18 subsection (a) of Section 2-108.1, whichever is less.

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

1 equivalent of one year's contributions based upon his or her
2 last salary.

3 (d) A participant who terminated service prior to July 1,
4 1967, with at least 14 years of service is entitled to an
5 increase in retirement annuity beginning January, 1976, and to
6 additional increases in January of each year thereafter.

7 The initial increase shall be 1 1/2% of the originally
8 granted retirement annuity multiplied by the number of full
9 years that the annuitant was in receipt of such annuity prior
10 to January 1, 1972, plus 2% of the originally granted
11 retirement annuity for each year after that date. The
12 subsequent annual increases shall be at the rate of 2% of the
13 originally granted retirement annuity for each year through
14 1979 and at the rate of 3% for 1980 and thereafter.

15 (e) Beginning January 1, 1990 and until the effective date
16 of this amendatory Act of the 98th General Assembly, all
17 automatic annual increases payable under subsection (a), (b),
18 or (d) of this Section shall be calculated as a percentage of
19 the total annuity payable at the time of the increase,
20 including previous increases granted under this Article.

21 (f) Notwithstanding any other provision of this Article,
22 beginning on the effective date of this amendatory Act of the
23 98th General Assembly, each annual increase under this Section
24 shall be calculated as 3% or one-half the annual unadjusted
25 percentage increase in the Consumer Price Index-U for the 12
26 months ending with the preceding September, whichever is less,

1 of the originally granted annuity. If the annual unadjusted
2 percentage change is zero or there is a decrease, then the
3 annuity shall not be increased. For the purposes of this
4 Section, "Consumer Price Index-U" means the index published by
5 the Bureau of Labor Statistics of the United States Department
6 of Labor that measures the average change in prices of goods
7 and services purchased by all urban consumers, United States
8 city average, all items, 1982-84 = 100. This subsection applies
9 to all future, current, and former Tier 1 and Tier 2
10 participants, including annuitants and persons not in service
11 on or after the effective date of this amendatory Act of the
12 98th General Assembly.

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

14 (40 ILCS 5/2-121.1) (from Ch. 108 1/2, par. 2-121.1)

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

16 (a) Except as otherwise provided in this Section, a ~~A~~
17 surviving spouse shall be entitled to 66 2/3% of the amount of
18 retirement annuity to which the participant or annuitant was
19 entitled on the date of death, without regard to whether the
20 participant had attained age 55 prior to his or her death,
21 subject to a minimum payment of 10% of salary. If a surviving
22 spouse, regardless of age, has in his or her care at the date
23 of death any eligible child or children of the participant, the
24 survivor's annuity shall be the greater of the following: (1)
25 66 2/3% of the amount of retirement annuity to which the

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

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

15 The salary to be used for determining these benefits shall
16 be the salary used for determining the amount of retirement
17 annuity as provided in Section 2-119.01.

18 (b) Upon the death of a participant after the termination
19 of service or upon death of an annuitant, the maximum total
20 payment to a surviving spouse and eligible children, or to
21 eligible children alone if there is no surviving spouse, shall
22 be 75% of the retirement annuity to which the participant or
23 annuitant was entitled, unless there is a dependent disabled
24 child among the survivors.

25 (c) When a child ceases to be an eligible child, the
26 annuity to that child, or to the surviving spouse on account of

1 that child, shall thereupon cease, and the annuity payable to
2 the surviving spouse or other eligible children shall be
3 recalculated if necessary.

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

10 (d) Except as provided in subsections (d-3) and (d-5),
11 beginning ~~Beginning~~ January 1, 1990 and ending on the effective
12 date of this amendatory Act of the 98th General Assembly, every
13 survivor's annuity shall be increased (1) on each January 1
14 occurring on or after the commencement of the annuity if the
15 deceased member died while receiving a retirement annuity, or
16 (2) in other cases, on each January 1 occurring on or after the
17 first anniversary of the commencement of the annuity, by an
18 amount equal to 3% of the current amount of the annuity,
19 including any previous increases under this Article. Such
20 increases shall apply without regard to whether the deceased
21 member was in service on or after the effective date of this
22 amendatory Act of 1991, but shall not accrue for any period
23 prior to January 1, 1990.

24 (d-3) Notwithstanding any other provision of this Article,
25 beginning on the effective date of this amendatory Act of the
26 98th General Assembly, each annual increase under this Section

1 shall be calculated as 3% or one-half the annual unadjusted
2 percentage increase in the Consumer Price Index-U for the 12
3 months ending with the preceding September, whichever is less,
4 of the originally granted survivor's annuity. If the annual
5 unadjusted percentage change is zero or there is a decrease,
6 then the annuity shall not be increased. For the purposes of
7 this Section, "Consumer Price Index-U" means the index
8 published by the Bureau of Labor Statistics of the United
9 States Department of Labor that measures the average change in
10 prices of goods and services purchased by all urban consumers,
11 United States city average, all items, 1982-84 = 100. This
12 subsection applies to survivors of all future, current, and
13 former Tier 1 and Tier 2 participants, including annuitants and
14 persons not in service on or after the effective date of this
15 amendatory Act of the 98th General Assembly.

16 (d-5) Subject to subsection (d-3), but notwithstanding
17 ~~Notwithstanding~~ any other provision of this Article, the
18 initial survivor's annuity of a survivor of a Tier 2
19 participant ~~who first becomes a participant on or after January~~
20 ~~1, 2011 (the effective date of Public Act 96-889)~~ shall be in
21 the amount of 66 2/3% of the amount of the retirement annuity
22 to which the participant or annuitant was entitled on the date
23 of death and shall be increased (1) on each January 1 occurring
24 on or after the commencement of the annuity if the deceased
25 member died while receiving a retirement annuity or (2) in
26 other cases, on each January 1 occurring on or after the first

1 anniversary of the commencement of the annuity, by an amount
2 equal to 3% or the annual unadjusted percentage increase in the
3 Consumer Price Index for All Urban Consumers as determined by
4 the Public Pension Division of the Department of Insurance
5 under subsection (a) of Section 2-108.1, whichever is less, of
6 the survivor's annuity then being paid.

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

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

20 (40 ILCS 5/14-103.40 new)

21 Sec. 14-103.40. Tier 1 employee. "Tier 1 employee": An
22 employee who first became a member or participant before
23 January 1, 2011 under any reciprocal retirement system or
24 pension fund established under this Code other than a
25 retirement system or pension fund established under Article 2,

1 3, 4, 5, 6, or 18 of this Code.

2 (40 ILCS 5/14-103.41 new)

3 Sec. 14-103.41. Tier 2 employee. "Tier 2 employee" means an
4 employee who is subject to Section 1-160 of this Code.

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

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

7 (a) Except as provided in subsection (a-5), any ~~Any~~ person
8 receiving a retirement annuity under this Article who retires
9 having attained age 60, or who retires before age 60 having at
10 least 35 years of creditable service, or who retires on or
11 after January 1, 2001 at an age which, when added to the number
12 of years of his or her creditable service, equals at least 85,
13 shall, on January 1 next following the first full year of
14 retirement, have the amount of the then fixed and payable
15 monthly retirement annuity increased 3%. Except as provided in
16 subsection (a-5), any ~~Any~~ person receiving a retirement annuity
17 under this Article who retires before attainment of age 60 and
18 with less than (i) 35 years of creditable service if retirement
19 is before January 1, 2001, or (ii) the number of years of
20 creditable service which, when added to the member's age, would
21 equal 85, if retirement is on or after January 1, 2001, shall
22 have the amount of the fixed and payable retirement annuity
23 increased by 3% on the January 1 occurring on or next following
24 (1) attainment of age 60, or (2) the first anniversary of

1 retirement, whichever occurs later. However, for persons who
2 receive the alternative retirement annuity under Section
3 14-110, references in this subsection (a) to attainment of age
4 60 shall be deemed to refer to attainment of age 55. For a
5 person receiving early retirement incentives under Section
6 14-108.3 whose retirement annuity began after January 1, 1992
7 pursuant to an extension granted under subsection (e) of that
8 Section, the first anniversary of retirement shall be deemed to
9 be January 1, 1993. For a person who retires on or after June
10 28, 2001 and on or before October 1, 2001, and whose retirement
11 annuity is calculated, in whole or in part, under Section
12 14-110 or subsection (g) or (h) of Section 14-108, the first
13 anniversary of retirement shall be deemed to be January 1,
14 2002.

15 Subject to the provisions of subsection (a-5), on ~~on~~ each
16 January 1 following the date of the initial increase under this
17 subsection, the employee's monthly retirement annuity shall be
18 increased by an additional 3%.

19 Beginning January 1, 1990 and until the effective date of
20 this amendatory Act of the 98th General Assembly, all automatic
21 annual increases payable under this Section shall be calculated
22 as a percentage of the total annuity payable at the time of the
23 increase, including previous increases granted under this
24 Article.

25 (a-5) Notwithstanding any other provision of this Article,
26 beginning on the effective date of this amendatory Act of the

1 98th General Assembly, each annual increase under this Section
2 shall be calculated as 3% or one-half the annual unadjusted
3 percentage increase in the Consumer Price Index-U for the 12
4 months ending with the preceding September, whichever is less,
5 of the originally granted annuity. If the annual unadjusted
6 percentage change is zero or there is a decrease, then the
7 annuity shall not be increased. For the purposes of this
8 Section, "Consumer Price Index-U" means the index published by
9 the Bureau of Labor Statistics of the United States Department
10 of Labor that measures the average change in prices of goods
11 and services purchased by all urban consumers, United States
12 city average, all items, 1982-84 = 100. This subsection applies
13 to all future, current, and former Tier 1 employees, including
14 annuitants and persons not in service on or after the effective
15 date of this amendatory Act of the 98th General Assembly.

16 (b) The provisions of subsection (a) or (a-5) of this
17 Section shall be applicable to an employee only if the employee
18 makes the additional contributions required after December 31,
19 1969 for the purpose of the automatic increases for not less
20 than the equivalent of one full year. If an employee becomes an
21 annuitant before his additional contributions equal one full
22 year's contributions based on his salary at the date of
23 retirement, the employee may pay the necessary balance of the
24 contributions to the system, without interest, and be eligible
25 for the increasing annuity authorized by this Section.

26 (c) The provisions of subsection (a) or (a-5) of this

1 Section shall not be applicable to any annuitant who is on
2 retirement on December 31, 1969, and thereafter returns to
3 State service, unless the member has established at least one
4 year of additional creditable service following reentry into
5 service.

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

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

20 (e) Every person who receives the alternative retirement
21 annuity under Section 14-110 and who is eligible to receive the
22 3% increase under subsection (a) on January 1, 1986, shall also
23 receive on that date a one-time increase in retirement annuity
24 equal to the difference between (1) his actual retirement
25 annuity on that date, including any increases received under
26 subsection (a), and (2) the amount of retirement annuity he

1 would have received on that date if the amendments to
2 subsection (a) made by Public Act 84-162 had been in effect
3 since the date of his retirement.

4 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
5 92-651, eff. 7-11-02.)

6 (40 ILCS 5/14-119) (from Ch. 108 1/2, par. 14-119)

7 Sec. 14-119. Amount of widow's annuity.

8 (a) The widow's annuity shall be 50% of the amount of
9 retirement annuity payable to the member on the date of death
10 while on retirement if an annuitant, or on the date of his
11 death while in service if an employee, regardless of his age on
12 such date, or on the date of withdrawal if death occurred after
13 termination of service under the conditions prescribed in the
14 preceding Section.

15 (b) If an eligible widow, regardless of age, has in her
16 care any unmarried child or children of the member under age 18
17 (under age 22 if a full-time student), the widow's annuity
18 shall be increased in the amount of 5% of the retirement
19 annuity for each such child, but the combined payments for a
20 widow and children shall not exceed 66 2/3% of the member's
21 earned retirement annuity.

22 The amount of retirement annuity from which the widow's
23 annuity is derived shall be that earned by the member without
24 regard to whether he attained age 60 prior to his withdrawal
25 under the conditions stated or prior to his death.

1 (c) Marriage of a child shall render the child ineligible
2 for further consideration in the increase in the amount of the
3 widow's annuity.

4 Attainment of age 18 (age 22 if a full-time student) shall
5 render a child ineligible for further consideration in the
6 increase of the widow's annuity, but the annuity to the widow
7 shall be continued thereafter, without regard to her age at
8 that time.

9 (d) Except as otherwise provided in this subsection (d), a
10 widow's annuity payable on account of any covered employee who
11 has been a covered employee for at least 18 months shall be
12 reduced by 1/2 of the amount of survivors benefits to which his
13 beneficiaries are eligible under the provisions of the Federal
14 Social Security Act, except that (1) the amount of any widow's
15 annuity payable under this Article shall not be reduced by
16 reason of any increase under that Act which occurs after the
17 offset required by this subsection is first applied to that
18 annuity, and (2) for benefits granted on or after January 1,
19 1992, the offset under this subsection (d) shall not exceed 50%
20 of the amount of widow's annuity otherwise payable.

21 Beginning July 1, 2009, the offset under this subsection
22 (d) shall no longer be applied to any widow's annuity of any
23 person who began receiving retirement benefits or a widow's
24 annuity prior to January 1, 1998.

25 Beginning July 1, 2009, the offset under this subsection
26 (d) shall no longer be applied to the widow's annuity of any

1 person who began receiving a widow's annuity on or after
2 January 1, 1998 and before the effective date of this
3 amendatory Act of the 95th General Assembly.

4 Any person who began receiving retirement benefits after
5 January 1, 1998 and before the effective date of this
6 amendatory Act of the 95th General Assembly may, during a
7 one-time election period established by the System, elect to
8 reduce his or her retirement annuity by 3.825% in exchange for
9 not having the offset under this subsection (d) applied to his
10 or her widow's annuity.

11 Any employee in service on the effective date of this
12 amendatory Act of the 95th General Assembly may, at the time of
13 retirement, elect to reduce his or her retirement annuity by
14 3.825% in exchange for not having the offset under this
15 subsection (d) applied to his or her widow's annuity.

16 If a widow's annuity is payable to the widow of an employee
17 based on the employee's death in service, then the offset under
18 this subsection (d) shall no longer be applied to the widow's
19 annuity.

20 A retiree who elects to reduce his or her retirement
21 annuity under this subsection (d) in exchange for not having
22 the offset applied may make an irrevocable election to
23 eliminate the reduction of his or her retirement annuity if
24 there is a change in marital status due to death or divorce,
25 but the retiree is not entitled to reimbursement of any benefit
26 reduction prior to the election.

1 (e) Upon the death of a recipient of a widow's annuity the
2 excess, if any, of the member's accumulated contributions plus
3 credited interest over all annuity payments to the member and
4 widow, exclusive of the \$500 lump sum payment, shall be paid to
5 the named beneficiary of the widow, or if none has been named,
6 to the estate of the widow, provided no reversionary annuity is
7 payable.

8 (f) On January 1, 1981, any recipient of a widow's annuity
9 who was receiving a widow's annuity on or before January 1,
10 1971, shall have her widow's annuity then being paid increased
11 by 1% for each full year which has elapsed from the date the
12 widow's annuity began. On January 1, 1982, any recipient of a
13 widow's annuity who began receiving a widow's annuity after
14 January 1, 1971, but before January 1, 1981, shall have her
15 widow's annuity then being paid increased by 1% for each full
16 year which has elapsed from the date the widow's annuity began.
17 On January 1, 1987, any recipient of a widow's annuity who
18 began receiving the widow's annuity on or before January 1,
19 1977, shall have the monthly widow's annuity increased by \$1
20 for each full year which has elapsed since the date the annuity
21 began.

22 (g) Subject to the provisions of subsection (g-5),
23 beginning ~~Beginning~~ January 1, 1990, every widow's annuity
24 shall be increased (1) on each January 1 occurring on or after
25 the commencement of the annuity if the deceased member died
26 while receiving a retirement annuity, or (2) in other cases, on

1 each January 1 occurring on or after the first anniversary of
2 the commencement of the annuity, by an amount equal to 3% of
3 the current amount of the annuity, including any previous
4 increases under this Article. Such increases shall apply
5 without regard to whether the deceased member was in service on
6 or after the effective date of Public Act 86-1488, but shall
7 not accrue for any period prior to January 1, 1990.

8 (g-5) Notwithstanding any other provision of this Article,
9 beginning on the effective date of this amendatory Act of the
10 98th General Assembly, each annual increase under this Section
11 shall be calculated as 3% or one-half the annual unadjusted
12 percentage increase in the Consumer Price Index-U for the 12
13 months ending with the preceding September, whichever is less,
14 of the originally granted annuity. If the annual unadjusted
15 percentage change is zero or there is a decrease, then the
16 annuity shall not be increased. For the purposes of this
17 Section, "Consumer Price Index-U" means the index published by
18 the Bureau of Labor Statistics of the United States Department
19 of Labor that measures the average change in prices of goods
20 and services purchased by all urban consumers, United States
21 city average, all items, 1982-84 = 100. This subsection applies
22 to survivors of all future, current, and former Tier 1
23 employees, including annuitants and persons not in service on
24 or after the effective date of this amendatory Act of the 98th
25 General Assembly.

26 (Source: P.A. 95-279, eff. 1-1-08; 95-1043, eff. 3-26-09.)

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

2 Sec. 14-121. Amount of survivors annuity. A survivors
3 annuity beneficiary shall be entitled upon death of the member
4 to a single sum payment of \$1,000, payable pro rata among all
5 persons entitled thereto, together with a survivors annuity
6 payable at the rates and under the conditions specified in this
7 Article.

8 (a) If the survivors annuity beneficiary is a spouse, the
9 survivors annuity shall be 30% of final average compensation
10 subject to a maximum payment of \$400 per month.

11 (b) If an eligible child or children under the care of a
12 spouse also survives the member, such spouse as natural
13 guardian of the child or children shall receive, in addition to
14 the foregoing annuity, 20% of final average compensation on
15 account of each such child and 10% of final average
16 compensation divided pro rata among such children, subject to a
17 maximum payment on account of all survivor annuity
18 beneficiaries of \$600 per month, or 80% of the member's final
19 average compensation, whichever is the lesser.

20 (c) If the survivors annuity beneficiary or beneficiaries
21 consists of an unmarried child or children, the amount of
22 survivors annuity shall be 20% of final average compensation to
23 each child, and 10% of final average compensation divided pro
24 rata among all such children entitled to such annuity, subject
25 to a maximum payment to all children combined of \$600 per month

1 or 80% of the member's final average compensation, whichever is
2 the lesser.

3 (d) If the survivors annuity beneficiary is one or more
4 dependent parents, the annuity shall be 20% of final average
5 compensation to each parent and 10% of final average
6 compensation divided pro rata among the parents who qualify for
7 this annuity, subject to a maximum payment to both dependent
8 parents of \$400 per month.

9 (e) The survivors annuity to the spouse, children or
10 dependent parents of a member whose death occurs after the date
11 of last withdrawal, or after retirement, or while in service
12 following reentry into service after retirement but before
13 completing 1 1/2 years of additional creditable service, shall
14 not exceed the lesser of 80% of the member's earned retirement
15 annuity at the date of death or the maximum previously
16 established in this Section.

17 (f) In applying the limitation prescribed on the combined
18 payments to 2 or more survivors annuity beneficiaries, the
19 annuity on account of each beneficiary shall be reduced pro
20 rata until such time as the number of beneficiaries makes the
21 reduction no longer applicable.

22 (g) Except as otherwise provided in this subsection (g), a
23 survivors annuity payable on account of any covered employee
24 who has been a covered employee for at least 18 months at date
25 of death or last withdrawal, whichever is the later, shall be
26 reduced by 1/2 of the survivors benefits to which his

1 beneficiaries are eligible under the federal Social Security
2 Act, except that (1) the survivors annuity payable under this
3 Article shall not be reduced by any increase under that Act
4 which occurs after the offset required by this subsection is
5 first applied to that annuity, (2) for benefits granted on or
6 after January 1, 1992, the offset under this subsection (g)
7 shall not exceed 50% of the amount of survivors annuity
8 otherwise payable.

9 Beginning July 1, 2009, the offset under this subsection
10 (g) shall no longer be applied to any survivors annuity of any
11 person who began receiving retirement benefits or a survivors
12 annuity prior to January 1, 1998.

13 Beginning July 1, 2009, the offset under this subsection
14 (g) shall no longer be applied to the survivors annuity of any
15 person who began receiving a survivors annuity on or after
16 January 1, 1998 and before the effective date of this
17 amendatory Act of the 95th General Assembly.

18 Any person who began receiving retirement benefits after
19 January 1, 1998 and before the effective date of this
20 amendatory Act of the 95th General Assembly may, during a
21 one-time election period established by the System, elect to
22 reduce his or her retirement annuity by 3.825% in exchange for
23 not having the offset under this subsection (g) applied to his
24 or her survivors annuity.

25 Any employee in service on the effective date of this
26 amendatory Act of the 95th General Assembly may, at the time of

1 retirement, elect to reduce his or her retirement annuity by
2 3.825% in exchange for not having the offset under this
3 subsection (g) applied to his or her survivors annuity.

4 If a survivors annuity is payable to the widow of an
5 employee based on the employee's death in service, then the
6 offset under this subsection (g) shall no longer be applied to
7 the survivors annuity.

8 A retiree who elects to reduce his or her retirement
9 annuity under this subsection (g) in exchange for not having
10 the offset applied may make an irrevocable election to
11 eliminate the reduction of his or her retirement annuity if
12 there is a change in marital status due to death or divorce,
13 but the retiree is not entitled to reimbursement of any benefit
14 reduction prior to the election.

15 (h) The minimum payment to a beneficiary hereunder shall be
16 \$60 per month, which shall be reduced in accordance with the
17 limitation prescribed on the combined payments to all
18 beneficiaries of a member.

19 (i) Subject to the conditions set forth in Section 14-120,
20 the minimum total survivors annuity benefit payable to the
21 survivors annuity beneficiaries of a deceased member or
22 annuitant whose death occurs on or after January 1, 1984, shall
23 be 50% of the amount of retirement annuity that was or would
24 have been payable to the deceased on the date of death,
25 regardless of the age of the deceased on such date. If the
26 minimum total benefit provided by this subsection exceeds the

1 maximum otherwise imposed by this Section, the minimum total
2 benefit shall nevertheless be payable. Any increase in the
3 total survivors annuity benefit resulting from the operation of
4 this subsection shall be divided among the survivors annuity
5 beneficiaries of the deceased in proportion to their shares of
6 the total survivors annuity benefit otherwise payable under
7 this Section.

8 (j) Any survivors annuity beneficiary whose annuity
9 terminates due to any condition specified in this Article other
10 than death shall be entitled to a refund of the excess, if any,
11 of the accumulated contributions of the member plus credited
12 interest over all payments to the member and beneficiary or
13 beneficiaries, exclusive of the single sum payment of \$1,000,
14 provided no future survivors or reversionary annuity benefits
15 are payable.

16 (k) Upon the death of the last eligible recipient of a
17 survivors annuity the excess, if any, of the member's
18 accumulated contributions plus credited interest over all
19 annuity payments to the member and survivors exclusive of the
20 single sum payment of \$1000, shall be paid to the named
21 beneficiary of the last eligible survivor, or if none has been
22 named, to the estate of the last eligible survivor, provided no
23 reversionary annuity is payable.

24 (l) On January 1, 1981, any survivor who was receiving a
25 survivors annuity on or before January 1, 1971, shall have his
26 survivors annuity then being paid increased by 1% for each full

1 year which has elapsed from the date the annuity began. On
2 January 1, 1982, any survivor who began receiving a survivor's
3 annuity after January 1, 1971, but before January 1, 1981,
4 shall have his survivor's annuity then being paid increased by
5 1% for each full year that has elapsed from the date the
6 annuity began. On January 1, 1987, any survivor who began
7 receiving a survivor's annuity on or before January 1, 1977,
8 shall have the monthly survivor's annuity increased by \$1 for
9 each full year which has elapsed since the date the survivor's
10 annuity began.

11 (m) Subject to the provisions of subsection (m-5),
12 beginning ~~Beginning~~ January 1, 1990, every survivor's annuity
13 shall be increased (1) on each January 1 occurring on or after
14 the commencement of the annuity if the deceased member died
15 while receiving a retirement annuity, or (2) in other cases, on
16 each January 1 occurring on or after the first anniversary of
17 the commencement of the annuity, by an amount equal to 3% of
18 the current amount of the annuity, including any previous
19 increases under this Article. Such increases shall apply
20 without regard to whether the deceased member was in service on
21 or after the effective date of Public Act 86-1488, but shall
22 not accrue for any period prior to January 1, 1990.

23 (m-5) Notwithstanding any other provision of this Article,
24 beginning on the effective date of this amendatory Act of the
25 98th General Assembly, each annual increase under this Section
26 shall be calculated as 3% or one-half the annual unadjusted

1 percentage increase in the Consumer Price Index-U for the 12
2 months ending with the preceding September, whichever is less,
3 of the originally granted annuity. If the annual unadjusted
4 percentage change is zero or there is a decrease, then the
5 annuity shall not be increased. For the purposes of this
6 Section, "Consumer Price Index-U" means the index published by
7 the Bureau of Labor Statistics of the United States Department
8 of Labor that measures the average change in prices of goods
9 and services purchased by all urban consumers, United States
10 city average, all items, 1982-84 = 100. This subsection applies
11 to survivors of all future, current, and former Tier 1
12 employees, including annuitants and persons not in service on
13 or after the effective date of this amendatory Act of the 98th
14 General Assembly.

15 (Source: P.A. 95-1043, eff. 3-26-09.)

16 (40 ILCS 5/14-125.1) (from Ch. 108 1/2, par. 14-125.1)

17 Sec. 14-125.1. Automatic increase in disability benefit.

18 (a) Each disability benefit payable under Section 14-123
19 or 14-124 shall be increased by 7% of the original fixed amount
20 of such benefit on January 1, 1986 or January 1 following the
21 fourth anniversary of the granting of the benefit, whichever
22 occurs later. Except as provided in subsection (b), on ~~on~~ each
23 January 1 following the 7% increase, but not earlier than
24 January 1, 1991, the disability benefit shall be increased by
25 3% of the current amount of the benefit, including prior

1 increases under this Article.

2 (b) Notwithstanding any other provision of this Article,
3 beginning on the effective date of this amendatory Act of the
4 98th General Assembly, each annual increase after the initial
5 increase under this Section shall be calculated as 3% or
6 one-half the annual unadjusted percentage increase in the
7 Consumer Price Index-U for the 12 months ending with the
8 preceding September, whichever is less, of the originally
9 granted annuity. If the annual unadjusted percentage change is
10 zero or there is a decrease, then the annuity shall not be
11 increased. For the purposes of this Section, "Consumer Price
12 Index-U" means the index published by the Bureau of Labor
13 Statistics of the United States Department of Labor that
14 measures the average change in prices of goods and services
15 purchased by all urban consumers, United States city average,
16 all items, 1982-84 = 100. This subsection applies to all
17 future, current, and former Tier 1 employees, including
18 annuitants and persons not in service on or after the effective
19 date of this amendatory Act of the 98th General Assembly.

20 (Source: P.A. 86-1488.)

21 (40 ILCS 5/15-107.1 new)

22 Sec. 15-107.1. Tier 1 employee. "Tier 1 employee": An
23 employee, other than a participant in the self-managed plan
24 under Section 15-158.2, who first became a member or
25 participant before January 1, 2011 under any reciprocal

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

4 (40 ILCS 5/15-107.2 new)

5 Sec. 15-107.2. Tier 2 employee. "Tier 2 employee" means an
6 employee who is subject to Section 1-160 of this Code.

7 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

8 Sec. 15-136. Retirement annuities - Amount. The provisions
9 of this Section 15-136 apply only to those participants who are
10 participating in the traditional benefit package or the
11 portable benefit package and do not apply to participants who
12 are participating in the self-managed plan.

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

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

24 Rule 2: The retirement annuity shall be the sum of the

1 following, determined from amounts credited to the participant
2 in accordance with the actuarial tables and the effective rate
3 of interest in effect at the time the retirement annuity
4 begins:

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

8 (ii) an annuity from employer contributions of an
9 amount equal to that which can be provided on an
10 actuarially equivalent basis from the accumulated normal
11 contributions made by the participant under Section
12 15-113.6 and Section 15-113.7 plus 1.4 times all other
13 accumulated normal contributions made by the participant;
14 and

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

18 With respect to a police officer or firefighter who retires
19 on or after August 14, 1998, the accumulated normal
20 contributions taken into account under clauses (i) and (ii) of
21 this Rule 2 shall include the additional normal contributions
22 made by the police officer or firefighter under Section
23 15-157(a).

24 The amount of a retirement annuity calculated under this
25 Rule 2 shall be computed solely on the basis of the
26 participant's accumulated normal contributions, as specified

1 in this Rule and defined in Section 15-116. Neither an employee
2 or employer contribution for early retirement under Section
3 15-136.2 nor any other employer contribution shall be used in
4 the calculation of the amount of a retirement annuity under
5 this Rule 2.

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

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

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

1 election under Section 15-154(a-1) shall be calculated and
2 payable under the portable retirement benefit program pursuant
3 to the provisions of Section 15-136.4.

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

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

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

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

1 officer or firefighter, from the date of that transfer
2 until the employee's next termination of service with the
3 University of Illinois.

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

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

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

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

1 equal to that which can be provided on an actuarially
2 equivalent basis from the employee contribution for early
3 retirement under Section 15-136.2.

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

13 With respect to a participant who is qualified for a
14 retirement annuity under this Rule 5 whose retirement annuity
15 began before the effective date of this amendatory Act of the
16 91st General Assembly, and for whom an employee contribution
17 was made under Section 15-136.2, the System shall recalculate
18 the retirement annuity under this Rule 5 and shall pay any
19 additional amounts due in the manner provided in Section
20 15-186.1 for benefits mistakenly set too low.

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

1 the calculation of the amount of a retirement annuity under
2 this Rule 5.

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

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

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

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

25 (2) For a participant who has at least the number of
26 years of service required to retire at any age under

1 subsection (a) of Section 15-135; or

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

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

15 (d) An annuitant whose status as an employee terminates
16 after August 14, 1969 shall receive automatic increases in his
17 or her retirement annuity as follows:

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

1 months which elapsed from January 1, 1972, or the date the
2 retirement annuity payments began, whichever is later, to
3 January 1, 1978, plus 0.25% of such annuity multiplied by the
4 number of full months which elapsed from January 1, 1978, or
5 the date the retirement annuity payments began, whichever is
6 later, to the effective date of the increase.

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

15 Beginning January 1, 1990 and until the effective date of
16 this amendatory Act of the 98th General Assembly, all automatic
17 annual increases payable under this Section shall be calculated
18 as a percentage of the total annuity payable at the time of the
19 increase, including all increases previously granted under
20 this Article.

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

24 (d-5) Notwithstanding any other provision of this Article,
25 beginning on the effective date of this amendatory Act of the
26 98th General Assembly, each annual increase under this Section

1 shall be calculated as 3% or one-half the annual unadjusted
2 percentage increase in the Consumer Price Index-U for the 12
3 months ending with the preceding September, whichever is less,
4 of the originally granted annuity. If the annual unadjusted
5 percentage change is zero or there is a decrease, then the
6 annuity shall not be increased. For the purposes of this
7 Section, "Consumer Price Index-U" means the index published by
8 the Bureau of Labor Statistics of the United States Department
9 of Labor that measures the average change in prices of goods
10 and services purchased by all urban consumers, United States
11 city average, all items, 1982-84 = 100. This subsection applies
12 to all future, current, and former Tier 1 employees, including
13 annuitants and persons not in service on or after the effective
14 date of this amendatory Act of the 98th General Assembly.

15 (e) If, on January 1, 1987, or the date the retirement
16 annuity payment period begins, whichever is later, the sum of
17 the retirement annuity provided under Rule 1 or Rule 2 of this
18 Section and the automatic annual increases provided under ~~the~~
19 ~~preceding~~ subsection (d) or Section 15-136.1, amounts to less
20 than the retirement annuity which would be provided by Rule 3,
21 the retirement annuity shall be increased as of January 1,
22 1987, or the date the retirement annuity payment period begins,
23 whichever is later, to the amount which would be provided by
24 Rule 3 of this Section. Such increased amount shall be
25 considered as the retirement annuity in determining benefits
26 provided under other Sections of this Article. This paragraph

1 applies without regard to whether status as an employee
2 terminated before the effective date of this amendatory Act of
3 1987, provided that the annuitant was employed at least
4 one-half time during the period on which the final rate of
5 earnings was based.

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

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

1 shall be payable to the participant.

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

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

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

16 (40 ILCS 5/15-145) (from Ch. 108 1/2, par. 15-145)

17 Sec. 15-145. Survivors insurance benefits; conditions and
18 amounts.

19 (a) The survivors insurance benefits provided under this
20 Section shall be payable to the eligible survivors of a
21 participant covered under the traditional benefit package upon
22 the death of (1) a participating employee with at least 1 1/2
23 years of service, (2) a participant who terminated employment
24 with at least 10 years of service, and (3) an annuitant in
25 receipt of a retirement annuity or disability retirement

1 annuity under this Article.

2 Service under the State Employees' Retirement System of
3 Illinois, the Teachers' Retirement System of the State of
4 Illinois and the Public School Teachers' Pension and Retirement
5 Fund of Chicago shall be considered in determining eligibility
6 for survivors benefits under this Section.

7 If by law, a function of a governmental unit, as defined by
8 Section 20-107, is transferred in whole or in part to an
9 employer, and an employee transfers employment from this
10 governmental unit to such employer within 6 months after the
11 transfer of this function, the service credits in the
12 governmental unit's retirement system which have been
13 validated under Section 20-109 shall be considered in
14 determining eligibility for survivors benefits under this
15 Section.

16 (b) A surviving spouse of a deceased participant, or of a
17 deceased annuitant who did not take a refund or additional
18 annuity consisting of accumulated survivors insurance
19 contributions, shall receive a survivors annuity of 30% of the
20 final rate of earnings. Payments shall begin on the day
21 following the participant's or annuitant's death or the date
22 the surviving spouse attains age 50, whichever is later, and
23 continue until the death of the surviving spouse. The annuity
24 shall be payable to the surviving spouse prior to attainment of
25 age 50 if the surviving spouse has in his or her care a
26 deceased participant's or annuitant's dependent unmarried

1 child under age 18 (under age 22 if a full-time student) who is
2 eligible for a survivors annuity.

3 Remarriage of a surviving spouse prior to attainment of age
4 55 that occurs before the effective date of this amendatory Act
5 of the 91st General Assembly shall disqualify him or her for
6 the receipt of a survivors annuity until July 6, 2000.

7 A surviving spouse whose survivors annuity has been
8 terminated due to remarriage may apply for reinstatement of
9 that annuity. The reinstated annuity shall begin to accrue on
10 July 6, 2000, except that if, on July 6, 2000, the annuity is
11 payable to an eligible surviving child or parent, payment of
12 the annuity to the surviving spouse shall not be reinstated
13 until the annuity is no longer payable to any eligible
14 surviving child or parent. The reinstated annuity shall include
15 any one-time or annual increases received prior to the date of
16 termination, as well as any increases that would otherwise have
17 accrued from the date of termination to the date of
18 reinstatement. An eligible surviving spouse whose expectation
19 of receiving a survivors annuity was lost due to remarriage
20 before attainment of age 50 shall also be entitled to
21 reinstatement under this subsection, but the resulting
22 survivors annuity shall not begin to accrue sooner than upon
23 the surviving spouse's attainment of age 50.

24 The changes made to this subsection by this amendatory Act
25 of the 92nd General Assembly (pertaining to remarriage prior to
26 age 55 or 50) apply without regard to whether the deceased

1 participant or annuitant was in service on or after the
2 effective date of this amendatory Act.

3 (c) Each dependent unmarried child under age 18 (under age
4 22 if a full-time student) of a deceased participant, or of a
5 deceased annuitant who did not take a refund or additional
6 annuity consisting of accumulated survivors insurance
7 contributions, shall receive a survivors annuity equal to the
8 sum of (1) 20% of the final rate of earnings, and (2) 10% of the
9 final rate of earnings divided by the number of children
10 entitled to this benefit. Payments shall begin on the day
11 following the participant's or annuitant's death and continue
12 until the child marries, dies, or attains age 18 (age 22 if a
13 full-time student). If the child is in the care of a surviving
14 spouse who is eligible for survivors insurance benefits, the
15 child's benefit shall be paid to the surviving spouse.

16 Each unmarried child over age 18 of a deceased participant
17 or of a deceased annuitant who had a survivor's insurance
18 beneficiary at the time of his or her retirement, and who was
19 dependent upon the participant or annuitant by reason of a
20 physical or mental disability which began prior to the date the
21 child attained age 18 (age 22 if a full-time student), shall
22 receive a survivor's annuity equal to the sum of (1) 20% of the
23 final rate of earnings, and (2) 10% of the final rate of
24 earnings divided by the number of children entitled to
25 survivors benefits. Payments shall begin on the day following
26 the participant's or annuitant's death and continue until the

1 child marries, dies, or is no longer disabled. If the child is
2 in the care of a surviving spouse who is eligible for survivors
3 insurance benefits, the child's benefit may be paid to the
4 surviving spouse. For the purposes of this Section, disability
5 means inability to engage in any substantial gainful activity
6 by reason of any medically determinable physical or mental
7 impairment that can be expected to result in death or that has
8 lasted or can be expected to last for a continuous period of at
9 least one year.

10 (d) Each dependent parent of a deceased participant, or of
11 a deceased annuitant who did not take a refund or additional
12 annuity consisting of accumulated survivors insurance
13 contributions, shall receive a survivors annuity equal to the
14 sum of (1) 20% of final rate of earnings, and (2) 10% of final
15 rate of earnings divided by the number of parents who qualify
16 for the benefit. Payments shall begin when the parent reaches
17 age 55 or the day following the participant's or annuitant's
18 death, whichever is later, and continue until the parent dies.
19 Remarriage of a parent prior to attainment of age 55 shall
20 disqualify the parent for the receipt of a survivors annuity.

21 (e) In addition to the survivors annuity provided above,
22 each survivors insurance beneficiary shall, upon death of the
23 participant or annuitant, receive a lump sum payment of \$1,000
24 divided by the number of such beneficiaries.

25 (f) The changes made in this Section by Public Act 81-712
26 pertaining to survivors annuities in cases of remarriage prior

1 to age 55 shall apply to each survivors insurance beneficiary
2 who remarries after June 30, 1979, regardless of the date that
3 the participant or annuitant terminated his employment or died.

4 The change made to this Section by this amendatory Act of
5 the 91st General Assembly, pertaining to remarriage prior to
6 age 55, applies without regard to whether the deceased
7 participant or annuitant was in service on or after the
8 effective date of this amendatory Act of the 91st General
9 Assembly.

10 (g) On January 1, 1981, any person who was receiving a
11 survivors annuity on or before January 1, 1971 shall have the
12 survivors annuity then being paid increased by 1% for each full
13 year which has elapsed from the date the annuity began. On
14 January 1, 1982, any survivor whose annuity began after January
15 1, 1971, but before January 1, 1981, shall have the survivor's
16 annuity then being paid increased by 1% for each year which has
17 elapsed from the date the survivor's annuity began. On January
18 1, 1987, any survivor who began receiving a survivor's annuity
19 on or before January 1, 1977, shall have the monthly survivor's
20 annuity increased by \$1 for each full year which has elapsed
21 since the date the survivor's annuity began.

22 (h) If the sum of the lump sum and total monthly survivor
23 benefits payable under this Section upon the death of a
24 participant amounts to less than the sum of the death benefits
25 payable under items (2) and (3) of Section 15-141, the
26 difference shall be paid in a lump sum to the beneficiary of

1 the participant who is living on the date that this additional
2 amount becomes payable.

3 (i) If the sum of the lump sum and total monthly survivor
4 benefits payable under this Section upon the death of an
5 annuitant receiving a retirement annuity or disability
6 retirement annuity amounts to less than the death benefit
7 payable under Section 15-142, the difference shall be paid to
8 the beneficiary of the annuitant who is living on the date that
9 this additional amount becomes payable.

10 (j) Except as provided in subsection (j-5):

11 (1) Effective on the later of ~~(1)~~ January 1, 1990~~7~~ or
12 ~~(2)~~ the January 1 on or next after the date on which the
13 survivor annuity begins, if the deceased member died while
14 receiving a retirement annuity, or in all other cases the
15 January 1 nearest the first anniversary of the date the
16 survivor annuity payments begin, every survivors insurance
17 beneficiary shall receive an increase in his or her monthly
18 survivors annuity of 3%.

19 (2) On each January 1 after the initial increase, the
20 monthly survivors annuity shall be increased by 3% of the
21 total survivors annuity provided under this Article,
22 including previous increases provided by this subsection.

23 (3) Such increases shall apply to the survivors
24 insurance beneficiaries of each participant and annuitant,
25 whether or not the employment status of the participant or
26 annuitant terminates before the effective date of this

1 amendatory Act of 1990.

2 (4) This subsection (j) and subsection (j-5) also apply
3 ~~also applies~~ to persons receiving a survivor annuity under
4 the portable benefit package.

5 (j-5) Notwithstanding any other provision of this Article,
6 beginning on the effective date of this amendatory Act of the
7 98th General Assembly, each annual increase under this Section
8 shall be calculated as 3% or one-half the annual unadjusted
9 percentage increase in the Consumer Price Index-U for the 12
10 months ending with the preceding September, whichever is less,
11 of the originally granted annuity. If the annual unadjusted
12 percentage change is zero or there is a decrease, then the
13 annuity shall not be increased. For the purposes of this
14 Section, "Consumer Price Index-U" means the index published by
15 the Bureau of Labor Statistics of the United States Department
16 of Labor that measures the average change in prices of goods
17 and services purchased by all urban consumers, United States
18 city average, all items, 1982-84 = 100. This subsection applies
19 to the survivors insurance beneficiaries of all future,
20 current, and former Tier 1 employees, including annuitants and
21 persons not in service on or after the effective date of this
22 amendatory Act of the 98th General Assembly.

23 (k) If the Internal Revenue Code of 1986, as amended,
24 requires that the survivors benefits be payable at an age
25 earlier than that specified in this Section the benefits shall
26 begin at the earlier age, in which event, the survivor's

1 beneficiary shall be entitled only to that amount which is
2 equal to the actuarial equivalent of the benefits provided by
3 this Section.

4 (1) The changes made to this Section and Section 15-131 by
5 this amendatory Act of 1997, relating to benefits for certain
6 unmarried children who are full-time students under age 22,
7 apply without regard to whether the deceased member was in
8 service on or after the effective date of this amendatory Act
9 of 1997. These changes do not authorize the repayment of a
10 refund or a re-election of benefits, and any benefit or
11 increase in benefits resulting from these changes is not
12 payable retroactively for any period before the effective date
13 of this amendatory Act of 1997.

14 (Source: P.A. 91-887, eff. 7-6-00; 92-749, eff. 8-2-02.)

15 (40 ILCS 5/15-153.3) (from Ch. 108 1/2, par. 15-153.3)
16 Sec. 15-153.3. Automatic increase in disability benefit.

17 (a) Each disability benefit payable under Section 15-150
18 and calculated under Section 15-153 or 15-153.2 that has not
19 yet received an initial increase under this Section shall be
20 increased by 0.25% of the monthly disability benefit multiplied
21 by the number of full months that have elapsed since the
22 benefit began on January 1, 2002 or the January 1 next
23 following the granting of the benefit, whichever occurs later.

24 Except as provided in subsection (b), on ~~on~~ each January 1
25 following the initial increase under this Section, the

1 disability benefit shall be increased by 3% of the current
2 amount of the benefit, including prior increases under this
3 Article.

4 (b) Notwithstanding any other provision of this Article,
5 beginning on the effective date of this amendatory Act of the
6 98th General Assembly, each annual increase after the initial
7 increase under this Section shall be calculated as 3% or
8 one-half the annual unadjusted percentage increase in the
9 Consumer Price Index-U for the 12 months ending with the
10 preceding September, whichever is less, of the originally
11 granted annuity. If the annual unadjusted percentage change is
12 zero or there is a decrease, then the annuity shall not be
13 increased. For the purposes of this Section, "Consumer Price
14 Index-U" means the index published by the Bureau of Labor
15 Statistics of the United States Department of Labor that
16 measures the average change in prices of goods and services
17 purchased by all urban consumers, United States city average,
18 all items, 1982-84 = 100. This subsection applies to all
19 future, current, and former Tier 1 employees, including
20 annuitants and persons not in service on or after the effective
21 date of this amendatory Act of the 98th General Assembly.

22 (c) The changes made to this Section by Public Act 92-749
23 ~~this amendatory Act of the 92nd General Assembly~~ apply without
24 regard to whether the benefit recipient was in service on or
25 after the effective date of that ~~this amendatory~~ Act.

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

1 (40 ILCS 5/16-106.4 new)

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

8 (40 ILCS 5/16-106.5 new)

9 Sec. 16-106.5. Tier 2 employee. "Tier 2 employee" means a
10 teacher who is subject to Section 1-160 of this Code.

11 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

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

13 (a) Except as provided in subsection (a-5):

14 Each member with creditable service and retiring on or
15 after August 26, 1969 is entitled to the automatic annual
16 increases in annuity provided under this Section while
17 receiving a retirement annuity or disability retirement
18 annuity from the system.

19 An annuitant shall first be entitled to an initial increase
20 under this Section on the January 1 next following the first
21 anniversary of retirement, or January 1 of the year next
22 following attainment of age 61, whichever is later. At such
23 time, the system shall pay an initial increase determined as

1 follows:

2 (1) 1.5% of the originally granted retirement annuity
3 or disability retirement annuity multiplied by the number
4 of years elapsed, if any, from the date of retirement until
5 January 1, 1972, plus

6 (2) 2% of the originally granted annuity multiplied by
7 the number of years elapsed, if any, from the date of
8 retirement or January 1, 1972, whichever is later, until
9 January 1, 1978, plus

10 (3) 3% of the originally granted annuity multiplied by
11 the number of years elapsed from the date of retirement or
12 January 1, 1978, whichever is later, until the effective
13 date of the initial increase.

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

20 Following the initial increase, automatic annual increases
21 in annuity shall be payable on each January 1 thereafter during
22 the lifetime of the annuitant, determined as a percentage of
23 the originally granted retirement annuity or disability
24 retirement annuity for increases granted prior to January 1,
25 1990, and calculated as a percentage of the total amount of
26 annuity, including previous increases under this Section, for

1 increases granted on or after January 1, 1990, as follows: 1.5%
2 for periods prior to January 1, 1972, 2% for periods after
3 December 31, 1971 and prior to January 1, 1978, and 3% for
4 periods after December 31, 1977.

5 (a-5) Notwithstanding any other provision of this Article,
6 beginning on the effective date of this amendatory Act of the
7 98th General Assembly, each annual increase under this Section
8 shall be calculated as 3% or one-half the annual unadjusted
9 percentage increase in the Consumer Price Index-U for the 12
10 months ending with the preceding September, whichever is less,
11 of the originally granted annuity. If the annual unadjusted
12 percentage change is zero or there is a decrease, then the
13 annuity shall not be increased. For the purposes of this
14 Section, "Consumer Price Index-U" means the index published by
15 the Bureau of Labor Statistics of the United States Department
16 of Labor that measures the average change in prices of goods
17 and services purchased by all urban consumers, United States
18 city average, all items, 1982-84 = 100. This subsection applies
19 to all future, current, and former Tier 1 employees subject to
20 this Section, including annuitants and persons not in service
21 on or after the effective date of this amendatory Act of the
22 98th General Assembly.

23 (b) The automatic annual increases in annuity provided
24 under this Section shall not be applicable unless a member has
25 made contributions toward such increases for a period
26 equivalent to one full year of creditable service. If a member

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

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

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

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

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

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

7 (40 ILCS 5/16-136.1) (from Ch. 108 1/2, par. 16-136.1)

8 Sec. 16-136.1. Annual increase for certain annuitants.

9 (a) Except as provided in subsection (a-5):

10 Any annuitant receiving a retirement annuity on June 30,
11 1969 and any member retiring after June 30, 1969 shall be
12 eligible for the annual increases provided under this Section
13 provided the annuitant is ineligible for the automatic annual
14 increase in annuity provided under Section 16-133.1, and
15 provided further that (1) retirement occurred at age 55 or over
16 and was based on 5 or more years of creditable service or (2)
17 if retirement occurred prior to age 55, the retirement annuity
18 was based on 20 or more years of creditable service.

19 (b) An annuitant entitled to increases under this Section
20 shall be entitled to the initial increase as of the later of:
21 (1) January 1 following attainment of age 65, (2) January 1
22 following the first anniversary of retirement, or (3) the first
23 day of the month following receipt of the required qualifying
24 contribution from the annuitant. The initial monthly increase
25 shall be computed on the basis of the period elapsed between

1 the later of the date of last retirement or attainment of age
2 50 and the date of qualification for the initial increase, at
3 the rate of 1 1/2% of the original monthly retirement annuity
4 per year for periods prior to September 1, 1971, and at the
5 rate of 2% per year for periods between September 1, 1971 and
6 September 1, 1978, and at the rate of 3% per year for periods
7 thereafter.

8 An annuitant who has received an initial increase under
9 this Section, shall be entitled, on each January 1 following
10 the granting of the initial increase, to an increase of 3% of
11 the original monthly retirement annuity for increases granted
12 prior to January 1, 1990, and equal to 3% of the total annuity,
13 including previous increases under this Section, for increases
14 granted on or after January 1, 1990. The original monthly
15 retirement annuity for computations under this subsection (b)
16 shall be considered to be \$83.34 for any annuitant entitled to
17 benefits under Section 16-134. The minimum original disability
18 retirement annuity for computations under this subsection (b)
19 shall be considered to be \$33.34 per month for any annuitant
20 retired on account of disability.

21 (a-5) Notwithstanding any other provision of this Article,
22 beginning on the effective date of this amendatory Act of the
23 98th General Assembly, each annual increase under this Section
24 shall be calculated as 3% or one-half the annual unadjusted
25 percentage increase in the Consumer Price Index-U for the 12
26 months ending with the preceding September, whichever is less,

1 of the originally granted annuity. If the annual unadjusted
2 percentage change is zero or there is a decrease, then the
3 annuity shall not be increased. For the purposes of this
4 Section, "Consumer Price Index-U" means the index published by
5 the Bureau of Labor Statistics of the United States Department
6 of Labor that measures the average change in prices of goods
7 and services purchased by all urban consumers, United States
8 city average, all items, 1982-84 = 100. This subsection applies
9 to all future, current, and former Tier 1 employees subject to
10 this Section, including annuitants and persons not in service
11 on or after the effective date of this amendatory Act of the
12 98th General Assembly.

13 (c) An annuitant who otherwise qualifies for annual
14 increases under this Section must make a one-time payment of 1%
15 of the monthly final average salary for each full year of the
16 creditable service forming the basis of the retirement annuity
17 or, if the retirement annuity was not computed using final
18 average salary, 1% of the original monthly retirement annuity
19 for each full year of service forming the basis of the
20 retirement annuity.

21 (d) In addition to other increases which may be provided by
22 this Section, regardless of creditable service, annuitants not
23 meeting the service requirements of Section 16-133.1 and whose
24 retirement annuity began on or before January 1, 1971 shall
25 receive, on January 1, 1981, an increase in the retirement
26 annuity then being paid of one dollar per month for each year

1 of creditable service forming the basis of the retirement
2 allowance. On January 1, 1982, annuitants whose retirement
3 annuity began on or before January 1, 1977, shall receive an
4 increase in the retirement annuity then being paid of one
5 dollar per month for each year of creditable service.

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

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

12 (40 ILCS 5/16-143.1) (from Ch. 108 1/2, par. 16-143.1)

13 Sec. 16-143.1. Increase in survivor benefits.

14 (a) Except as provided in subsection (a-5), beginning
15 ~~Beginning~~ January 1, 1990, each survivor's benefit and each
16 reversionary annuity payable under Section 16-136 shall be
17 increased by 3% of the currently payable amount thereof (1) on
18 each January 1 occurring on or after the commencement of the
19 annuity if the deceased teacher died while receiving a
20 retirement or disability retirement annuity, or (2) in other
21 cases, on each January 1 occurring on or after the first
22 anniversary of the granting of the benefit, without regard to
23 whether the deceased teacher was in service on or after the
24 effective date of this amendatory Act of 1991, but such
25 increases shall not accrue for any period prior to January 1,

1 1990.

2 (a-5) Notwithstanding any other provision of this Article,
3 beginning on the effective date of this amendatory Act of the
4 98th General Assembly, each annual increase under this Section
5 shall be calculated as 3% or one-half the annual unadjusted
6 percentage increase in the Consumer Price Index-U for the 12
7 months ending with the preceding September, whichever is less,
8 of the originally granted annuity. If the annual unadjusted
9 percentage change is zero or there is a decrease, then the
10 annuity shall not be increased. For the purposes of this
11 Section, "Consumer Price Index-U" means the index published by
12 the Bureau of Labor Statistics of the United States Department
13 of Labor that measures the average change in prices of goods
14 and services purchased by all urban consumers, United States
15 city average, all items, 1982-84 = 100. This subsection applies
16 to survivors of all future, current, and former Tier 1
17 employees, including survivors of annuitants and persons not in
18 service on or after the effective date of this amendatory Act
19 of the 98th General Assembly.

20 (b) On January 1, 1981, any beneficiary who was receiving a
21 survivor's monthly benefit on or before January 1, 1971, shall
22 have the benefit then being paid increased by 1% for each full
23 year elapsed from the date the survivor's benefit began. On
24 January 1, 1982, any beneficiary who began receiving a
25 survivor's monthly benefit after January 1, 1971, but before
26 January 1, 1981 shall have the benefit then being paid

1 increased by 1% for each year elapsed from the date the
2 survivor's benefit began.

3 On January 1, 1987, any beneficiary whose monthly
4 survivor's benefit began on or before January 1, 1977, shall
5 have the monthly survivor's benefit increased by \$1 for each
6 full year which has elapsed since the date the survivor's
7 benefit began.

8 (Source: P.A. 86-273; 86-1488.)

9 (40 ILCS 5/16-149.5) (from Ch. 108 1/2, par. 16-149.5)

10 Sec. 16-149.5. Automatic increase in disability benefit.

11 (a) Each disability benefit payable under Section 16-149,
12 16-149.1 or 16-149.2 shall be increased by 7% of the original
13 fixed amount of such benefit on January 1, 1991 or January 1
14 following the fourth anniversary of the granting of the
15 benefit, whichever occurs later. Except as provided in
16 subsection (b), on ~~On~~ each January 1 following the 7% increase,
17 the disability benefit shall be increased by 3% of the current
18 amount of the benefit, including prior increases under this
19 Article. However, in the case of a disability retirement
20 annuity granted under Section 16-149.2, the annual increases
21 provided by this Section shall cease as soon as the recipient
22 of the annuity qualifies for the automatic annual increases
23 provided under Section 16-133.1.

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

1 98th General Assembly, each annual increase after the first
2 increase under this Section shall be calculated as 3% or
3 one-half the annual unadjusted percentage increase in the
4 Consumer Price Index-U for the 12 months ending with the
5 preceding September, whichever is less, of the originally
6 granted annuity. If the annual unadjusted percentage change is
7 zero or there is a decrease, then the annuity shall not be
8 increased. For the purposes of this Section, "Consumer Price
9 Index-U" means the index published by the Bureau of Labor
10 Statistics of the United States Department of Labor that
11 measures the average change in prices of goods and services
12 purchased by all urban consumers, United States city average,
13 all items, 1982-84 = 100. This subsection applies to all
14 future, current, and former Tier 1 employees, including
15 annuitants and persons not in service on or after the effective
16 date of this amendatory Act of the 98th General Assembly.

17 (Source: P.A. 86-1488.)

18 (40 ILCS 5/18-110.1 new)

19 Sec. 18-110.1. Tier 1 participant. "Tier 1 participant"
20 means a participant who first became a participant of this
21 System before January 1, 2011 (the effective date of Public Act
22 96-889).

23 (40 ILCS 5/18-110.2 new)

24 Sec. 18-110.2. Tier 2 participant. "Tier 2 participant"

1 means a participant who first becomes a participant of this
2 System on or after January 1, 2011 (the effective date of
3 Public Act 96-889).

4 (40 ILCS 5/18-125.1) (from Ch. 108 1/2, par. 18-125.1)
5 Sec. 18-125.1. Automatic increase in retirement annuity.

6 (a) Except as otherwise provided in this Section, a Tier 1
7 ~~A~~ participant who retires from service after June 30, 1969,
8 shall, in January of the year next following the year in which
9 the first anniversary of retirement occurs, and in January of
10 each year thereafter, have the amount of his or her originally
11 granted retirement annuity increased as follows: for each year
12 up to and including 1971, 1 1/2%; for each year from 1972
13 through 1979 inclusive, 2%; and for 1980 and each year
14 thereafter, 3%.

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

1 is less, of the retirement annuity then being paid.

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

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

20 (e) Any participant who has become eligible to receive the
21 maximum rate of annuity and who resumes service as a judge
22 after receiving a retirement annuity under this Article shall
23 have the amount of his or her retirement annuity increased by
24 3% of the originally granted annuity amount until the effective
25 date of this amendatory Act of the 98th General Assembly, and
26 beginning on that date by the amount provided under subsection

1 (g), for each year of such resumed service, beginning in
2 January of the year next following the date of such resumed
3 service, upon subsequent termination of such resumed service.

4 (f) Beginning January 1, 1990 and until the effective date
5 of this amendatory Act of the 98th General Assembly,, all
6 automatic annual increases payable under subsection (a) or (e)
7 of this Section shall be calculated as a percentage of the
8 total annuity payable at the time of the increase, including
9 previous increases granted under this Article.

10 (g) Notwithstanding any other provision of this Article,
11 beginning on the effective date of this amendatory Act of the
12 98th General Assembly, each annual increase under this Section
13 shall be calculated as 3% or one-half the annual unadjusted
14 percentage increase in the Consumer Price Index-U for the 12
15 months ending with the preceding September, whichever is less,
16 of the originally granted annuity. If the annual unadjusted
17 percentage change is zero or there is a decrease, then the
18 annuity shall not be increased. For the purposes of this
19 Section, "Consumer Price Index-U" means the index published by
20 the Bureau of Labor Statistics of the United States Department
21 of Labor that measures the average change in prices of goods
22 and services purchased by all urban consumers, United States
23 city average, all items, 1982-84 = 100. This subsection applies
24 to all future, current, and former Tier 1 and Tier 2
25 participants, including annuitants and persons not in service
26 on or after the effective date of this amendatory Act of the

1 98th General Assembly.

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

3 (40 ILCS 5/18-128.01) (from Ch. 108 1/2, par. 18-128.01)

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

5 (a) Upon the death of an annuitant, his or her surviving
6 spouse shall be entitled to a survivor's annuity of 66 2/3% of
7 the annuity the annuitant was receiving immediately prior to
8 his or her death, inclusive of annual increases in the
9 retirement annuity to the date of death.

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

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

21 (d) Upon the death of an annuitant, active participant, or
22 participant who had terminated service with at least 10 years
23 of service, each surviving child under the age of 18 or
24 disabled as defined in Section 18-128 shall be entitled to a
25 child's annuity in an amount equal to 5% of the decedent's

1 final salary, not to exceed in total for all such children the
2 greater of 20% of the decedent's last salary or 66 2/3% of the
3 annuity received or earned by the decedent as provided under
4 subsections (a) and (b) of this Section. This child's annuity
5 shall be paid whether or not a survivor's annuity was elected
6 under Section 18-123.

7 (e) The changes made in the survivor's annuity provisions
8 by Public Act 82-306 shall apply to the survivors of a deceased
9 participant or annuitant whose death occurs on or after August
10 21, 1981.

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

24 (g) Subject to subsection (h), but notwithstanding
25 ~~Notwithstanding~~ any other provision of this Article, the
26 initial survivor's annuity for a survivor of a Tier 2

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

15 (h) Notwithstanding any other provision of this Article,
16 beginning on the effective date of this amendatory Act of the
17 98th General Assembly, each annual increase under this Section
18 shall be calculated as 3% or one-half the annual unadjusted
19 percentage increase in the Consumer Price Index-U for the 12
20 months ending with the preceding September, whichever is less,
21 of the originally granted annuity. If the annual unadjusted
22 percentage change is zero or there is a decrease, then the
23 annuity shall not be increased. For the purposes of this
24 Section, "Consumer Price Index-U" means the index published by
25 the Bureau of Labor Statistics of the United States Department
26 of Labor that measures the average change in prices of goods

1 and services purchased by all urban consumers, United States
2 city average, all items, 1982-84 = 100. This subsection applies
3 to survivors of all future, current, and former Tier 1 and Tier
4 2 participants, including annuitants and persons not in service
5 on or after the effective date of this amendatory Act of the
6 98th General Assembly.

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

8 Section 99. Effective date. This Act takes effect upon
9 becoming law.

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40 ILCS 5/2-107.1 new

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40 ILCS 5/2-107.2 new

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

6

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

7

40 ILCS 5/14-103.40 new

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40 ILCS 5/14-103.41 new

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

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40 ILCS 5/14-119 from Ch. 108 1/2, par. 14-119

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

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40 ILCS 5/14-125.1 from Ch. 108 1/2, par. 14-125.1

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

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40 ILCS 5/15-145 from Ch. 108 1/2, par. 15-145

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40 ILCS 5/15-153.3 from Ch. 108 1/2, par. 15-153.3

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40 ILCS 5/16-149.5 from Ch. 108 1/2, par. 16-149.5

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40 ILCS 5/18-110.1 new

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40 ILCS 5/18-110.2 new

- 1 40 ILCS 5/18-125.1 from Ch. 108 1/2, par. 18-125.1
- 2 40 ILCS 5/18-128.01 from Ch. 108 1/2, par. 18-128.01