



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

HB6225

by Rep. Chad Hays

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/15-136

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

Amends the State Universities Article of the Illinois Pension Code. In the money-purchase formula of Rule 2, as amended by Public Act 98-599, bases the minimum money purchase amount on the annuity that would have been payable if the participant had retired on June 30, 2014 (rather than during the fiscal year preceding the effective date of P.A. 98-599). Includes a nonacceleration provision. Effective immediately.

LRB098 21085 EFG 58853 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 Section 15-136 as follows:

6 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

7 (Text of Section before amendment by P.A. 98-599)

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.

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

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

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

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

19           With respect to a police officer or firefighter who retires  
20 on or after August 14, 1998, the accumulated normal  
21 contributions taken into account under clauses (i) and (ii) of  
22 this Rule 2 shall include the additional normal contributions  
23 made by the police officer or firefighter under Section  
24 15-157(a).

25           The amount of a retirement annuity calculated under this  
26 Rule 2 shall be computed solely on the basis of the

1 participant's accumulated normal contributions, as specified  
2 in this Rule and defined in Section 15-116. Neither an employee  
3 or employer contribution for early retirement under Section  
4 15-136.2 nor any other employer contribution shall be used in  
5 the calculation of the amount of a retirement annuity under  
6 this Rule 2.

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

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

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

1 more, except that the annuity for those persons having made an  
2 election under Section 15-154(a-1) shall be calculated and  
3 payable under the portable retirement benefit program pursuant  
4 to the provisions of Section 15-136.4.

5 Rule 4: A participant who is at least age 50 and has 25 or  
6 more years of service as a police officer or firefighter, and a  
7 participant who is age 55 or over and has at least 20 but less  
8 than 25 years of service as a police officer or firefighter,  
9 shall be entitled to a retirement annuity of 2 1/4% of the  
10 final rate of earnings for each of the first 10 years of  
11 service as a police officer or firefighter, 2 1/2% for each of  
12 the next 10 years of service as a police officer or  
13 firefighter, and 2 3/4% for each year of service as a police  
14 officer or firefighter in excess of 20. The retirement annuity  
15 for all other service shall be computed under Rule 1. A Tier 2  
16 member is eligible for a retirement annuity calculated under  
17 Rule 4 only if that Tier 2 member meets the service  
18 requirements for that benefit calculation as prescribed under  
19 this Rule 4 in addition to the applicable age requirement under  
20 subsection (a-5) of Section 15-135.

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

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

25 (ii) in the case of an individual who was a  
26 participating employee employed in the fire department of

1 the University of Illinois's Champaign-Urbana campus  
2 immediately prior to the elimination of that fire  
3 department and who immediately after the elimination of  
4 that fire department transferred to another job with the  
5 University of Illinois, service performed as an employee of  
6 the University of Illinois in a position other than police  
7 officer or firefighter, from the date of that transfer  
8 until the employee's next termination of service with the  
9 University of Illinois.

10 (b) For a Tier 1 member, the retirement annuity provided  
11 under Rules 1 and 3 above shall be reduced by 1/2 of 1% for each  
12 month the participant is under age 60 at the time of  
13 retirement. However, this reduction shall not apply in the  
14 following cases:

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

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

22 (3) For that portion of a retirement annuity which has  
23 been provided on account of service of the participant  
24 during periods when he or she performed the duties of a  
25 police officer or firefighter, if these duties were  
26 performed for at least 5 years immediately preceding the

1 date the retirement annuity is to begin.

2 (b-5) The retirement annuity of a Tier 2 member who is  
3 retiring after attaining age 62 with at least 10 years of  
4 service credit shall be reduced by 1/2 of 1% for each full  
5 month that the member's age is under age 67.

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

13 (d) A Tier 1 member whose status as an employee terminates  
14 after August 14, 1969 shall receive automatic increases in his  
15 or her retirement annuity as follows:

16 Effective January 1 immediately following the date the  
17 retirement annuity begins, the annuitant shall receive an  
18 increase in his or her monthly retirement annuity of 0.125% of  
19 the monthly retirement annuity provided under Rule 1, Rule 2,  
20 Rule 3, or Rule 4 contained in this Section, multiplied by the  
21 number of full months which elapsed from the date the  
22 retirement annuity payments began to January 1, 1972, plus  
23 0.1667% of such annuity, multiplied by the number of full  
24 months which elapsed from January 1, 1972, or the date the  
25 retirement annuity payments began, whichever is later, to  
26 January 1, 1978, plus 0.25% of such annuity multiplied by the

1 number of full months which elapsed from January 1, 1978, or  
2 the date the retirement annuity payments began, whichever is  
3 later, to the effective date of the increase.

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

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

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

19 (d-5) A retirement annuity of a Tier 2 member shall receive  
20 annual increases on the January 1 occurring either on or after  
21 the attainment of age 67 or the first anniversary of the  
22 annuity start date, whichever is later. Each annual increase  
23 shall be calculated at 3% or one half the annual unadjusted  
24 percentage increase (but not less than zero) in the consumer  
25 price index-u for the 12 months ending with the September  
26 preceding each November 1, whichever is less, of the originally



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

6 (e) If, on January 1, 1987, or the date the retirement  
7 annuity payment period begins, whichever is later, the sum of  
8 the retirement annuity provided under Rule 1 or Rule 2 of this  
9 Section and the automatic annual increases provided under the  
10 preceding subsection or Section 15-136.1, amounts to less than  
11 the retirement annuity which would be provided by Rule 3, the  
12 retirement annuity shall be increased as of January 1, 1987, or  
13 the date the retirement annuity payment period begins,  
14 whichever is later, to the amount which would be provided by  
15 Rule 3 of this Section. Such increased amount shall be  
16 considered as the retirement annuity in determining benefits  
17 provided under other Sections of this Article. This paragraph  
18 applies without regard to whether status as an employee  
19 terminated before the effective date of this amendatory Act of  
20 1987, provided that the annuitant was employed at least  
21 one-half time during the period on which the final rate of  
22 earnings was based.

23 (f) A participant is entitled to such additional annuity as  
24 may be provided on an actuarially equivalent basis, by any  
25 accumulated additional contributions to his or her credit.  
26 However, the additional contributions made by the participant

1 toward the automatic increases in annuity provided under this  
2 Section shall not be taken into account in determining the  
3 amount of such additional annuity.

4 (g) If, (1) by law, a function of a governmental unit, as  
5 defined by Section 20-107 of this Code, is transferred in whole  
6 or in part to an employer, and (2) a participant transfers  
7 employment from such governmental unit to such employer within  
8 6 months after the transfer of the function, and (3) the sum of  
9 (A) the annuity payable to the participant under Rule 1, 2, or  
10 3 of this Section (B) all proportional annuities payable to the  
11 participant by all other retirement systems covered by Article  
12 20, and (C) the initial primary insurance amount to which the  
13 participant is entitled under the Social Security Act, is less  
14 than the retirement annuity which would have been payable if  
15 all of the participant's pension credits validated under  
16 Section 20-109 had been validated under this system, a  
17 supplemental annuity equal to the difference in such amounts  
18 shall be payable to the participant.

19 (h) On January 1, 1981, an annuitant who was receiving a  
20 retirement annuity on or before January 1, 1971 shall have his  
21 or her retirement annuity then being paid increased \$1 per  
22 month for each year of creditable service. On January 1, 1982,  
23 an annuitant whose retirement annuity began on or before  
24 January 1, 1977, shall have his or her retirement annuity then  
25 being paid increased \$1 per month for each year of creditable  
26 service.

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

6 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12;  
7 98-92, eff. 7-16-13.)

8 (Text of Section after amendment by P.A. 98-599)

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

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

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

25 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 (using the effective rate of  
7 interest in effect at the time of retirement for  
8 retirements occurring on or after July 1, 2014), by the  
9 accumulated normal contributions as of the date the annuity  
10 begins;

11 (ii) an annuity from employer contributions of an  
12 amount equal to that which can be provided on an  
13 actuarially equivalent basis (using the effective rate of  
14 interest in effect at the time of retirement for  
15 retirements occurring on or after July 1, 2014) from the  
16 accumulated normal contributions made by the participant  
17 under Section 15-113.6 and Section 15-113.7 plus 1.4 times  
18 all other accumulated normal contributions made by the  
19 participant; and

20 (iii) the annuity that can be provided on an  
21 actuarially equivalent basis (using the effective rate of  
22 interest in effect at the time of retirement for  
23 retirements occurring on or after July 1, 2014) from the  
24 entire contribution made by the participant under Section  
25 15-113.3.

26 Notwithstanding any other provision of this Rule 2, a

1 participant's retirement annuity calculated under this Rule 2  
2 shall not be less than the retirement annuity that participant  
3 would have received under this Rule 2 had he or she retired on  
4 June 30, 2014 ~~during the fiscal year preceding the effective~~  
5 ~~date of this amendatory Act of the 98th General Assembly.~~

6 With respect to a police officer or firefighter who retires  
7 on or after August 14, 1998, the accumulated normal  
8 contributions taken into account under clauses (i) and (ii) of  
9 this Rule 2 shall include the additional normal contributions  
10 made by the police officer or firefighter under Section  
11 15-157(a).

12 The amount of a retirement annuity calculated under this  
13 Rule 2 shall be computed solely on the basis of the  
14 participant's accumulated normal contributions, as specified  
15 in this Rule and defined in Section 15-116. Neither an employee  
16 or employer contribution for early retirement under Section  
17 15-136.2 nor any other employer contribution shall be used in  
18 the calculation of the amount of a retirement annuity under  
19 this Rule 2.

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

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

26 Rule 3: The retirement annuity of a participant who is

1 employed at least one-half time during the period on which his  
2 or her final rate of earnings is based, shall be equal to the  
3 participant's years of service not to exceed 30, multiplied by  
4 (1) \$96 if the participant's final rate of earnings is less  
5 than \$3,500, (2) \$108 if the final rate of earnings is at least  
6 \$3,500 but less than \$4,500, (3) \$120 if the final rate of  
7 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if  
8 the final rate of earnings is at least \$5,500 but less than  
9 \$6,500, (5) \$144 if the final rate of earnings is at least  
10 \$6,500 but less than \$7,500, (6) \$156 if the final rate of  
11 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if  
12 the final rate of earnings is at least \$8,500 but less than  
13 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or  
14 more, except that the annuity for those persons having made an  
15 election under Section 15-154(a-1) shall be calculated and  
16 payable under the portable retirement benefit program pursuant  
17 to the provisions of Section 15-136.4.

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

1 officer or firefighter in excess of 20. The retirement annuity  
2 for all other service shall be computed under Rule 1. A Tier 2  
3 member is eligible for a retirement annuity calculated under  
4 Rule 4 only if that Tier 2 member meets the service  
5 requirements for that benefit calculation as prescribed under  
6 this Rule 4 in addition to the applicable age requirement under  
7 subsection (a-5) of Section 15-135.

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

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

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

23 (b) For a Tier 1 member, the retirement annuity provided  
24 under Rules 1 and 3 above shall be reduced by 1/2 of 1% for each  
25 month the participant is under age 60 at the time of  
26 retirement. However, this reduction shall not apply in the

1 following cases:

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

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

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

15 (b-5) The retirement annuity of a Tier 2 member who is  
16 retiring after attaining age 62 with at least 10 years of  
17 service credit shall be reduced by 1/2 of 1% for each full  
18 month that the member's age is under age 67.

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

26 (d) This subsection (d) is subject to subsections (d-1) and



1 (d-2). A Tier 1 member whose status as an employee terminates  
2 after August 14, 1969 shall receive automatic increases in his  
3 or her retirement annuity as follows:

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

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

26 Beginning January 1, 1990, all automatic annual increases

1 payable under this Section shall be calculated as a percentage  
2 of the total annuity payable at the time of the increase,  
3 including all increases previously granted under this Article.

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

7 (d-1) Notwithstanding subsection (d), but subject to the  
8 provisions of subsection (d-2), all automatic increases  
9 payable under subsection (d) on or after the effective date of  
10 this amendatory Act of the 98th General Assembly shall be  
11 calculated as 3% of the lesser of (1) the total annuity payable  
12 at the time of the increase, including previous increases  
13 granted, or (2) \$1,000 multiplied by the number of years of  
14 creditable service upon which the annuity is based; however, in  
15 the case of an initial increase subject to this subsection, the  
16 amount of that increase shall be prorated if less than one year  
17 has elapsed since retirement.

18 Beginning January 1, 2016, the \$1,000 referred to in item  
19 (2) of this subsection (d-1) shall be increased on each January  
20 1 by the annual unadjusted percentage increase (but not less  
21 than zero) in the consumer price index-u for the 12 months  
22 ending with the preceding September; these adjustments shall be  
23 cumulative and compounded. For the purposes of this subsection  
24 (d-1), "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. The new dollar amount  
3 resulting from each annual adjustment shall be determined by  
4 the Public Pension Division of the Department of Insurance and  
5 made available to the System by November 1 of each year.

6 This subsection (d-1) is applicable without regard to  
7 whether the person is in service on or after the effective date  
8 of this amendatory Act of the 98th General Assembly.

9 (d-2) Notwithstanding subsections (d) and (d-1), for an  
10 active or inactive Tier 1 member who has not begun to receive a  
11 retirement annuity under this Article before July 1, 2014:

12 (1) the automatic annual increase payable under  
13 subsection (d) the second January following the date the  
14 retirement annuity begins shall be equal to 0% of the total  
15 annuity payable at the time of the increase, if he or she  
16 is at least age 50 on the effective date of this amendatory  
17 Act;

18 (2) the automatic annual increase payable under  
19 subsection (d) the second, fourth, and sixth January  
20 following the date the retirement annuity begins shall be  
21 equal to 0% of the total annuity payable at the time of the  
22 increase, if he or she is at least age 47 but less than age  
23 50 on the effective date of this amendatory Act;

24 (3) the automatic annual increase payable under  
25 subsection (d) the second, fourth, sixth, and eighth  
26 January following the date the retirement annuity begins

1 shall be equal to 0% of the total annuity payable at the  
2 time of the increase, if he or she is at least age 44 but  
3 less than age 47 on the effective date of this amendatory  
4 Act;

5 (4) the automatic annual increase payable under  
6 subsection (d) the second, fourth, sixth, eighth, and tenth  
7 January following the date the retirement annuity begins  
8 shall be equal to 0% of the total annuity payable at the  
9 time of the increase, if he or she is less than age 44 on  
10 the effective date of this amendatory Act.

11 (d-5) A retirement annuity of a Tier 2 member shall receive  
12 annual increases on the January 1 occurring either on or after  
13 the attainment of age 67 or the first anniversary of the  
14 annuity start date, whichever is later. Each annual increase  
15 shall be calculated at 3% or one half the annual unadjusted  
16 percentage increase (but not less than zero) in the consumer  
17 price index-u for the 12 months ending with the September  
18 preceding each November 1, whichever is less, of the originally  
19 granted retirement annuity. If the annual unadjusted  
20 percentage change in the consumer price index-u for the 12  
21 months ending with the September preceding each November 1 is  
22 zero or there is a decrease, then the annuity shall not be  
23 increased.

24 (e) If, on January 1, 1987, or the date the retirement  
25 annuity payment period begins, whichever is later, the sum of  
26 the retirement annuity provided under Rule 1 or Rule 2 of this

1 Section and the automatic annual increases provided under the  
2 preceding subsection or Section 15-136.1, amounts to less than  
3 the retirement annuity which would be provided by Rule 3, the  
4 retirement annuity shall be increased as of January 1, 1987, or  
5 the date the retirement annuity payment period begins,  
6 whichever is later, to the amount which would be provided by  
7 Rule 3 of this Section. Such increased amount shall be  
8 considered as the retirement annuity in determining benefits  
9 provided under other Sections of this Article. This paragraph  
10 applies without regard to whether status as an employee  
11 terminated before the effective date of this amendatory Act of  
12 1987, provided that the annuitant was employed at least  
13 one-half time during the period on which the final rate of  
14 earnings was based.

15 (f) A participant is entitled to such additional annuity as  
16 may be provided on an actuarially equivalent basis, by any  
17 accumulated additional contributions to his or her credit.  
18 However, the additional contributions made by the participant  
19 toward the automatic increases in annuity provided under this  
20 Section shall not be taken into account in determining the  
21 amount of such additional annuity.

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

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

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

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

24 (j) For participants to whom subsection (a-3) of Section  
25 15-135 applies, the references to age 50, 55, and 62 in this  
26 Section are increased as provided in subsection (a-3) of

1 Section 15-135.

2 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12;  
3 98-92, eff. 7-16-13; 98-599, eff. 6-1-14.)

4 Section 95. No acceleration or delay. Where this Act makes  
5 changes in a statute that is represented in this Act by text  
6 that is not yet or no longer in effect (for example, a Section  
7 represented by multiple versions), the use of that text does  
8 not accelerate or delay the taking effect of (i) the changes  
9 made by this Act or (ii) provisions derived from any other  
10 Public Act.

11 Section 99. Effective date. This Act takes effect upon  
12 becoming law.