

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 Public Labor Relations Act is
5 amended by changing Sections 4 and 15 as follows:

6 (5 ILCS 315/4) (from Ch. 48, par. 1604)

7 Sec. 4. Management Rights. Employers shall not be required
8 to bargain over matters of inherent managerial policy, which
9 shall include such areas of discretion or policy as the
10 functions of the employer, standards of services, its overall
11 budget, the organizational structure and selection of new
12 employees, examination techniques and direction of employees.
13 Employers, however, shall be required to bargain collectively
14 with regard to policy matters directly affecting wages (but
15 subject to any applicable restrictions in Section 16-122.9 of
16 the Illinois Pension Code), hours and terms and conditions of
17 employment as well as the impact thereon upon request by
18 employee representatives, but excluding the changes, the
19 impact of changes, and the implementation of the changes set
20 forth in this amendatory Act of the 98th General Assembly.

21 To preserve the rights of employers and exclusive
22 representatives which have established collective bargaining
23 relationships or negotiated collective bargaining agreements

1 prior to the effective date of this Act, employers shall be
2 required to bargain collectively with regard to any matter
3 concerning wages (but subject to any applicable restrictions in
4 Section 16-122.9 of the Illinois Pension Code), hours or
5 conditions of employment about which they have bargained for
6 and agreed to in a collective bargaining agreement prior to the
7 effective date of this Act, but excluding the changes, the
8 impact of changes, and the implementation of the changes set
9 forth in this amendatory Act of the 98th General Assembly.

10 The chief judge of the judicial circuit that employs a
11 public employee who is a court reporter, as defined in the
12 Court Reporters Act, has the authority to hire, appoint,
13 promote, evaluate, discipline, and discharge court reporters
14 within that judicial circuit.

15 Nothing in this amendatory Act of the 94th General Assembly
16 shall be construed to intrude upon the judicial functions of
17 any court. This amendatory Act of the 94th General Assembly
18 applies only to nonjudicial administrative matters relating to
19 the collective bargaining rights of court reporters.

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

21 (5 ILCS 315/15) (from Ch. 48, par. 1615)

22 Sec. 15. Act Takes Precedence.

23 (a) In case of any conflict between the provisions of this
24 Act and any other law (other than Section 5 of the State
25 Employees Group Insurance Act of 1971 and other than the

1 changes made to the Illinois Pension Code by Public Act 96-889
2 and the changes, impact of changes, and the implementation of
3 the changes made to the Illinois Pension Code and the State
4 Employees Group Insurance Act of 1971 by this amendatory Act of
5 the 98th ~~96th~~ General Assembly), executive order or
6 administrative regulation relating to wages, hours and
7 conditions of employment and employment relations, the
8 provisions of this Act or any collective bargaining agreement
9 negotiated thereunder shall prevail and control. Nothing in
10 this Act shall be construed to replace or diminish the rights
11 of employees established by Sections 28 and 28a of the
12 Metropolitan Transit Authority Act, Sections 2.15 through 2.19
13 of the Regional Transportation Authority Act. The provisions of
14 this Act are subject to the changes made by this amendatory Act
15 of the 98th General Assembly, including Section 16-122.9 of the
16 Illinois Pension Code, and Section 5 of the State Employees
17 Group Insurance Act of 1971. Nothing in this Act shall be
18 construed to replace the necessity of complaints against a
19 sworn peace officer, as defined in Section 2(a) of the Uniform
20 Peace Officer Disciplinary Act, from having a complaint
21 supported by a sworn affidavit.

22 (b) Except as provided in subsection (a) above, any
23 collective bargaining contract between a public employer and a
24 labor organization executed pursuant to this Act shall
25 supersede any contrary statutes, charters, ordinances, rules
26 or regulations relating to wages, hours and conditions of

1 employment and employment relations adopted by the public
2 employer or its agents. Any collective bargaining agreement
3 entered into prior to the effective date of this Act shall
4 remain in full force during its duration.

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

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

15 Section 12. The State Employees Group Insurance Act of 1971
16 is amended by adding Section 6.16 as follows:

17 (5 ILCS 375/6.16 new)

18 Sec. 6.16. Health benefit election for Tier I employees and
19 Tier I retirees.

20 (a) For purposes of this Section:

21 "Eligible Tier I employee" means, except as provided in
22 subsection (g) of this Section, an individual who makes or is
23 deemed to have made an election under paragraph (1) of
24 subsection (a) of Section 16-122.9 of the Illinois Pension

1 Code.

2 "Program of health benefits" means (i) a health plan, as
3 defined in subsection (o) of Section 3 of this Act, that is
4 designed and contracted for by the Director under this Act or
5 any successor Act or (ii) if administration of that health plan
6 is transferred to a trust established by the State or an
7 independent Board in order to provide health benefits to a
8 class of persons that includes eligible Tier I retirees, then
9 the plan of health benefits provided through that trust.

10 (b) As adequate and legal consideration for making the
11 election under paragraph (1) of subsection (a) of Section
12 16-122.9 of the Illinois Pension Code each eligible Tier I
13 employee shall receive a vested and enforceable contractual
14 right to participate in a program of health benefits while he
15 or she qualifies as an annuitant or retired employee. That
16 right also extends to such a person's dependents and survivors
17 who are eligible under the applicable program of health
18 benefits.

19 (c) Notwithstanding subsection (b), eligible Tier I
20 employees may be required to make contributions toward the cost
21 of coverage under a program of health benefits.

22 (d) The vested and enforceable contractual right to a
23 program of health benefits is not offered as, and shall not be
24 considered, a pension or retirement benefit under Article XIII,
25 Section 5 of the Illinois Constitution, the Illinois Pension
26 Code, or any subsequent or successor enactment providing

1 pension benefits.

2 (e) Notwithstanding any other provision of this Act to the
3 contrary, except subsection (g) of this Section, a Tier I
4 employee who has made an election under paragraph (2) of
5 subsection (a) of Section 16-122.9 of the Illinois Pension Code
6 shall not be entitled to participate in any program of health
7 benefits under this Act as an annuitant or retired employee
8 receiving a retirement annuity, regardless of any contrary
9 election under any other retirement system.

10 Notwithstanding any other provision of this Act to the
11 contrary, except subsection (g) of this Section, a Tier I
12 employee who is not entitled to participate in the program of
13 health benefits as an annuitant or retired employee receiving a
14 retirement annuity, due to an election under paragraph (2) of
15 subsection (a) of Section 16-122.9 of the Illinois Pension Code
16 shall not be required to make contributions toward the program
17 of health benefits while he or she is an employee or active
18 contributor. However, an active employee may be required to
19 make contributions toward health benefits he or she receives
20 during active service.

21 (f) The Department shall coordinate with each retirement
22 system administering an election in accordance with this
23 amendatory Act of the 98th General Assembly to provide
24 information concerning the impact of the election of health
25 benefits. Each System shall include information prepared by the
26 Department in the required election packet. The Department

1 shall make information available to Tier I employees through
2 video materials, group presentations, consultation by
3 telephone or other electronic means, or any combination of
4 these methods. The information in the election packet shall
5 include a notice that states: "YOU ARE HEREBY ADVISED THAT THE
6 PROGRAM OF HEALTH BENEFITS OFFERED IS FOR ACCESS TO A GROUP
7 HEALTHCARE PLAN ADMINISTERED BY THE DEPARTMENT, AND YOU MAY BE
8 REQUIRED TO PAY FOR THE FULL COST OF COVERAGE PROVIDED BY THE
9 PLAN, INCLUDING ALL PREMIUM, DEDUCTIBLE, AND COPAY AMOUNTS."

10 (g) Nothing in this Section shall be construed as applying
11 to a person who qualifies as a Tier I retiree under Section
12 16-107.2 of the Illinois Pension Code or to a retiree who, as a
13 consequence of returning to active service, qualifies as a Tier
14 I employee under Section 16-107.1.

15 Section 22. The Budget Stabilization Act is amended by
16 changing Sections 20 and 25 as follows:

17 (30 ILCS 122/20)

18 Sec. 20. Pension Stabilization Fund.

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

23 (b) For each fiscal year when the General Assembly's
24 appropriations and transfers or diversions as required by law

1 from general funds do not exceed 99% of the estimated general
2 funds revenues pursuant to subsection (a) of Section 10, the
3 Comptroller shall transfer from the General Revenue Fund as
4 provided by this Section a total amount equal to 0.5% of the
5 estimated general funds revenues to the Pension Stabilization
6 Fund.

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

15 (c-10) In State fiscal year 2020 and each fiscal year
16 thereafter, the State Comptroller shall order transferred and
17 the State Treasurer shall transfer \$1,000,000,000 from the
18 General Revenue Fund to the Pension Stabilization Fund.

19 (c-15) The transfers made pursuant to subsection (c-10) of
20 this Section shall continue through State fiscal year 2045 or
21 until each of the designated retirement systems, as defined in
22 Section 25, has achieved the funding ratio prescribed by law
23 for that retirement system, whichever occurs first.

24 (d) The Comptroller shall transfer 1/12 of the total amount
25 to be transferred each fiscal year under this Section into the
26 Pension Stabilization Fund on the first day of each month of

1 that fiscal year or as soon thereafter as possible; except that
2 the final transfer of the fiscal year shall be made as soon as
3 practical after the August 31 following the end of the fiscal
4 year.

5 Until State fiscal year 2014, before ~~Before~~ the final
6 transfer for a fiscal year is made, the Comptroller shall
7 reconcile the estimated general funds revenues used in
8 calculating the other transfers under this Section for that
9 fiscal year with the actual general funds revenues for that
10 fiscal year. The final transfer for the fiscal year shall be
11 adjusted so that the total amount transferred under this
12 Section for that fiscal year is equal to the percentage
13 specified in subsection (b) or (c) of this Section, whichever
14 is applicable, of the actual general funds revenues for that
15 fiscal year. The actual general funds revenues for the fiscal
16 year shall be calculated in a manner consistent with subsection
17 (c) of Section 10 of this Act.

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

19 (30 ILCS 122/25)

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

21 (a) As used in this Section, "designated retirement
22 systems" means:

23 (1) the State Employees' Retirement System of
24 Illinois;

25 (2) the Teachers' Retirement System of the State of

1 Illinois;

2 (3) the State Universities Retirement System;

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

4 (5) the General Assembly Retirement System.

5 (b) As soon as may be practical after any money is
6 deposited into the Pension Stabilization Fund, the State
7 Comptroller shall apportion the deposited amount among the
8 designated retirement systems and the State Comptroller and
9 State Treasurer shall pay the apportioned amounts to the
10 designated retirement systems. The amount deposited shall be
11 apportioned among the designated retirement systems in the same
12 proportion as their respective portions of the total actuarial
13 reserve deficiency of the designated retirement systems, as
14 most recently determined by the Governor's Office of Management
15 and Budget. Amounts received by a designated retirement system
16 under this Section shall be used for funding the unfunded
17 liabilities of the retirement system. Payments under this
18 Section are authorized by the continuing appropriation under
19 Section 1.7 of the State Pension Funds Continuing Appropriation
20 Act.

21 (c) At the request of the State Comptroller, the Governor's
22 Office of Management and Budget shall determine the individual
23 and total actuarial reserve deficiencies of the designated
24 retirement systems. For this purpose, the Governor's Office of
25 Management and Budget shall consider the latest available audit
26 and actuarial reports of each of the retirement systems and the

1 relevant reports and statistics of the Public Pension Division
2 of the Department of Financial and Professional Regulation.

3 (d) Payments to the designated retirement systems under
4 this Section shall be in addition to, and not in lieu of, any
5 State contributions required under Section 2-124, 14-131,
6 15-155, 16-158, or 18-131 of the Illinois Pension Code.

7 Payments to the designated retirement systems under this
8 Section, transferred after the effective date of this
9 amendatory Act of the 98th General Assembly, do not reduce and
10 do not constitute payment of any portion of the required State
11 contribution under Article 2, 14, 15, 16, or 18 of the Illinois
12 Pension Code in that fiscal year. Such amounts shall not
13 reduce, and shall not be included in the calculation of, the
14 required State contribution under Article 2, 14, 15, 16, or 18
15 of the Illinois Pension Code in any future year, until the
16 designated retirement system has received payment of
17 contributions pursuant to this Act.

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

19 Section 25. The Illinois Pension Code is amended by
20 changing Sections 16-106, 16-121, 16-127, 16-133.1, 16-133.6,
21 16-136.1, 16-152, and 16-203 and by adding Sections 1-162,
22 16-107.1, 16-107.2, 16-121.1, 16-122.9, 16-133.6, and 16-158.2
23 as follows:

24 (40 ILCS 5/1-162 new)

1 Sec. 1-162. Optional cash balance plan.

2 (a) Participation and Applicability. Beginning 12 months
3 after the effective date of this Section, any Tier I employee
4 who has made the election under paragraph (1) of subsection (a)
5 of Section 16-122.9 may elect to participate in the optional
6 cash balance plan created under this Section.

7 The Board of Trustees of the applicable retirement system
8 shall promulgate rules to create an annual election wherein a
9 person eligible to participate in the optional cash balance
10 plan may elect to participate, and an active employee who is a
11 participant in the plan may elect to cease active
12 participation. The election to cease active participation
13 shall not disqualify the employee from eligibility to receive
14 an interest credit under subsection (f), a distribution upon
15 termination under subsection (f-10), a refund under subsection
16 (f-15), a retirement annuity under subsection (g), or a
17 survivor's annuity under subsection (k), or from eligibility to
18 resume active participation in the optional cash balance plan
19 in a subsequent year.

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

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

26 "Account" means the notional cash balance account

1 established under this Section for a participant in the
2 optional cash balance plan.

3 "Salary" means "salary" as defined in Article 16, without
4 regard to the limitation in subsection (b-5) of Section 1-160.

5 "Tier I employee" means a person who is a Tier I employee
6 under the applicable Article of this Code.

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

16 The amounts to be credited to the cash balance account
17 shall consist of (i) amounts contributed by or on behalf of the
18 participant as employee contributions, (ii) notional employer
19 contributions, and (iii) interest credit that is attributable
20 to the account, all as provided in this Section.

21 Whenever necessary for the prompt calculation or
22 administration, or when the System lacks information necessary
23 to the calculation or administration otherwise required of or
24 for a benefit under this Section, the applicable retirement
25 system may estimate an amount to be credited to or debited from
26 a participant's cash balance account and then adjust the amount

1 so credited or debited when more accurate information becomes
2 available.

3 The applicable retirement system shall give to each
4 participant in the optional cash balance plan who has not yet
5 retired annual notice of (1) the balance in the participant's
6 cash balance account and (2) an estimate of the retirement
7 annuity that will be payable to the participant if he or she
8 retires at age 59 1/2.

9 (d) Employee Contributions. In addition to the other
10 contributions required under the applicable Article, each
11 participant shall make contributions to the applicable
12 retirement system at the rate of 2% of each payment of salary.
13 The amount of each contribution shall be credited to the
14 participant's cash balance account upon receipt and after the
15 retirement system's reconciliation of the contribution.

16 (e) Optional Employer Contributions. Employers may make
17 optional additional contributions to the applicable retirement
18 system on behalf of their employees who are participants in the
19 optional cash balance plan in accordance with procedures
20 prescribed by the retirement system to the extent permitted by
21 federal law and the rules prescribed by the retirement system.
22 The optional additional contributions under this subsection
23 are actual monetary contributions to the retirement system, and
24 the amount of each optional additional contribution shall be
25 credited to the participant's cash balance account upon receipt
26 and after the retirement system's reconciliation of the

1 contribution.

2 (f) Interest Credit. An amount representing earnings on
3 investments shall be determined by the retirement system in
4 accordance with this Section and credited to the participant's
5 cash balance account for each fiscal year in which there is a
6 positive balance in that account; except that no additional
7 interest credit shall be credited while an annuity based on the
8 account is being paid. The interest credit amount shall be a
9 percentage of the average quarterly balance in the cash balance
10 account during that fiscal year and shall be calculated on June
11 30.

12 The percentage shall be the assumed treasury rate for the
13 previous fiscal year, unless neither the retirement system's
14 actual rate of investment earnings for the previous fiscal year
15 nor the retirement system's actual rate of investment earnings
16 for the five-year period ending at the end of the previous
17 fiscal year is less than the assumed treasury rate.

18 If both the retirement system's actual rate of investment
19 earnings for the previous fiscal year and the actual rate of
20 investment earnings for the five-year period ending at the end
21 of the previous fiscal year are at least the assumed treasury
22 rate, then the percentage shall be:

23 (i) the assumed treasury rate, plus

24 (ii) two-thirds of the amount of the actual rate of
25 investment earnings for the previous fiscal year that
26 exceeds the assumed treasury rate.

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

3 For the purposes of this subsection only, "previous fiscal
4 year" means the fiscal year ending one year before the interest
5 rate is calculated.

6 For the purposes of this subsection only, "assumed treasury
7 rate" means the average annual yield of the 30-year U.S.
8 Treasury Bond over the previous fiscal year, but not less than
9 4%.

10 When a person applies for a benefit under this Section, the
11 retirement system shall apply an interest credit based on a
12 proration of an estimate of what the interest credit will be
13 for the relevant year. When the retirement system certifies the
14 credit on June 30, it shall adjust the benefit accordingly.

15 (f-10) Distribution upon Termination of Employment. Upon
16 termination of active employment with at least 5 years of
17 service credit under the applicable retirement system and prior
18 to making application for an annuity under this Section, a
19 participant in the optional cash balance plan may make an
20 irrevocable election to distribute an amount not to exceed 40%
21 of the balance in the participant's account in the form of a
22 direct rollover to another qualified plan, to the extent
23 allowed by federal law. If the participant makes such an
24 election, then the amount distributed shall be debited from the
25 participant's cash balance account. A participant in the
26 optional cash balance plan shall be allowed only one

1 distribution under this subsection. The remaining balance in
2 the participant's account shall be used for the determination
3 of other benefits provided under this Section.

4 (f-15) Refund. In lieu of receiving a distribution under
5 subsection (f-10), at any time after terminating active
6 employment under the applicable retirement system, but before
7 receiving a retirement annuity under this Section, a
8 participant in the optional cash balance plan may elect to
9 receive a refund under this subsection. The refund shall
10 consist of an amount equal to the amount of all employee
11 contributions credited to the participant's account, but shall
12 not include any interest credit or employer contributions. If
13 the participant so requests, the refund may be paid in the form
14 of a direct rollover to another qualified plan, to the extent
15 allowed by federal law and in accordance with the rules of the
16 applicable retirement system. Upon payment of the refund, the
17 participant's notional cash balance account shall be closed.

18 (g) Retirement Annuity. A participant in the optional cash
19 balance plan may begin collecting a retirement annuity at age
20 59 1/2, but no earlier than the date of termination of active
21 employment under the applicable retirement system.

22 The amount of the retirement annuity shall be calculated by
23 the retirement system, based on the balance in the cash balance
24 account, the assumption of future investment returns as
25 specified in this subsection, the participant's election to
26 have a lifetime survivor's annuity as specified in this

1 subsection, the annual increase in retirement annuity as
2 specified in subsection (h), the annual increase in survivor's
3 annuity as specified in subsection (l), and any actuarial
4 assumptions and tables adopted by the board of the retirement
5 system for this purpose. The calculation shall determine the
6 amount of retirement annuity, on an actuarially equivalent
7 basis, that shall be designed to result in the balance in the
8 participant's account arriving at zero on the date when the
9 last payment of the retirement annuity (or survivor's annuity,
10 if the participant elects to provide for a survivor's annuity
11 pursuant to this subsection) is anticipated to be paid under
12 the relevant actuarial assumptions. A retirement annuity or a
13 survivor's annuity provided under this Section shall be a life
14 annuity and shall not expire if the account balance equals
15 zero.

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

26 The participant may elect, under the participant's written

1 application for retirement, to receive a reduced annuity
2 payable for his or her life and to have a lifetime survivor's
3 annuity in a monthly amount equal to 50%, 75%, or 100% of that
4 reduced monthly amount, to be paid after the participant's
5 death to his or her eligible survivor. Eligibility for a
6 survivor's annuity shall be determined under the applicable
7 Article of this Code.

8 For the purpose of calculating retirement annuities,
9 future investment returns shall be assumed to be a percentage
10 equal to the average yield of the 30-year U.S. Treasury Bond
11 over the 5 fiscal years prior to the calculation of the initial
12 retirement annuity, plus 250 basis points, but not less than 4%
13 nor more than 8%.

14 (h) Annual Increase in Retirement Annuity. The retirement
15 annuity shall be subject to an automatic annual increase in an
16 amount equal to 3% of the originally granted annuity on each
17 January 1 occurring on or after the first anniversary of the
18 annuity start date.

19 (i) Disability Benefits. There are no disability benefits
20 provided under the optional cash balance plan, and no amounts
21 for disability shall be deducted from the account of a
22 participant in the optional cash balance plan. The disability
23 benefits provided under the applicable retirement system apply
24 to participants in the optional cash balance plan.

25 (j) Return to Service. Upon a return to service under the
26 same retirement system after beginning to receive a retirement

1 annuity under the optional cash balance plan, the retirement
2 annuity shall be suspended and active participation in the
3 optional cash balance plan shall resume. Upon termination of
4 the employment, the retirement annuity shall resume in an
5 amount to be recalculated in accordance with subsection (g),
6 taking into consideration the changes in the cash balance
7 account. If a retired annuitant returns to service, his or her
8 notional cash balance account shall be decreased by each
9 payment of retirement annuity prior to the return to service.

10 (k) Survivor's Annuity - Death before Retirement. In the
11 case of a participant in the optional cash balance plan who had
12 less than 5 years of service under the applicable Article and
13 had not begun receiving a retirement annuity, the eligible
14 survivor shall be entitled only to a refund of employee
15 contributions under subsection (f-15).

16 In the case of a participant in the optional cash balance
17 plan who had at least 5 years of service under the applicable
18 Article and had not begun receiving a retirement annuity, the
19 eligible survivor shall be entitled to receive a survivor's
20 annuity beginning at age 59 1/2 upon written application. The
21 survivor's annuity shall be calculated in the same manner as a
22 retirement annuity under subsection (g). At any time before
23 receiving a survivor's annuity, the eligible survivor may claim
24 a distribution under subsection (f-10) or a refund under
25 subsection (f-15). The deceased participant's account shall
26 continue to receive interest credit until the eligible survivor

1 begins to receive a survivor's annuity or receives a refund of
2 employee contributions under subsection (f-15).

3 Eligibility for a survivor's annuity shall be determined
4 under the applicable Article of this Code. A child's or
5 parent's annuity for an otherwise eligible child or dependent
6 parent shall be in the same amount, if any, prescribed under
7 the applicable Article.

8 (l) Annual Increase in Survivor's Annuity. A survivor's
9 annuity granted under subsection (g) or (k) shall be subject to
10 an automatic annual increase in an amount equal to 3% of the
11 originally granted annuity on each January 1 occurring on or
12 after the first anniversary of the annuity start date.

13 (m) Applicability of Provisions. The following provisions,
14 if and as they exist in this Code, do not apply to participants
15 in the optional cash balance plan with respect to participation
16 in the optional cash balance plan, except as they are
17 specifically provided for in this Section:

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

20 (2) provisions limiting a retirement annuity to a
21 specified percentage of salary;

22 (3) provisions authorizing a minimum retirement or
23 survivor's annuity or a supplemental annuity;

24 (4) provisions authorizing any form of retirement
25 annuity or survivor's annuity not authorized under this
26 Section;

1 (5) provisions authorizing a reversionary annuity
2 (other than the survivor's annuity under subsection (g));

3 (6) provisions authorizing a refund of employee
4 contributions upon termination of service (other than upon
5 the death of the participant without an eligible survivor)
6 or any lump-sum payout in lieu of a retirement or
7 survivor's annuity (other than the distribution under
8 subsection (f-10) or the refund under subsection (f-15) of
9 this Section);

10 (7) provisions authorizing optional service credits or
11 the payment of optional additional contributions (other
12 than the optional employer contributions specifically
13 authorized in this Section); or

14 (8) a level income option.

15 The Retirement Systems Reciprocal Act (Article 20 of this
16 Code) does not apply to participation in the optional cash
17 balance plan and does not affect the calculation of benefits
18 payable under this Section.

19 The other provisions of this Code continue to apply to
20 participants in the optional cash balance plan to the extent
21 that they do not conflict with this Section. In the case of a
22 conflict between the provisions of this Section and any other
23 provision of this Code, the provisions of this Section control.

24 (n) Rules. The Board of Trustees of the applicable
25 retirement system may adopt rules and procedures for the
26 implementation of this Section, including but not limited to

1 determinations of how to integrate the administration of this
2 Section with the requirements of the applicable Article and any
3 other applicable provisions of this Code.

4 (o) Actual Employer Contributions. Payment of employer
5 contributions with respect to participants in the optional cash
6 balance plan shall be the responsibility of the actual
7 employer. Optional additional contributions by employers may
8 be paid in any amount, but must be paid in the manner specified
9 by the applicable retirement system.

10 (p) Prospective Modification. The provisions set forth in
11 this Section are subject to prospective changes made by law
12 provided that any such changes shall not apply to any benefits
13 accrued under this Section prior to the effective date of any
14 amendatory Act of the General Assembly.

15 (q) Qualified Plan Status. No provision of this Section
16 shall be interpreted in a way that would cause the applicable
17 retirement system to cease to be a qualified plan under Section
18 401(a) of the Internal Revenue Code of 1986.

19 (40 ILCS 5/16-106) (from Ch. 108 1/2, par. 16-106)

20 Sec. 16-106. Teacher. "Teacher": The following
21 individuals, provided that, for employment prior to July 1,
22 1990, they are employed on a full-time basis, or if not
23 full-time, on a permanent and continuous basis in a position in
24 which services are expected to be rendered for at least one
25 school term:

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

5 (2) Any educational, administrative, professional or
6 other staff employed in any facility of the Department of
7 Children and Family Services or the Department of Human
8 Services, in a position requiring certification under the
9 law governing the certification of teachers, and any person
10 who (i) works in such a position for the Department of
11 Corrections, (ii) was a member of this System on May 31,
12 1987, and (iii) did not elect to become a member of the
13 State Employees' Retirement System pursuant to Section
14 14-108.2 of this Code; except that "teacher" does not
15 include any person who (A) becomes a security employee of
16 the Department of Human Services, as defined in Section
17 14-110, after June 28, 2001 (the effective date of Public
18 Act 92-14), or (B) becomes a member of the State Employees'
19 Retirement System pursuant to Section 14-108.2c of this
20 Code;

21 (3) Any regional superintendent of schools, assistant
22 regional superintendent of schools, State Superintendent
23 of Education; any person employed by the State Board of
24 Education as an executive; any executive of the boards
25 engaged in the service of public common school education in
26 school districts covered under this system of which the

1 State Superintendent of Education is an ex-officio member;

2 (4) Any employee of a school board association
3 operating in compliance with Article 23 of the School Code
4 who is certificated under the law governing the
5 certification of teachers, provided that he or she becomes
6 such an employee before the effective date of this
7 amendatory Act of the 98th General Assembly;

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

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

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

14 (6) Any educational, administrative, professional or
15 other staff employed by and under the supervision and
16 control of a regional superintendent of schools, provided
17 such employment position requires the person to be
18 certificated under the law governing the certification of
19 teachers and is in an educational program serving 2 or more
20 districts in accordance with a joint agreement authorized
21 by the School Code or by federal legislation;

22 (7) Any educational, administrative, professional or
23 other staff employed in an educational program serving 2 or
24 more school districts in accordance with a joint agreement
25 authorized by the School Code or by federal legislation and
26 in a position requiring certification under the laws

1 governing the certification of teachers;

2 (8) Any officer or employee of a statewide teacher
3 organization or officer of a national teacher organization
4 who is certified under the law governing certification of
5 teachers, provided: (i) the individual had previously
6 established creditable service under this Article, (ii)
7 the individual files with the system an irrevocable
8 election to become a member before the effective date of
9 this amendatory Act of the 97th General Assembly, (iii) the
10 individual does not receive credit for such service under
11 any other Article of this Code, and (iv) the individual
12 first became an officer or employee of the teacher
13 organization and becomes a member before the effective date
14 of this amendatory Act of the 97th General Assembly;

15 (9) Any educational, administrative, professional, or
16 other staff employed in a charter school operating in
17 compliance with the Charter Schools Law who is certificated
18 under the law governing the certification of teachers; ~~;~~

19 (10) Any person employed, on the effective date of this
20 amendatory Act of the 94th General Assembly, by the
21 Macon-Piatt Regional Office of Education in a
22 birth-through-age-three pilot program receiving funds
23 under Section 2-389 of the School Code who is required by
24 the Macon-Piatt Regional Office of Education to hold a
25 teaching certificate, provided that the Macon-Piatt
26 Regional Office of Education makes an election, within 6

1 months after the effective date of this amendatory Act of
2 the 94th General Assembly, to have the person participate
3 in the system. Any service established prior to the
4 effective date of this amendatory Act of the 94th General
5 Assembly for service as an employee of the Macon-Piatt
6 Regional Office of Education in a birth-through-age-three
7 pilot program receiving funds under Section 2-389 of the
8 School Code shall be considered service as a teacher if
9 employee and employer contributions have been received by
10 the system and the system has not refunded those
11 contributions.

12 An annuitant receiving a retirement annuity under this
13 Article or under Article 17 of this Code who is employed by a
14 board of education or other employer as permitted under Section
15 16-118 or 16-150.1 is not a "teacher" for purposes of this
16 Article. A person who has received a single-sum retirement
17 benefit under Section 16-136.4 of this Article is not a
18 "teacher" for purposes of this Article.

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

20 (40 ILCS 5/16-107.1 new)

21 Sec. 16-107.1. Tier I employee. "Tier I employee": An
22 employee under this Article (i) who first became a member or
23 participant before January 1, 2011 under any reciprocal
24 retirement system or pension fund established under this Code
25 other than a retirement system or pension fund established

1 under Article 2, 3, 4, 5, 6, or 18 of this Code and (ii) who has
2 not made an irrevocable election on or before January 1, 2013
3 to retire from service pursuant to the terms of a collective
4 bargaining agreement in effect on that date, excluding any
5 extension, amendment, or renewal of that agreement on or after
6 that date.

7 (40 ILCS 5/16-107.2 new)

8 Sec. 16-107.2. Tier I retiree. "Tier I retiree": A former
9 Tier I employee who is receiving a retirement annuity.

10 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

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

17 Notwithstanding any other provision of this Section,
18 "salary" does not include any future increase in income offered
19 by an employer under this Article pursuant to the requirements
20 of subsection (c) of Section 16-122.9 that is accepted by a
21 Tier I employee who has made an election under paragraph (2) of
22 subsection (a) of Section 16-122.9.

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

1 (40 ILCS 5/16-121.1 new)

2 Sec. 16-121.1. Future increase in income. "Future increase
3 in income": Any increase in income in any form offered by an
4 employer to a teacher under this Article after the end of the
5 election period in Section 16-122.9 that would qualify as
6 "salary", as defined in Section 16-121, but for the fact that
7 the employer offered the increase in income to the employee on
8 the condition that it not qualify as salary and the employee
9 accepted the increase in income subject to that condition. The
10 term "future increase in income" does not include an increase
11 in income in any form that is paid to a Tier I employee under an
12 employment contract or collective bargaining agreement that is
13 in effect on the effective date of this Section but does
14 include an increase in income in any form pursuant to an
15 extension, amendment, or renewal of any such employment
16 contract or collective bargaining agreement on or after the
17 effective date of this amendatory Act of the 98th General
18 Assembly.

19 (40 ILCS 5/16-122.9 new)

20 Sec. 16-122.9. Election by Tier I employees.

21 (a) Each Tier I employee shall make an irrevocable election
22 either:

23 (1) to agree to the following:

24 (i) to have the amount of the automatic annual
25 increases in his or her retirement annuity that are

1 otherwise provided for in this Article calculated,
2 instead, as provided in subsection (a-1) of Section
3 16-133.1 or subsection (b-1) of Section 16-136.1,
4 whichever is applicable; and

5 (ii) to have his or her eligibility for automatic
6 annual increases in retirement annuity postponed as
7 provided in subsection (a-2) of Section 16-133.1 or
8 subsection (b-2) of Section 16-136.1, whichever is
9 applicable; or

10 (2) to not agree to items (i) and (ii) as set forth in
11 paragraph (1) of this subsection.

12 The election required under this subsection (a) shall be
13 made by each Tier I employee no earlier than January 1, 2014
14 and no later than May 31, 2014, except that:

15 (i) a person who becomes a Tier I employee under this
16 Article after January 1, 2014 must make the election under
17 this subsection (a) within 60 days after becoming a Tier I
18 employee; and

19 (ii) a person who returns to active service as a Tier I
20 employee under this Article, including a Tier I retiree
21 returning to service as a Tier I employee, after January 1,
22 2014 and has not yet made an election under this Section
23 must make the election under this subsection (a) within 60
24 days after returning to active service as a Tier I
25 employee.

26 If a Tier I employee fails for any reason to make a

1 required election under this subsection within the time
2 specified, then the employee shall be deemed to have made the
3 election under paragraph (2) of this subsection.

4 (a-10) All elections under subsection (a) that are made or
5 deemed to be made by June 1, 2014 shall take effect July 1,
6 2014. Elections that are made or deemed to be on or after June
7 1, 2014 shall take effect on the first day of the month
8 following the month in which the election is made or deemed to
9 be made.

10 (b) As adequate and legal consideration provided under this
11 amendatory Act of the 98th General Assembly for making the
12 election under paragraph (1) of subsection (a) of this Section,
13 any future increases in income offered by an employer under
14 this Article to a Tier I employee who has made the election
15 under paragraph (1) of subsection (a) of this Section shall be
16 offered expressly and irrevocably as constituting salary under
17 Section 16-121. In addition, a Tier I employee who has made the
18 election under paragraph (1) of subsection (a) of this Section
19 shall receive the right to also participate in the optional
20 cash balance plan established under Section 1-162. Finally, a
21 Tier I employee, other than a Tier I retiree returning to
22 active service as a Tier I employee, who has made the election
23 under paragraph (1) of subsection (a) of this Section shall
24 receive the right to the early retirement without discount
25 option under Section 16-133.6.

26 (c) A Tier I employee who makes the election under

1 paragraph (2) of subsection (a) of this Section shall not be
2 subject to items (i) and (ii) set forth in paragraph (1) of
3 subsection (a) of this Section. However, any future increases
4 in income offered by an employer under this Article to a Tier I
5 employee who has made the election under paragraph (2) of
6 subsection (a) of this Section shall be offered by the employer
7 expressly and irrevocably as not constituting salary under
8 Section 16-121, and the employee may not accept any future
9 increase in income that is offered in violation of this
10 requirement. In addition, a Tier I employee who has made the
11 election under paragraph (2) of subsection (a) of this Section
12 shall not receive the right to participate in the optional cash
13 balance plan established under Section 1-162. Finally, a Tier I
14 employee who has made the election under paragraph (2) of
15 subsection (a) of this Section shall not receive the right to
16 the early retirement without discount option under Section
17 16-133.6.

18 (d) The System shall make a good faith effort to contact
19 each Tier I employee subject to this Section. The System shall
20 mail information describing the required election to each Tier
21 I employee by United States Postal Service mail to his or her
22 last known address on file with the System. If the Tier I
23 employee is not responsive to other means of contact, it is
24 sufficient for the System to publish the details of any
25 required elections on its website or to publish those details
26 in a regularly published newsletter or other existing public

1 forum.

2 Tier I employees who are subject to this Section shall be
3 provided with an election packet containing information
4 regarding their options, as well as the forms necessary to make
5 the required election. Upon request, the System shall offer
6 Tier I employees an opportunity to receive information from the
7 System before making the required election. The information may
8 consist of video materials, group presentations, individual
9 consultation with a member or authorized representative of the
10 System in person or by telephone or other electronic means, or
11 any combination of those methods. The System shall not provide
12 advice or counseling with respect to which election a Tier I
13 employee should make or specific to the legal or tax
14 circumstances of or consequences to the Tier I employee.

15 The System shall inform Tier I employees in the election
16 packet required under this subsection that the Tier I employee
17 may also wish to obtain information and counsel relating to the
18 election required under this Section from any other available
19 source, including but not limited to labor organizations and
20 private counsel.

21 In no event shall the System, its staff, or the Board be
22 held liable for any information given to a member, beneficiary,
23 or annuitant regarding the elections under this Section. The
24 System shall coordinate with the Illinois Department of Central
25 Management Services and each other retirement system
26 administering an election in accordance with this amendatory

1 Act of the 98th General Assembly to provide information
2 concerning the impact of the election set forth in this
3 Section.

4 (e) Notwithstanding any other provision of law, an employer
5 under this Article is required to offer any future increases in
6 income expressly and irrevocably as not constituting "salary"
7 under Section 16-121 to any Tier I employee who has made an
8 election under paragraph (2) of subsection (a) of Section
9 16-122.9. A Tier I employee who has made an election under
10 paragraph (2) of subsection (a) of Section 16-122.9 shall not
11 accept any future increase in income that is offered by an
12 employer under this Article in violation of the requirement set
13 forth in this subsection.

14 (f) A member's election under this Section is not a
15 prohibited election under subdivision (j)(1) of Section 1-119
16 of this Code.

17 (g) An employee who has made the election under paragraph
18 (1) of subsection (a) of this Section may elect to participate
19 in the optional cash balance plan under Section 1-162.

20 The election to participate in the optional cash balance
21 plan shall be made in writing, in the manner provided by the
22 applicable retirement system.

23 (h) No provision of this Section shall be interpreted in a
24 way that would cause the System to cease to be a qualified plan
25 under Section 401(a) of the Internal Revenue Code of 1986.

26 (i) If this Section is determined to be unconstitutional or

1 otherwise invalid by a final unappealable decision of an
2 Illinois court or a court of competent jurisdiction as applied
3 to Tier I employees but not as applied to Tier I retirees
4 returning to active service, then this Section and the changes
5 deriving from the election required under this Section shall be
6 null and void as applied to Tier I employees but shall remain
7 in full effect for Tier I retirees returning to active service.

8 (j) If this Section is determined to be unconstitutional or
9 otherwise invalid by a final unappealable decision of an
10 Illinois court or a court of competent jurisdiction as applied
11 to Tier I retirees returning to active service but not as
12 applied to Tier I employees, then this Section and the changes
13 deriving from the election required under this Section shall be
14 null and void as applied to Tier I retirees returning to active
15 service but shall remain in full effect for Tier I employees.

16 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)

17 Sec. 16-127. Computation of creditable service.

18 (a) Each member shall receive regular credit for all
19 service as a teacher from the date membership begins, for which
20 satisfactory evidence is supplied and all contributions have
21 been paid.

22 (b) The following periods of service shall earn optional
23 credit and each member shall receive credit for all such
24 service for which satisfactory evidence is supplied and all
25 contributions have been paid as of the date specified:

1 (1) Prior service as a teacher.

2 (2) Service in a capacity essentially similar or
3 equivalent to that of a teacher, in the public common
4 schools in school districts in this State not included
5 within the provisions of this System, or of any other
6 State, territory, dependency or possession of the United
7 States, or in schools operated by or under the auspices of
8 the United States, or under the auspices of any agency or
9 department of any other State, and service during any
10 period of professional speech correction or special
11 education experience for a public agency within this State
12 or any other State, territory, dependency or possession of
13 the United States, and service prior to February 1, 1951 as
14 a recreation worker for the Illinois Department of Public
15 Safety, for a period not exceeding the lesser of 2/5 of the
16 total creditable service of the member or 10 years. The
17 maximum service of 10 years which is allowable under this
18 paragraph shall be reduced by the service credit which is
19 validated by other retirement systems under paragraph (i)
20 of Section 15-113 and paragraph 1 of Section 17-133. Credit
21 granted under this paragraph may not be used in
22 determination of a retirement annuity or disability
23 benefits unless the member has at least 5 years of
24 creditable service earned subsequent to this employment
25 with one or more of the following systems: Teachers'
26 Retirement System of the State of Illinois, State

1 Universities Retirement System, and the Public School
2 Teachers' Pension and Retirement Fund of Chicago. Whenever
3 such service credit exceeds the maximum allowed for all
4 purposes of this Article, the first service rendered in
5 point of time shall be considered. The changes to this
6 subdivision (b)(2) made by Public Act 86-272 shall apply
7 not only to persons who on or after its effective date
8 (August 23, 1989) are in service as a teacher under the
9 System, but also to persons whose status as such a teacher
10 terminated prior to such effective date, whether or not
11 such person is an annuitant on that date.

12 (3) Any periods immediately following teaching
13 service, under this System or under Article 17, (or
14 immediately following service prior to February 1, 1951 as
15 a recreation worker for the Illinois Department of Public
16 Safety) spent in active service with the military forces of
17 the United States; periods spent in educational programs
18 that prepare for return to teaching sponsored by the
19 federal government following such active military service;
20 if a teacher returns to teaching service within one
21 calendar year after discharge or after the completion of
22 the educational program, a further period, not exceeding
23 one calendar year, between time spent in military service
24 or in such educational programs and the return to
25 employment as a teacher under this System; and a period of
26 up to 2 years of active military service not immediately

1 following employment as a teacher.

2 The changes to this Section and Section 16-128 relating
3 to military service made by P.A. 87-794 shall apply not
4 only to persons who on or after its effective date are in
5 service as a teacher under the System, but also to persons
6 whose status as a teacher terminated prior to that date,
7 whether or not the person is an annuitant on that date. In
8 the case of an annuitant who applies for credit allowable
9 under this Section for a period of military service that
10 did not immediately follow employment, and who has made the
11 required contributions for such credit, the annuity shall
12 be recalculated to include the additional service credit,
13 with the increase taking effect on the date the System
14 received written notification of the annuitant's intent to
15 purchase the credit, if payment of all the required
16 contributions is made within 60 days of such notice, or
17 else on the first annuity payment date following the date
18 of payment of the required contributions. In calculating
19 the automatic annual increase for an annuity that has been
20 recalculated under this Section, the increase attributable
21 to the additional service allowable under P.A. 87-794 shall
22 be included in the calculation of automatic annual
23 increases accruing after the effective date of the
24 recalculation.

25 Credit for military service shall be determined as
26 follows: if entry occurs during the months of July, August,

1 or September and the member was a teacher at the end of the
2 immediately preceding school term, credit shall be granted
3 from July 1 of the year in which he or she entered service;
4 if entry occurs during the school term and the teacher was
5 in teaching service at the beginning of the school term,
6 credit shall be granted from July 1 of such year. In all
7 other cases where credit for military service is allowed,
8 credit shall be granted from the date of entry into the
9 service.

10 The total period of military service for which credit
11 is granted shall not exceed 5 years for any member unless
12 the service: (A) is validated before July 1, 1964, and (B)
13 does not extend beyond July 1, 1963. Credit for military
14 service shall be granted under this Section only if not
15 more than 5 years of the military service for which credit
16 is granted under this Section is used by the member to
17 qualify for a military retirement allotment from any branch
18 of the armed forces of the United States. The changes to
19 this subdivision (b)(3) made by Public Act 86-272 shall
20 apply not only to persons who on or after its effective
21 date (August 23, 1989) are in service as a teacher under
22 the System, but also to persons whose status as such a
23 teacher terminated prior to such effective date, whether or
24 not such person is an annuitant on that date.

25 (4) Any periods served as a member of the General
26 Assembly.

1 (5) (i) Any periods for which a teacher, as defined in
2 Section 16-106, is granted a leave of absence, provided he
3 or she returns to teaching service creditable under this
4 System or the State Universities Retirement System
5 following the leave; (ii) periods during which a teacher is
6 involuntarily laid off from teaching, provided he or she
7 returns to teaching following the lay-off; (iii) periods
8 prior to July 1, 1983 during which a teacher ceased covered
9 employment due to pregnancy, provided that the teacher
10 returned to teaching service creditable under this System
11 or the State Universities Retirement System following the
12 pregnancy and submits evidence satisfactory to the Board
13 documenting that the employment ceased due to pregnancy;
14 and (iv) periods prior to July 1, 1983 during which a
15 teacher ceased covered employment for the purpose of
16 adopting an infant under 3 years of age or caring for a
17 newly adopted infant under 3 years of age, provided that
18 the teacher returned to teaching service creditable under
19 this System or the State Universities Retirement System
20 following the adoption and submits evidence satisfactory
21 to the Board documenting that the employment ceased for the
22 purpose of adopting an infant under 3 years of age or
23 caring for a newly adopted infant under 3 years of age.
24 However, total credit under this paragraph (5) may not
25 exceed 3 years.

26 Any qualified member or annuitant may apply for credit

1 under item (iii) or (iv) of this paragraph (5) without
2 regard to whether service was terminated before the
3 effective date of this amendatory Act of 1997. In the case
4 of an annuitant who establishes credit under item (iii) or
5 (iv), the annuity shall be recalculated to include the
6 additional service credit. The increase in annuity shall
7 take effect on the date the System receives written
8 notification of the annuitant's intent to purchase the
9 credit, if the required evidence is submitted and the
10 required contribution paid within 60 days of that
11 notification, otherwise on the first annuity payment date
12 following the System's receipt of the required evidence and
13 contribution. The increase in an annuity recalculated
14 under this provision shall be included in the calculation
15 of automatic annual increases in the annuity accruing after
16 the effective date of the recalculation.

17 Optional credit may be purchased under this subsection
18 (b) (5) for periods during which a teacher has been granted
19 a leave of absence pursuant to Section 24-13 of the School
20 Code. A teacher whose service under this Article terminated
21 prior to the effective date of P.A. 86-1488 shall be
22 eligible to purchase such optional credit. If a teacher who
23 purchases this optional credit is already receiving a
24 retirement annuity under this Article, the annuity shall be
25 recalculated as if the annuitant had applied for the leave
26 of absence credit at the time of retirement. The difference

1 between the entitled annuity and the actual annuity shall
2 be credited to the purchase of the optional credit. The
3 remainder of the purchase cost of the optional credit shall
4 be paid on or before April 1, 1992.

5 The change in this paragraph made by Public Act 86-273
6 shall be applicable to teachers who retire after June 1,
7 1989, as well as to teachers who are in service on that
8 date.

9 (6) Any days of unused and uncompensated accumulated
10 sick leave earned by a teacher who first became a
11 participant in the System before the effective date of this
12 amendatory Act of the 98th General Assembly. The service
13 credit granted under this paragraph shall be the ratio of
14 the number of unused and uncompensated accumulated sick
15 leave days to 170 days, subject to a maximum of 2 years of
16 service credit. Prior to the member's retirement, each
17 former employer shall certify to the System the number of
18 unused and uncompensated accumulated sick leave days
19 credited to the member at the time of termination of
20 service. The period of unused sick leave shall not be
21 considered in determining the effective date of
22 retirement. A member is not required to make contributions
23 in order to obtain service credit for unused sick leave.

24 Credit for sick leave shall, at retirement, be granted
25 by the System for any retiring regional or assistant
26 regional superintendent of schools who first became a

1 participant in this System before the effective date of
2 this amendatory Act of the 98th General Assembly at the
3 rate of 6 days per year of creditable service or portion
4 thereof established while serving as such superintendent
5 or assistant superintendent.

6 Service credit is not available for unused sick leave
7 accumulated by a teacher who first becomes a participant in
8 this System on or after the effective date of this amendatory
9 Act of the 98th General Assembly.

10 (7) Periods prior to February 1, 1987 served as an
11 employee of the Illinois Mathematics and Science Academy
12 for which credit has not been terminated under Section
13 15-113.9 of this Code.

14 (8) Service as a substitute teacher for work performed
15 prior to July 1, 1990.

16 (9) Service as a part-time teacher for work performed
17 prior to July 1, 1990.

18 (10) Up to 2 years of employment with Southern Illinois
19 University - Carbondale from September 1, 1959 to August
20 31, 1961, or with Governors State University from September
21 1, 1972 to August 31, 1974, for which the teacher has no
22 credit under Article 15. To receive credit under this item
23 (10), a teacher must apply in writing to the Board and pay
24 the required contributions before May 1, 1993 and have at
25 least 12 years of service credit under this Article.

26 (b-1) A member may establish optional credit for up to 2

1 years of service as a teacher or administrator employed by a
2 private school recognized by the Illinois State Board of
3 Education, provided that the teacher (i) was certified under
4 the law governing the certification of teachers at the time the
5 service was rendered, (ii) applies in writing on or after
6 August 1, 2009 and on or before August 1, 2012, (iii) supplies
7 satisfactory evidence of the employment, (iv) completes at
8 least 10 years of contributing service as a teacher as defined
9 in Section 16-106, and (v) pays the contribution required in
10 subsection (d-5) of Section 16-128. The member may apply for
11 credit under this subsection and pay the required contribution
12 before completing the 10 years of contributing service required
13 under item (iv), but the credit may not be used until the item
14 (iv) contributing service requirement has been met.

15 (c) The service credits specified in this Section shall be
16 granted only if: (1) such service credits are not used for
17 credit in any other statutory tax-supported public employee
18 retirement system other than the federal Social Security
19 program; and (2) the member makes the required contributions as
20 specified in Section 16-128. Except as provided in subsection
21 (b-1) of this Section, the service credit shall be effective as
22 of the date the required contributions are completed.

23 Any service credits granted under this Section shall
24 terminate upon cessation of membership for any cause.

25 Credit may not be granted under this Section covering any
26 period for which an age retirement or disability retirement

1 allowance has been paid.

2 (Source: P.A. 96-546, eff. 8-17-09.)

3 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

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

5 (a) Each member with creditable service and retiring on or
6 after August 26, 1969 is entitled to the automatic annual
7 increases in annuity provided under this Section while
8 receiving a retirement annuity or disability retirement
9 annuity from the system.

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

16 (1) 1.5% of the originally granted retirement annuity
17 or disability retirement annuity multiplied by the number
18 of years elapsed, if any, from the date of retirement until
19 January 1, 1972, plus

20 (2) 2% of the originally granted annuity multiplied by
21 the number of years elapsed, if any, from the date of
22 retirement or January 1, 1972, whichever is later, until
23 January 1, 1978, plus

24 (3) 3% of the originally granted annuity multiplied by
25 the number of years elapsed from the date of retirement or

1 January 1, 1978, whichever is later, until the effective
2 date of the initial increase.

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

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

21 (a-1) Notwithstanding any other provision of this Article,
22 for a Tier I employee who made the election under paragraph (1)
23 of subsection (a) of Section 16-122.9, the amount of each
24 automatic annual increase in retirement annuity occurring on or
25 after the effective date of that election shall be 3% or
26 one-half of the annual unadjusted percentage increase, if any,

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

9 (a-2) Notwithstanding any other provision of this Article,
10 for a Tier I employee who made the election under paragraph (1)
11 of subsection (a) of Section 16-122.9, the monthly retirement
12 annuity shall first be subject to annual increases on the
13 January 1 occurring on or next after either the attainment of
14 age 67 or the January 1 occurring on or next after the fifth
15 anniversary of the annuity start date, whichever occurs
16 earlier.

17 (b) The automatic annual increases in annuity provided
18 under this Section shall not be applicable unless a member has
19 made contributions toward such increases for a period
20 equivalent to one full year of creditable service. If a member
21 contributes for service performed after August 26, 1969 but the
22 member becomes an annuitant before such contributions amount to
23 one full year's contributions based on the salary at the date
24 of retirement, he or she may pay the necessary balance of the
25 contributions to the system and be eligible for the automatic
26 annual increases in annuity provided under this Section.

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

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

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

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

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

1 (40 ILCS 5/16-133.6 new)

2 Sec. 16-133.6. Optional teacher early retirement without
3 discount. A Tier I employee who makes an election under
4 paragraph (1) of subsection (a) of Section 16-122.9, retires on
5 or after July 1, 2014, and applies for a retirement annuity
6 within 6 months of the last day of teaching for which
7 retirement contributions were required may elect, at the time
8 of application for a retirement annuity, to make a one-time
9 member contribution to the System and, thereby, avoid the
10 reduction in the retirement annuity for retirement before age
11 60 specified in paragraph (B) of Section 16-133. The exercise
12 of the election shall also obligate the last employer to make a
13 one-time nonrefundable contribution to the System. Substitute
14 teachers wishing to exercise this election must teach 85 or
15 more days in one school term with one employer, who shall be
16 deemed the last employer for purposes of this Section. The last
17 day of teaching with that employer must be within 6 months of
18 the date of application for retirement. All substitute teaching
19 credit applied toward the required 85 days must be earned after
20 June 30, 1990.

21 The one-time member and employer contributions shall be a
22 percentage of the cost of this benefit as determined by the
23 System. However, when determining the one-time member and
24 employer contributions, that part of a member's salary with the
25 same employer which exceeds the annual salary rate for the

1 preceding year by more than 20% shall be excluded. The member
2 contribution shall be at the rate of 50% of the cost of the
3 benefits as determined by the System. The employer contribution
4 shall be at the rate of 50% of the cost of the benefits as
5 determined by the System.

6 Upon receipt of the application and election, the System
7 shall determine the one-time employee and employer
8 contributions required. The member contribution shall be
9 credited to the individual account of the member and the
10 employer contribution shall be credited to the Benefit Trust
11 Reserve. The avoidance of the reduction in retirement annuity
12 provided under this Section is not applicable until the
13 member's contribution, if any, has been received by the System;
14 however, the date that contribution is received shall not be
15 considered in determining the effective date of retirement.

16 The number of members working for a single employer who may
17 retire under this Section in any year may be limited at the
18 option of the employer to a specified percentage of those
19 eligible, not less than 10%, with the right to participate to
20 be allocated among those applying on the basis of seniority in
21 the service of the employer.

22 (40 ILCS 5/16-136.1) (from Ch. 108 1/2, par. 16-136.1)

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

24 (a) Any annuitant receiving a retirement annuity on June
25 30, 1969 and any member retiring after June 30, 1969 shall be

1 eligible for the annual increases provided under this Section
2 provided the annuitant is ineligible for the automatic annual
3 increase in annuity provided under Section 16-133.1, and
4 provided further that (1) retirement occurred at age 55 or over
5 and was based on 5 or more years of creditable service or (2)
6 if retirement occurred prior to age 55, the retirement annuity
7 was based on 20 or more years of creditable service.

8 (b) Subject to the provisions of subsections (b-1) and
9 (b-2), an ~~An~~ annuitant entitled to increases under this Section
10 shall be entitled to the initial increase as of the later of:
11 (1) January 1 following attainment of age 65, (2) January 1
12 following the first anniversary of retirement, or (3) the first
13 day of the month following receipt of the required qualifying
14 contribution from the annuitant. The initial monthly increase
15 shall be computed on the basis of the period elapsed between
16 the later of the date of last retirement or attainment of age
17 50 and the date of qualification for the initial increase, at
18 the rate of 1 1/2% of the original monthly retirement annuity
19 per year for periods prior to September 1, 1971, and at the
20 rate of 2% per year for periods between September 1, 1971 and
21 September 1, 1978, and at the rate of 3% per year for periods
22 thereafter.

23 Subject to the provisions of subsections (b-1) and (b-2),
24 an ~~An~~ annuitant who has received an initial increase under this
25 Section, shall be entitled, on each January 1 following the
26 granting of the initial increase, to an increase of 3% of the

1 original monthly retirement annuity for increases granted
2 prior to January 1, 1990, and equal to 3% of the total annuity,
3 including previous increases under this Section, for increases
4 granted on or after January 1, 1990. The original monthly
5 retirement annuity for computations under this subsection (b)
6 shall be considered to be \$83.34 for any annuitant entitled to
7 benefits under Section 16-134. The minimum original disability
8 retirement annuity for computations under this subsection (b)
9 shall be considered to be \$33.34 per month for any annuitant
10 retired on account of disability.

11 (b-1) Notwithstanding any other provision of this Article,
12 for a Tier I employee who made the election under paragraph (1)
13 of subsection (a) of Section 16-122.9, the amount of each
14 automatic annual increase in retirement annuity occurring on or
15 after the effective date of that election shall be 3% or
16 one-half of the annual unadjusted percentage increase, if any,
17 in the Consumer Price Index-U for the 12 months ending with the
18 preceding September, whichever is less, of the originally
19 granted retirement annuity. For the purposes of this Section,
20 "Consumer Price Index-U" means the index published by the
21 Bureau of Labor Statistics of the United States Department of
22 Labor that measures the average change in prices of goods and
23 services purchased by all urban consumers, United States city
24 average, all items, 1982-84 = 100.

25 (b-2) Notwithstanding any other provision of this Article,
26 for a Tier I employee who made the election under paragraph (1)

1 of subsection (a) of Section 16-122.9, the monthly retirement
2 annuity shall first be subject to annual increases on the
3 January 1 occurring on or next after either the attainment of
4 age 67 or the January 1 occurring on or next after the fifth
5 anniversary of the annuity start date, whichever occurs
6 earlier.

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

15 (d) In addition to other increases which may be provided by
16 this Section, regardless of creditable service, annuitants not
17 meeting the service requirements of Section 16-133.1 and whose
18 retirement annuity began on or before January 1, 1971 shall
19 receive, on January 1, 1981, an increase in the retirement
20 annuity then being paid of one dollar per month for each year
21 of creditable service forming the basis of the retirement
22 allowance. On January 1, 1982, annuitants whose retirement
23 annuity began on or before January 1, 1977, shall receive an
24 increase in the retirement annuity then being paid of one
25 dollar per month for each year of creditable service.

26 On January 1, 1987, any annuitant whose retirement annuity

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

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

6 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

7 Sec. 16-152. Contributions by members.

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

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

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

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

21 (4) Effective July 1, 2005, contributions of 0.40% of
22 salary toward the cost of the early retirement without
23 discount option provided under Section 16-133.2. This
24 contribution shall cease upon termination of the early
25 retirement without discount option as provided in Section

1 16-176.

2 (a-1) In addition to the contributions required under
3 subsection (a), a member who elects to participate in the
4 optional cash balance plan under Section 1-162 shall pay to the
5 System for the purpose of participating in the optional cash
6 balance plan a contribution of 2% of each payment of
7 compensation received while he or she is a participant in the
8 optional cash balance plan. These contributions shall not be
9 used for the purpose of determining any benefit under this
10 Article except as provided in the optional cash balance plan.

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

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

16 (d) A person who (i) was a member before July 1, 1998, (ii)
17 retires with more than 34 years of creditable service, and
18 (iii) does not elect to qualify for the augmented rate under
19 Section 16-129.1 shall be entitled, at the time of retirement,
20 to receive a partial refund of contributions made under this
21 Section for service occurring after the later of June 30, 1998
22 or attainment of 34 years of creditable service, in an amount
23 equal to 1.00% of the salary upon which those contributions
24 were based.

25 (e) A member's contributions toward the cost of early
26 retirement without discount made under item (a)(4) of this

1 Section shall not be refunded if the member has elected early
2 retirement without discount under Section 16-133.2 and has
3 begun to receive a retirement annuity under this Article
4 calculated in accordance with that election. Otherwise, a
5 member's contributions toward the cost of early retirement
6 without discount made under item (a)(4) of this Section shall
7 be refunded according to whichever one of the following
8 circumstances occurs first:

9 (1) The contributions shall be refunded to the member,
10 without interest, within 120 days after the member's
11 retirement annuity commences, if the member does not elect
12 early retirement without discount under Section 16-133.2.

13 (2) The contributions shall be included, without
14 interest, in any refund claimed by the member under Section
15 16-151.

16 (3) The contributions shall be refunded to the member's
17 designated beneficiary (or if there is no beneficiary, to
18 the member's estate), without interest, if the member dies
19 without having begun to receive a retirement annuity under
20 this Article.

21 (4) The contributions shall be refunded to the member,
22 without interest, within 120 days after the early
23 retirement without discount option provided under Section
24 16-133.2 is terminated under Section 16-176.

25 (Source: P.A. 93-320, eff. 7-23-03; 94-4, eff. 6-1-05.)

1 (40 ILCS 5/16-158.2 new)

2 Sec. 16-158.2. Obligations of State; funding guarantee. If
3 at least 30% of Tier I employees making an election under
4 Section 16-122.9 before June 1, 2014 choose the option under
5 paragraph (1) of subsection (a) of that Section, then the State
6 shall be contractually obligated to contribute to the System in
7 each State fiscal year an amount not less than the sum required
8 in Section 16-158 as that Section existed prior to the
9 effective date of this amendatory Act of the 98th General
10 Assembly notwithstanding the changes made to Section 16-158 by
11 Part A of this amendatory Act of the 98th General Assembly.

12 If at least 30% of Tier I employees making an election
13 under Section 16-122.9 before June 1, 2014 choose the option
14 under paragraph (1) of subsection (a) of that Section, then the
15 State shall be contractually obligated for purposes of this
16 Article 16 only (i) to make the transfer identified in
17 subsection (c-10) of Section 20 of the Budget Stabilization
18 Act, (ii) to apportion the amounts transferred pursuant to
19 subsection (c-10) of Section 20 of the Budget Stabilization Act
20 in accordance with subsection (b) of Section 25 of that Act,
21 (iii) to pay the apportioned amounts to the designated
22 retirement systems, and (iv) not to use the amounts transferred
23 pursuant to subsection (c-10) of Section 20 of the Budget
24 Stabilization Act to satisfy any portion of the required State
25 contributions due under Article 2, 14, 15, 16, or 18 of the
26 Illinois Pension Code.

1 The obligations created under this Section are contractual
2 obligations protected and enforceable under Article I, Section
3 16 and Article XIII, Section 5 of the Illinois Constitution.

4 Notwithstanding any other provision of law, if the State
5 fails to pay in a State fiscal year the amount guaranteed under
6 this Section, the System may bring a mandamus action in the
7 Circuit Court of Sangamon County to compel the State to make
8 that payment, irrespective of other remedies that may be
9 available to the System. It shall be the mandatory fiduciary
10 obligation of the Board of the System to bring that action if
11 the State fails to pay in the fiscal year the amount guaranteed
12 under this Section. Before commencing that action, the Board
13 shall submit a voucher for monthly contributions as required in
14 Section 16-158. If the State fails to pay a vouchered amount
15 within 90 days after receiving a voucher for that amount, then
16 the Board shall submit a written request to the Comptroller
17 seeking payment of that amount. A copy of the request shall be
18 filed with the Secretary of State, and the Secretary of State
19 shall provide copies of the request to the Governor and General
20 Assembly. No earlier than the 16th day after filing a request
21 with the Secretary, but no later than the 21st day after filing
22 that request, the Board may commence such an action in the
23 Circuit Court. If the Board fails to commence such action on or
24 before the 21st day after filing the request with the Secretary
25 of State, then any Tier I employee or Tier I retiree who chose
26 the option under paragraph (1) of subsection (a) or (a-5) of

1 Section 16-122.9 may file a mandamus action against the Board
2 to compel the Board to commence its mandamus action against the
3 State. This Section constitutes an express waiver of the
4 State's sovereign immunity. In ordering the State to make the
5 required payment, the court may order a reasonable payment
6 schedule to enable the State to make the required payment. The
7 obligations and causes of action created under this subsection
8 shall be in addition to any other right or remedy otherwise
9 accorded by common law, or State or federal law, and nothing in
10 this subsection shall be construed to deny, abrogate, impair,
11 or waive any such common law or statutory right or remedy.

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

1 (40 ILCS 5/16-203)

2 Sec. 16-203. Application and expiration of new benefit
3 increases.

4 (a) As used in this Section, "new benefit increase" means
5 an increase in the amount of any benefit provided under this
6 Article, or an expansion of the conditions of eligibility for
7 any benefit under this Article, that results from an amendment
8 to this Code that takes effect after June 1, 2005 (the
9 effective date of Public Act 94-4). "New benefit increase",
10 however, does not include any benefit increase resulting from
11 the changes made to this Article by Public Act 95-910 or this
12 amendatory Act of the 98th ~~95th~~ General Assembly.

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

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

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

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

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

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

1 benefit increase was in effect.

2 (Source: P.A. 94-4, eff. 6-1-05; 95-910, eff. 8-26-08.)

3 Section 50. The School Code is amended by changing Sections
4 24-1 and 24-8 as follows:

5 (105 ILCS 5/24-1) (from Ch. 122, par. 24-1)

6 Sec. 24-1. Appointment-Salaries-Payment-School
7 month-School term.) School boards shall appoint all teachers,
8 determine qualifications of employment and fix the amount of
9 their salaries subject to any limitation set forth in this Act
10 and subject to any applicable restrictions in Section 16-122.9
11 of the Illinois Pension Code. They shall pay the wages of
12 teachers monthly, subject, however, to the provisions of
13 Section 24-21. The school month shall be the same as the
14 calendar month but by resolution the school board may adopt for
15 its use a month of 20 days, including holidays. The school term
16 shall consist of at least the minimum number of pupil
17 attendance days required by Section 10-19, any additional legal
18 school holidays, days of teachers' institutes, or equivalent
19 professional educational experiences, and one or two days at
20 the beginning of the school term when used as a teachers'
21 workshop.

22 (Source: P.A. 80-249.)

23 (105 ILCS 5/24-8) (from Ch. 122, par. 24-8)

1 Sec. 24-8. Minimum salary. In fixing the salaries of
2 teachers, school boards shall pay those who serve on a
3 full-time basis not less than a rate for the school year that
4 is based upon training completed in a recognized institution of
5 higher learning, as follows: for the school year beginning July
6 1, 1980 and thereafter, less than a bachelor's degree, \$9,000;
7 120 semester hours or more and a bachelor's degree, \$10,000;
8 150 semester hours or more and a master's degree, \$11,000.

9 Based upon previous public school experience in this State
10 or any other State, territory, dependency or possession of the
11 United States, or in schools operated by or under the auspices
12 of the United States, teachers who serve on a full-time basis
13 shall have their salaries increased to at least the following
14 amounts above the starting salary for a teacher in such
15 district in the same classification: with less than a
16 bachelor's degree, \$750 after 5 years; with 120 semester hours
17 or more and a bachelor's degree, \$1,000 after 5 years and
18 \$1,600 after 8 years; with 150 semester hours or more and a
19 master's degree, \$1,250 after 5 years, \$2,000 after 8 years and
20 \$2,750 after 13 years. However, any salary increase is subject
21 to any applicable restrictions in Section 16-122.9 of the
22 Illinois Pension Code.

23 For the purpose of this Section a teacher's salary shall
24 include any amount paid by the school district on behalf of the
25 teacher, as teacher contributions, to the Teachers' Retirement
26 System of the State of Illinois.

1 If a school board establishes a schedule for teachers'
2 salaries based on education and experience, not inconsistent
3 with this Section, all certificated nurses employed by that
4 board shall be paid in accordance with the provisions of such
5 schedule (subject to any applicable restrictions in Section
6 16-122.9 of the Illinois Pension Code).

7 For purposes of this Section, a teacher who submits a
8 certificate of completion to the school office prior to the
9 first day of the school term shall be considered to have the
10 degree stated in such certificate.

11 (Source: P.A. 83-913.)

12 Section 60. The Illinois Educational Labor Relations Act is
13 amended by changing Sections 4 and 17 as follows:

14 (115 ILCS 5/4) (from Ch. 48, par. 1704)

15 Sec. 4. Employer rights. Employers shall not be required to
16 bargain over matters of inherent managerial policy, which shall
17 include such areas of discretion or policy as the functions of
18 the employer, standards of services, its overall budget, the
19 organizational structure and selection of new employees and
20 direction of employees. Employers, however, shall be required
21 to bargain collectively with regard to policy matters directly
22 affecting wages (but subject to any applicable restrictions in
23 Section 16-122.9 of the Illinois Pension Code), hours and terms
24 and conditions of employment as well as the impact thereon upon

1 request by employee representatives, but excluding the
2 changes, the impact of changes, and the implementation of the
3 changes set forth in this amendatory Act of the 98th General
4 Assembly. To preserve the rights of employers and exclusive
5 representatives which have established collective bargaining
6 relationships or negotiated collective bargaining agreements
7 prior to the effective date of this Act, employers shall be
8 required to bargain collectively with regard to any matter
9 concerning wages (but subject to any applicable restrictions in
10 Section 16-122.9 of the Illinois Pension Code), hours or
11 conditions of employment about which they have bargained for
12 and agreed to in a collective bargaining agreement prior to the
13 effective date of this Act, but excluding the changes, the
14 impact of changes, and the implementation of the changes set
15 forth in this amendatory Act of the 98th General Assembly.

16 (Source: P.A. 83-1014.)

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

18 Sec. 17. Effect on other laws. In case of any conflict
19 between the provisions of this Act and any other law (other
20 than Section 16-122.9 of the Illinois Pension Code), executive
21 order or administrative regulation, the provisions of this Act
22 shall prevail and control. The provisions of this Act are
23 subject to any applicable restrictions in Section 16-122.9 of
24 the Illinois Pension Code, as well as the changes, impact of
25 changes, and implementation of changes set forth in this

1 amendatory Act of the 98th General Assembly. Nothing in this
2 Act shall be construed to replace or diminish the rights of
3 employees established by Section 36d of "An Act to create the
4 State Universities Civil Service System", approved May 11,
5 1905, as amended or modified.

6 (Source: P.A. 83-1014.)

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