



## 98TH GENERAL ASSEMBLY

### State of Illinois

#### 2013 and 2014

#### SB0035

Introduced 1/10/2013, by Sen. Daniel Biss

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the General Provisions, General Assembly, State Employee, State Universities, and Downstate Teacher Articles of the Illinois Pension Code. In the General Provisions Article, creates a cash balance plan for new hires of the State Universities and Teachers' Retirement Systems and for certain Tier II participants. Increases the retirement age for certain Tier I members and participants. Changes the conditions of eligibility for, and the amount of, automatic annual increases for Tier I retirees. Increases required employee contributions for Tier I members and participants. Limits pensionable salary for Tier I participants. Changes the required State contribution to each of the affected retirement systems so that those systems are 100% funded by 2043. Guarantees certain funding levels. In the State Universities and Downstate Teacher Articles, shifts costs to local employers. Makes other changes. Amends the State Finance Act. To the list of standardized items of appropriation, adds "State retirement contribution for annual normal cost" and "State retirement contribution for unfunded accrued liability". Defines those terms. Amends the Governor's Office of Management and Budget Act. Adds those terms to a list of classifications to be used in statements and estimates of expenditures submitted to the Office in connection with the preparation of a State budget. Amends the State Mandates Act to require implementation without reimbursement. Includes an inseverability provision. Makes other changes. Effective immediately.

LRB098 05472 JDS 35506 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

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

6 (20 ILCS 3005/7) (from Ch. 127, par. 417)

7 Sec. 7. All statements and estimates of expenditures  
8 submitted to the Office in connection with the preparation of a  
9 State budget, and any other estimates of expenditures,  
10 supporting requests for appropriations, shall be formulated  
11 according to the various functions and activities for which the  
12 respective department, office or institution of the State  
13 government (including the elective officers in the executive  
14 department and including the University of Illinois and the  
15 judicial department) is responsible. All such statements and  
16 estimates of expenditures relating to a particular function or  
17 activity shall be further formulated or subject to analysis in  
18 accordance with the following classification of objects:

19 (1) Personal services

20 (2) State contribution for employee group insurance

21 (3) Contractual services

22 (4) Travel

23 (5) Commodities

- 1 (6) Equipment
- 2 (7) Permanent improvements
- 3 (8) Land
- 4 (9) Electronic Data Processing
- 5 (10) Telecommunication services
- 6 (11) Operation of Automotive Equipment
- 7 (12) Contingencies
- 8 (13) Reserve
- 9 (14) Interest
- 10 (15) Awards and Grants
- 11 (16) Debt Retirement
- 12 (17) Non-cost Charges-
- 13 (18) State retirement contribution for annual normal cost
- 14 (19) State retirement contribution for unfunded accrued
- 15 liability.

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

17 (20 ILCS 3005/8) (from Ch. 127, par. 418)

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

24 When used in connection with a State budget or expenditure  
25 or estimate, items (18) and (19) in the classification of

1 objects stated in Section 7 shall have the meanings ascribed to  
2 those items in Sections 24.12 and 24.13, respectively, of the  
3 State Finance Act.

4 (Source: P.A. 82-325.)

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

7 (30 ILCS 105/13) (from Ch. 127, par. 149)

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

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

- 1           (16) Debt Retirement;
- 2           (17) Non-Cost Charges;
- 3           (18) State retirement contribution for annual normal cost;
- 4           (19) State retirement contribution for unfunded accrued
- 5 liability;
- 6           (20) ~~(18)~~ Purchase Contract for Real Estate.

7           When an appropriation is made to an officer, department,

8 institution, board, commission or other agency, or to a private

9 association or corporation, in one or more of the items above

10 specified, such appropriation shall be construed in accordance

11 with the definitions and limitations specified in this Act,

12 unless the appropriation act otherwise provides.

13           An appropriation for a purpose other than one specified and

14 defined in this Act may be made only as an additional, separate

15 and distinct item, specifically stating the object and purpose

16 thereof.

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

18           (30 ILCS 105/24.12 new)

19           Sec. 24.12. "State retirement contribution for annual

20 normal cost" defined. The term "State retirement contribution

21 for annual normal cost" means the portion of the total required

22 State contribution to a retirement system for a fiscal year

23 that represents the State's portion of the System's projected

24 normal cost for that fiscal year, as determined and certified

25 by the board of trustees of the retirement system in

1 conformance with the applicable provisions of the Illinois  
2 Pension Code.

3 (30 ILCS 105/24.13 new)

4 Sec. 24.13. "State retirement contribution for unfunded  
5 accrued liability" defined. The term "State retirement  
6 contribution for unfunded accrued liability" means the portion  
7 of the total required State contribution to a retirement system  
8 for a fiscal year that is not included in the State retirement  
9 contribution for annual normal cost.

10 Section 15. The Budget Stabilization Act is amended by  
11 changing Section 20 as follows:

12 (30 ILCS 122/20)

13 Sec. 20. Pension Stabilization Fund.

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

18 (b) For each fiscal year when the General Assembly's  
19 appropriations and transfers or diversions as required by law  
20 from general funds do not exceed 99% of the estimated general  
21 funds revenues pursuant to subsection (a) of Section 10, the  
22 Comptroller shall transfer from the General Revenue Fund as  
23 provided by this Section a total amount equal to 0.5% of the

1 estimated general funds revenues to the Pension Stabilization  
2 Fund.

3 (c) For each fiscal year through State fiscal year 2013,  
4 when the General Assembly's appropriations and transfers or  
5 diversions as required by law from general funds do not exceed  
6 98% of the estimated general funds revenues pursuant to  
7 subsection (b) of Section 10, the Comptroller shall transfer  
8 from the General Revenue Fund as provided by this Section a  
9 total amount equal to 1.0% of the estimated general funds  
10 revenues to the Pension Stabilization Fund.

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

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

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 Section 20. The Illinois Pension Code is amended by  
20 changing Sections 1-103.3, 1-160, 2-108, 2-119, 2-119.1,  
21 2-121.1, 2-124, 2-125, 2-126, 2-134, 2-162, 14-103.10, 14-107,  
22 14-108, 14-110, 14-114, 14-131, 14-132, 14-133, 14-135.08,  
23 14-152.1, 15-111, 15-113.6, 15-113.7, 15-135, 15-136, 15-155,  
24 15-156, 15-157, 15-165, 15-198, 16-121, 16-132, 16-133,  
25 16-133.1, 16-152, 16-158, 16-158.1, 16-203, 20-121, 20-123,



1 20-124, and 20-125 and by adding Sections 1-161, 2-105.1,  
2 2-105.2, 14-103.40, 14-103.41, 15-107.1, 15-107.2, 15-155.1,  
3 16-106.4, 16-106.5, and 16-158.2 as follows:

4 (40 ILCS 5/1-103.3)

5 Sec. 1-103.3. Application of 1994 amendment; funding  
6 standard.

7 (a) The provisions of Public Act 88-593 ~~this amendatory Act~~  
8 ~~of 1994~~ that change the method of calculating, certifying, and  
9 paying the required State contributions to the retirement  
10 systems established under Articles 2, 14, 15, 16, and 18 shall  
11 first apply to the State contributions required for State  
12 fiscal year 1996.

13 (b) (Blank) ~~The General Assembly declares that a funding~~  
14 ~~ratio (the ratio of a retirement system's total assets to its~~  
15 ~~total actuarial liabilities) of 90% is an appropriate goal for~~  
16 ~~State funded retirement systems in Illinois, and it finds that~~  
17 ~~a funding ratio of 90% is now the generally recognized norm~~  
18 ~~throughout the nation for public employee retirement systems~~  
19 ~~that are considered to be financially secure and funded in an~~  
20 ~~appropriate and responsible manner.~~

21 (c) Every 5 years, beginning in 1999, the Commission on  
22 Government Forecasting and Accountability, in consultation  
23 with the affected retirement systems and the Governor's Office  
24 of Management and Budget (formerly Bureau of the Budget), shall  
25 consider and determine whether the funding goals ~~90% funding~~

1 ~~ratio~~ adopted in Articles 2, 14, 15, 16, and 18 of this Code  
2 continue ~~subsection (b) continues~~ to represent ~~an~~ appropriate  
3 funding goals ~~goal~~ for those State-funded retirement systems ~~in~~  
4 ~~Illinois~~, and it shall report its findings and recommendations  
5 on this subject to the Governor and the General Assembly.

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

7 (40 ILCS 5/1-160)

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

9 (a) The provisions of this Section apply to a person who,  
10 on or after January 1, 2011, first becomes a member or a  
11 participant under any reciprocal retirement system or pension  
12 fund established under this Code, other than a retirement  
13 system or pension fund established under Article 2, 3, 4, 5, 6,  
14 or 18 of this Code, notwithstanding any other provision of this  
15 Code to the contrary, but do not apply (i) to any self-managed  
16 plan established under this Code, (ii) to any person with  
17 respect to service as a sheriff's law enforcement employee  
18 under Article 7, (iii) to any person with respect to service  
19 for which the person participates in the cash balance plan  
20 established under Section 1-161, or (iv) to any participant of  
21 the retirement plan established under Section 22-101.

22 A person subject to this Section with respect to service  
23 under the State Universities Retirement System may irrevocably  
24 elect to transfer to the cash balance plan under Section 1-161  
25 with respect to service under the State Universities Retirement

1 System by filing with the State Universities Retirement System  
2 by December 31, 2013, in the manner required by that System,  
3 his or her irrevocable written election to transfer to the cash  
4 balance plan. A person subject to this Section who returns to  
5 active service under Article 15 after November 1, 2013 shall  
6 have 60 days after returning to active service to make this  
7 election. Participation in the cash balance plan shall begin no  
8 earlier than July 1, 2013. For a person who transfers to the  
9 cash balance plan, the benefits that would otherwise be payable  
10 under this Section with respect to service in the State  
11 Universities Retirement System shall instead be payable as  
12 provided in the cash balance plan.

13 A person subject to this Section with respect to service  
14 under the Teachers' Retirement System of the State of Illinois  
15 may irrevocably elect to transfer to the cash balance plan  
16 under Section 1-161 with respect to service under the Teachers'  
17 Retirement System of the State of Illinois by filing with the  
18 Teachers' Retirement System of the State of Illinois by  
19 December 31, 2013, in the manner required by that System, his  
20 or her irrevocable written election to transfer to the cash  
21 balance plan. A person subject to this Section who returns to  
22 active service under Article 16 after November 1, 2013 shall  
23 have 60 days after returning to active service to make this  
24 election. Participation in the cash balance plan shall begin no  
25 earlier than July 1, 2013. For a person who transfers to the  
26 cash balance plan, the benefits that would otherwise be payable

1 under this Section with respect to service in the Teachers'  
2 Retirement System of the State of Illinois shall instead be  
3 payable as provided in the cash balance plan.

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

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

18 (2) In Articles 8, 9, 10, 11, and 12, "highest average  
19 annual salary for any 4 consecutive years within the last  
20 10 years of service immediately preceding the date of  
21 withdrawal".

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

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

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

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

1 (b-5) Beginning on January 1, 2011, for all purposes under  
2 this Code (including without limitation the calculation of  
3 benefits and employee contributions), the annual earnings,  
4 salary, or wages (based on the plan year) of a member or  
5 participant to whom this Section applies shall not exceed  
6 \$106,800; however, that amount shall annually thereafter be  
7 increased by the lesser of (i) 3% of that amount, including all  
8 previous adjustments, or (ii) one-half the annual unadjusted  
9 percentage increase (but not less than zero) in the consumer  
10 price index-u for the 12 months ending with the September  
11 preceding each November 1, including all previous adjustments.

12 For the purposes of this Section, "consumer price index-u"  
13 means the index published by the Bureau of Labor Statistics of  
14 the United States Department of Labor that measures the average  
15 change in prices of goods and services purchased by all urban  
16 consumers, United States city average, all items, 1982-84 =  
17 100. The new amount resulting from each annual adjustment shall  
18 be determined by the Public Pension Division of the Department  
19 of Insurance and made available to the boards of the retirement  
20 systems and pension funds by November 1 of each year.

21 (c) A member or participant is entitled to a retirement  
22 annuity upon written application if he or she has attained age  
23 67 and has at least 10 years of service credit and is otherwise  
24 eligible under the requirements of the applicable Article.

25 A member or participant who has attained age 62 and has at  
26 least 10 years of service credit and is otherwise eligible

1 under the requirements of the applicable Article may elect to  
2 receive the lower retirement annuity provided in subsection (d)  
3 of this Section.

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

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

21 (f) The initial survivor's or widow's annuity of an  
22 otherwise eligible survivor or widow of a retired member or  
23 participant who first became a member or participant on or  
24 after January 1, 2011 shall be in the amount of 66 2/3% of the  
25 retired member's or participant's retirement annuity at the  
26 date of death. In the case of the death of a member or

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

22 (g) The benefits in Section 14-110 apply only if the person  
23 is a State policeman, a fire fighter in the fire protection  
24 service of a department, or a security employee of the  
25 Department of Corrections or the Department of Juvenile  
26 Justice, as those terms are defined in subsection (c) ~~(b)~~ of

1 Section 14-110. A person who meets the requirements of this  
2 Section is entitled to an annuity calculated under the  
3 provisions of Section 14-110, in lieu of the regular or minimum  
4 retirement annuity, only if the person has withdrawn from  
5 service with not less than 20 years of eligible creditable  
6 service and has attained age 60, regardless of whether the  
7 attainment of age 60 occurs while the person is still in  
8 service.

9 (h) If a person who first becomes a member or a participant  
10 of a retirement system or pension fund subject to this Section  
11 on or after January 1, 2011 is receiving a retirement annuity  
12 or retirement pension under that system or fund and becomes a  
13 member or participant under any other system or fund created by  
14 this Code and is employed on a full-time basis, except for  
15 those members or participants exempted from the provisions of  
16 this Section under subsection (a) of this Section, then the  
17 person's retirement annuity or retirement pension under that  
18 system or fund shall be suspended during that employment. Upon  
19 termination of that employment, the person's retirement  
20 annuity or retirement pension payments shall resume and be  
21 recalculated if recalculation is provided for under the  
22 applicable Article of this Code.

23 If a person who first becomes a member of a retirement  
24 system or pension fund subject to this Section on or after  
25 January 1, 2012 and is receiving a retirement annuity or  
26 retirement pension under that system or fund ~~and~~ accepts on a



1 contractual basis a position to provide services to a  
2 governmental entity from which he or she has retired, then that  
3 person's annuity or retirement pension earned as an active  
4 employee of the employer shall be suspended during that  
5 contractual service. A person receiving an annuity or  
6 retirement pension under this Code shall notify the pension  
7 fund or retirement system from which he or she is receiving an  
8 annuity or retirement pension, as well as his or her  
9 contractual employer, of his or her retirement status before  
10 accepting contractual employment. A person who fails to submit  
11 such notification shall be guilty of a Class A misdemeanor and  
12 required to pay a fine of \$1,000. Upon termination of that  
13 contractual employment, the person's retirement annuity or  
14 retirement pension payments shall resume and, if appropriate,  
15 be recalculated under the applicable provisions of this Code.

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

21 (j) In the case of a conflict between the provisions of  
22 this Section and any other provision of this Code, the  
23 provisions of this Section shall control.

24 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11;  
25 97-609, eff. 1-1-12.)

1 (40 ILCS 5/1-161 new)

2 Sec. 1-161. Cash Balance Plan.

3 (a) Participation and Applicability. This Section applies  
4 to all new cash balance plan participants and all legacy Tier  
5 II participants.

6 (b) Title. The package of benefits provided under this  
7 Section may be referred to as the "cash balance plan". Persons  
8 subject to the provisions of this Section may be referred to as  
9 "participants in the cash balance plan" or, in this Section,  
10 simply as "participants".

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

12 "Account" means the notional cash balance account  
13 established under this Section by the applicable retirement  
14 system for a participant in the cash balance plan.

15 "Eligible child" means:

16 (1) with respect to a participant in the retirement  
17 system established under Article 15 of this Code, a person  
18 who would be eligible for a survivors insurance benefit as  
19 a dependent unmarried child under Article 15 of this Code  
20 if the deceased participant had been a participant in the  
21 traditional benefit package; or

22 (2) with respect to a participant in the retirement  
23 system established under Article 16, an eligible child as  
24 defined in subdivision (a)(4) of Section 16-140 of this  
25 Code who would be eligible for survivors' benefits if the  
26 deceased participant had not been subject to this Section.

1 "Eligible parent" means:

2 (1) with respect to a participant in the retirement  
3 system established under Article 15 of this Code, a person  
4 who would be eligible for a survivors insurance benefit as  
5 a dependent parent under Article 15 of this Code if the  
6 deceased participant had been a participant in the  
7 traditional benefit package; or

8 (2) with respect to a participant in the retirement  
9 system established under Article 16, a dependent parent as  
10 defined in subdivision (a)(5) of Section 16-140 of this  
11 Code who would be eligible for survivors' benefits if the  
12 deceased participant had not been subject to this Section.

13 "Eligible surviving spouse" means:

14 (1) with respect to a participant in the retirement  
15 system established under Article 15 of this Code, a person  
16 who would be eligible for a survivors annuity as a  
17 surviving spouse under Article 15 of this Code if the  
18 deceased participant had been a participant in the  
19 traditional benefit package; or

20 (2) with respect to a participant in the retirement  
21 system established under Article 16, a dependent  
22 beneficiary as defined in subdivision (a)(3)(A) or  
23 (a)(3)(A-1) of Section 16-140 of this Code who would be  
24 eligible for survivors' benefits payable in the form of an  
25 annuity if the deceased participant had not been subject to  
26 this Section.

1 "Eligible survivor" means:

2 (1) with respect to a participant in the retirement  
3 system established under Article 15 of this Code, a person  
4 who would be eligible for survivors insurance benefits as a  
5 survivors insurance beneficiary (as defined in Section  
6 15-131 of this Code) if the deceased participant had been a  
7 participant in the traditional benefit package; or

8 (2) with respect to a participant in the retirement  
9 system established under Article 16, a person who would be  
10 eligible for survivors' benefits under Article 16 of this  
11 Code if the deceased participant had not been subject to  
12 this Section.

13 "Salary" means "earnings" as defined in Article 15 or  
14 "salary" as defined in Article 16, whichever is applicable.

15 "Legacy Tier II participant" means a person who was subject  
16 to Section 1-160 with respect to service under Article 15 or 16  
17 of this Code and who irrevocably elects to participate in the  
18 cash balance plan created under this Section. That election  
19 must be made in writing, in the manner provided by the  
20 applicable retirement system.

21 "New cash balance plan participant" means a person who, on  
22 or after July 1, 2013, first begins to participate in the  
23 retirement system established under Article 15 or 16 of this  
24 Code.

25 (c) Cash Balance Account. A notional cash balance account  
26 shall be established by the applicable retirement system for

1 each participant in the cash balance plan. The account is  
2 notional and does not contain any actual money segregated from  
3 the commingled assets of the retirement system. The cash  
4 balance in the account is to be used in calculating benefits as  
5 provided in this Section, but is not to be used in the  
6 calculation of any refund, transfer, or other benefit under the  
7 applicable Article of this Code.

8 If a person participates in the cash balance plan with  
9 respect to service under more than one retirement system, each  
10 retirement system shall establish a separate cash balance  
11 account for the participant, and the participant shall be  
12 entitled to separate benefits from each retirement system based  
13 upon the participant's service and cash balance account under  
14 that retirement system. References in this Section to a  
15 participant's account mean the account established by, and  
16 related to his or her service under, the applicable retirement  
17 system.

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

24 The amounts to be debited from the cash balance account  
25 shall include (i) amounts representing contributions for  
26 disability benefits, (ii) amounts representing contributions

1 for survivor benefits not based on the cash balance account,  
2 and (iii) upon a return to service after retirement, amounts  
3 representing each payment of retirement annuity following the  
4 latest retirement and preceding the return to service, all as  
5 provided in this Section.

6 The applicable retirement system shall give to each  
7 participant in the cash balance plan who has not yet retired  
8 annual notice of the balance in the participant's cash balance  
9 account.

10 (c-5) Initial Account Balance for Legacy Tier II  
11 Participants. The applicable retirement system shall establish  
12 an initial account balance for each legacy Tier II participant  
13 when he or she begins participation in the cash balance plan.  
14 The initial account balance shall be an amount equal to the  
15 refund that the participant would be eligible to receive under  
16 the applicable Article of this Code if the participant  
17 terminated employment on that date and elected a refund of  
18 contributions. If a legacy Tier II participant has purchased  
19 service credit prior to irrevocably electing to participate in  
20 the cash balance plan created under this Section, then the  
21 initial account balance shall include an amount equal to the  
22 contributions made by the participant to purchase that service  
23 credit.

24 By accepting the initial account balance, the participant  
25 relinquishes the right to any benefits (including survivor  
26 benefits) that would otherwise be payable under Section 1-160

1 with respect to service in the applicable retirement system,  
2 but does not forfeit any service credit earned with respect to  
3 such service.

4 (d) Employee Contributions. New cash balance plan  
5 participants and legacy Tier II participants shall make  
6 employee contributions to the applicable retirement system at  
7 the rates required under the applicable Article of this Code.  
8 The amount of each contribution shall be credited to the  
9 participant's cash balance account after the retirement  
10 system's receipt and reconciliation of the contribution.

11 (e) Notional Employer Contributions. Upon crediting each  
12 employee contribution under subsection (d), an amount  
13 representing the corresponding employer contribution shall be  
14 credited to the participant's cash balance account. Notional  
15 employer contributions shall be 6.2% of salary.

16 The notional employer contribution to be credited to the  
17 participant's account is not the same as the actual employer  
18 contributions required under subsection (o) and the provisions  
19 of the applicable Article of this Code.

20 (e-1) Notional Amount Based on Optional Employer  
21 Contributions. If an employer agrees to make optional employer  
22 contributions under subsection (p), then, for the period  
23 specified in the agreement, an amount representing the  
24 percentage of salary specified in the agreement shall be  
25 credited to the cash balance account of each affected  
26 participant after receipt and reconciliation of the

1 corresponding employee contribution under subsection (d).

2 The notional amount to be credited to the participant's  
3 account is not the same amount as the actual optional employer  
4 contribution required under subsection (p) and the provisions  
5 of the applicable Article of this Code.

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

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

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

26 (i) the assumed treasury rate, plus



1           (ii) two-thirds of the amount of the actual rate of  
2           investment earnings for the previous fiscal year that  
3           exceeds the assumed treasury rate.

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

6           For the purposes of this subsection only, "previous fiscal  
7           year" means the fiscal year ending one year before the interest  
8           rate is calculated.

9           For the purposes of this subsection only, "assumed treasury  
10          rate" means the average annual yield of the 30-year U.S.  
11          Treasury Bond over the previous fiscal year, but not less than  
12          4%.

13          When a person applies for a retirement annuity under  
14          subsection (g) or a surviving spouse's annuity under subsection  
15          (k), the retirement system shall calculate the initial annuity  
16          without applying an interest credit for the portion of the  
17          fiscal year before the initial annuity payment date. On the  
18          first June 30 occurring on or after the initial annuity payment  
19          date, the retirement system shall (1) calculate a prorated  
20          interest credit for the portion of the fiscal year before the  
21          initial annuity payment date, (2) credit the prorated amount to  
22          the participant's account, and (3) recalculate the amount of  
23          the annuity from the initial annuity payment date. The  
24          retirement system shall pay to the annuitant in a lump-sum,  
25          without interest, the difference, for the portion of the fiscal  
26          year on and after the initial annuity payment, between the

1 original annuity amount and the annuity amount as recalculated  
2 under this subsection.

3 (f-10) Distribution after Termination of Employment. After  
4 termination of the participant's active employment with at  
5 least 5 years of service credit under the applicable retirement  
6 system but prior to applying for an annuity under this Section,  
7 a participant in the cash balance plan or an eligible surviving  
8 spouse under subsection (k) may make an irrevocable election to  
9 receive a distribution from the applicable retirement system in  
10 an amount not to exceed 40% of the balance in the participant's  
11 account in the form of a direct rollover to another qualified  
12 plan, to the extent allowed by federal law. Only one  
13 distribution under this subsection may be made with respect to  
14 a participant's cash balance account.

15 Upon payment of the distribution, the amount distributed  
16 shall be debited from the participant's cash balance account.  
17 The remaining balance in the account shall be used for the  
18 determination of the other benefits provided to the participant  
19 or eligible surviving spouse under this Section. Once a  
20 distribution under this subsection (f-10) has been paid,  
21 neither the participant nor an eligible survivor may repay the  
22 amount distributed or reinstate any benefit arising under this  
23 Section from the distributed amount.

24 (f-15) Refund. In lieu of receiving a distribution under  
25 subsection (f-10) or a retirement annuity under subsection (g),  
26 at any time after terminating active employment under the

1 applicable retirement system, a participant in the cash balance  
2 plan may elect to receive a refund under this subsection. The  
3 refund shall consist of an amount equal to the amount of all  
4 employee contributions credited to the participant's account,  
5 but shall not include any interest credit or employer  
6 contributions. If the participant so requests, the refund may  
7 be paid in the form of a direct rollover to another qualified  
8 plan, to the extent allowed by federal law and in accordance  
9 with the rules of the applicable retirement system.

10 Upon payment of the refund, the participant's notional cash  
11 balance account is closed, and the participant's credits in the  
12 applicable retirement system are terminated. A person who  
13 receives a refund under this subsection forfeits all rights  
14 under the applicable retirement system, including any right to  
15 repay refunded amounts and to reinstate any benefit under that  
16 retirement system.

17 An eligible surviving spouse under subsection (k) may elect  
18 to receive a refund under this subsection in lieu of a  
19 survivor's annuity unless a distribution has been made under  
20 subsection (f-10) with respect to the participant's cash  
21 balance account.

22 (g) Retirement Annuity. A participant in the cash balance  
23 plan may begin collecting a retirement annuity at age 59 1/2,  
24 but not before reaching the age of 59 1/2 and not before the  
25 date of termination of active employment under the applicable  
26 retirement system.

1       The amount of the retirement annuity shall be calculated by  
2 the retirement system, based on the balance in the cash balance  
3 account, the assumption of future investment returns as  
4 specified in this subsection, the participant's election to  
5 have a lifetime surviving spouse's annuity as specified in this  
6 subsection, the annual increase in retirement annuity as  
7 specified in subsection (h), the annual increase in survivor's  
8 annuity as specified in subsection (l), and any actuarial  
9 assumptions and tables adopted by the board of the retirement  
10 system for this purpose. The calculation shall be designed to  
11 determine, on an actuarially equivalent basis, the amount of  
12 retirement annuity that will result in total annuity payments  
13 being equal to the total balance in the participant's account  
14 on the date when the last payment of retirement annuity (or  
15 surviving spouse's annuity, if the participant elects to  
16 provide for a surviving spouse's annuity pursuant to this  
17 subsection) is anticipated to be paid under the relevant  
18 actuarial assumptions.

19       For the purpose of calculating retirement annuities,  
20 future investment returns shall be assumed to be a percentage  
21 equal to the average yield of the 30-year U.S. Treasury Bond  
22 over the 5 fiscal years prior to the calculation of the initial  
23 retirement annuity, plus 200 basis points; but not less than 4%  
24 nor more than 8%.

25       A retirement annuity or surviving spouse's annuity  
26 provided under this subsection shall be a life annuity and

1 shall not expire for the reason that the total amount paid has  
2 reached or exceeded the account balance.

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

14 The participant may elect, in the participant's written  
15 application for retirement, to receive a reduced retirement  
16 annuity payable for his or her life and to have a surviving  
17 spouse's annuity in a monthly amount equal to 50%, 75%, or 100%  
18 of that reduced monthly amount, to be paid to his or her  
19 eligible surviving spouse, commencing upon the participant's  
20 death.

21 When the final payment of the retirement annuity (or  
22 surviving spouse's annuity, if the participant elects to  
23 provide for a surviving spouse's annuity pursuant to this  
24 subsection) has been paid, the account shall be closed. When  
25 the participant has died and there are no longer any eligible  
26 survivors, any unused employee contributions shall be

1 forfeited to the applicable retirement system.

2 (h) Annual Increase in Retirement Annuity. The retirement  
3 annuity shall be subject to an automatic annual increase in an  
4 amount equal to 3% of the originally granted annuity on each  
5 January 1 occurring on or after the first anniversary of the  
6 annuity start date. Automatic annual increases in a surviving  
7 spouse's annuity provided under subsection (g) shall be in  
8 accordance with subsection (k-5) of this Section.

9 (i) Disability Benefits. The disability benefits provided  
10 under the applicable retirement system apply to new cash  
11 balance plan participants and legacy Tier II participants in  
12 the cash balance plan, subject to and in accordance with the  
13 eligibility and other provisions of the applicable Article.

14 Retirement due to disability under Section 15-153.2 or  
15 16-149.2 shall be deemed a disability benefit for the purposes  
16 of this Section and shall apply to new cash balance plan  
17 participants and legacy Tier II participants.

18 The board of the retirement system shall designate  
19 annually, as a percentage of salary, an amount representing the  
20 anticipated average cost of providing disability benefits for  
21 participants. The amount so designated shall not exceed 1% of  
22 the participant's salary and shall be deducted annually from  
23 the account of each participant receiving salary.

24 (j) Return to Service. Upon a return to service under the  
25 same retirement system after beginning to receive a retirement  
26 annuity under the cash balance plan, the retirement annuity

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

10 (k) Surviving Spouse's Annuity - Death before Retirement.

11 In the case of the death of a new cash balance plan participant  
12 or legacy Tier II participant who had less than 5 years of  
13 service under the applicable Article and had not begun  
14 receiving a retirement annuity or taken a refund under  
15 subsection (f-15), the eligible surviving spouse shall be  
16 entitled only to a refund of employee contributions under  
17 subsection (f-15).

18 In the case of the death of a new cash balance plan  
19 participant or legacy Tier II participant who had at least 5  
20 years of service under the applicable Article and had not begun  
21 receiving a retirement annuity or taken a refund under  
22 subsection (f-15), the eligible surviving spouse shall, upon  
23 written application, be entitled to receive a surviving  
24 spouse's annuity beginning at age 59 1/2 (regardless of the  
25 existence of dependent eligible children). The surviving  
26 spouse's annuity shall be equal to 66 2/3% of the amount of

1 retirement annuity that the deceased participant would have  
2 been entitled to if he or she had retired on the date of death  
3 having attained age 59 1/2 and without having elected to take a  
4 reduced annuity to provide a surviving spouse's annuity.

5 At any time before beginning to receive a surviving  
6 spouse's annuity under this subsection, the eligible surviving  
7 spouse may claim a distribution under subsection (f-10) or a  
8 refund under subsection (f-15). The deceased participant's  
9 account shall continue to receive interest credit until the  
10 eligible surviving spouse begins to receive a surviving  
11 spouse's annuity or receives a refund of employee contributions  
12 under subsection (f-15).

13 A surviving spouse's annuity provided under this  
14 subsection shall be a life annuity and shall not expire for the  
15 reason that the amount paid has reached or exceeded the account  
16 balance. When the final payment of the surviving spouse's  
17 annuity has been paid, the account shall be closed. When the  
18 participant has died and there are no longer any eligible  
19 survivors, any unused employee contributions shall be  
20 forfeited to the applicable retirement system.

21 (k-5) Annual Increase in Surviving Spouse's Annuity. A  
22 surviving spouse's annuity granted under subsection (g) or (k)  
23 shall be subject to an automatic annual increase in an amount  
24 equal to 3% of the originally granted annuity on each January 1  
25 occurring on or after the first anniversary of the annuity  
26 start date.



1       (1) Benefits for Eligible Children and Eligible Parents.  
2       Upon the death of a participant in the cash balance plan, an  
3       eligible child or eligible parent may be entitled to receive  
4       death benefits and survivors insurance benefits under Article  
5       15 or survivors' benefits under Article 16 of this Code. These  
6       benefits shall be deemed to be "survivor benefits not based on  
7       the cash balance account" for the purposes of this Section.

8       Eligibility for these benefits shall be determined under  
9       this Section and the applicable Article of this Code, including  
10       without limitation any provision restricting eligibility on  
11       the basis of (i) an election to receive a lump-sum death  
12       benefit or (ii) a permitted designation of a different or  
13       alternate beneficiary.

14       The amount of these benefits shall be determined under this  
15       Section and the applicable Article of this Code, including  
16       without limitation any limitation on the minimum or maximum  
17       amount of such benefits, individually or in combination. In  
18       applying any limitation on the minimum or maximum amount of  
19       such benefits that depends on the existence or amount of a  
20       benefit payable to the surviving spouse, the retirement system  
21       shall use the amount of surviving spouse annuity payable by the  
22       retirement system under this Section rather than the amount  
23       otherwise provided under the applicable Article. Under no  
24       circumstance shall the sum of the benefits payable to all  
25       eligible survivors of a particular deceased participant by the  
26       applicable retirement system in accordance with this Section

1 exceed the sum of the benefits that would be payable to all  
2 eligible survivors if the deceased participant had not been  
3 subject to this Section.

4 The board of the retirement system shall designate annually, as  
5 a percentage of salary, an amount representing the anticipated  
6 average cost of providing survivor benefits not based on the  
7 cash balance account for dependent children and dependent  
8 parents of deceased participants in the cash balance plan. The  
9 amount so designated shall not exceed 1% of the cash balance  
10 plan participant's salary and shall be deducted annually from  
11 the account of each participant receiving salary.

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

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

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

21 (3) provisions authorizing a minimum retirement or  
22 survivor's annuity or a supplemental annuity (except as  
23 provided in subsection (1) of this Section with respect to  
24 eligible children and eligible parents);

25 (4) provisions authorizing any form of annuity not  
26 authorized under this Section;

1           (5) provisions authorizing a reversionary annuity  
2           (other than a surviving spouse's annuity under subsection  
3           (g));

4           (6) provisions authorizing a refund of employee  
5           contributions upon termination of service (except as  
6           provided in this Section) or any lump-sum payout in lieu of  
7           a retirement annuity or survivor's benefit (other than  
8           lump-sum death benefits and other than the distribution  
9           under subsection (f-10) and the refund under subsection  
10           (f-15) of this Section);

11           (7) provisions authorizing optional service credits or  
12           the payment of optional additional contributions (other  
13           than the optional employer contributions specifically  
14           authorized in subsection (e-1)); or

15           (8) a level income option.

16           The Retirement Systems Reciprocal Act applies to  
17           participants in the cash balance plan who qualify under Article  
18           20 of this Code, but it does not affect the calculation of  
19           benefits payable under this Section.

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

25           (n) Rules. The Board of Trustees of the applicable  
26           retirement system may adopt rules and procedures for the

1 implementation of this Section, including but not limited to  
2 determinations of how to integrate the administration of this  
3 Section with the requirements of the applicable Article and any  
4 other applicable provisions of this Code.

5 (o) Actual Employer Contributions. Payment of employer  
6 contributions with respect to participants in the cash balance  
7 plan shall be the responsibility of the actual employer. These  
8 contributions shall be determined under and paid in accordance  
9 with the provisions of Sections 15-155 and 16-158.

10 (p) Actual Optional Employer Contributions. An employer  
11 may agree with the applicable retirement system to make  
12 optional employer contributions to the system on behalf of  
13 employees who are participants in the cash balance plan, to the  
14 extent permitted by federal law and in accordance with the  
15 rules and procedures of the system.

16 Any such agreement must apply to all employees of the  
17 employer who are participants in the cash balance plan. The  
18 agreement shall be filed in writing with the applicable  
19 retirement system, and shall specify (i) the additional  
20 percentage of salary to be credited to the accounts of the  
21 employees, (ii) the period during which the optional employer  
22 contributions will apply, and (iii) that the employer agrees to  
23 pay to the applicable retirement system the employer's normal  
24 cost of the benefits resulting from those credited amounts, as  
25 well as any unfunded accrued liability resulting from the cost  
26 of those benefits, all as determined by the system in

1 accordance with the applicable Article.

2 (q) Prospective Modification. The provisions set forth in  
3 this Section are subject to prospective changes made by law  
4 provided that any such changes shall not apply to any benefits  
5 accrued under this Section prior to the effective date of any  
6 amendatory Act of the General Assembly.

7 (r) Qualified Plan Status. No provision of this Section  
8 shall be interpreted in a way that would cause the applicable  
9 retirement system to cease to be a qualified plan under the  
10 Internal Revenue Code of 1986.

11 (40 ILCS 5/2-105.1 new)

12 Sec. 2-105.1. Tier I participant. "Tier I participant": A  
13 participant who first became a participant before January 1,  
14 2011.

15 (40 ILCS 5/2-105.2 new)

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

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

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

1 Section 1 of "An Act in relation to the compensation and  
2 emoluments of the members of the General Assembly", approved  
3 December 6, 1907, as now or hereafter amended.

4 (2) For the State executive officers specified in Section  
5 2-105, the total compensation paid to the member for one year  
6 of service.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

23 This subsection (b) does not apply to any person who first  
24 becomes a member of the System after August 8, 2003 (the  
25 effective date of Public Act 93-494) ~~this amendatory Act of the~~  
26 ~~93rd General Assembly.~~

1           (b-5) Notwithstanding any other provision of this Article,  
2 a participant who first becomes a participant on or after  
3 January 1, 2011 (the effective date of Public Act 96-889)  
4 shall, in January or July next following the first anniversary  
5 of retirement, whichever occurs first, and in the same month of  
6 each year thereafter, but in no event prior to age 67, have the  
7 amount of the originally granted retirement annuity ~~then being~~  
8 ~~paid~~ increased by 3% or one-half the annual unadjusted  
9 percentage increase in the Consumer Price Index for All Urban  
10 Consumers as determined by the Public Pension Division of the  
11 Department of Insurance under subsection (a) of Section  
12 2-108.1, whichever is less. The changes made to this subsection  
13 by this amendatory Act of the 98th General Assembly do not  
14 apply to any automatic annual increase granted under this  
15 subsection before the effective date of this amendatory Act.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

7 Sec. 2-124. Contributions by State.

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

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

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

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

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

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

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

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

1 \$5,220,300.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 Sec. 2-126. Contributions by participants.

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

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

24 (1) beginning July 1, 2013 and through June 30, 2014,

25 1% of salary; and



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 On or before July 1, 2013, the Board shall, if necessary,  
22 recalculate and recertify to the Governor the amount of the  
23 required State contribution to the System for State fiscal year  
24 2014, taking into account the changes in required State  
25 contributions made by this amendatory Act of the 98th General  
26 Assembly.

1 (b) Beginning in State fiscal year 1996, on or as soon as  
2 possible after the 15th day of each month the Board shall  
3 submit vouchers for payment of State contributions to the  
4 System, in a total monthly amount of one-twelfth of the  
5 required annual State contribution certified under subsection  
6 (a). From the effective date of this amendatory Act of the 93rd  
7 General Assembly through June 30, 2004, the Board shall not  
8 submit vouchers for the remainder of fiscal year 2004 in excess  
9 of the fiscal year 2004 certified contribution amount  
10 determined under this Section after taking into consideration  
11 the transfer to the System under subsection (d) of Section  
12 6z-61 of the State Finance Act. These vouchers shall be paid by  
13 the State Comptroller and Treasurer by warrants drawn on the  
14 funds appropriated to the System for that fiscal year. If in  
15 any month the amount remaining unexpended from all other  
16 appropriations to the System for the applicable fiscal year  
17 (including the appropriations to the System under Section 8.12  
18 of the State Finance Act and Section 1 of the State Pension  
19 Funds Continuing Appropriation Act) is less than the amount  
20 lawfully vouchered under this Section, the difference shall be  
21 paid from the General Revenue Fund under the continuing  
22 appropriation authority provided in Section 1.1 of the State  
23 Pension Funds Continuing Appropriation Act.

24 (c) The full amount of any annual appropriation for the  
25 System for State fiscal year 1995 shall be transferred and made  
26 available to the System at the beginning of that fiscal year at

1 the request of the Board. Any excess funds remaining at the end  
2 of any fiscal year from appropriations shall be retained by the  
3 System as a general reserve to meet the System's accrued  
4 liabilities.

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

7 (40 ILCS 5/2-162)

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

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

19 (b) Notwithstanding any other provision of this Code or any  
20 subsequent amendment to this Code, every new benefit increase  
21 is subject to this Section and shall be deemed to be granted  
22 only in conformance with and contingent upon compliance with  
23 the provisions of this Section.

24 (c) The Public Act enacting a new benefit increase must  
25 identify and provide for payment to the System of additional

1 funding at least sufficient to fund the resulting annual  
2 increase in cost to the System as it accrues.

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

19 (d) Every new benefit increase shall expire 5 years after  
20 its effective date or on such earlier date as may be specified  
21 in the language enacting the new benefit increase or provided  
22 under subsection (c). This does not prevent the General  
23 Assembly from extending or re-creating a new benefit increase  
24 by law.

25 (e) Except as otherwise provided in the language creating  
26 the new benefit increase, a new benefit increase that expires

1 under this Section continues to apply to persons who applied  
2 and qualified for the affected benefit while the new benefit  
3 increase was in effect and to the affected beneficiaries and  
4 alternate payees of such persons, but does not apply to any  
5 other person, including without limitation a person who  
6 continues in service after the expiration date and did not  
7 apply and qualify for the affected benefit while the new  
8 benefit increase was in effect.

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

10 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

11 Sec. 14-103.10. Compensation.

12 (a) For periods of service prior to January 1, 1978, the  
13 full rate of salary or wages payable to an employee for  
14 personal services performed if he worked the full normal  
15 working period for his position, subject to the following  
16 maximum amounts: (1) prior to July 1, 1951, \$400 per month or  
17 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957  
18 inclusive, \$625 per month or \$7,500 per year; (3) beginning  
19 July 1, 1957, no limitation.

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

23 (b) For periods of service on and after January 1, 1978,  
24 all remuneration for personal services performed defined as  
25 "wages" under the Social Security Enabling Act, including that



1 part of such remuneration which is in excess of any maximum  
2 limitation provided in such Act, and including any benefits  
3 received by an employee under a sick pay plan in effect before  
4 January 1, 1981, but excluding lump sum salary payments:

- 5 (1) for vacation,
- 6 (2) for accumulated unused sick leave,
- 7 (3) upon discharge or dismissal,
- 8 (4) for approved holidays.

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

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

20 (e) For members for which Section 1-160 applies for periods  
21 of service on and after January 1, 2011, all remuneration for  
22 personal services performed defined as "wages" under the Social  
23 Security Enabling Act, excluding remuneration that is in excess  
24 of the annual earnings, salary, or wages of a member or  
25 participant, as provided in subsection (b-5) of Section 1-160,  
26 but including any benefits received by an employee under a sick

1 pay plan in effect before January 1, 1981. Compensation shall  
2 exclude lump sum salary payments:

- 3 (1) for vacation;  
4 (2) for accumulated unused sick leave;  
5 (3) upon discharge or dismissal; and  
6 (4) for approved holidays.

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

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

20 (40 ILCS 5/14-103.40 new)

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

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

2 (40 ILCS 5/14-103.41 new)

3 Sec. 14-103.41. Tier I retiree. "Tier I retiree": A former  
4 Tier I member who is receiving a retirement annuity.

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

6 Sec. 14-107. Retirement annuity - service and age -  
7 conditions.

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

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

23 (c) Notwithstanding subsection (b) of this Section, for a  
24 Tier I member who begins receiving a retirement annuity under

1 this Article after July 1, 2013:

2 (1) If the Tier I member is at least 45 years old on  
3 the effective date of this amendatory Act of the 98th  
4 General Assembly, then the references to age 55 and 60 in  
5 subsection (b) of this Section remain unchanged and the  
6 references to 85 in subsection (b) of this Section remain  
7 unchanged.

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

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

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

25 Notwithstanding Section 1-103.1, this subsection (c)  
26 applies without regard to whether or not the Tier I member is

1 in active service under this Article on or after the effective  
2 date of this amendatory Act of the 98th General Assembly.

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

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

10 (40 ILCS 5/14-108) (from Ch. 108 1/2, par. 14-108)

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

21 The total period of service to be considered in  
22 establishing the measure of prior service annuity shall include  
23 service credited in the Teachers' Retirement System of the  
24 State of Illinois and the State Universities Retirement System  
25 for which contributions have been made by the member to such

1 systems; provided that at least 1 year of the total period of 3  
2 years prescribed for the allowance of a full measure of prior  
3 service annuity shall consist of membership service in this  
4 system for which credit has been granted.

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

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

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

1 increased as provided in subsection (c) of Section 14-107.

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

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

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

1 the annuity which would otherwise be payable if the coordinated  
2 plan of coverage were not applicable.

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

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



1           (i) For the purposes of this Section and Section 14-133 of  
2 this Act, the term "security employee of the Department of  
3 Corrections" and the term "security employee of the Department  
4 of Human Services" shall have the meanings ascribed to them in  
5 subsection (c) of Section 14-110.

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

19           (k) (Blank).

20           (l) The changes to this Section made by this amendatory Act  
21 of 1997 (changing certain retirement annuity formulas from a  
22 stepped rate to a flat rate) apply to members who retire on or  
23 after January 1, 1998, without regard to whether employment  
24 terminated before the effective date of this amendatory Act of  
25 1997. An annuity shall not be calculated in steps by using the  
26 new flat rate for some steps and the superseded stepped rate

1 for other steps of the same type of service.

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

3 (40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)

4 Sec. 14-110. Alternative retirement annuity.

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

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

22 (ii) for periods of eligible creditable service as a  
23 covered employee: if retirement occurs on or after January  
24 1, 2001, 2.5% of final average compensation for each year  
25 of creditable service; if retirement occurs before January

1           1, 2001, 1.67% of final average compensation for each of  
2           the first 10 years of such service, 1.90% for each of the  
3           next 10 years of such service, 2.10% for each year of such  
4           service in excess of 20 but not exceeding 30, and 2.30% for  
5           each year in excess of 30.

6           Such annuity shall be subject to a maximum of 75% of final  
7           average compensation if retirement occurs before January 1,  
8           2001 or to a maximum of 80% of final average compensation if  
9           retirement occurs on or after January 1, 2001.

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

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

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

22                 (2) If the Tier I member is at least 40 but less than  
23                 45 years old on the effective date of this amendatory Act  
24                 of the 98th General Assembly, then the references to age 50  
25                 and 55 in subsection (a) of this Section are increased by  
26                 one year.

1           (3) If the Tier I member is at least 35 but less than  
2           40 years old on the effective date of this amendatory Act  
3           of the 98th General Assembly, then the references to age 50  
4           and 55 in subsection (a) of this Section are increased by 3  
5           years.

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

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

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

17                 (1) State policeman;

18                 (2) fire fighter in the fire protection service of a  
19           department;

20                 (3) air pilot;

21                 (4) special agent;

22                 (5) investigator for the Secretary of State;

23                 (6) conservation police officer;

24                 (7) investigator for the Department of Revenue or the  
25           Illinois Gaming Board;

26                 (8) security employee of the Department of Human

1 Services;

2 (9) Central Management Services security police  
3 officer;

4 (10) security employee of the Department of  
5 Corrections or the Department of Juvenile Justice;

6 (11) dangerous drugs investigator;

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

8 (13) investigator for the Office of the Attorney  
9 General;

10 (14) controlled substance inspector;

11 (15) investigator for the Office of the State's  
12 Attorneys Appellate Prosecutor;

13 (16) Commerce Commission police officer;

14 (17) arson investigator;

15 (18) State highway maintenance worker.

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

26 (c) For the purposes of this Section:

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

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

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

18           (4) The term "special agent" means any person who by  
19 reason of employment by the Division of Narcotic Control,  
20 the Bureau of Investigation or, after July 1, 1977, the  
21 Division of Criminal Investigation, the Division of  
22 Internal Investigation, the Division of Operations, or any  
23 other Division or organizational entity in the Department  
24 of State Police is vested by law with duties to maintain  
25 public order, investigate violations of the criminal law of  
26 this State, enforce the laws of this State, make arrests

1 and recover property. The term "special agent" includes any  
2 title or position in the Department of State Police that is  
3 held by an individual employed under the State Police Act.

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

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

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

1 Conservation Police Administrator.

2 (7) The term "investigator for the Department of  
3 Revenue" means any person employed by the Department of  
4 Revenue and vested with such investigative duties as render  
5 him ineligible for coverage under the Social Security Act  
6 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and  
7 218(1)(1) of that Act.

8 The term "investigator for the Illinois Gaming Board"  
9 means any person employed as such by the Illinois Gaming  
10 Board and vested with such peace officer duties as render  
11 the person ineligible for coverage under the Social  
12 Security Act by reason of Sections 218(d)(5)(A),  
13 218(d)(8)(D), and 218(1)(1) of that Act.

14 (8) The term "security employee of the Department of  
15 Human Services" means any person employed by the Department  
16 of Human Services who (i) is employed at the Chester Mental  
17 Health Center and has daily contact with the residents  
18 thereof, (ii) is employed within a security unit at a  
19 facility operated by the Department and has daily contact  
20 with the residents of the security unit, (iii) is employed  
21 at a facility operated by the Department that includes a  
22 security unit and is regularly scheduled to work at least  
23 50% of his or her working hours within that security unit,  
24 or (iv) is a mental health police officer. "Mental health  
25 police officer" means any person employed by the Department  
26 of Human Services in a position pertaining to the



1 Department's mental health and developmental disabilities  
2 functions who is vested with such law enforcement duties as  
3 render the person ineligible for coverage under the Social  
4 Security Act by reason of Sections 218(d)(5)(A),  
5 218(d)(8)(D) and 218(1)(1) of that Act. "Security unit"  
6 means that portion of a facility that is devoted to the  
7 care, containment, and treatment of persons committed to  
8 the Department of Human Services as sexually violent  
9 persons, persons unfit to stand trial, or persons not  
10 guilty by reason of insanity. With respect to past  
11 employment, references to the Department of Human Services  
12 include its predecessor, the Department of Mental Health  
13 and Developmental Disabilities.

14 The changes made to this subdivision (c)(8) by Public  
15 Act 92-14 apply to persons who retire on or after January  
16 1, 2001, notwithstanding Section 1-103.1.

17 (9) "Central Management Services security police  
18 officer" means any person employed by the Department of  
19 Central Management Services who is vested with such law  
20 enforcement duties as render him ineligible for coverage  
21 under the Social Security Act by reason of Sections  
22 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act.

23 (10) For a member who first became an employee under  
24 this Article before July 1, 2005, the term "security  
25 employee of the Department of Corrections or the Department  
26 of Juvenile Justice" means any employee of the Department

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

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

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

1 218(d)(8)(D) and 218(1)(1) of that Act.

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

12 (14) "Controlled substance inspector" means any person  
13 who is employed as such by the Department of Professional  
14 Regulation and is vested with such law enforcement duties  
15 as render him ineligible for coverage under the Social  
16 Security Act by reason of Sections 218(d)(5)(A),  
17 218(d)(8)(D) and 218(1)(1) of that Act. The term  
18 "controlled substance inspector" includes the Program  
19 Executive of Enforcement and the Assistant Program  
20 Executive of Enforcement.

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

26 (16) "Commerce Commission police officer" means any

1 person employed by the Illinois Commerce Commission who is  
2 vested with such law enforcement duties as render him  
3 ineligible for coverage under the Social Security Act by  
4 reason of Sections 218(d)(5)(A), 218(d)(8)(D), and  
5 218(1)(1) of that Act.

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

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

24 (i) A person employed on a full-time basis by the  
25 Illinois Department of Transportation in the position  
26 of highway maintainer, highway maintenance lead

1 worker, highway maintenance lead/lead worker, heavy  
2 construction equipment operator, power shovel  
3 operator, or bridge mechanic; and whose principal  
4 responsibility is to perform, on the roadway, the  
5 actual maintenance necessary to keep the highways that  
6 form a part of the State highway system in serviceable  
7 condition for vehicular traffic.

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

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

1 time of retirement:

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

3 or

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

7 (iii) beginning January 1, 1988, 25 years of eligible  
8 creditable service and age 53, or 23 years of eligible  
9 creditable service and age 55; or

10 (iv) beginning January 1, 1989, 25 years of eligible  
11 creditable service and age 52, or 22 years of eligible  
12 creditable service and age 55; or

13 (v) beginning January 1, 1990, 25 years of eligible  
14 creditable service and age 51, or 21 years of eligible  
15 creditable service and age 55; or

16 (vi) beginning January 1, 1991, 25 years of eligible  
17 creditable service and age 50, or 20 years of eligible  
18 creditable service and age 55.

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

22 Persons who have service credit under Article 16 of this  
23 Code for service as a security employee of the Department of  
24 Corrections or the Department of Juvenile Justice, or the  
25 Department of Human Services in a position requiring  
26 certification as a teacher may count such service toward

1 establishing their eligibility under the service requirements  
2 of this Section; but such service may be used only for  
3 establishing such eligibility, and not for the purpose of  
4 increasing or calculating any benefit.

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

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

26 For purposes of calculating retirement annuities under

1 this Section, periods of service rendered after December 31,  
2 1968 and before January 1, 1982 as a covered employee in the  
3 position of investigator for the Department of Revenue shall be  
4 deemed to have been service as a noncovered employee, provided  
5 that the employee pays to the System prior to retirement an  
6 amount equal to (1) the difference between the employee  
7 contributions that would have been required for such service as  
8 a noncovered employee, and the amount of employee contributions  
9 actually paid, plus (2) if payment is made after January 1,  
10 1990, regular interest on the amount specified in item (1) from  
11 the date of service to the date of payment.

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

24 Subject to the limitation in subsection (i), a State  
25 policeman may elect, not later than July 1, 1993, to establish  
26 eligible creditable service for up to 10 years of his service



1 as a member of the County Police Department under Article 9, by  
2 filing a written election with the Board, accompanied by  
3 payment of an amount to be determined by the Board, equal to  
4 (i) the difference between the amount of employee and employer  
5 contributions transferred to the System under Section 9-121.10  
6 and the amounts that would have been contributed had those  
7 contributions been made at the rates applicable to State  
8 policemen, plus (ii) interest thereon at the effective rate for  
9 each year, compounded annually, from the date of service to the  
10 date of payment.

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

24 Subject to the limitation in subsection (i), a State  
25 policeman, conservation police officer, or investigator for  
26 the Secretary of State may elect to establish eligible

1 creditable service for up to 10 years of service as a sheriff's  
2 law enforcement employee under Article 7, by filing a written  
3 election with the Board on or before January 31, 1993, and  
4 paying to the System by January 31, 1994 an amount to be  
5 determined by the Board, equal to (i) the difference between  
6 the amount of employee and employer contributions transferred  
7 to the System under Section 7-139.7, and the amounts that would  
8 have been contributed had such contributions been made at the  
9 rates applicable to State policemen, plus (ii) interest thereon  
10 at the effective rate for each year, compounded annually, from  
11 the date of service to the date of payment.

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

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

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

21 Subject to the limitation in subsection (i), a State  
22 policeman, conservation police officer, investigator for the  
23 Office of the Attorney General, an investigator for the  
24 Department of Revenue, or investigator for the Secretary of  
25 State may elect to establish eligible creditable service for up  
26 to 5 years of service as a person employed by a participating

1 municipality to perform police duties, or law enforcement  
2 officer employed on a full-time basis by a forest preserve  
3 district under Article 7, a county corrections officer, or a  
4 court services officer under Article 9, by filing a written  
5 election with the Board within 6 months after August 25, 2009  
6 (the effective date of Public Act 96-745) and paying to the  
7 System an amount to be determined by the Board, equal to (i)  
8 the difference between the amount of employee and employer  
9 contributions transferred to the System under Sections 7-139.8  
10 and 9-121.10 and the amounts that would have been contributed  
11 had such contributions been made at the rates applicable to  
12 State policemen, plus (ii) interest thereon at the actuarially  
13 assumed rate for each year, compounded annually, from the date  
14 of service to the date of payment.

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

18 (j) Subject to the limitation in subsection (i), an  
19 investigator for the Office of the State's Attorneys Appellate  
20 Prosecutor or a controlled substance inspector may elect to  
21 establish eligible creditable service for up to 10 years of his  
22 service as a policeman under Article 3 or a sheriff's law  
23 enforcement employee under Article 7, by filing a written  
24 election with the Board, accompanied by payment of an amount to  
25 be determined by the Board, equal to (1) the difference between  
26 the amount of employee and employer contributions transferred

1 to the System under Section 3-110.6 or 7-139.8, and the amounts  
2 that would have been contributed had such contributions been  
3 made at the rates applicable to State policemen, plus (2)  
4 interest thereon at the effective rate for each year,  
5 compounded annually, from the date of service to the date of  
6 payment.

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

1 which credit is being established to the date of payment.

2 (l) Subject to the limitation in subsection (i), a security  
3 employee of the Department of Corrections may elect, not later  
4 than July 1, 1998, to establish eligible creditable service for  
5 up to 10 years of his or her service as a policeman under  
6 Article 3, by filing a written election with the Board,  
7 accompanied by payment of an amount to be determined by the  
8 Board, equal to (i) the difference between the amount of  
9 employee and employer contributions transferred to the System  
10 under Section 3-110.5, and the amounts that would have been  
11 contributed had such contributions been made at the rates  
12 applicable to security employees of the Department of  
13 Corrections, plus (ii) interest thereon at the effective rate  
14 for each year, compounded annually, from the date of service to  
15 the date of payment.

16 (m) The amendatory changes to this Section made by this  
17 amendatory Act of the 94th General Assembly apply only to: (1)  
18 security employees of the Department of Juvenile Justice  
19 employed by the Department of Corrections before the effective  
20 date of this amendatory Act of the 94th General Assembly and  
21 transferred to the Department of Juvenile Justice by this  
22 amendatory Act of the 94th General Assembly; and (2) persons  
23 employed by the Department of Juvenile Justice on or after the  
24 effective date of this amendatory Act of the 94th General  
25 Assembly who are required by subsection (b) of Section 3-2.5-15  
26 of the Unified Code of Corrections to have a bachelor's or

1 advanced degree from an accredited college or university with a  
2 specialization in criminal justice, education, psychology,  
3 social work, or a closely related social science or, in the  
4 case of persons who provide vocational training, who are  
5 required to have adequate knowledge in the skill for which they  
6 are providing the vocational training.

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

18 (Source: P.A. 95-530, eff. 8-28-07; 95-1036, eff. 2-17-09;  
19 96-37, eff. 7-13-09; 96-745, eff. 8-25-09; 96-1000, eff.  
20 7-2-10.)

21 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

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

23 (a) Except as provided in subsections (a-1) and (a-2), any  
24 ~~Any~~ person receiving a retirement annuity under this Article  
25 who retires having attained age 60, or who retires before age

1 60 having at least 35 years of creditable service, or who  
2 retires on or after January 1, 2001 at an age which, when added  
3 to the number of years of his or her creditable service, equals  
4 at least 85, shall, on January 1 next following the first full  
5 year of retirement, have the amount of the then fixed and  
6 payable monthly retirement annuity increased 3%. Any person  
7 receiving a retirement annuity under this Article who retires  
8 before attainment of age 60 and with less than (i) 35 years of  
9 creditable service if retirement is before January 1, 2001, or  
10 (ii) the number of years of creditable service which, when  
11 added to the member's age, would equal 85, if retirement is on  
12 or after January 1, 2001, shall have the amount of the fixed  
13 and payable retirement annuity increased by 3% on the January 1  
14 occurring on or next following (1) attainment of age 60, or (2)  
15 the first anniversary of retirement, whichever occurs later.  
16 However, for persons who receive the alternative retirement  
17 annuity under Section 14-110, references in this subsection (a)  
18 to attainment of age 60 shall be deemed to refer to attainment  
19 of age 55. For a person receiving early retirement incentives  
20 under Section 14-108.3 whose retirement annuity began after  
21 January 1, 1992 pursuant to an extension granted under  
22 subsection (e) of that Section, the first anniversary of  
23 retirement shall be deemed to be January 1, 1993. For a person  
24 who retires on or after June 28, 2001 and on or before October  
25 1, 2001, and whose retirement annuity is calculated, in whole  
26 or in part, under Section 14-110 or subsection (g) or (h) of



1 Section 14-108, the first anniversary of retirement shall be  
2 deemed to be January 1, 2002.

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

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

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

19 (a-2) Notwithstanding any other provision of this Article,  
20 for a Tier I retiree, the monthly retirement annuity shall  
21 first be subject to annual increases on the January 1 occurring  
22 on or next after the attainment of age 67 or the January 1  
23 occurring on or next after the fifth anniversary of the annuity  
24 start date, whichever occurs earlier. If on the effective date  
25 of this amendatory Act of the 98th General Assembly a Tier I  
26 retiree has already received an annual increase under this

1 Section but does not yet meet the new eligibility requirements  
2 of this subsection, the annual increases already received shall  
3 continue in force, but no additional annual increase shall be  
4 granted until the Tier I retiree meets the new eligibility  
5 requirements.

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

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

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

26 (d) In addition to other increases which may be provided by

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

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

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

24 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;  
25 92-651, eff. 7-11-02.)

1 (40 ILCS 5/14-131)

2 Sec. 14-131. Contributions by State.

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

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

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

19 The Board shall also determine a State contribution rate  
20 for each fiscal year, expressed as a percentage of payroll,  
21 based on the total required State contribution for that fiscal  
22 year (less the amount received by the System from  
23 appropriations under Section 8.12 of the State Finance Act and  
24 Section 1 of the State Pension Funds Continuing Appropriation  
25 Act, if any, for the fiscal year ending on the June 30  
26 immediately preceding the applicable November 15 certification

1 deadline), the estimated payroll (including all forms of  
2 compensation) for personal services rendered by eligible  
3 employees, and the recommendations of the actuary.

4 For the purposes of this Section and Section 14.1 of the  
5 State Finance Act, the term "eligible employees" includes  
6 employees who participate in the System, persons who may elect  
7 to participate in the System but have not so elected, persons  
8 who are serving a qualifying period that is required for  
9 participation, and annuitants employed by a department as  
10 described in subdivision (a) (1) or (a) (2) of Section 14-111.

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

25 (c-1) Notwithstanding subsection (c) of this Section, for  
26 fiscal years 2010, 2012, and 2013 only, contributions by the

1 several departments are not required to be made for General  
2 Revenue Funds payrolls processed by the Comptroller. Payrolls  
3 paid by the several departments from all other State funds must  
4 continue to be processed pursuant to subsection (c) of this  
5 Section.

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

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

1           (e) For State fiscal years 2014 through 2043, the minimum  
2 contribution to the System to be made by the State for each  
3 fiscal year shall be an amount determined by the System to be  
4 equal to the sum of (1) the State's portion of the projected  
5 normal cost for that fiscal year, plus (2) an amount sufficient  
6 to bring the total assets of the System up to 100% of the total  
7 actuarial liabilities of the System by the end of State fiscal  
8 year 2043. In making these determinations, the required State  
9 contribution shall be calculated each year as a level  
10 percentage of payroll over the years remaining to and including  
11 fiscal year 2043 and shall be determined under the projected  
12 unit credit actuarial cost method.

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

23           For State fiscal years 1996 through 2005, the State  
24 contribution to the System, as a percentage of the applicable  
25 employee payroll, shall be increased in equal annual increments  
26 so that by State fiscal year 2011, the State is contributing at

1 the rate required under this Section; except that (i) for State  
2 fiscal year 1998, for all purposes of this Code and any other  
3 law of this State, the certified percentage of the applicable  
4 employee payroll shall be 5.052% for employees earning eligible  
5 creditable service under Section 14-110 and 6.500% for all  
6 other employees, notwithstanding any contrary certification  
7 made under Section 14-135.08 before the effective date of this  
8 amendatory Act of 1997, and (ii) in the following specified  
9 State fiscal years, the State contribution to the System shall  
10 not be less than the following indicated percentages of the  
11 applicable employee payroll, even if the indicated percentage  
12 will produce a State contribution in excess of the amount  
13 otherwise required under this subsection and subsection (a):  
14 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY  
15 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

22 For each of State fiscal years 2008 through 2009, the State  
23 contribution to the System, as a percentage of the applicable  
24 employee payroll, shall be increased in equal annual increments  
25 from the required State contribution for State fiscal year  
26 2007, so that by State fiscal year 2011, the State is



1 contributing at the rate otherwise required under this Section.

2 Notwithstanding any other provision of this Article, the  
3 total required State General Revenue Fund contribution for  
4 State fiscal year 2010 is \$723,703,100 and shall be made from  
5 the proceeds of bonds sold in fiscal year 2010 pursuant to  
6 Section 7.2 of the General Obligation Bond Act, less (i) the  
7 pro rata share of bond sale expenses determined by the System's  
8 share of total bond proceeds, (ii) any amounts received from  
9 the General Revenue Fund in fiscal year 2010, and (iii) any  
10 reduction in bond proceeds due to the issuance of discounted  
11 bonds, if applicable.

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

23 Beginning in State fiscal year 2044, the minimum State  
24 contribution for each fiscal year shall be the amount needed to  
25 maintain the total assets of the System at 100% of the total  
26 actuarial liabilities of the System.

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

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

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

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

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

1 Section. The System shall compare this amount due to the amount  
2 received by the System in fiscal year 2004 through payments  
3 under this Section and under Section 6z-61 of the State Finance  
4 Act. If the amount due is more than the amount received, the  
5 difference shall be termed the "Fiscal Year 2004 Shortfall" for  
6 purposes of this Section, and the Fiscal Year 2004 Shortfall  
7 shall be satisfied under Section 1.2 of the State Pension Funds  
8 Continuing Appropriation Act. If the amount due is less than  
9 the amount received, the difference shall be termed the "Fiscal  
10 Year 2004 Overpayment" for purposes of this Section, and the  
11 Fiscal Year 2004 Overpayment shall be repaid by the System to  
12 the Pension Contribution Fund as soon as practicable after the  
13 certification.

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

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

25 (h) For purposes of determining the required State  
26 contribution to the System for a particular year, the actuarial

1 value of assets shall be assumed to earn a rate of return equal  
2 to the System's actuarially assumed rate of return.

3 (i) After the submission of all payments for eligible  
4 employees from personal services line items paid from the  
5 General Revenue Fund in fiscal year 2010 have been made, the  
6 Comptroller shall provide to the System a certification of the  
7 sum of all fiscal year 2010 expenditures for personal services  
8 that would have been covered by payments to the System under  
9 this Section if the provisions of this amendatory Act of the  
10 96th General Assembly had not been enacted. Upon receipt of the  
11 certification, the System shall determine the amount due to the  
12 System based on the full rate certified by the Board under  
13 Section 14-135.08 for fiscal year 2010 in order to meet the  
14 State's obligation under this Section. The System shall compare  
15 this amount due to the amount received by the System in fiscal  
16 year 2010 through payments under this Section. If the amount  
17 due is more than the amount received, the difference shall be  
18 termed the "Fiscal Year 2010 Shortfall" for purposes of this  
19 Section, and the Fiscal Year 2010 Shortfall shall be satisfied  
20 under Section 1.2 of the State Pension Funds Continuing  
21 Appropriation Act. If the amount due is less than the amount  
22 received, the difference shall be termed the "Fiscal Year 2010  
23 Overpayment" for purposes of this Section, and the Fiscal Year  
24 2010 Overpayment shall be repaid by the System to the General  
25 Revenue Fund as soon as practicable after the certification.

26 (j) After the submission of all payments for eligible

1 employees from personal services line items paid from the  
2 General Revenue Fund in fiscal year 2011 have been made, the  
3 Comptroller shall provide to the System a certification of the  
4 sum of all fiscal year 2011 expenditures for personal services  
5 that would have been covered by payments to the System under  
6 this Section if the provisions of this amendatory Act of the  
7 96th General Assembly had not been enacted. Upon receipt of the  
8 certification, the System shall determine the amount due to the  
9 System based on the full rate certified by the Board under  
10 Section 14-135.08 for fiscal year 2011 in order to meet the  
11 State's obligation under this Section. The System shall compare  
12 this amount due to the amount received by the System in fiscal  
13 year 2011 through payments under this Section. If the amount  
14 due is more than the amount received, the difference shall be  
15 termed the "Fiscal Year 2011 Shortfall" for purposes of this  
16 Section, and the Fiscal Year 2011 Shortfall shall be satisfied  
17 under Section 1.2 of the State Pension Funds Continuing  
18 Appropriation Act. If the amount due is less than the amount  
19 received, the difference shall be termed the "Fiscal Year 2011  
20 Overpayment" for purposes of this Section, and the Fiscal Year  
21 2011 Overpayment shall be repaid by the System to the General  
22 Revenue Fund as soon as practicable after the certification.

23 (k) For fiscal years 2012 and 2013 only, after the  
24 submission of all payments for eligible employees from personal  
25 services line items paid from the General Revenue Fund in the  
26 fiscal year have been made, the Comptroller shall provide to

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

18 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;  
19 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.  
20 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11; 97-732,  
21 eff. 6-30-12.)

22 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

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

24 (a) The payment of the required department contributions,  
25 all allowances, annuities, benefits granted under this

1 Article, and all expenses of administration of the system are  
2 obligations of the State of Illinois to the extent specified in  
3 this Article.

4 (b) All income of the system shall be credited to a  
5 separate account for this system in the State treasury and  
6 shall be used to pay allowances, annuities, benefits and  
7 administration expense.

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

19 Notwithstanding any other provision of law, if the State  
20 fails to pay in a State fiscal year the amount guaranteed under  
21 this subsection, the System may bring a mandamus action in the  
22 Circuit Court of Sangamon County to compel the State to make  
23 that payment, irrespective of other remedies that may be  
24 available to the System. In ordering the State to make the  
25 required payment, the court may order a reasonable payment  
26 schedule to enable the State to make the required payment



1 without significantly imperiling the public health, safety, or  
2 welfare.

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

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

18 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

20 (a) Each participating employee shall make contributions  
21 to the System, based on the employee's compensation, as  
22 follows:

23 (1) Covered employees, except as indicated below, 3.5%  
24 for retirement annuity, and 0.5% for a widow or survivors  
25 annuity;

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

4           (3) Noncovered employees serving in a position in which  
5           "eligible creditable service" as defined in Section 14-110  
6           may be earned, 1% for a widow or survivors annuity plus the  
7           following amount for retirement annuity: 8.5% through  
8           December 31, 2001; 9.5% in 2002; 10.5% in 2003; and 11.5%  
9           in 2004 and thereafter;

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

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

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

1 11.5% in 2004 and thereafter.

2 (a-5) In addition to the contributions otherwise required  
3 under this Article, each Tier I member shall also make the  
4 following contributions for retirement annuity from each  
5 payment of compensation:

6 (1) beginning July 1, 2013 and through June 30, 2014,  
7 1% of compensation; and

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

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

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

17 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

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

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

1 ~~specifically identify the System's projected State normal cost~~  
2 ~~for that fiscal year.~~

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

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

1           (b) The certifications under subsections (a) and (a-5)  
2 shall include an additional amount necessary to pay all  
3 principal of and interest on those general obligation bonds due  
4 the next fiscal year authorized by Section 7.2(a) of the  
5 General Obligation Bond Act and issued to provide the proceeds  
6 deposited by the State with the System in July 2003,  
7 representing deposits other than amounts reserved under  
8 Section 7.2(c) of the General Obligation Bond Act. For State  
9 fiscal year 2005, the Board shall make a supplemental  
10 certification of the additional amount necessary to pay all  
11 principal of and interest on those general obligation bonds due  
12 in State fiscal years 2004 and 2005 authorized by Section  
13 7.2(a) of the General Obligation Bond Act and issued to provide  
14 the proceeds deposited by the State with the System in July  
15 2003, representing deposits other than amounts reserved under  
16 Section 7.2(c) of the General Obligation Bond Act, as soon as  
17 practical after the effective date of this amendatory Act of  
18 the 93rd General Assembly.

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

26           On or before July 1, 2005, the Board shall recalculate and

1 recertify to the Governor and to each department the amount of  
2 the required State contribution to the System and the required  
3 rates for State contributions to the System for State fiscal  
4 year 2006, taking into account the changes in required State  
5 contributions made by this amendatory Act of the 94th General  
6 Assembly.

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

13 On or before July 1, 2013, the Board shall, if necessary,  
14 recalculate and recertify to the Governor the amount of the  
15 required State contribution to the System for State fiscal year  
16 2014, taking into account the changes in required State  
17 contributions made by this amendatory Act of the 98th General  
18 Assembly.

19 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
20 97-694, eff. 6-18-12.)

21 (40 ILCS 5/14-152.1)

22 Sec. 14-152.1. Application and expiration of new benefit  
23 increases.

24 (a) As used in this Section, "new benefit increase" means  
25 an increase in the amount of any benefit provided under this

1 Article, or an expansion of the conditions of eligibility for  
2 any benefit under this Article, that results from an amendment  
3 to this Code that takes effect after June 1, 2005 (the  
4 effective date of Public Act 94-4). "New benefit increase",  
5 however, does not include any benefit increase resulting from  
6 the changes made to this Article by Public Act 96-37 or by this  
7 amendatory Act of the 98th ~~96th~~ General Assembly.

8 (b) Notwithstanding any other provision of this Code or any  
9 subsequent amendment to this Code, every new benefit increase  
10 is subject to this Section and shall be deemed to be granted  
11 only in conformance with and contingent upon compliance with  
12 the provisions of this Section.

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

17 Every new benefit increase is contingent upon the General  
18 Assembly providing the additional funding required under this  
19 subsection. The Commission on Government Forecasting and  
20 Accountability shall analyze whether adequate additional  
21 funding has been provided for the new benefit increase and  
22 shall report its analysis to the Public Pension Division of the  
23 Department of Financial and Professional Regulation. A new  
24 benefit increase created by a Public Act that does not include  
25 the additional funding required under this subsection is null  
26 and void. If the Public Pension Division determines that the

1 additional funding provided for a new benefit increase under  
2 this subsection is or has become inadequate, it may so certify  
3 to the Governor and the State Comptroller and, in the absence  
4 of corrective action by the General Assembly, the new benefit  
5 increase shall expire at the end of the fiscal year in which  
6 the certification is made.

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

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

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

24 (40 ILCS 5/15-107.1 new)

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



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

7 (40 ILCS 5/15-107.2 new)

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

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

13 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

14 Sec. 15-111. Earnings. "Earnings": An amount paid for  
15 personal services equal to the sum of the basic compensation  
16 plus extra compensation for summer teaching, overtime or other  
17 extra service. For periods for which an employee receives  
18 service credit under subsection (c) of Section 15-113.1 or  
19 Section 15-113.2, earnings are equal to the basic compensation  
20 on which contributions are paid by the employee during such  
21 periods. Compensation for employment which is irregular,  
22 intermittent and temporary shall not be considered earnings,  
23 unless the participant is also receiving earnings from the  
24 employer as an employee under Section 15-107.

1 With respect to transition pay paid by the University of  
2 Illinois to a person who was a participating employee employed  
3 in the fire department of the University of Illinois's  
4 Champaign-Urbana campus immediately prior to the elimination  
5 of that fire department:

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

9 (2) "Earnings" includes transition pay paid to the  
10 employee before the effective date of this amendatory Act  
11 of the 91st General Assembly only if (i) employee  
12 contributions under Section 15-157 have been withheld from  
13 that transition pay or (ii) the employee pays to the System  
14 before January 1, 2001 an amount representing employee  
15 contributions under Section 15-157 on that transition pay.  
16 Employee contributions under item (ii) may be paid in a  
17 lump sum, by withholding from additional transition pay  
18 accruing before January 1, 2001, or in any other manner  
19 approved by the System. Upon payment of the employee  
20 contributions on transition pay, the corresponding  
21 employer contributions become an obligation of the State.

22 Notwithstanding any other provision of this Code, the  
23 earnings of a Tier I participant for the purposes of this Code  
24 shall not exceed, for periods of service on or after the  
25 effective date of this amendatory Act of the 98th General  
26 Assembly, the annual contribution and benefit base established

1 for the applicable year by the Commissioner of Social Security  
2 under the federal Social Security Act; except that this  
3 limitation does not apply to a participant's earnings that are  
4 determined under an employment contract or collective  
5 bargaining agreement that is in effect on the effective date of  
6 this amendatory Act of the 98th General Assembly and has not  
7 been amended or renewed after that date.

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

9 (40 ILCS 5/15-113.6) (from Ch. 108 1/2, par. 15-113.6)

10 Sec. 15-113.6. Service for employment in public schools.  
11 "Service for employment in public schools": Includes those  
12 periods not exceeding the lesser of 10 years or 2/3 of the  
13 service granted under other Sections of this Article dealing  
14 with service credit, during which a person who entered the  
15 system after September 1, 1974 was employed full time by a  
16 public common school, public college and public university, or  
17 by an agency or instrumentality of any of the foregoing, of any  
18 state, territory, dependency or possession of the United States  
19 of America, including the Philippine Islands, or a school  
20 operated by or under the auspices of any agency or department  
21 of any other state, if the person (1) cannot qualify for a  
22 retirement pension or other benefit based upon employer  
23 contributions from another retirement system, exclusive of  
24 federal social security, based in whole or in part upon this  
25 employment, and (2) pays the lesser of (A) an amount equal to

1 8% of his or her annual basic compensation on the date of  
2 becoming a participating employee subsequent to this service  
3 multiplied by the number of years of such service, together  
4 with compound interest from the date participation begins to  
5 the date payment is received by the board at the rate of 6% per  
6 annum through August 31, 1982, and at the effective rates after  
7 that date, and (B) 50% of the actuarial value of the increase  
8 in the retirement annuity provided by this service, and (3)  
9 contributes for at least 5 years subsequent to this employment  
10 to one or more of the following systems: the State Universities  
11 Retirement System, the Teachers' Retirement System of the State  
12 of Illinois, and the Public School Teachers' Pension and  
13 Retirement Fund of Chicago.

14 The service granted under this Section shall not be  
15 considered in determining whether the person has the minimum  
16 number of 8 years of service required to qualify for a  
17 retirement annuity ~~at age 55 or the 5 years of service required~~  
18 ~~to qualify for a retirement annuity at age 62, as provided in~~  
19 ~~Section 15-135, or the 10 years required by subsection (c) of~~  
20 ~~Section 1-160 for a person who first becomes a participant on~~  
21 ~~or after January 1, 2011.~~ The maximum allowable service of 10  
22 years for this governmental employment shall be reduced by the  
23 service credit which is validated under paragraph (2) of  
24 subsection (b) of Section 16-127 and paragraph 1 of Section  
25 17-133.

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

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

2 Sec. 15-113.7. Service for other public employment.

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

1 Retirement Fund of Chicago. If a function of a governmental  
2 unit as defined by Section 20-107 is transferred by law, in  
3 whole or in part to an employer, and an employee transfers  
4 employment from this governmental unit to such employer within  
5 6 months of the transfer of the function, the payment for  
6 service authorized under this Section shall not exceed the  
7 amount which would have been payable for this service to the  
8 retirement system covering the governmental unit from which the  
9 function was transferred.

10 The service granted under this Section shall not be  
11 considered in determining whether the person has the minimum  
12 number of ~~8~~ years of service required to qualify for a  
13 retirement annuity ~~at age 55 or the 5 years of service required~~  
14 ~~to qualify for a retirement annuity at age 62, as provided in~~  
15 ~~Section 15-135~~. The maximum allowable service of 10 years for  
16 this governmental employment shall be reduced by the service  
17 credit which is validated under paragraph (2) of subsection (b)  
18 of Section 16-127 and paragraph one of Section 17-133.

19 Except as hereinafter provided, this Section shall not  
20 apply to persons who become participants in the system after  
21 September 1, 1974.

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

23 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

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

25 (a) A participant who retires in one of the following

1 specified years with the specified amount of service is  
2 entitled to a retirement annuity at any age under the  
3 retirement program applicable to the participant:

4 35 years if retirement is in 1997 or before;

5 34 years if retirement is in 1998;

6 33 years if retirement is in 1999;

7 32 years if retirement is in 2000;

8 31 years if retirement is in 2001;

9 30 years if retirement is in 2002 or later.

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

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

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

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

23 (1) If the Tier I participant is at least 45 years old  
24 on the effective date of this amendatory Act of the 98th  
25 General Assembly, then the references to age 50, 55, and 62  
26 in subsection (a) of this Section remain unchanged.

1           (2) If the Tier I participant is at least 40 but less  
2           than 45 years old on the effective date of this amendatory  
3           Act of the 98th General Assembly, then the references to  
4           age 50, 55, and 62 in subsection (a) of this Section are  
5           increased by one year.

6           (3) If the Tier I participant is at least 35 but less  
7           than 40 years old on the effective date of this amendatory  
8           Act of the 98th General Assembly, then the references to  
9           age 50, 55, and 62 in subsection (a) of this Section are  
10           increased by 3 years.

11           (4) If the Tier I participant is less than 35 years old  
12           on the effective date of this amendatory Act of the 98th  
13           General Assembly, then the references to age 50, 55, and 62  
14           in subsection (a) of this Section are increased by 5 years.  
15           Notwithstanding Section 1-103.1, this subsection (a-5)  
16           applies without regard to whether or not the Tier I participant  
17           is in active service under this Article on or after the  
18           effective date of this amendatory Act of the 98th General  
19           Assembly.

20           (b) The annuity payment period shall begin on the date  
21           specified by the participant or the recipient of a disability  
22           retirement annuity submitting a written application, which  
23           date shall not be prior to termination of employment or more  
24           than one year before the application is received by the board;  
25           however, if the participant is not an employee of an employer  
26           participating in this System or in a participating system as



1 defined in Article 20 of this Code on April 1 of the calendar  
2 year next following the calendar year in which the participant  
3 attains age 70 1/2, the annuity payment period shall begin on  
4 that date regardless of whether an application has been filed.

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

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

8 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

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

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

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

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

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

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

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

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

18 For the purpose of calculating an annuity under this Rule  
19 2, the contribution required under subsection (c-5) of Section  
20 15-157 shall not be considered when determining the  
21 participant's accumulated normal contributions under clause  
22 (i) or the employer contribution under clause (ii).

23 With respect to a police officer or firefighter who retires  
24 on or after August 14, 1998, the accumulated normal  
25 contributions taken into account under clauses (i) and (ii) of  
26 this Rule 2 shall include the additional normal contributions

1 made by the police officer or firefighter under Section  
2 15-157(a).

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

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

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

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

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

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

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

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

24 (ii) in the case of an individual who was a  
25 participating employee employed in the fire department of  
26 the University of Illinois's Champaign-Urbana campus

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

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

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

21 (ii) an annuity from employer contributions of an  
22 amount equal to that which can be provided on an  
23 actuarially equivalent basis from the accumulated normal  
24 contributions made by the participant under Section  
25 15-113.6 and Section 15-113.7 plus 1.4 times all other  
26 accumulated normal contributions made by the participant;

1 and

2 (iii) an annuity which can be provided on an  
3 actuarially equivalent basis from the employee  
4 contribution for early retirement under Section 15-136.2,  
5 and an annuity from employer contributions of an amount  
6 equal to that which can be provided on an actuarially  
7 equivalent basis from the employee contribution for early  
8 retirement under Section 15-136.2.

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

18 With respect to a participant who is qualified for a  
19 retirement annuity under this Rule 5 whose retirement annuity  
20 began before the effective date of this amendatory Act of the  
21 91st General Assembly, and for whom an employee contribution  
22 was made under Section 15-136.2, the System shall recalculate  
23 the retirement annuity under this Rule 5 and shall pay any  
24 additional amounts due in the manner provided in Section  
25 15-186.1 for benefits mistakenly set too low.

26 The amount of a retirement annuity calculated under this

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

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

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

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

26 (1) For a disabled participant whose disability

1 benefits have been discontinued because he or she has  
2 exhausted eligibility for disability benefits under clause  
3 (6) of Section 15-152;

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

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

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

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

24 Effective January 1 immediately following the date the  
25 retirement annuity begins, the annuitant shall receive an  
26 increase in his or her monthly retirement annuity of 0.125% of



1 the monthly retirement annuity provided under Rule 1, Rule 2,  
2 Rule 3, Rule 4, or Rule 5, contained in this Section,  
3 multiplied by the number of full months which elapsed from the  
4 date the retirement annuity payments began to January 1, 1972,  
5 plus 0.1667% of such annuity, multiplied by the number of full  
6 months which elapsed from January 1, 1972, or the date the  
7 retirement annuity payments began, whichever is later, to  
8 January 1, 1978, plus 0.25% of such annuity multiplied by the  
9 number of full months which elapsed from January 1, 1978, or  
10 the date the retirement annuity payments began, whichever is  
11 later, to the effective date of the increase.

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

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

25 The change made in this subsection by P.A. 85-1008 is  
26 effective January 26, 1988, and is applicable without regard to

1 whether status as an employee terminated before that date.

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

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

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

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

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

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

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

24 (i) On January 1, 1987, any annuitant whose retirement  
25 annuity began on or before January 1, 1977, shall have the  
26 monthly retirement annuity increased by an amount equal to 8¢

1 per year of creditable service times the number of years that  
2 have elapsed since the annuity began.

3 (j) For participants to whom subsection (a-5) of Section  
4 15-135 applies, the references to age 50, 55, and 62 in this  
5 Section are increased as provided in subsection (a-5) of  
6 Section 15-135.

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

8 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

9 Sec. 15-155. Employer contributions.

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

18 Beginning with State fiscal year 2014, the State's required  
19 contributions to the System under subsection (a-1) shall be  
20 limited to the amounts required to amortize the total cost of  
21 the benefits of the System arising before July 1, 2013. The  
22 State shall also pay any employer contributions required from  
23 the State as the actual employer of participants under this  
24 Article and any contribution required under subsection (a-20).

25 The Board shall determine the amount of State and employer

1 contributions required for each fiscal year on the basis of the  
2 actuarial tables and other assumptions adopted by the Board and  
3 the recommendations of the actuary, using the formulas provided  
4 in this Section ~~formula in subsection (a-1)~~.

5 (a-1) For State fiscal years 2014 through 2043, the minimum  
6 contribution to the System to be made by the State under this  
7 subsection (a-1) for each fiscal year shall be an amount  
8 determined by the Board to be sufficient to amortize the  
9 unfunded accrued liability that is attributable to benefits  
10 that accrued before July 1, 2013 as a level percentage of  
11 payroll over the years remaining to and including fiscal year  
12 2043, determined under the projected unit credit actuarial cost  
13 method.

14 For State fiscal year 2044 and thereafter, the minimum  
15 contribution to the System to be made by the State under this  
16 subsection (a-1) for each fiscal year shall be an amount  
17 determined by the Board to be sufficient to amortize, over a  
18 30-year rolling amortization period, any unfunded liability  
19 arising on or after July 1, 2043 that is attributable to  
20 benefits that accrued before July 1, 2013.

21 For State fiscal years 2012 and 2013 ~~through 2045~~, the  
22 minimum contribution to the System to be made by the State for  
23 each fiscal year shall be an amount determined by the System to  
24 be sufficient to bring the total assets of the System up to 90%  
25 of the total actuarial liabilities of the System by the end of  
26 State fiscal year 2045. In making these determinations, the

1 required State contribution shall be calculated each year as a  
2 level percentage of payroll over the years remaining to and  
3 including fiscal year 2045 and shall be determined under the  
4 projected unit credit actuarial cost method.

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

10 Notwithstanding any other provision of this Article, the  
11 total required State contribution for State fiscal year 2006 is  
12 \$166,641,900.

13 Notwithstanding any other provision of this Article, the  
14 total required State contribution for State fiscal year 2007 is  
15 \$252,064,100.

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

22 Notwithstanding any other provision of this Article, the  
23 total required State contribution for State fiscal year 2010 is  
24 \$702,514,000 and shall be made from the State Pensions Fund and  
25 proceeds of bonds sold in fiscal year 2010 pursuant to Section  
26 7.2 of the General Obligation Bond Act, less (i) the pro rata

1 share of bond sale expenses determined by the System's share of  
2 total bond proceeds, (ii) any amounts received from the General  
3 Revenue Fund in fiscal year 2010, (iii) any reduction in bond  
4 proceeds due to the issuance of discounted bonds, if  
5 applicable.

6 Notwithstanding any other provision of this Article, the  
7 total required State contribution for State fiscal year 2011 is  
8 the amount recertified by the System on or before April 1, 2011  
9 pursuant to Section 15-165 and shall be made from the State  
10 Pensions Fund and proceeds of bonds sold in fiscal year 2011  
11 pursuant to Section 7.2 of the General Obligation Bond Act,  
12 less (i) the pro rata share of bond sale expenses determined by  
13 the System's share of total bond proceeds, (ii) any amounts  
14 received from the General Revenue Fund in fiscal year 2011, and  
15 (iii) any reduction in bond proceeds due to the issuance of  
16 discounted bonds, if applicable.

17 ~~Beginning in State fiscal year 2046, the minimum State~~  
18 ~~contribution for each fiscal year shall be the amount needed to~~  
19 ~~maintain the total assets of the System at 90% of the total~~  
20 ~~actuarial liabilities of the System.~~

21 Amounts received by the System pursuant to Section 25 of  
22 the Budget Stabilization Act or Section 8.12 of the State  
23 Finance Act in any fiscal year do not reduce and do not  
24 constitute payment of any portion of the minimum State  
25 contribution required under this Article in that fiscal year.  
26 Such amounts shall not reduce, and shall not be included in the



1 calculation of, the required State contributions under this  
2 Article in any future year until the System has reached a  
3 funding ratio of at least 100% ~~90%~~. A reference in this Article  
4 to the "required State contribution" or any substantially  
5 similar term does not include or apply to any amounts payable  
6 to the System under Section 25 of the Budget Stabilization Act.

7 Notwithstanding any other provision of this Section, the  
8 required State contribution for State fiscal year 2005 and for  
9 fiscal year 2008 and each fiscal year thereafter through State  
10 fiscal year 2013, as calculated under this Section and  
11 certified under Section 15-165, shall not exceed an amount  
12 equal to (i) the amount of the required State contribution that  
13 would have been calculated under this Section for that fiscal  
14 year if the System had not received any payments under  
15 subsection (d) of Section 7.2 of the General Obligation Bond  
16 Act, minus (ii) the portion of the State's total debt service  
17 payments for that fiscal year on the bonds issued in fiscal  
18 year 2003 for the purposes of that Section 7.2, as determined  
19 and certified by the Comptroller, that is the same as the  
20 System's portion of the total moneys distributed under  
21 subsection (d) of Section 7.2 of the General Obligation Bond  
22 Act. In determining this maximum for State fiscal years 2008  
23 through 2010, however, the amount referred to in item (i) shall  
24 be increased, as a percentage of the applicable employee  
25 payroll, in equal increments calculated from the sum of the  
26 required State contribution for State fiscal year 2007 plus the

1 applicable portion of the State's total debt service payments  
2 for fiscal year 2007 on the bonds issued in fiscal year 2003  
3 for the purposes of Section 7.2 of the General Obligation Bond  
4 Act, so that, by State fiscal year 2011, the State is  
5 contributing at the rate otherwise required under this Section.

6 (a-10) Subject to the limitations provided in subsection  
7 (a-15), beginning with State fiscal year 2014, the minimum  
8 required contribution of each employer under this Article shall  
9 be sufficient to produce an annual amount equal to:

10 (i) the employer's normal cost for that fiscal year,  
11 exclusive of the employer's normal cost that arises from  
12 optional employer contributions agreed to by that employer  
13 for that fiscal year under Section 1-161; plus

14 (ii) the employer's normal cost for that fiscal year  
15 that arises from optional employer contributions agreed to  
16 by that employer for that fiscal year under Section 1-161;  
17 plus

18 (iii) the amount required for that fiscal year to  
19 amortize that employer's portion of the unfunded accrued  
20 liability associated with the cost of benefits accrued on  
21 or after July 1, 2013 as a level percentage of payroll over  
22 a 30-year rolling amortization period, as determined for  
23 each employer by the Board.

24 Each employer under this Article shall make these  
25 contributions in the amounts determined and the manner  
26 prescribed from time to time by the Board.

1       (a-15) The System shall determine the employer's normal  
2 cost under item (i) of subsection (a-10) as a percentage of  
3 projected payroll applicable to all employers, based on  
4 actuarial assumptions applicable to the System as a whole. The  
5 required employer contribution under item (i) in a fiscal year  
6 shall not exceed a percentage of payroll determined by  
7 subtracting 2013 from the applicable fiscal year and  
8 multiplying the result by 0.5%.

9       The System shall determine the employer's normal cost under  
10 item (ii) of subsection (a-10) as an additional percentage of  
11 projected payroll payable by a specific employer, based on the  
12 optional employer contributions agreed to by that employer for  
13 that fiscal year under Section 1-161 and the actuarial  
14 assumptions applicable to the System as a whole.

15       The System shall determine the employer's portion of the  
16 unfunded accrued liability under item (iii) of subsection  
17 (a-10) separately for each employer, as a percentage of that  
18 employer's projected payroll, based on the liabilities  
19 attributable to that employer arising on or after July 1, 2013  
20 and the actuarial assumptions applicable to the System as a  
21 whole.

22       For use in determining the employer's contribution for  
23 unfunded accrued liability under item (iii), the System shall  
24 maintain a separate account for each employer. The separate  
25 account shall be maintained in such form and detail as the  
26 System determines to be appropriate. The separate account shall

1 reflect the following items to the extent that they are  
2 attributable to that employer and arise on or after July 1,  
3 2013: employer contributions, State contributions under  
4 subsection (a-20), employee contributions, investment returns,  
5 payments of benefits, and that employer's proportionate share  
6 of the System's administrative expenses.

7 In the event that the Board determines that there is a  
8 deficiency or surplus in the account of an employer with  
9 respect to the , the Board shall determine the employer's  
10 contribution rate under item (iii) of subsection (a-10) so as  
11 to address that deficiency or surplus over a reasonable period  
12 of time as determined by the Board.

13 (a-20) Beginning in State fiscal year 2014, for any fiscal  
14 year in which (1) the System's normal cost for all employers  
15 for that fiscal year, exclusive of the normal cost that arises  
16 from optional employer contributions agreed to by employers for  
17 that fiscal year under Section 1-161, exceeds (2) the total  
18 contribution calculated under item (i) of subsection (a-10) for  
19 all employers for that fiscal year, the State shall make an  
20 additional contribution to the System for that fiscal year  
21 equal to the difference.

22 The State contribution under this subsection (a-20) is in  
23 addition to the State contributions required under subsection  
24 (a-1) and any contributions required to be paid by the State as  
25 an employer under subsection (a-10) of this Section.

26 (b) If an employee is paid from trust or federal funds, the

1 employer shall pay to the Board contributions from those funds  
2 which are sufficient to cover the accruing normal costs on  
3 behalf of the employee. However, universities having employees  
4 who are compensated out of local auxiliary funds, income funds,  
5 or service enterprise funds are not required to pay such  
6 contributions on behalf of those employees. The local auxiliary  
7 funds, income funds, and service enterprise funds of  
8 universities shall not be considered trust funds for the  
9 purpose of this Article, but funds of alumni associations,  
10 foundations, and athletic associations which are affiliated  
11 with the universities included as employers under this Article  
12 and other employers which do not receive State appropriations  
13 are considered to be trust funds for the purpose of this  
14 Article.

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

1 in the same manner as employee contributions.

2 (c) Through State fiscal year 1995: The total employer  
3 contribution shall be apportioned among the various funds of  
4 the State and other employers, whether trust, federal, or other  
5 funds, in accordance with actuarial procedures approved by the  
6 Board. State of Illinois contributions for employers receiving  
7 State appropriations for personal services shall be payable  
8 from appropriations made to the employers or to the System. The  
9 contributions for Class I community colleges covering earnings  
10 other than those paid from trust and federal funds, shall be  
11 payable solely from appropriations to the Illinois Community  
12 College Board or the System for employer contributions.

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

18 (e) The State Comptroller shall draw warrants payable to  
19 the System upon proper certification by the System or by the  
20 employer in accordance with the appropriation laws and this  
21 Code.

22 (f) Normal costs under this Section means liability for  
23 pensions and other benefits which accrues to the System because  
24 of the credits earned for service rendered by the participants  
25 during the fiscal year and expenses of administering the  
26 System, but shall not include the principal of or any

1 redemption premium or interest on any bonds issued by the Board  
2 or any expenses incurred or deposits required in connection  
3 therewith.

4 (g) The employer contributions under this subsection (g)  
5 are no longer required after June 30, 2013.

6 If the amount of a participant's earnings for any academic  
7 year used to determine the final rate of earnings, determined  
8 on a full-time equivalent basis, exceeds the amount of his or  
9 her earnings with the same employer for the previous academic  
10 year, determined on a full-time equivalent basis, by more than  
11 6%, the participant's employer shall pay to the System, in  
12 addition to all other payments required under this Section and  
13 in accordance with guidelines established by the System, the  
14 present value of the increase in benefits resulting from the  
15 portion of the increase in earnings that is in excess of 6%.  
16 This present value shall be computed by the System on the basis  
17 of the actuarial assumptions and tables used in the most recent  
18 actuarial valuation of the System that is available at the time  
19 of the computation. The System may require the employer to  
20 provide any pertinent information or documentation.

21 Whenever it determines that a payment is or may be required  
22 under this subsection (g), the System shall calculate the  
23 amount of the payment and bill the employer for that amount.  
24 The bill shall specify the calculations used to determine the  
25 amount due. If the employer disputes the amount of the bill, it  
26 may, within 30 days after receipt of the bill, apply to the

1 System in writing for a recalculation. The application must  
2 specify in detail the grounds of the dispute and, if the  
3 employer asserts that the calculation is subject to subsection  
4 (h) or (i) of this Section, must include an affidavit setting  
5 forth and attesting to all facts within the employer's  
6 knowledge that are pertinent to the applicability of subsection  
7 (h) or (i). Upon receiving a timely application for  
8 recalculation, the System shall review the application and, if  
9 appropriate, recalculate the amount due.

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

19 (h) This subsection (h) applies only to payments made or  
20 salary increases given on or after June 1, 2005 but before July  
21 1, 2011. The changes made by Public Act 94-1057 shall not  
22 require the System to refund any payments received before July  
23 31, 2006 (the effective date of Public Act 94-1057).

24 When assessing payment for any amount due under subsection  
25 (g), the System shall exclude earnings increases paid to  
26 participants under contracts or collective bargaining



1 agreements entered into, amended, or renewed before June 1,  
2 2005.

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

7 When assessing payment for any amount due under subsection  
8 (g), the System shall exclude earnings increases resulting from  
9 overload work, including a contract for summer teaching, or  
10 overtime when the employer has certified to the System, and the  
11 System has approved the certification, that: (i) in the case of  
12 overloads (A) the overload work is for the sole purpose of  
13 academic instruction in excess of the standard number of  
14 instruction hours for a full-time employee occurring during the  
15 academic year that the overload is paid and (B) the earnings  
16 increases are equal to or less than the rate of pay for  
17 academic instruction computed using the participant's current  
18 salary rate and work schedule; and (ii) in the case of  
19 overtime, the overtime was necessary for the educational  
20 mission.

21 When assessing payment for any amount due under subsection  
22 (g), the System shall exclude any earnings increase resulting  
23 from (i) a promotion for which the employee moves from one  
24 classification to a higher classification under the State  
25 Universities Civil Service System, (ii) a promotion in academic  
26 rank for a tenured or tenure-track faculty position, or (iii) a

1 promotion that the Illinois Community College Board has  
2 recommended in accordance with subsection (k) of this Section.  
3 These earnings increases shall be excluded only if the  
4 promotion is to a position that has existed and been filled by  
5 a member for no less than one complete academic year and the  
6 earnings increase as a result of the promotion is an increase  
7 that results in an amount no greater than the average salary  
8 paid for other similar positions.

9 (i) When assessing payment for any amount due under  
10 subsection (g), the System shall exclude any salary increase  
11 described in subsection (h) of this Section given on or after  
12 July 1, 2011 but before July 1, 2014 under a contract or  
13 collective bargaining agreement entered into, amended, or  
14 renewed on or after June 1, 2005 but before July 1, 2011.  
15 Notwithstanding any other provision of this Section, any  
16 payments made or salary increases given after June 30, 2014  
17 shall be used in assessing payment for any amount due under  
18 subsection (g) of this Section.

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

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

25 (2) The dollar amount by which each employer's  
26 contribution to the System was changed due to

1           recalculations required by Public Act 94-1057.

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

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

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

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

1           As of June 30, 2008, the actuarial value of the System's  
2 assets shall be equal to the market value of the assets as of  
3 that date. In determining the actuarial value of the System's  
4 assets for fiscal years after June 30, 2008, any actuarial  
5 gains or losses from investment return incurred in a fiscal  
6 year shall be recognized in equal annual amounts over the  
7 5-year period following that fiscal year.

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

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

15           (40 ILCS 5/15-155.1 new)

16           Sec. 15-155.1. Actions to enforce payments by employers  
17 other than the State. Any employer, other than the State, that  
18 fails to transmit to the System contributions required of it  
19 under this Article or contributions required of employees, for  
20 more than 90 days after such contributions are due, is subject  
21 to the following: after giving notice to the employer, the  
22 System may certify to the State Comptroller or the Illinois  
23 Community College Board, whichever is applicable, the amounts  
24 of such delinquent payments and the State Comptroller or the  
25 Illinois Community College Board, whichever is applicable,

1 shall deduct the amounts so certified or any part thereof from  
2 any State funds to be remitted to the employer and shall pay  
3 the amount so deducted to the System. If State funds from which  
4 such deductions may be made are not available, the System may  
5 proceed against the employer to recover the amounts of such  
6 delinquent payments in the appropriate circuit court.

7 The System may provide for an audit of the records of an  
8 employer, other than the State, as may be required to establish  
9 the amounts of required contributions. The employer shall make  
10 its records available to the System for the purpose of such  
11 audit. The cost of such audit shall be added to the amount of  
12 the delinquent payments and may be recovered by the System from  
13 the employer at the same time and in the same manner as the  
14 delinquent payments are recovered.

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

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

17 (a) The payment of (1) the required State contributions,  
18 (2) all benefits granted under this system and (3) all expenses  
19 in connection with the administration and operation thereof are  
20 obligations of the State of Illinois to the extent specified in  
21 this Article. The accumulated employee normal, additional and  
22 survivors insurance contributions credited to the accounts of  
23 active and inactive participants shall not be used to pay the  
24 State's share of the obligations.

25 (b) Beginning July 1, 2013, the State shall be

1 contractually obligated to contribute to the System under  
2 Section 15-155 in each State fiscal year an amount not less  
3 than the sum of (i) the State's required contribution under  
4 subsections (a-10) and (a-20) of Section 15-155 and (ii) the  
5 portion of the total cost of the benefits of the System arising  
6 before July 1, 2013 assigned to that State fiscal year by law  
7 in accordance with a schedule that distributes payments  
8 equitably over a reasonable period of time and in accordance  
9 with accepted actuarial practices. The obligations created  
10 under this subsection (b) are contractual obligations  
11 protected and enforceable under Article I, Section 16 and  
12 Article XIII, Section 5 of the Illinois Constitution.

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

23 Any payments required to be made by the State pursuant to  
24 this subsection (b) are expressly subordinated to the payment  
25 of the principal, interest, and premium, if any, on any bonded  
26 debt obligation of the State or any other State-created entity,

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

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

12 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

13 Sec. 15-157. Employee Contributions.

14 (a) Each participating employee shall make contributions  
15 towards the retirement benefits payable under the retirement  
16 program applicable to the employee from each payment of  
17 earnings applicable to employment under this system on and  
18 after the date of becoming a participant as follows: Prior to  
19 September 1, 1949, 3 1/2% of earnings; from September 1, 1949  
20 to August 31, 1955, 5%; from September 1, 1955 to August 31,  
21 1969, 6%; from September 1, 1969, 6 1/2%. These contributions  
22 are to be considered as normal contributions for purposes of  
23 this Article.

24 Each participant who is a police officer or firefighter  
25 shall make normal contributions of 8% of each payment of

1 earnings applicable to employment as a police officer or  
2 firefighter under this system on or after September 1, 1981,  
3 unless he or she files with the board within 60 days after the  
4 effective date of this amendatory Act of 1991 or 60 days after  
5 the board receives notice that he or she is employed as a  
6 police officer or firefighter, whichever is later, a written  
7 notice waiving the retirement formula provided by Rule 4 of  
8 Section 15-136. This waiver shall be irrevocable. If a  
9 participant had met the conditions set forth in Section  
10 15-132.1 prior to the effective date of this amendatory Act of  
11 1991 but failed to make the additional normal contributions  
12 required by this paragraph, he or she may elect to pay the  
13 additional contributions plus compound interest at the  
14 effective rate. If such payment is received by the board, the  
15 service shall be considered as police officer service in  
16 calculating the retirement annuity under Rule 4 of Section  
17 15-136. While performing service described in clause (i) or  
18 (ii) of Rule 4 of Section 15-136, a participating employee  
19 shall be deemed to be employed as a firefighter for the purpose  
20 of determining the rate of employee contributions under this  
21 Section.

22 (b) Starting September 1, 1969, each participating  
23 employee shall make additional contributions of 1/2 of 1% of  
24 earnings to finance a portion of the cost of the annual  
25 increases in retirement annuity provided under Section 15-136,  
26 except that with respect to participants in the self-managed



1 plan this additional contribution shall be used to finance the  
2 benefits obtained under that retirement program.

3 (c) In addition to the amounts described in subsections (a)  
4 and (b) of this Section, each participating employee shall make  
5 contributions of 1% of earnings applicable under this system on  
6 and after August 1, 1959. The contributions made under this  
7 subsection (c) shall be considered as survivor's insurance  
8 contributions for purposes of this Article if the employee is  
9 covered under the traditional benefit package, and such  
10 contributions shall be considered as additional contributions  
11 for purposes of this Article if the employee is participating  
12 in the self-managed plan or has elected to participate in the  
13 portable benefit package and has completed the applicable  
14 one-year waiting period. Contributions in excess of \$80 during  
15 any fiscal year beginning before August 31, 1969 and in excess  
16 of \$120 during any fiscal year thereafter until September 1,  
17 1971 shall be considered as additional contributions for  
18 purposes of this Article.

19 (c-5) In addition to the contributions otherwise required  
20 under this Article, each Tier I participant shall also make the  
21 following contributions toward the retirement benefits payable  
22 under the retirement program applicable to the employee from  
23 each payment of earnings applicable to employment under this  
24 system:

25 (1) beginning July 1, 2013 and through June 30, 2014,  
26 1% of earnings; and

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

2           Except as otherwise specified, these contributions are to  
3 be considered as normal contributions for purposes of this  
4 Article.

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

10          (e) That fraction of a participant's total accumulated  
11 normal contributions, the numerator of which is equal to the  
12 number of years of service in excess of that which is required  
13 to qualify for the maximum retirement annuity, and the  
14 denominator of which is equal to the total service of the  
15 participant, shall be considered as accumulated additional  
16 contributions. The determination of the applicable maximum  
17 annuity and the adjustment in contributions required by this  
18 provision shall be made as of the date of the participant's  
19 retirement.

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

26          (g) A participating employee may make contributions for the

1 purchase of service credit under this Article.

2 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,  
3 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;  
4 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

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

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

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

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

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

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

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

8 On or before July 1, 2013, the Board shall, if necessary,  
9 recalculate and recertify to the Governor the amount of the  
10 required State contribution to the System for State fiscal year  
11 2014, taking into account the changes in required State  
12 contributions made by this amendatory Act of the 98th General  
13 Assembly.

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

26 On or before January 15, 2013 and each January 15

1 thereafter, the Board shall certify to the Governor and the  
2 General Assembly the amount of the required State contribution  
3 for the next fiscal year. The certification shall include a  
4 copy of the actuarial recommendations upon which it is based  
5 and shall specifically identify the System's projected State  
6 normal cost for that fiscal year and the projected State cost  
7 for the self-managed plan for that fiscal year. The Board's  
8 certification must note, in a written response to the State  
9 Actuary, any deviations from the State Actuary's recommended  
10 changes, the reason or reasons for not following the State  
11 Actuary's recommended changes, and the fiscal impact of not  
12 following the State Actuary's recommended changes on the  
13 required State contribution.

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

18 (c) Beginning in State fiscal year 1996, on or as soon as  
19 possible after the 15th day of each month the Board shall  
20 submit vouchers for payment of State contributions to the  
21 System, in a total monthly amount of one-twelfth of the  
22 required annual State contribution certified under subsection  
23 (a). From the effective date of this amendatory Act of the 93rd  
24 General Assembly through June 30, 2004, the Board shall not  
25 submit vouchers for the remainder of fiscal year 2004 in excess  
26 of the fiscal year 2004 certified contribution amount

1 determined under this Section after taking into consideration  
2 the transfer to the System under subsection (b) of Section  
3 6z-61 of the State Finance Act. These vouchers shall be paid by  
4 the State Comptroller and Treasurer by warrants drawn on the  
5 funds appropriated to the System for that fiscal year.

6 If in any month the amount remaining unexpended from all  
7 other appropriations to the System for the applicable fiscal  
8 year (including the appropriations to the System under Section  
9 8.12 of the State Finance Act and Section 1 of the State  
10 Pension Funds Continuing Appropriation Act) is less than the  
11 amount lawfully vouchered under this Section, the difference  
12 shall be paid from the General Revenue Fund under the  
13 continuing appropriation authority provided in Section 1.1 of  
14 the State Pension Funds Continuing Appropriation Act.

15 (d) So long as the payments received are the full amount  
16 lawfully vouchered under this Section, payments received by the  
17 System under this Section shall be applied first toward the  
18 employer contribution to the self-managed plan established  
19 under Section 15-158.2. Payments shall be applied second toward  
20 the employer's portion of the normal costs of the System, as  
21 defined in subsection (f) of Section 15-155. The balance shall  
22 be applied toward the unfunded actuarial liabilities of the  
23 System.

24 (e) In the event that the System does not receive, as a  
25 result of legislative enactment or otherwise, payments  
26 sufficient to fully fund the employer contribution to the

1 self-managed plan established under Section 15-158.2 and to  
2 fully fund that portion of the employer's portion of the normal  
3 costs of the System, as calculated in accordance with Section  
4 15-155(a-1), then any payments received shall be applied  
5 proportionately to the optional retirement program established  
6 under Section 15-158.2 and to the employer's portion of the  
7 normal costs of the System, as calculated in accordance with  
8 Section 15-155(a-1).

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

11 (40 ILCS 5/15-198)

12 Sec. 15-198. Application and expiration of new benefit  
13 increases.

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

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

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

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

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

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



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

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

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

14 (40 ILCS 5/16-106.4 new)

15 Sec. 16-106.4. Tier I member. "Tier I member": A member  
16 under this Article who first became a member or participant  
17 before January 1, 2011 under any reciprocal retirement system  
18 or pension fund established under this Code other than a  
19 retirement system or pension fund established under Article 2,  
20 3, 4, 5, 6, or 18 of this Code.

21 (40 ILCS 5/16-106.5 new)

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

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

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

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

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

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

22 Sec. 16-132. Retirement annuity eligibility.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 applicable provisions of paragraph (B):

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 Sec. 16-152. Contributions by members.

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

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

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

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

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

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

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

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

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

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

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

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

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

1 equal to 1.00% of the salary upon which those contributions  
2 were based.

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

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

17 (2) The contributions shall be included, without  
18 interest, in any refund claimed by the member under Section  
19 16-151.

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

25 (4) The contributions shall be refunded to the member,  
26 without interest, within 120 days after the early



1 retirement without discount option provided under Section  
2 16-133.2 is terminated under Section 16-176.

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

4 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

5 Sec. 16-158. Contributions by State and other employing  
6 units; funding guarantee.

7 (a) The State shall make contributions to the System by  
8 means of appropriations from the Common School Fund and other  
9 State funds of amounts which, together with ~~other~~ employer  
10 contributions, employee contributions, investment income, and  
11 other income, will be sufficient to meet the cost of  
12 maintaining and administering the System on a 100% ~~90%~~ funded  
13 basis in accordance with actuarial recommendations by the end  
14 of State fiscal year 2043.

15 Beginning with State fiscal year 2014, the State's required  
16 contributions to the System under subsection (b-3) shall be  
17 limited to the amounts required to amortize the total cost of  
18 the benefits of the System arising before July 1, 2013. The  
19 State shall also pay any employer contributions required from  
20 the State as the actual employer of participants under this  
21 Article and any contribution required under subsection (b-20).

22 The Board shall determine the amount of State and employer  
23 contributions required for each fiscal year on the basis of the  
24 actuarial tables and other assumptions adopted by the Board and  
25 the recommendations of the actuary, using the formulas provided

1 in this Section ~~formula in subsection (b-3).~~

2 (a-1) Annually, on or before November 15 through ~~until~~  
3 November 15, 2011, the Board shall certify to the Governor the  
4 amount of the required State contribution for the coming fiscal  
5 year. The certification under this subsection (a-1) shall  
6 include a copy of the actuarial recommendations upon which it  
7 is based ~~and shall specifically identify the System's projected~~  
8 ~~State normal cost for that fiscal year.~~

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

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

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

26 On or before July 1, 2013, the Board shall, if necessary,

1 recalculate and recertify to the Governor the amount of the  
2 required State contribution to the System for State fiscal year  
3 2014, taking into account the changes in required State  
4 contributions made by this amendatory Act of the 98th General  
5 Assembly.

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

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

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

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

7 (b-1) Beginning in State fiscal year 1996, on the 15th day  
8 of each month, or as soon thereafter as may be practicable, the  
9 Board shall submit vouchers for payment of State contributions  
10 to the System, in a total monthly amount of one-twelfth of the  
11 required annual State contribution certified under subsection  
12 (a-1). From the effective date of this amendatory Act of the  
13 93rd General Assembly through June 30, 2004, the Board shall  
14 not submit vouchers for the remainder of fiscal year 2004 in  
15 excess of the fiscal year 2004 certified contribution amount  
16 determined under this Section after taking into consideration  
17 the transfer to the System under subsection (a) of Section  
18 6z-61 of the State Finance Act. These vouchers shall be paid by  
19 the State Comptroller and Treasurer by warrants drawn on the  
20 funds appropriated to the System for that fiscal year.

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

1 difference shall be paid from the Common School Fund under the  
2 continuing appropriation authority provided in Section 1.1 of  
3 the State Pension Funds Continuing Appropriation Act.

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

7 (b-3) For State fiscal years 2014 through 2043, the minimum  
8 contribution to the System to be made by the State under this  
9 subsection (b-3) for each fiscal year shall be an amount  
10 determined by the Board to be sufficient to amortize the  
11 unfunded accrued liability that is attributable to benefits  
12 that accrued before July 1, 2013 as a level percentage of  
13 payroll over the years remaining to and including fiscal year  
14 2043, determined under the projected unit credit actuarial cost  
15 method.

16 For State fiscal year 2044 and thereafter, the minimum  
17 contribution to the System to be made by the State under this  
18 subsection (b-3) for each fiscal year shall be an amount  
19 determined by the Board to be sufficient to amortize, over a  
20 30-year rolling amortization period, any unfunded liability  
21 arising on or after July 1, 2043 that is attributable to  
22 benefits that accrued before July 1, 2013.

23 For State fiscal years 2012 and 2013 ~~through 2045~~, the  
24 minimum contribution to the System to be made by the State for  
25 each fiscal year shall be an amount determined by the System to  
26 be sufficient to bring the total assets of the System up to 90%

1 of the total actuarial liabilities of the System by the end of  
2 State fiscal year 2045. In making these determinations, the  
3 required State contribution shall be calculated each year as a  
4 level percentage of payroll over the years remaining to and  
5 including fiscal year 2045 and shall be determined under the  
6 projected unit credit actuarial cost method.

7 For State fiscal years 1996 through 2005, the State  
8 contribution to the System, as a percentage of the applicable  
9 employee payroll, shall be increased in equal annual increments  
10 so that by State fiscal year 2011, the State is contributing at  
11 the rate required under this Section; except that in the  
12 following specified State fiscal years, the State contribution  
13 to the System shall not be less than the following indicated  
14 percentages of the applicable employee payroll, even if the  
15 indicated percentage will produce a State contribution in  
16 excess of the amount otherwise required under this subsection  
17 and subsection (a), and notwithstanding any contrary  
18 certification made under subsection (a-1) before the effective  
19 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%  
20 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY  
21 2003; and 13.56% in FY 2004.

22 Notwithstanding any other provision of this Article, the  
23 total required State contribution for State fiscal year 2006 is  
24 \$534,627,700.

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

1 \$738,014,500.

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

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

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

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

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

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

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



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

22 (b-10) Subject to the limitations provided in subsection  
23 (b-15), beginning with State fiscal year 2014, the minimum  
24 required contribution of each employer under this Article shall  
25 be sufficient to produce an annual amount equal to:

26 (i) the employer's normal cost for that fiscal year,

1 exclusive of the employer's normal cost that arises from  
2 optional employer contributions agreed to by that employer  
3 for that fiscal year under Section 1-161; plus

4 (ii) the employer's normal cost for that fiscal year  
5 that arises from optional employer contributions agreed to  
6 by that employer for that fiscal year under Section 1-161;  
7 plus

8 (iii) the amount required for that fiscal year to  
9 amortize that employer's portion of the unfunded accrued  
10 liability associated with the cost of benefits accrued on  
11 or after July 1, 2013 as a level percentage of payroll over  
12 a 30-year rolling amortization period, as determined for  
13 each employer by the Board.

14 Each employer under this Article shall make these  
15 contributions in the amounts determined and the manner  
16 prescribed from time to time by the Board.

17 (b-15) The System shall determine the employer's normal  
18 cost under item (i) of subsection (b-10) as a percentage of  
19 projected payroll applicable to all employers, based on  
20 actuarial assumptions applicable to the System as a whole. The  
21 required employer contribution under item (i) in a fiscal year  
22 shall not exceed a percentage of payroll determined by  
23 subtracting 2013 from the applicable fiscal year and  
24 multiplying the result by 0.5%.

25 The System shall determine the employer's normal cost under  
26 item (ii) of subsection (b-10) as an additional percentage of

1 projected payroll payable by a specific employer, based on the  
2 optional employer contributions agreed to by that employer for  
3 that fiscal year under Section 1-161 and the actuarial  
4 assumptions applicable to the System as a whole.

5 The System shall determine the employer's portion of the  
6 unfunded accrued liability under item (iii) of subsection  
7 (b-10) separately for each employer, as a percentage of that  
8 employer's projected payroll, based on the liabilities  
9 attributable to that employer and the actuarial assumptions  
10 applicable to the System as a whole.

11 For use in determining the employer's contribution for  
12 unfunded accrued liability under item (iii), the System shall  
13 maintain a separate account for each employer. The separate  
14 account shall be maintained in such form and detail as the  
15 System determines to be appropriate. The separate account shall  
16 reflect the following items to the extent that they are  
17 attributable to that employer and arise on or after July 1,  
18 2013: employer contributions, State contributions under  
19 subsection (b-20), employee contributions, investment returns,  
20 payments of benefits, and that employer's proportionate share  
21 of the System's administrative expenses.

22 In the event that the Board determines that there is a  
23 deficiency or surplus in the account of an employer with  
24 respect to the projected liabilities attributable to that  
25 employer arising on or after July 1, 2013, the Board shall  
26 determine the employer's contribution rate under item (iii) of

1 subsection (b-10) so as to address that deficiency or surplus  
2 over a reasonable period of time as determined by the Board.

3 (b-20) Beginning in State fiscal year 2014, for any fiscal  
4 year in which (1) the System's normal cost for all employers  
5 for that fiscal year, exclusive of the normal cost that arises  
6 from optional employer contributions agreed to by employers for  
7 that fiscal year under Section 1-161, exceeds (2) the total  
8 contribution calculated under item (i) of subsection (b-10) for  
9 all employers for that fiscal year, the State shall make an  
10 additional contribution to the System for that fiscal year  
11 equal to the difference.

12 The State contribution under this subsection (b-20) is in  
13 addition to the State contributions required under subsection  
14 (b-1) and any contributions required to be paid by the State as  
15 an employer under subsection (b-10) of this Section.

16 ~~(c) Payment of the required State contributions and of all~~  
17 ~~pensions, retirement annuities, death benefits, refunds, and~~  
18 ~~other benefits granted under or assumed by this System, and all~~  
19 ~~expenses in connection with the administration and operation~~  
20 ~~thereof, are obligations of the State.~~

21 If members are paid from special trust or federal funds  
22 which are administered by the employing unit, whether school  
23 district or other unit, the employing unit shall pay to the  
24 System from such funds the full accruing retirement costs based  
25 upon that service, as determined by the System. Employer  
26 contributions, based on salary paid to members from federal

1 funds, may be forwarded by the distributing agency of the State  
2 of Illinois to the System prior to allocation, in an amount  
3 determined in accordance with guidelines established by such  
4 agency and the System.

5 (d) Effective July 1, 1986, any employer of a teacher as  
6 defined in paragraph (8) of Section 16-106 shall pay the  
7 employer's normal cost of benefits based upon the teacher's  
8 service, in addition to employee contributions, as determined  
9 by the System. Such employer contributions shall be forwarded  
10 monthly in accordance with guidelines established by the  
11 System.

12 However, with respect to benefits granted under Section  
13 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)  
14 of Section 16-106, the employer's contribution shall be 12%  
15 (rather than 20%) of the member's highest annual salary rate  
16 for each year of creditable service granted, and the employer  
17 shall also pay the required employee contribution on behalf of  
18 the teacher. For the purposes of Sections 16-133.4 and  
19 16-133.5, a teacher as defined in paragraph (8) of Section  
20 16-106 who is serving in that capacity while on leave of  
21 absence from another employer under this Article shall not be  
22 considered an employee of the employer from which the teacher  
23 is on leave.

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

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

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

7           The school district or other employing unit may pay these  
8           employer contributions out of any source of funding available  
9           for that purpose and shall forward the contributions to the  
10          System on the schedule established for the payment of member  
11          contributions.

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

15          Each employer of teachers is entitled to a credit against  
16          the contributions required under this subsection (e) with  
17          respect to salaries paid to teachers for the period January 1,  
18          2002 through June 30, 2003, equal to the amount paid by that  
19          employer under subsection (a-5) of Section 6.6 of the State  
20          Employees Group Insurance Act of 1971 with respect to salaries  
21          paid to teachers for that period.

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

1           If an employer is required by a contract in effect on May  
2 1, 1998 between the employer and an employee organization to  
3 pay, on behalf of all its full-time employees covered by this  
4 Article, all mandatory employee contributions required under  
5 this Article, then the employer shall be excused from paying  
6 the employer contribution required under this subsection (e)  
7 for the balance of the term of that contract. The employer and  
8 the employee organization shall jointly certify to the System  
9 the existence of the contractual requirement, in such form as  
10 the System may prescribe. This exclusion shall cease upon the  
11 termination, extension, or renewal of the contract at any time  
12 after May 1, 1998.

13           (f) The employer contributions under this subsection (f)  
14 are no longer required after June 30, 2013.

15           If the amount of a teacher's salary for any school year  
16 used to determine final average salary exceeds the member's  
17 annual full-time salary rate with the same employer for the  
18 previous school year by more than 6%, the teacher's employer  
19 shall pay to the System, in addition to all other payments  
20 required under this Section and in accordance with guidelines  
21 established by the System, the present value of the increase in  
22 benefits resulting from the portion of the increase in salary  
23 that is in excess of 6%. This present value shall be computed  
24 by the System on the basis of the actuarial assumptions and  
25 tables used in the most recent actuarial valuation of the  
26 System that is available at the time of the computation. If a

1 teacher's salary for the 2005-2006 school year is used to  
2 determine final average salary under this subsection (f), then  
3 the changes made to this subsection (f) by Public Act 94-1057  
4 shall apply in calculating whether the increase in his or her  
5 salary is in excess of 6%. For the purposes of this Section,  
6 change in employment under Section 10-21.12 of the School Code  
7 on or after June 1, 2005 shall constitute a change in employer.  
8 The System may require the employer to provide any pertinent  
9 information or documentation. The changes made to this  
10 subsection (f) by this amendatory Act of the 94th General  
11 Assembly apply without regard to whether the teacher was in  
12 service on or after its effective date.

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



1 the amount due.

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

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

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

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

24 When assessing payment for any amount due under subsection  
25 (f), the System shall exclude salary increases resulting from  
26 overload work, including summer school, when the school

1 district has certified to the System, and the System has  
2 approved the certification, that (i) the overload work is for  
3 the sole purpose of classroom instruction in excess of the  
4 standard number of classes for a full-time teacher in a school  
5 district during a school year and (ii) the salary increases are  
6 equal to or less than the rate of pay for classroom instruction  
7 computed on the teacher's current salary and work schedule.

8 When assessing payment for any amount due under subsection  
9 (f), the System shall exclude a salary increase resulting from  
10 a promotion (i) for which the employee is required to hold a  
11 certificate or supervisory endorsement issued by the State  
12 Teacher Certification Board that is a different certification  
13 or supervisory endorsement than is required for the teacher's  
14 previous position and (ii) to a position that has existed and  
15 been filled by a member for no less than one complete academic  
16 year and the salary increase from the promotion is an increase  
17 that results in an amount no greater than the lesser of the  
18 average salary paid for other similar positions in the district  
19 requiring the same certification or the amount stipulated in  
20 the collective bargaining agreement for a similar position  
21 requiring the same certification.

22 When assessing payment for any amount due under subsection  
23 (f), the System shall exclude any payment to the teacher from  
24 the State of Illinois or the State Board of Education over  
25 which the employer does not have discretion, notwithstanding  
26 that the payment is included in the computation of final

1 average salary.

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

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

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

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

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

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

1 (j) For purposes of determining the required State  
2 contribution to the System, the value of the System's assets  
3 shall be equal to the actuarial value of the System's assets,  
4 which shall be calculated as follows:

5 As of June 30, 2008, the actuarial value of the System's  
6 assets shall be equal to the market value of the assets as of  
7 that date. In determining the actuarial value of the System's  
8 assets for fiscal years after June 30, 2008, any actuarial  
9 gains or losses from investment return incurred in a fiscal  
10 year shall be recognized in equal annual amounts over the  
11 5-year period following that fiscal year.

12 (k) For purposes of determining the required State  
13 contribution to the system for a particular year, the actuarial  
14 value of assets shall be assumed to earn a rate of return equal  
15 to the system's actuarially assumed rate of return.

16 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
17 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.  
18 6-18-12; 97-813, eff. 7-13-12.)

19 (40 ILCS 5/16-158.1) (from Ch. 108 1/2, par. 16-158.1)

20 Sec. 16-158.1. Actions to enforce payments by school  
21 districts and other employing units other than the State. Any  
22 school district or other employing unit, other than the State,  
23 that fails ~~failing~~ to transmit to the System contributions  
24 required of it under this Article or contributions required of  
25 teachers, for more than 90 days after such contributions are

1 due is subject to the following: after giving notice to the  
2 district or other unit, the System may certify to the State  
3 Comptroller or the Regional Superintendent of Schools the  
4 amounts of such delinquent payments and the State Comptroller  
5 or the Regional Superintendent of Schools shall deduct the  
6 amounts so certified or any part thereof from any State funds  
7 to be remitted to the school district or other employing unit  
8 involved and shall pay the amount so deducted to the System. If  
9 State funds from which such deductions may be made are not  
10 available, the System may proceed against the school district  
11 or other employing unit to recover the amounts of such  
12 delinquent payments in the appropriate circuit court.

13 The System may provide for an audit of the records of a  
14 school district or other employing unit, other than the State,  
15 as may be required to establish the amounts of required  
16 contributions. The school district or other employing unit  
17 shall make its records available to the System for the purpose  
18 of such audit. The cost of such audit shall be added to the  
19 amount of the delinquent payments and shall be recovered by the  
20 System from the school district or other employing unit at the  
21 same time and in the same manner as the delinquent payments are  
22 recovered.

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

24 (40 ILCS 5/16-158.2 new)

25 Sec. 16-158.2. Obligations of State; funding guarantee.

1 Beginning July 1, 2013, the State shall be contractually  
2 obligated to contribute to the System under Section 16-158 in  
3 each State fiscal year an amount not less than the sum of (i)  
4 the State's required contribution under subsections (b-10) and  
5 (b-20) of Section 16-158 and (ii) the portion of the total cost  
6 of the benefits of the System arising before July 1, 2013  
7 assigned to that State fiscal year by law in accordance with a  
8 schedule that distributes payments equitably over a reasonable  
9 period of time and in accordance with accepted actuarial  
10 practices. The obligations created under this subsection (b)  
11 are contractual obligations protected and enforceable under  
12 Article I, Section 16 and Article XIII, Section 5 of the  
13 Illinois Constitution.

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

24 Any payments required to be made by the State pursuant to  
25 this Section are expressly subordinated to the payment of the  
26 principal, interest, and premium, if any, on any bonded debt

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

12 (40 ILCS 5/16-203)

13 Sec. 16-203. Application and expiration of new benefit  
14 increases.

15 (a) As used in this Section, "new benefit increase" means  
16 an increase in the amount of any benefit provided under this  
17 Article, or an expansion of the conditions of eligibility for  
18 any benefit under this Article, that results from an amendment  
19 to this Code that takes effect after June 1, 2005 (the  
20 effective date of Public Act 94-4). "New benefit increase",  
21 however, does not include any benefit increase resulting from  
22 the changes made to this Article or Article 1 by Public Act  
23 95-910 or this amendatory Act of the 98th ~~95th~~ General  
24 Assembly.

25 (b) Notwithstanding any other provision of this Code or any

1 subsequent amendment to this Code, every new benefit increase  
2 is subject to this Section and shall be deemed to be granted  
3 only in conformance with and contingent upon compliance with  
4 the provisions of this Section.

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

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

25 (d) Every new benefit increase shall expire 5 years after  
26 its effective date or on such earlier date as may be specified



1 in the language enacting the new benefit increase or provided  
2 under subsection (c). This does not prevent the General  
3 Assembly from extending or re-creating a new benefit increase  
4 by law.

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

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

16 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

17 Sec. 20-121. Calculation of proportional retirement  
18 annuities. Upon retirement of the employee, a proportional  
19 retirement annuity shall be computed by each participating  
20 system in which pension credit has been established on the  
21 basis of pension credits under each system. The computation  
22 shall be in accordance with the formula or method prescribed by  
23 each participating system which is in effect at the date of the  
24 employee's latest withdrawal from service covered by any of the  
25 systems in which he has pension credits which he elects to have

1 considered under this Article. However, (1) the amount of any  
2 retirement annuity payable under the self-managed plan  
3 established under Section 15-158.2 of this Code depends solely  
4 on the value of the participant's vested account balances and  
5 is not subject to any proportional adjustment under this  
6 Section, and (2) the amount of any retirement annuity payable  
7 under the cash balance plan established under Section 1-161 of  
8 this Code shall be calculated solely in accordance with that  
9 Section and is not subject to any proportional adjustment under  
10 this Section.

11 Combined pension credit under all retirement systems  
12 subject to this Article shall be considered in determining  
13 whether the minimum qualification has been met and the formula  
14 or method of computation which shall be applied. If a system  
15 has a step-rate formula for calculation of the retirement  
16 annuity, pension credits covering previous service which have  
17 been established under another system shall be considered in  
18 determining which range or ranges of the step-rate formula are  
19 to be applicable to the employee.

20 Interest on pension credit shall continue to accumulate in  
21 accordance with the provisions of the law governing the  
22 retirement system in which the same has been established during  
23 the time an employee is in the service of another employer, on  
24 the assumption such employee, for interest purposes for pension  
25 credit, is continuing in the service covered by such retirement  
26 system.

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

2 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

3 Sec. 20-123. Survivor's annuity. The provisions governing  
4 a retirement annuity shall be applicable to a survivor's  
5 annuity. Appropriate credits shall be established for  
6 survivor's annuity purposes in those participating systems  
7 which provide survivor's annuities, according to the same  
8 conditions and subject to the same limitations and restrictions  
9 herein prescribed for a retirement annuity. If a participating  
10 system has no survivor's annuity benefit, or if the survivor's  
11 annuity benefit under that system is waived, pension credit  
12 established in that system shall not be considered in  
13 determining eligibility for or the amount of the survivor's  
14 annuity which may be payable by any other participating system.

15 For persons who participate in the self-managed plan  
16 established under Section 15-158.2 or the portable benefit  
17 package established under Section 15-136.4, pension credit  
18 established under Article 15 may be considered in determining  
19 eligibility for or the amount of the survivor's annuity that is  
20 payable by any other participating system, but pension credit  
21 established in any other system shall not result in any right  
22 to a survivor's annuity under the Article 15 system.

23 For persons who participate in the cash balance plan  
24 established under Section 1-161, pension credit established  
25 under the participating system with respect to which the person

1 participates in the cash balance plan may be considered in  
2 determining eligibility for or the amount of the survivor's  
3 annuity that is payable by any other participating system with  
4 respect to which the person does not participate in the cash  
5 balance plan, but the amount of any survivor's annuity payable  
6 under the cash balance plan established under Section 1-161  
7 shall be calculated solely in accordance with that Section.

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

9 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

10 Sec. 20-124. Maximum benefits.

11 (a) In no event shall the combined retirement or survivors  
12 annuities exceed the highest annuity which would have been  
13 payable by any participating system in which the employee has  
14 pension credits, if all of his pension credits had been  
15 validated in that system.

16 If the combined annuities should exceed the highest maximum  
17 as determined in accordance with this Section, the respective  
18 annuities shall be reduced proportionately according to the  
19 ratio which the amount of each proportional annuity bears to  
20 the aggregate of all such annuities; except that benefits  
21 payable under the cash balance plan established under Section  
22 1-161 are not subject to proportionate reduction under this  
23 Section.

24 (b) In the case of a participant in the self-managed plan  
25 established under Section 15-158.2 of this Code to whom the

1 provisions of this Article apply:

2 (i) For purposes of calculating the combined  
3 retirement annuity and the proportionate reduction, if  
4 any, in a retirement annuity other than one payable under  
5 the self-managed plan, the amount of the Article 15  
6 retirement annuity shall be deemed to be the highest  
7 annuity to which the annuitant would have been entitled if  
8 he or she had participated in the traditional benefit  
9 package as defined in Section 15-103.1 rather than the  
10 self-managed plan.

11 (ii) For purposes of calculating the combined  
12 survivor's annuity and the proportionate reduction, if  
13 any, in a survivor's annuity other than one payable under  
14 the self-managed plan, the amount of the Article 15  
15 survivor's annuity shall be deemed to be the highest  
16 survivor's annuity to which the survivor would have been  
17 entitled if the deceased employee had participated in the  
18 traditional benefit package as defined in Section 15-103.1  
19 rather than the self-managed plan.

20 (iii) Benefits payable under the self-managed plan are  
21 not subject to proportionate reduction under this Section.

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

23 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

24 Sec. 20-125. Return to employment - suspension of benefits.

25 If a retired employee returns to employment which is covered by

1 a system from which he is receiving a proportional annuity  
2 under this Article, his proportional annuity from all  
3 participating systems shall be suspended during the period of  
4 re-employment, except that this suspension does not apply to  
5 any distributions payable under the self-managed plan  
6 established under Section 15-158.2 of this Code.

7 The provisions of the Article under which such employment  
8 would be covered (including Section 1-161 in the case of a  
9 participant in the cash balance plan) shall govern the  
10 determination of whether the employee has returned to  
11 employment, and if applicable the exemption of temporary  
12 employment or employment not exceeding a specified duration or  
13 frequency, for all participating systems from which the retired  
14 employee is receiving a proportional annuity under this  
15 Article, notwithstanding any contrary provisions in the other  
16 Articles governing such systems.

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

18 Section 90. The State Mandates Act is amended by adding  
19 Section 8.37 as follows:

20 (30 ILCS 805/8.37 new)

21 Sec. 8.37. Exempt mandate. Notwithstanding Sections 6 and 8  
22 of this Act, no reimbursement by the State is required for the  
23 implementation of any mandate created by this amendatory Act of  
24 the 98th General Assembly.

1           Section 97. Inseverability. The provisions of this Act are  
2   inseverable.

3           Section 99. Effective date. This Act takes effect upon  
4   becoming law.

1

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3	20 ILCS 3005/7	from Ch. 127, par. 417
4	20 ILCS 3005/8	from Ch. 127, par. 418
5	30 ILCS 105/13	from Ch. 127, par. 149
6	30 ILCS 105/24.12 new	
7	30 ILCS 105/24.13 new	
8	30 ILCS 122/20	
9	40 ILCS 5/1-103.3	
10	40 ILCS 5/1-160	
11	40 ILCS 5/1-161 new	
12	40 ILCS 5/2-105.1 new	
13	40 ILCS 5/2-105.2 new	
14	40 ILCS 5/2-108	from Ch. 108 1/2, par. 2-108
15	40 ILCS 5/2-119	from Ch. 108 1/2, par. 2-119
16	40 ILCS 5/2-119.1	from Ch. 108 1/2, par. 2-119.1
17	40 ILCS 5/2-121.1	from Ch. 108 1/2, par. 2-121.1
18	40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
19	40 ILCS 5/2-125	from Ch. 108 1/2, par. 2-125
20	40 ILCS 5/2-126	from Ch. 108 1/2, par. 2-126
21	40 ILCS 5/2-134	from Ch. 108 1/2, par. 2-134
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23	40 ILCS 5/14-103.10	from Ch. 108 1/2, par. 14-103.10
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9	40 ILCS 5/14-152.1	
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14	40 ILCS 5/15-113.7	from Ch. 108 1/2, par. 15-113.7
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16	40 ILCS 5/15-136	from Ch. 108 1/2, par. 15-136
17	40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
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19	40 ILCS 5/15-156	from Ch. 108 1/2, par. 15-156
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21	40 ILCS 5/15-165	from Ch. 108 1/2, par. 15-165
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