



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB6145

Introduced 2/11/2016, by Rep. Joe Sosnowski

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. With respect to the 5 State-funded Retirement Systems: requires each System to prepare and implement a Tier 3 plan by July 1, 2017 that aggregates State and employee contributions in individual participant accounts which are used for payouts after retirement. Provides that a Tier 1 or Tier 2 participant may irrevocably elect to participate in the Tier 3 plan instead of the defined benefit plan. Authorizes a Tier 1 or Tier 2 participant to elect to terminate all participation in the defined benefit plan and to have a specified amount credited to his or her account under the Tier 3 plan. Until July 1, 2018, authorizes certain Tier 1 participants to elect to have the automatic annual increases in retirement annuity and survivor's annuity calculated using the Tier 2 formula and to have a specified amount credited to his or her account under the Tier 3 plan. Requires each System to report on its progress in establishing the Tier 3 plan to the Governor and the General Assembly by January 15, 2017. Provides that "new benefit increase" does not include any benefit increase resulting from the changes made by the amendatory Act. Repeals certain provisions concerning a defined contribution plan added by Public Act 98-599. In the Downstate Teachers, State Employees, and State Universities Articles, authorizes a person to elect not to participate or to terminate his or her participation in those Systems. In the General Assembly and Judges Articles, authorizes a participant to terminate his or her participation in the System. Makes related changes in the Retirement Systems Reciprocal Act (Article 20 of the Code) and the State Employees Group Insurance Act of 1971. Effective immediately.

LRB099 20415 RPS 44910 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

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 State Employees Group Insurance Act of 1971
5 is amended by changing Sections 3 and 10 as follows:

6 (5 ILCS 375/3) (from Ch. 127, par. 523)

7 Sec. 3. Definitions. Unless the context otherwise
8 requires, the following words and phrases as used in this Act
9 shall have the following meanings. The Department may define
10 these and other words and phrases separately for the purpose of
11 implementing specific programs providing benefits under this
12 Act.

13 (a) "Administrative service organization" means any
14 person, firm or corporation experienced in the handling of
15 claims which is fully qualified, financially sound and capable
16 of meeting the service requirements of a contract of
17 administration executed with the Department.

18 (b) "Annuitant" means (1) an employee who retires, or has
19 retired, on or after January 1, 1966 on an immediate annuity
20 under the provisions of Article ~~Articles~~ 2 (including an
21 employee who, in lieu of receiving an annuity under that
22 Article, has retired under the Tier 3 plan established under
23 Section 2-165.5 of that Article), 14 (including an employee who

1 has elected to receive an alternative retirement cancellation
2 payment under Section 14-108.5 of the Illinois Pension Code in
3 lieu of an annuity or an employee who, in lieu of receiving an
4 annuity under that Article, has retired under the Tier 3 plan
5 established under Section 14-155.5 of that Article), or 15
6 (including an employee who has retired under the optional
7 retirement program established under Section 15-158.2 or the
8 Tier 3 plan established under Section 15-155.5 of the Illinois
9 Pension Code), paragraphs (2), (3), or (5) of Section 16-106
10 (including an employee who, in lieu of receiving an annuity
11 under that Article, has retired under the Tier 3 plan
12 established under Section 16-205.5 of the Illinois Pension
13 Code), or Article 18 (including an employee who, in lieu of
14 receiving an annuity under that Article, has retired under the
15 Tier 3 plan established under Section 18-121.5 of that Article)
16 of the Illinois Pension Code; (2) any person who was receiving
17 group insurance coverage under this Act as of March 31, 1978 by
18 reason of his status as an annuitant, even though the annuity
19 in relation to which such coverage was provided is a
20 proportional annuity based on less than the minimum period of
21 service required for a retirement annuity in the system
22 involved; (3) any person not otherwise covered by this Act who
23 has retired as a participating member under Article 2 of the
24 Illinois Pension Code but is ineligible for the retirement
25 annuity under Section 2-119 of the Illinois Pension Code; (4)
26 the spouse of any person who is receiving a retirement annuity

1 under Article 18 of the Illinois Pension Code and who is
2 covered under a group health insurance program sponsored by a
3 governmental employer other than the State of Illinois and who
4 has irrevocably elected to waive his or her coverage under this
5 Act and to have his or her spouse considered as the "annuitant"
6 under this Act and not as a "dependent"; or (5) an employee who
7 retires, or has retired, from a qualified position, as
8 determined according to rules promulgated by the Director,
9 under a qualified local government, a qualified rehabilitation
10 facility, a qualified domestic violence shelter or service, or
11 a qualified child advocacy center. (For definition of "retired
12 employee", see (p) post).

13 (b-5) (Blank).

14 (b-6) (Blank).

15 (b-7) (Blank).

16 (c) "Carrier" means (1) an insurance company, a corporation
17 organized under the Limited Health Service Organization Act or
18 the Voluntary Health Services Plan Act, a partnership, or other
19 nongovernmental organization, which is authorized to do group
20 life or group health insurance business in Illinois, or (2) the
21 State of Illinois as a self-insurer.

22 (d) "Compensation" means salary or wages payable on a
23 regular payroll by the State Treasurer on a warrant of the
24 State Comptroller out of any State, trust or federal fund, or
25 by the Governor of the State through a disbursing officer of
26 the State out of a trust or out of federal funds, or by any

1 Department out of State, trust, federal or other funds held by
2 the State Treasurer or the Department, to any person for
3 personal services currently performed, and ordinary or
4 accidental disability benefits under Articles 2, 14, 15
5 (including ordinary or accidental disability benefits under
6 the optional retirement program established under Section
7 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or
8 Article 18 of the Illinois Pension Code, for disability
9 incurred after January 1, 1966, or benefits payable under the
10 Workers' Compensation or Occupational Diseases Act or benefits
11 payable under a sick pay plan established in accordance with
12 Section 36 of the State Finance Act. "Compensation" also means
13 salary or wages paid to an employee of any qualified local
14 government, qualified rehabilitation facility, qualified
15 domestic violence shelter or service, or qualified child
16 advocacy center.

17 (e) "Commission" means the State Employees Group Insurance
18 Advisory Commission authorized by this Act. Commencing July 1,
19 1984, "Commission" as used in this Act means the Commission on
20 Government Forecasting and Accountability as established by
21 the Legislative Commission Reorganization Act of 1984.

22 (f) "Contributory", when referred to as contributory
23 coverage, shall mean optional coverages or benefits elected by
24 the member toward the cost of which such member makes
25 contribution, or which are funded in whole or in part through
26 the acceptance of a reduction in earnings or the foregoing of

1 an increase in earnings by an employee, as distinguished from
2 noncontributory coverage or benefits which are paid entirely by
3 the State of Illinois without reduction of the member's salary.

4 (g) "Department" means any department, institution, board,
5 commission, officer, court or any agency of the State
6 government receiving appropriations and having power to
7 certify payrolls to the Comptroller authorizing payments of
8 salary and wages against such appropriations as are made by the
9 General Assembly from any State fund, or against trust funds
10 held by the State Treasurer and includes boards of trustees of
11 the retirement systems created by Articles 2, 14, 15, 16 and 18
12 of the Illinois Pension Code. "Department" also includes the
13 Illinois Comprehensive Health Insurance Board, the Board of
14 Examiners established under the Illinois Public Accounting
15 Act, and the Illinois Finance Authority.

16 (h) "Dependent", when the term is used in the context of
17 the health and life plan, means a member's spouse and any child
18 (1) from birth to age 26 including an adopted child, a child
19 who lives with the member from the time of the filing of a
20 petition for adoption until entry of an order of adoption, a
21 stepchild or adjudicated child, or a child who lives with the
22 member if such member is a court appointed guardian of the
23 child or (2) age 19 or over who has a mental or physical
24 disability from a cause originating prior to the age of 19 (age
25 26 if enrolled as an adult child dependent). For the health
26 plan only, the term "dependent" also includes (1) any person

1 enrolled prior to the effective date of this Section who is
2 dependent upon the member to the extent that the member may
3 claim such person as a dependent for income tax deduction
4 purposes and (2) any person who has received after June 30,
5 2000 an organ transplant and who is financially dependent upon
6 the member and eligible to be claimed as a dependent for income
7 tax purposes. A member requesting to cover any dependent must
8 provide documentation as requested by the Department of Central
9 Management Services and file with the Department any and all
10 forms required by the Department.

11 (i) "Director" means the Director of the Illinois
12 Department of Central Management Services.

13 (j) "Eligibility period" means the period of time a member
14 has to elect enrollment in programs or to select benefits
15 without regard to age, sex or health.

16 (k) "Employee" means and includes each officer or employee
17 in the service of a department who (1) receives his
18 compensation for service rendered to the department on a
19 warrant issued pursuant to a payroll certified by a department
20 or on a warrant or check issued and drawn by a department upon
21 a trust, federal or other fund or on a warrant issued pursuant
22 to a payroll certified by an elected or duly appointed officer
23 of the State or who receives payment of the performance of
24 personal services on a warrant issued pursuant to a payroll
25 certified by a Department and drawn by the Comptroller upon the
26 State Treasurer against appropriations made by the General

1 Assembly from any fund or against trust funds held by the State
2 Treasurer, and (2) is employed full-time or part-time in a
3 position normally requiring actual performance of duty during
4 not less than 1/2 of a normal work period, as established by
5 the Director in cooperation with each department, except that
6 persons elected by popular vote will be considered employees
7 during the entire term for which they are elected regardless of
8 hours devoted to the service of the State, and (3) except that
9 "employee" does not include any person who is not eligible by
10 reason of such person's employment to participate in one of the
11 State retirement systems under Articles 2, 14, 15 (either the
12 regular Article 15 system or the optional retirement program
13 established under Section 15-158.2) or 18, or under paragraph
14 (2), (3), or (5) of Section 16-106, of the Illinois Pension
15 Code, but such term does include persons who are employed
16 during the 6 month qualifying period under Article 14 of the
17 Illinois Pension Code. Such term also includes any person who
18 (1) after January 1, 1966, is receiving ordinary or accidental
19 disability benefits under Articles 2, 14, 15 (including
20 ordinary or accidental disability benefits under the optional
21 retirement program established under Section 15-158.2),
22 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of
23 the Illinois Pension Code, for disability incurred after
24 January 1, 1966, (2) receives total permanent or total
25 temporary disability under the Workers' Compensation Act or
26 Occupational Disease Act as a result of injuries sustained or

1 illness contracted in the course of employment with the State
2 of Illinois, or (3) is not otherwise covered under this Act and
3 has retired as a participating member under Article 2 of the
4 Illinois Pension Code but is ineligible for the retirement
5 annuity under Section 2-119 of the Illinois Pension Code.
6 However, a person who satisfies the criteria of the foregoing
7 definition of "employee" except that such person is made
8 ineligible to participate in the State Universities Retirement
9 System by clause (4) of subsection (a) of Section 15-107 of the
10 Illinois Pension Code is also an "employee" for the purposes of
11 this Act. "Employee" also includes any person receiving or
12 eligible for benefits under a sick pay plan established in
13 accordance with Section 36 of the State Finance Act. "Employee"
14 also includes (i) each officer or employee in the service of a
15 qualified local government, including persons appointed as
16 trustees of sanitary districts regardless of hours devoted to
17 the service of the sanitary district, (ii) each employee in the
18 service of a qualified rehabilitation facility, (iii) each
19 full-time employee in the service of a qualified domestic
20 violence shelter or service, and (iv) each full-time employee
21 in the service of a qualified child advocacy center, as
22 determined according to rules promulgated by the Director.

23 (1) "Member" means an employee, annuitant, retired
24 employee or survivor. In the case of an annuitant or retired
25 employee who first becomes an annuitant or retired employee on
26 or after the effective date of this amendatory Act of the 97th

1 General Assembly, the individual must meet the minimum vesting
2 requirements of the applicable retirement system in order to be
3 eligible for group insurance benefits under that system. In the
4 case of a survivor who first becomes a survivor on or after the
5 effective date of this amendatory Act of the 97th General
6 Assembly, the deceased employee, annuitant, or retired
7 employee upon whom the annuity is based must have been eligible
8 to participate in the group insurance system under the
9 applicable retirement system in order for the survivor to be
10 eligible for group insurance benefits under that system.

11 (m) "Optional coverages or benefits" means those coverages
12 or benefits available to the member on his or her voluntary
13 election, and at his or her own expense.

14 (n) "Program" means the group life insurance, health
15 benefits and other employee benefits designed and contracted
16 for by the Director under this Act.

17 (o) "Health plan" means a health benefits program offered
18 by the State of Illinois for persons eligible for the plan.

19 (p) "Retired employee" means any person who would be an
20 annuitant as that term is defined herein but for the fact that
21 such person retired prior to January 1, 1966. Such term also
22 includes any person formerly employed by the University of
23 Illinois in the Cooperative Extension Service who would be an
24 annuitant but for the fact that such person was made ineligible
25 to participate in the State Universities Retirement System by
26 clause (4) of subsection (a) of Section 15-107 of the Illinois

1 Pension Code.

2 (q) "Survivor" means a person receiving an annuity as a
3 survivor of an employee or of an annuitant. "Survivor" also
4 includes: (1) the surviving dependent of a person who satisfies
5 the definition of "employee" except that such person is made
6 ineligible to participate in the State Universities Retirement
7 System by clause (4) of subsection (a) of Section 15-107 of the
8 Illinois Pension Code; (2) the surviving dependent of any
9 person formerly employed by the University of Illinois in the
10 Cooperative Extension Service who would be an annuitant except
11 for the fact that such person was made ineligible to
12 participate in the State Universities Retirement System by
13 clause (4) of subsection (a) of Section 15-107 of the Illinois
14 Pension Code; and (3) the surviving dependent of a person who
15 was an annuitant under this Act by virtue of receiving an
16 alternative retirement cancellation payment under Section
17 14-108.5 of the Illinois Pension Code.

18 (q-2) "SERS" means the State Employees' Retirement System
19 of Illinois, created under Article 14 of the Illinois Pension
20 Code.

21 (q-3) "SURS" means the State Universities Retirement
22 System, created under Article 15 of the Illinois Pension Code.

23 (q-4) "TRS" means the Teachers' Retirement System of the
24 State of Illinois, created under Article 16 of the Illinois
25 Pension Code.

26 (q-5) (Blank).

1 (q-6) (Blank).

2 (q-7) (Blank).

3 (r) "Medical services" means the services provided within
4 the scope of their licenses by practitioners in all categories
5 licensed under the Medical Practice Act of 1987.

6 (s) "Unit of local government" means any county,
7 municipality, township, school district (including a
8 combination of school districts under the Intergovernmental
9 Cooperation Act), special district or other unit, designated as
10 a unit of local government by law, which exercises limited
11 governmental powers or powers in respect to limited
12 governmental subjects, any not-for-profit association with a
13 membership that primarily includes townships and township
14 officials, that has duties that include provision of research
15 service, dissemination of information, and other acts for the
16 purpose of improving township government, and that is funded
17 wholly or partly in accordance with Section 85-15 of the
18 Township Code; any not-for-profit corporation or association,
19 with a membership consisting primarily of municipalities, that
20 operates its own utility system, and provides research,
21 training, dissemination of information, or other acts to
22 promote cooperation between and among municipalities that
23 provide utility services and for the advancement of the goals
24 and purposes of its membership; the Southern Illinois
25 Collegiate Common Market, which is a consortium of higher
26 education institutions in Southern Illinois; the Illinois

1 Association of Park Districts; and any hospital provider that
2 is owned by a county that has 100 or fewer hospital beds and
3 has not already joined the program. "Qualified local
4 government" means a unit of local government approved by the
5 Director and participating in a program created under
6 subsection (i) of Section 10 of this Act.

7 (t) "Qualified rehabilitation facility" means any
8 not-for-profit organization that is accredited by the
9 Commission on Accreditation of Rehabilitation Facilities or
10 certified by the Department of Human Services (as successor to
11 the Department of Mental Health and Developmental
12 Disabilities) to provide services to persons with disabilities
13 and which receives funds from the State of Illinois for
14 providing those services, approved by the Director and
15 participating in a program created under subsection (j) of
16 Section 10 of this Act.

17 (u) "Qualified domestic violence shelter or service" means
18 any Illinois domestic violence shelter or service and its
19 administrative offices funded by the Department of Human
20 Services (as successor to the Illinois Department of Public
21 Aid), approved by the Director and participating in a program
22 created under subsection (k) of Section 10.

23 (v) "TRS benefit recipient" means a person who:

24 (1) is not a "member" as defined in this Section; and

25 (2) is receiving a monthly benefit or retirement
26 annuity under Article 16 of the Illinois Pension Code; and

1 (3) either (i) has at least 8 years of creditable
2 service under Article 16 of the Illinois Pension Code, or
3 (ii) was enrolled in the health insurance program offered
4 under that Article on January 1, 1996, or (iii) is the
5 survivor of a benefit recipient who had at least 8 years of
6 creditable service under Article 16 of the Illinois Pension
7 Code or was enrolled in the health insurance program
8 offered under that Article on the effective date of this
9 amendatory Act of 1995, or (iv) is a recipient or survivor
10 of a recipient of a disability benefit under Article 16 of
11 the Illinois Pension Code.

12 (w) "TRS dependent beneficiary" means a person who:

13 (1) is not a "member" or "dependent" as defined in this
14 Section; and

15 (2) is a TRS benefit recipient's: (A) spouse, (B)
16 dependent parent who is receiving at least half of his or
17 her support from the TRS benefit recipient, or (C) natural,
18 step, adjudicated, or adopted child who is (i) under age
19 26, (ii) was, on January 1, 1996, participating as a
20 dependent beneficiary in the health insurance program
21 offered under Article 16 of the Illinois Pension Code, or
22 (iii) age 19 or over who has a mental or physical
23 disability from a cause originating prior to the age of 19
24 (age 26 if enrolled as an adult child).

25 "TRS dependent beneficiary" does not include, as indicated
26 under paragraph (2) of this subsection (w), a dependent of the

1 survivor of a TRS benefit recipient who first becomes a
2 dependent of a survivor of a TRS benefit recipient on or after
3 the effective date of this amendatory Act of the 97th General
4 Assembly unless that dependent would have been eligible for
5 coverage as a dependent of the deceased TRS benefit recipient
6 upon whom the survivor benefit is based.

7 (x) "Military leave" refers to individuals in basic
8 training for reserves, special/advanced training, annual
9 training, emergency call up, activation by the President of the
10 United States, or any other training or duty in service to the
11 United States Armed Forces.

12 (y) (Blank).

13 (z) "Community college benefit recipient" means a person
14 who:

15 (1) is not a "member" as defined in this Section; and

16 (2) is receiving a monthly survivor's annuity or
17 retirement annuity under Article 15 of the Illinois Pension
18 Code; and

19 (3) either (i) was a full-time employee of a community
20 college district or an association of community college
21 boards created under the Public Community College Act
22 (other than an employee whose last employer under Article
23 15 of the Illinois Pension Code was a community college
24 district subject to Article VII of the Public Community
25 College Act) and was eligible to participate in a group
26 health benefit plan as an employee during the time of

1 employment with a community college district (other than a
2 community college district subject to Article VII of the
3 Public Community College Act) or an association of
4 community college boards, or (ii) is the survivor of a
5 person described in item (i).

6 (aa) "Community college dependent beneficiary" means a
7 person who:

8 (1) is not a "member" or "dependent" as defined in this
9 Section; and

10 (2) is a community college benefit recipient's: (A)
11 spouse, (B) dependent parent who is receiving at least half
12 of his or her support from the community college benefit
13 recipient, or (C) natural, step, adjudicated, or adopted
14 child who is (i) under age 26, or (ii) age 19 or over and
15 has a mental or physical disability from a cause
16 originating prior to the age of 19 (age 26 if enrolled as
17 an adult child).

18 "Community college dependent beneficiary" does not
19 include, as indicated under paragraph (2) of this subsection
20 (aa), a dependent of the survivor of a community college
21 benefit recipient who first becomes a dependent of a survivor
22 of a community college benefit recipient on or after the
23 effective date of this amendatory Act of the 97th General
24 Assembly unless that dependent would have been eligible for
25 coverage as a dependent of the deceased community college
26 benefit recipient upon whom the survivor annuity is based.

1 (bb) "Qualified child advocacy center" means any Illinois
2 child advocacy center and its administrative offices funded by
3 the Department of Children and Family Services, as defined by
4 the Children's Advocacy Center Act (55 ILCS 80/), approved by
5 the Director and participating in a program created under
6 subsection (n) of Section 10.

7 (Source: P.A. 98-488, eff. 8-16-13; 99-143, eff. 7-27-15.)

8 (5 ILCS 375/10) (from Ch. 127, par. 530)

9 Sec. 10. Contributions by the State and members.

10 (a) The State shall pay the cost of basic non-contributory
11 group life insurance and, subject to member paid contributions
12 set by the Department or required by this Section and except as
13 provided in this Section, the basic program of group health
14 benefits on each eligible member, except a member, not
15 otherwise covered by this Act, who has retired as a
16 participating member under Article 2 of the Illinois Pension
17 Code but is ineligible for the retirement annuity under Section
18 2-119 of the Illinois Pension Code, and part of each eligible
19 member's and retired member's premiums for health insurance
20 coverage for enrolled dependents as provided by Section 9. The
21 State shall pay the cost of the basic program of group health
22 benefits only after benefits are reduced by the amount of
23 benefits covered by Medicare for all members and dependents who
24 are eligible for benefits under Social Security or the Railroad
25 Retirement system or who had sufficient Medicare-covered

1 government employment, except that such reduction in benefits
2 shall apply only to those members and dependents who (1) first
3 become eligible for such Medicare coverage on or after July 1,
4 1992; or (2) are Medicare-eligible members or dependents of a
5 local government unit which began participation in the program
6 on or after July 1, 1992; or (3) remain eligible for, but no
7 longer receive Medicare coverage which they had been receiving
8 on or after July 1, 1992. The Department may determine the
9 aggregate level of the State's contribution on the basis of
10 actual cost of medical services adjusted for age, sex or
11 geographic or other demographic characteristics which affect
12 the costs of such programs.

13 The cost of participation in the basic program of group
14 health benefits for the dependent or survivor of a living or
15 deceased retired employee who was formerly employed by the
16 University of Illinois in the Cooperative Extension Service and
17 would be an annuitant but for the fact that he or she was made
18 ineligible to participate in the State Universities Retirement
19 System by clause (4) of subsection (a) of Section 15-107 of the
20 Illinois Pension Code shall not be greater than the cost of
21 participation that would otherwise apply to that dependent or
22 survivor if he or she were the dependent or survivor of an
23 annuitant under the State Universities Retirement System.

24 (a-1) (Blank).

25 (a-2) (Blank).

26 (a-3) (Blank).

1 (a-4) (Blank).

2 (a-5) (Blank).

3 (a-6) (Blank).

4 (a-7) (Blank).

5 (a-8) Any annuitant, survivor, or retired employee may
6 waive or terminate coverage in the program of group health
7 benefits. Any such annuitant, survivor, or retired employee who
8 has waived or terminated coverage may enroll or re-enroll in
9 the program of group health benefits only during the annual
10 benefit choice period, as determined by the Director; except
11 that in the event of termination of coverage due to nonpayment
12 of premiums, the annuitant, survivor, or retired employee may
13 not re-enroll in the program.

14 (a-8.5) Beginning on the effective date of this amendatory
15 Act of the 97th General Assembly, the Director of Central
16 Management Services shall, on an annual basis, determine the
17 amount that the State shall contribute toward the basic program
18 of group health benefits on behalf of annuitants (including
19 individuals who (i) participated in the General Assembly
20 Retirement System, the State Employees' Retirement System of
21 Illinois, the State Universities Retirement System, the
22 Teachers' Retirement System of the State of Illinois, or the
23 Judges Retirement System of Illinois and (ii) qualify as
24 annuitants under subsection (b) of Section 3 of this Act),
25 survivors (including individuals who (i) receive an annuity as
26 a survivor of an individual who participated in the General

1 Assembly Retirement System, the State Employees' Retirement
2 System of Illinois, the State Universities Retirement System,
3 the Teachers' Retirement System of the State of Illinois, or
4 the Judges Retirement System of Illinois and (ii) qualify as
5 survivors under subsection (q) of Section 3 of this Act), and
6 retired employees (as defined in subsection (p) of Section 3 of
7 this Act). The remainder of the cost of coverage for each
8 annuitant, survivor, or retired employee, as determined by the
9 Director of Central Management Services, shall be the
10 responsibility of that annuitant, survivor, or retired
11 employee.

12 Contributions required of annuitants, survivors, and
13 retired employees shall be the same for all retirement systems
14 and shall also be based on whether an individual has made an
15 election under Section 15-135.1 of the Illinois Pension Code.
16 Contributions may be based on annuitants', survivors', or
17 retired employees' Medicare eligibility, but may not be based
18 on Social Security eligibility.

19 (a-9) No later than May 1 of each calendar year, the
20 Director of Central Management Services shall certify in
21 writing to the Executive Secretary of the State Employees'
22 Retirement System of Illinois the amounts of the Medicare
23 supplement health care premiums and the amounts of the health
24 care premiums for all other retirees who are not Medicare
25 eligible.

26 A separate calculation of the premiums based upon the

1 actual cost of each health care plan shall be so certified.

2 The Director of Central Management Services shall provide
3 to the Executive Secretary of the State Employees' Retirement
4 System of Illinois such information, statistics, and other data
5 as he or she may require to review the premium amounts
6 certified by the Director of Central Management Services.

7 The Department of Central Management Services, or any
8 successor agency designated to procure healthcare contracts
9 pursuant to this Act, is authorized to establish funds,
10 separate accounts provided by any bank or banks as defined by
11 the Illinois Banking Act, or separate accounts provided by any
12 savings and loan association or associations as defined by the
13 Illinois Savings and Loan Act of 1985 to be held by the
14 Director, outside the State treasury, for the purpose of
15 receiving the transfer of moneys from the Local Government
16 Health Insurance Reserve Fund. The Department may promulgate
17 rules further defining the methodology for the transfers. Any
18 interest earned by moneys in the funds or accounts shall inure
19 to the Local Government Health Insurance Reserve Fund. The
20 transferred moneys, and interest accrued thereon, shall be used
21 exclusively for transfers to administrative service
22 organizations or their financial institutions for payments of
23 claims to claimants and providers under the self-insurance
24 health plan. The transferred moneys, and interest accrued
25 thereon, shall not be used for any other purpose including, but
26 not limited to, reimbursement of administration fees due the

1 administrative service organization pursuant to its contract
2 or contracts with the Department.

3 (a-10) For purposes of determining State contributions
4 under this Section, service established under a Tier 3 plan
5 under Article 2, 14, 15, 16, or 18 of the Illinois Pension Code
6 shall be included in determining an employee's creditable
7 service. Any credit terminated as part of a transfer of
8 contributions to a Tier 3 plan under Article 2, 14, 15, 16, or
9 18 of the Illinois Pension Code shall also be included in
10 determining an employee's creditable service.

11 (b) State employees who become eligible for this program on
12 or after January 1, 1980 in positions normally requiring actual
13 performance of duty not less than 1/2 of a normal work period
14 but not equal to that of a normal work period, shall be given
15 the option of participating in the available program. If the
16 employee elects coverage, the State shall contribute on behalf
17 of such employee to the cost of the employee's benefit and any
18 applicable dependent supplement, that sum which bears the same
19 percentage as that percentage of time the employee regularly
20 works when compared to normal work period.

21 (c) The basic non-contributory coverage from the basic
22 program of group health benefits shall be continued for each
23 employee not in pay status or on active service by reason of
24 (1) leave of absence due to illness or injury, (2) authorized
25 educational leave of absence or sabbatical leave, or (3)
26 military leave. This coverage shall continue until expiration

1 of authorized leave and return to active service, but not to
2 exceed 24 months for leaves under item (1) or (2). This
3 24-month limitation and the requirement of returning to active
4 service shall not apply to persons receiving ordinary or
5 accidental disability benefits or retirement benefits through
6 the appropriate State retirement system or benefits under the
7 Workers' Compensation or Occupational Disease Act.

8 (d) The basic group life insurance coverage shall continue,
9 with full State contribution, where such person is (1) absent
10 from active service by reason of disability arising from any
11 cause other than self-inflicted, (2) on authorized educational
12 leave of absence or sabbatical leave, or (3) on military leave.

13 (e) Where the person is in non-pay status for a period in
14 excess of 30 days or on leave of absence, other than by reason
15 of disability, educational or sabbatical leave, or military
16 leave, such person may continue coverage only by making
17 personal payment equal to the amount normally contributed by
18 the State on such person's behalf. Such payments and coverage
19 may be continued: (1) until such time as the person returns to
20 a status eligible for coverage at State expense, but not to
21 exceed 24 months or (2) until such person's employment or
22 annuitant status with the State is terminated (exclusive of any
23 additional service imposed pursuant to law).

24 (f) The Department shall establish by rule the extent to
25 which other employee benefits will continue for persons in
26 non-pay status or who are not in active service.

1 (g) The State shall not pay the cost of the basic
2 non-contributory group life insurance, program of health
3 benefits and other employee benefits for members who are
4 survivors as defined by paragraphs (1) and (2) of subsection
5 (q) of Section 3 of this Act. The costs of benefits for these
6 survivors shall be paid by the survivors or by the University
7 of Illinois Cooperative Extension Service, or any combination
8 thereof. However, the State shall pay the amount of the
9 reduction in the cost of participation, if any, resulting from
10 the amendment to subsection (a) made by this amendatory Act of
11 the 91st General Assembly.

12 (h) Those persons occupying positions with any department
13 as a result of emergency appointments pursuant to Section 8b.8
14 of the Personnel Code who are not considered employees under
15 this Act shall be given the option of participating in the
16 programs of group life insurance, health benefits and other
17 employee benefits. Such persons electing coverage may
18 participate only by making payment equal to the amount normally
19 contributed by the State for similarly situated employees. Such
20 amounts shall be determined by the Director. Such payments and
21 coverage may be continued until such time as the person becomes
22 an employee pursuant to this Act or such person's appointment
23 is terminated.

24 (i) Any unit of local government within the State of
25 Illinois may apply to the Director to have its employees,
26 annuitants, and their dependents provided group health

1 coverage under this Act on a non-insured basis. To participate,
2 a unit of local government must agree to enroll all of its
3 employees, who may select coverage under either the State group
4 health benefits plan or a health maintenance organization that
5 has contracted with the State to be available as a health care
6 provider for employees as defined in this Act. A unit of local
7 government must remit the entire cost of providing coverage
8 under the State group health benefits plan or, for coverage
9 under a health maintenance organization, an amount determined
10 by the Director based on an analysis of the sex, age,
11 geographic location, or other relevant demographic variables
12 for its employees, except that the unit of local government
13 shall not be required to enroll those of its employees who are
14 covered spouses or dependents under this plan or another group
15 policy or plan providing health benefits as long as (1) an
16 appropriate official from the unit of local government attests
17 that each employee not enrolled is a covered spouse or
18 dependent under this plan or another group policy or plan, and
19 (2) at least 50% of the employees are enrolled and the unit of
20 local government remits the entire cost of providing coverage
21 to those employees, except that a participating school district
22 must have enrolled at least 50% of its full-time employees who
23 have not waived coverage under the district's group health plan
24 by participating in a component of the district's cafeteria
25 plan. A participating school district is not required to enroll
26 a full-time employee who has waived coverage under the

1 district's health plan, provided that an appropriate official
2 from the participating school district attests that the
3 full-time employee has waived coverage by participating in a
4 component of the district's cafeteria plan. For the purposes of
5 this subsection, "participating school district" includes a
6 unit of local government whose primary purpose is education as
7 defined by the Department's rules.

8 Employees of a participating unit of local government who
9 are not enrolled due to coverage under another group health
10 policy or plan may enroll in the event of a qualifying change
11 in status, special enrollment, special circumstance as defined
12 by the Director, or during the annual Benefit Choice Period. A
13 participating unit of local government may also elect to cover
14 its annuitants. Dependent coverage shall be offered on an
15 optional basis, with the costs paid by the unit of local
16 government, its employees, or some combination of the two as
17 determined by the unit of local government. The unit of local
18 government shall be responsible for timely collection and
19 transmission of dependent premiums.

20 The Director shall annually determine monthly rates of
21 payment, subject to the following constraints:

22 (1) In the first year of coverage, the rates shall be
23 equal to the amount normally charged to State employees for
24 elected optional coverages or for enrolled dependents
25 coverages or other contributory coverages, or contributed
26 by the State for basic insurance coverages on behalf of its

1 employees, adjusted for differences between State
2 employees and employees of the local government in age,
3 sex, geographic location or other relevant demographic
4 variables, plus an amount sufficient to pay for the
5 additional administrative costs of providing coverage to
6 employees of the unit of local government and their
7 dependents.

8 (2) In subsequent years, a further adjustment shall be
9 made to reflect the actual prior years' claims experience
10 of the employees of the unit of local government.

11 In the case of coverage of local government employees under
12 a health maintenance organization, the Director shall annually
13 determine for each participating unit of local government the
14 maximum monthly amount the unit may contribute toward that
15 coverage, based on an analysis of (i) the age, sex, geographic
16 location, and other relevant demographic variables of the
17 unit's employees and (ii) the cost to cover those employees
18 under the State group health benefits plan. The Director may
19 similarly determine the maximum monthly amount each unit of
20 local government may contribute toward coverage of its
21 employees' dependents under a health maintenance organization.

22 Monthly payments by the unit of local government or its
23 employees for group health benefits plan or health maintenance
24 organization coverage shall be deposited in the Local
25 Government Health Insurance Reserve Fund.

26 The Local Government Health Insurance Reserve Fund is

1 hereby created as a nonappropriated trust fund to be held
2 outside the State Treasury, with the State Treasurer as
3 custodian. The Local Government Health Insurance Reserve Fund
4 shall be a continuing fund not subject to fiscal year
5 limitations. The Local Government Health Insurance Reserve
6 Fund is not subject to administrative charges or charge-backs,
7 including but not limited to those authorized under Section 8h
8 of the State Finance Act. All revenues arising from the
9 administration of the health benefits program established
10 under this Section shall be deposited into the Local Government
11 Health Insurance Reserve Fund. Any interest earned on moneys in
12 the Local Government Health Insurance Reserve Fund shall be
13 deposited into the Fund. All expenditures from this Fund shall
14 be used for payments for health care benefits for local
15 government and rehabilitation facility employees, annuitants,
16 and dependents, and to reimburse the Department or its
17 administrative service organization for all expenses incurred
18 in the administration of benefits. No other State funds may be
19 used for these purposes.

20 A local government employer's participation or desire to
21 participate in a program created under this subsection shall
22 not limit that employer's duty to bargain with the
23 representative of any collective bargaining unit of its
24 employees.

25 (j) Any rehabilitation facility within the State of
26 Illinois may apply to the Director to have its employees,

1 annuitants, and their eligible dependents provided group
2 health coverage under this Act on a non-insured basis. To
3 participate, a rehabilitation facility must agree to enroll all
4 of its employees and remit the entire cost of providing such
5 coverage for its employees, except that the rehabilitation
6 facility shall not be required to enroll those of its employees
7 who are covered spouses or dependents under this plan or
8 another group policy or plan providing health benefits as long
9 as (1) an appropriate official from the rehabilitation facility
10 attests that each employee not enrolled is a covered spouse or
11 dependent under this plan or another group policy or plan, and
12 (2) at least 50% of the employees are enrolled and the
13 rehabilitation facility remits the entire cost of providing
14 coverage to those employees. Employees of a participating
15 rehabilitation facility who are not enrolled due to coverage
16 under another group health policy or plan may enroll in the
17 event of a qualifying change in status, special enrollment,
18 special circumstance as defined by the Director, or during the
19 annual Benefit Choice Period. A participating rehabilitation
20 facility may also elect to cover its annuitants. Dependent
21 coverage shall be offered on an optional basis, with the costs
22 paid by the rehabilitation facility, its employees, or some
23 combination of the 2 as determined by the rehabilitation
24 facility. The rehabilitation facility shall be responsible for
25 timely collection and transmission of dependent premiums.

26 The Director shall annually determine quarterly rates of

1 payment, subject to the following constraints:

2 (1) In the first year of coverage, the rates shall be
3 equal to the amount normally charged to State employees for
4 elected optional coverages or for enrolled dependents
5 coverages or other contributory coverages on behalf of its
6 employees, adjusted for differences between State
7 employees and employees of the rehabilitation facility in
8 age, sex, geographic location or other relevant
9 demographic variables, plus an amount sufficient to pay for
10 the additional administrative costs of providing coverage
11 to employees of the rehabilitation facility and their
12 dependents.

13 (2) In subsequent years, a further adjustment shall be
14 made to reflect the actual prior years' claims experience
15 of the employees of the rehabilitation facility.

16 Monthly payments by the rehabilitation facility or its
17 employees for group health benefits shall be deposited in the
18 Local Government Health Insurance Reserve Fund.

19 (k) Any domestic violence shelter or service within the
20 State of Illinois may apply to the Director to have its
21 employees, annuitants, and their dependents provided group
22 health coverage under this Act on a non-insured basis. To
23 participate, a domestic violence shelter or service must agree
24 to enroll all of its employees and pay the entire cost of
25 providing such coverage for its employees. The domestic
26 violence shelter shall not be required to enroll those of its

1 employees who are covered spouses or dependents under this plan
2 or another group policy or plan providing health benefits as
3 long as (1) an appropriate official from the domestic violence
4 shelter attests that each employee not enrolled is a covered
5 spouse or dependent under this plan or another group policy or
6 plan and (2) at least 50% of the employees are enrolled and the
7 domestic violence shelter remits the entire cost of providing
8 coverage to those employees. Employees of a participating
9 domestic violence shelter who are not enrolled due to coverage
10 under another group health policy or plan may enroll in the
11 event of a qualifying change in status, special enrollment, or
12 special circumstance as defined by the Director or during the
13 annual Benefit Choice Period. A participating domestic
14 violence shelter may also elect to cover its annuitants.
15 Dependent coverage shall be offered on an optional basis, with
16 employees, or some combination of the 2 as determined by the
17 domestic violence shelter or service. The domestic violence
18 shelter or service shall be responsible for timely collection
19 and transmission of dependent premiums.

20 The Director shall annually determine rates of payment,
21 subject to the following constraints:

22 (1) In the first year of coverage, the rates shall be
23 equal to the amount normally charged to State employees for
24 elected optional coverages or for enrolled dependents
25 coverages or other contributory coverages on behalf of its
26 employees, adjusted for differences between State

1 employees and employees of the domestic violence shelter or
2 service in age, sex, geographic location or other relevant
3 demographic variables, plus an amount sufficient to pay for
4 the additional administrative costs of providing coverage
5 to employees of the domestic violence shelter or service
6 and their dependents.

7 (2) In subsequent years, a further adjustment shall be
8 made to reflect the actual prior years' claims experience
9 of the employees of the domestic violence shelter or
10 service.

11 Monthly payments by the domestic violence shelter or
12 service or its employees for group health insurance shall be
13 deposited in the Local Government Health Insurance Reserve
14 Fund.

15 (1) A public community college or entity organized pursuant
16 to the Public Community College Act may apply to the Director
17 initially to have only annuitants not covered prior to July 1,
18 1992 by the district's health plan provided health coverage
19 under this Act on a non-insured basis. The community college
20 must execute a 2-year contract to participate in the Local
21 Government Health Plan. Any annuitant may enroll in the event
22 of a qualifying change in status, special enrollment, special
23 circumstance as defined by the Director, or during the annual
24 Benefit Choice Period.

25 The Director shall annually determine monthly rates of
26 payment subject to the following constraints: for those

1 community colleges with annuitants only enrolled, first year
2 rates shall be equal to the average cost to cover claims for a
3 State member adjusted for demographics, Medicare
4 participation, and other factors; and in the second year, a
5 further adjustment of rates shall be made to reflect the actual
6 first year's claims experience of the covered annuitants.

7 (l-5) The provisions of subsection (l) become inoperative
8 on July 1, 1999.

9 (m) The Director shall adopt any rules deemed necessary for
10 implementation of this amendatory Act of 1989 (Public Act
11 86-978).

12 (n) Any child advocacy center within the State of Illinois
13 may apply to the Director to have its employees, annuitants,
14 and their dependents provided group health coverage under this
15 Act on a non-insured basis. To participate, a child advocacy
16 center must agree to enroll all of its employees and pay the
17 entire cost of providing coverage for its employees. The child
18 advocacy center shall not be required to enroll those of its
19 employees who are covered spouses or dependents under this plan
20 or another group policy or plan providing health benefits as
21 long as (1) an appropriate official from the child advocacy
22 center attests that each employee not enrolled is a covered
23 spouse or dependent under this plan or another group policy or
24 plan and (2) at least 50% of the employees are enrolled and the
25 child advocacy center remits the entire cost of providing
26 coverage to those employees. Employees of a participating child

1 advocacy center who are not enrolled due to coverage under
2 another group health policy or plan may enroll in the event of
3 a qualifying change in status, special enrollment, or special
4 circumstance as defined by the Director or during the annual
5 Benefit Choice Period. A participating child advocacy center
6 may also elect to cover its annuitants. Dependent coverage
7 shall be offered on an optional basis, with the costs paid by
8 the child advocacy center, its employees, or some combination
9 of the 2 as determined by the child advocacy center. The child
10 advocacy center shall be responsible for timely collection and
11 transmission of dependent premiums.

12 The Director shall annually determine rates of payment,
13 subject to the following constraints:

14 (1) In the first year of coverage, the rates shall be
15 equal to the amount normally charged to State employees for
16 elected optional coverages or for enrolled dependents
17 coverages or other contributory coverages on behalf of its
18 employees, adjusted for differences between State
19 employees and employees of the child advocacy center in
20 age, sex, geographic location, or other relevant
21 demographic variables, plus an amount sufficient to pay for
22 the additional administrative costs of providing coverage
23 to employees of the child advocacy center and their
24 dependents.

25 (2) In subsequent years, a further adjustment shall be
26 made to reflect the actual prior years' claims experience

1 of the employees of the child advocacy center.

2 Monthly payments by the child advocacy center or its
3 employees for group health insurance shall be deposited into
4 the Local Government Health Insurance Reserve Fund.

5 (Source: P.A. 97-695, eff. 7-1-12; 98-488, eff. 8-16-13.)

6 Section 10. The Illinois Pension Code is amended by
7 changing Sections 1-160, 2-105.1, 2-117, 2-162, 14-103.05,
8 14-103.40, 14-152.1, 15-108.1, 15-108.2, 15-134, 15-198,
9 16-106.4, 16-123, 16-203, 18-120, 18-124, 18-125, 18-125.1,
10 18-127, 18-128.01, 18-133, 18-169, 20-121, 20-123, 20-124, and
11 20-125 and by adding Sections 2-105.3, 2-165.5, 14-103.41,
12 14-103.42, 14-103.43, 14-155.5, 15-108.3, 15-200.5, 16-106.40,
13 16-106.41, 16-106.42, 16-205.5, 18-110.1, 18-110.2, 18-110.3,
14 and 18-121.5 as follows:

15 (40 ILCS 5/1-160)

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

17 (a) The provisions of this Section apply to a person who,
18 on or after January 1, 2011, first becomes a member or a
19 participant under any reciprocal retirement system or pension
20 fund established under this Code, other than a retirement
21 system or pension fund established under Article 2, 3, 4, 5, 6,
22 15 or 18 of this Code, notwithstanding any other provision of
23 this Code to the contrary, but do not apply to any self-managed
24 plan established under this Code, to any person with respect to

1 service as a sheriff's law enforcement employee under Article
2 7, or to any participant of the retirement plan established
3 under Section 22-101. Notwithstanding anything to the contrary
4 in this Section, for purposes of this Section, a person who
5 participated in a retirement system under Article 15 prior to
6 January 1, 2011 shall be deemed a person who first became a
7 member or participant prior to January 1, 2011 under any
8 retirement system or pension fund subject to this Section. The
9 changes made to this Section by Public Act 98-596 are a
10 clarification of existing law and are intended to be
11 retroactive to the effective date of Public Act 96-889,
12 notwithstanding the provisions of Section 1-103.1 of this Code.

13 The provisions of this Section do not apply to service
14 under a Tier 3 plan established under Article 2, 14, 15, 16, or
15 18 of this Code.

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

1 average salary" shall be substituted for the following:

2 (1) In Article 7 (except for service as sheriff's law
3 enforcement employees), "final rate of earnings".

4 (2) In Articles 8, 9, 10, 11, and 12, "highest average
5 annual salary for any 4 consecutive years within the last
6 10 years of service immediately preceding the date of
7 withdrawal".

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

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

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

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

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

24 For the purposes of this Section, "consumer price index-u"
25 means the index published by the Bureau of Labor Statistics of
26 the United States Department of Labor that measures the average

1 change in prices of goods and services purchased by all urban
2 consumers, United States city average, all items, 1982-84 =
3 100. The new amount resulting from each annual adjustment shall
4 be determined by the Public Pension Division of the Department
5 of Insurance and made available to the boards of the retirement
6 systems and pension funds by November 1 of each year.

7 (c) A member or participant is entitled to a retirement
8 annuity upon written application if he or she has attained age
9 67 (beginning January 1, 2015, age 65 with respect to service
10 under Article 8, 11, or 12 of this Code that is subject to this
11 Section) and has at least 10 years of service credit and is
12 otherwise eligible under the requirements of the applicable
13 Article.

14 A member or participant who has attained age 62 (beginning
15 January 1, 2015, age 60 with respect to service under Article
16 8, 11, or 12 of this Code that is subject to this Section) and
17 has at least 10 years of service credit and is otherwise
18 eligible under the requirements of the applicable Article may
19 elect to receive the lower retirement annuity provided in
20 subsection (d) of this Section.

21 (d) The retirement annuity of a member or participant who
22 is retiring after attaining age 62 (beginning January 1, 2015,
23 age 60 with respect to service under Article 8, 11, or 12 of
24 this Code that is subject to this Section) with at least 10
25 years of service credit shall be reduced by one-half of 1% for
26 each full month that the member's age is under age 67

1 (beginning January 1, 2015, age 65 with respect to service
2 under Article 8, 11, or 12 of this Code that is subject to this
3 Section).

4 (e) Any retirement annuity or supplemental annuity shall be
5 subject to annual increases on the January 1 occurring either
6 on or after the attainment of age 67 (beginning January 1,
7 2015, age 65 with respect to service under Article 8, 11, or 12
8 of this Code that is subject to this Section) or the first
9 anniversary (the second anniversary with respect to service
10 under Article 8 or 11) of the annuity start date, whichever is
11 later. Each annual increase shall be calculated at 3% or
12 one-half the annual unadjusted percentage increase (but not
13 less than zero) in the consumer price index-u for the 12 months
14 ending with the September preceding each November 1, whichever
15 is less, of the originally granted retirement annuity. If the
16 annual unadjusted percentage change in the consumer price
17 index-u for the 12 months ending with the September preceding
18 each November 1 is zero or there is a decrease, then the
19 annuity shall not be increased.

20 Notwithstanding any provision of this Section to the
21 contrary, with respect to service under Article 8 or 11 of this
22 Code that is subject to this Section, no annual increase under
23 this subsection shall be paid or accrue to any person in year
24 2025. In all other years, the Fund shall continue to pay annual
25 increases as provided in this Section.

26 Notwithstanding Section 1-103.1 of this Code, the changes

1 in this amendatory Act of the 98th General Assembly are
2 applicable without regard to whether the employee was in active
3 service on or after the effective date of this amendatory Act
4 of the 98th General Assembly.

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

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

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

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

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

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

26 (i) (Blank).

1 (j) In the case of a conflict between the provisions of
2 this Section and any other provision of this Code, the
3 provisions of this Section shall control.

4 (Source: P.A. 97-609, eff. 1-1-12; 98-92, eff. 7-16-13; 98-596,
5 eff. 11-19-13; 98-622, eff. 6-1-14; 98-641, eff. 6-9-14.)

6 (40 ILCS 5/2-105.3 new)

7 Sec. 2-105.3. Tier 1 participant; Tier 2 participant; Tier
8 3 participant.

9 "Tier 1 participant": A participant who first became a
10 participant before January 1, 2011.

11 In the case of a Tier 1 participant who elects to
12 participate in the Tier 3 plan under Section 2-165.5 of this
13 Code, that participant shall be deemed a Tier 1 participant
14 only with respect to service performed or established before
15 the effective date of that election.

16 "Tier 2 participant": A participant who first became a
17 participant on or after January 1, 2011.

18 In the case of a Tier 2 participant who elects to
19 participate in the Tier 3 plan under Section 2-165.5 of this
20 Code, that Tier 2 member shall be deemed a Tier 2 member only
21 with respect to service performed or established before the
22 effective date of that election.

23 "Tier 3 participant": A Tier 1 or Tier 2 participant who
24 elects to participate in the Tier 3 plan under Section 2-165.5
25 of this Code, but only with respect to service performed on or

1 after the effective date of that election.

2 (40 ILCS 5/2-117) (from Ch. 108 1/2, par. 2-117)

3 Sec. 2-117. Participants - Election not to participate.

4 (a) Except as provided in subsection (c), every ~~Every~~
5 person who was a member on November 1, 1947, or in military
6 service on such date, is subject to the provisions of this
7 system beginning upon such date, unless prior to such date he
8 or she filed with the board a written notice of election not to
9 participate.

10 Every person who becomes a member after November 1, 1947,
11 and who is then not a participant becomes a participant
12 beginning upon the date of becoming a member unless, within 24
13 months from that date, he or she has filed with the board a
14 written notice of election not to participate.

15 (b) A member who has filed notice of an election not to
16 participate (and a former member who has not yet begun to
17 receive a retirement annuity under this Article) may become a
18 participant with respect to the period for which the member
19 elected not to participate upon filing with the board, before
20 April 1, 1993, a written rescission of the election not to
21 participate. Upon contributing an amount equal to the
22 contributions he or she would have made as a participant from
23 November 1, 1947, or the date of becoming a member, whichever
24 is later, to the date of becoming a participant, with interest
25 at the rate of 4% per annum until the contributions are paid,

1 the participant shall receive credit for service as a member
2 prior to the date of the rescission, both before and after
3 November 1, 1947. The required contributions shall be made
4 before commencement of the retirement annuity; otherwise no
5 credit for service prior to the date of participation shall be
6 granted.

7 (c) Notwithstanding any other provision of this Article, an
8 active participant may terminate his or her participation in
9 this System (including active participation in the Tier 3 plan,
10 if applicable) by notifying the System in writing. An active
11 participant terminating participation in this System under
12 this subsection shall be entitled to a refund of his or her
13 contributions (other than contributions to the Tier 3 plan
14 under Section 2-165.5) minus the benefits received prior to the
15 termination of participation.

16 (Source: P.A. 86-273; 87-1265.)

17 (40 ILCS 5/2-162)

18 (Text of Section WITHOUT the changes made by P.A. 98-599,
19 which has been held unconstitutional)

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

22 (a) As used in this Section, "new benefit increase" means
23 an increase in the amount of any benefit provided under this
24 Article, or an expansion of the conditions of eligibility for
25 any benefit under this Article, that results from an amendment

1 to this Code that takes effect after the effective date of this
2 amendatory Act of the 94th General Assembly. "New benefit
3 increase", however, does not include any benefit increase
4 resulting from the changes made to this Article by this
5 amendatory Act of the 99th General Assembly.

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

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

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

1 to the Governor and the State Comptroller and, in the absence
2 of corrective action by the General Assembly, the new benefit
3 increase shall expire at the end of the fiscal year in which
4 the certification is made.

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

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

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

22 (40 ILCS 5/2-165.5 new)

23 Sec. 2-165.5. Tier 3 plan.

24 (a) By July 1, 2017, the System shall prepare and implement
25 a Tier 3 plan. The Tier 3 plan developed under this Section

1 shall be a plan that aggregates State and employee
2 contributions in individual participant accounts which, after
3 meeting any other requirements, are used for payouts after
4 retirement in accordance with this Section and any other
5 applicable laws.

6 As used in this Section, "defined benefit plan" means the
7 retirement plan available under this Article to Tier 1 or Tier
8 2 participants who have not made the election authorized under
9 this Section.

10 (1) A participant in the Tier 3 plan shall pay employee
11 contributions at a rate determined by the participant, but
12 not less than 3% of salary and not more than a percentage
13 of salary determined by the Board in accordance with the
14 requirements of State and federal law.

15 (2) State contributions shall be paid into the accounts
16 of all participants in the Tier 3 plan at a uniform rate,
17 expressed as a percentage of salary and determined for each
18 year. This rate shall be no higher than 7.6% of salary and
19 shall be no lower than 3% of salary. The State shall adjust
20 this rate annually.

21 (3) The Tier 3 plan shall require one year of
22 participation in the Tier 3 plan before vesting in State
23 contributions. If the participant fails to vest in them,
24 the State contributions, and the earnings thereon, shall be
25 forfeited.

26 (4) The Tier 3 plan shall provide a variety of options

1 for investments. These options shall include investments
2 handled by the Illinois State Board of Investment as well
3 as private sector investment options.

4 (5) The Tier 3 plan shall provide a variety of options
5 for payouts to participants in the Tier 3 plan who are no
6 longer active in the System and their survivors.

7 (6) To the extent authorized under federal law and as
8 authorized by the System, the plan shall allow former
9 participants in the plan to transfer or roll over employee
10 and vested State contributions, and the earnings thereon,
11 from the Tier 3 plan into other qualified retirement plans.

12 (7) The System shall reduce the employee contributions
13 credited to the participant's Tier 3 plan account by an
14 amount determined by the System to cover the cost of
15 offering these benefits and any applicable administrative
16 fees.

17 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
18 participant of this System may elect, in writing, to cease
19 accruing benefits in the defined benefit plan and begin
20 accruing benefits for future service in the Tier 3 plan. The
21 election to participate in the Tier 3 plan is voluntary and
22 irrevocable.

23 (1) Service credit under the Tier 3 plan may be used
24 for determining retirement eligibility under the defined
25 benefit plan.

26 (2) The System shall make a good faith effort to

1 contact all active Tier 1 and Tier 2 participants who are
2 eligible to participate in the Tier 3 plan. The System
3 shall mail information describing the option to join the
4 Tier 3 plan to each of these employees to his or her last
5 known address on file with the System. If the employee is
6 not responsive to other means of contact, it is sufficient
7 for the System to publish the details of the option on its
8 website.

9 (3) Upon request for further information describing
10 the option, the System shall provide employees with
11 information from the System before exercising the option to
12 join the plan, including information on the impact to their
13 benefits and service. The individual consultation shall
14 include projections of the participant's defined benefits
15 at retirement or earlier termination of service and the
16 value of the participant's account at retirement or earlier
17 termination of service. The System shall not provide advice
18 or counseling with respect to whether the employee should
19 exercise the option. The System shall inform Tier 1 and
20 Tier 2 participants who are eligible to participate in the
21 Tier 3 plan that they may also wish to obtain information
22 and counsel relating to their option from any other
23 available source, including but not limited to private
24 counsel and financial advisors.

25 (b-5) A Tier 1 or Tier 2 participant who elects to
26 participate in the Tier 3 plan may irrevocably elect to

1 terminate all participation in the defined benefit plan. Upon
2 that election, the System shall transfer to the participant's
3 individual account an amount equal to the amount of
4 contribution refund that the participant would be eligible to
5 receive if the member terminated employment on that date and
6 elected a refund of contributions, including the prescribed
7 rate of interest for the respective years. The System shall
8 make the transfer as a tax-free transfer in accordance with
9 Internal Revenue Service guidelines, for purposes of funding
10 the amount credited to the participant's individual account.

11 (b-10) Until July 1, 2018, an active Tier 1 participant who
12 (i) has accrued sufficient creditable service to be eligible to
13 receive a retirement annuity under the defined benefit plan
14 upon reaching the applicable retirement age in this Article and
15 (ii) elects to participate in the Tier 3 plan, but has not made
16 the election authorized under subsection (b-5), may
17 irrevocably elect to have his or her automatic annual increases
18 in retirement annuity and survivor's annuity calculated at the
19 same rate as a Tier 2 participant. Upon that election, the
20 System shall make a tax-free transfer, in accordance with
21 Internal Revenue Service guidelines, of the following amount to
22 the participant's individual account:

23 (1) \$5,000 if the participant has 5 or more years of
24 creditable service but less than 10 years of creditable
25 service at the time of the election;

26 (2) \$10,000 if the participant has 10 or more years of

1 creditable service but less than 15 years of creditable
2 service at the time of the election;

3 (3) \$15,000 if the participant has 15 or more years of
4 creditable service but less than 20 years of creditable
5 service at the time of the election; or

6 (4) \$20,000 if the participant has 20 or more years of
7 creditable service at the time of the election.

8 A person who makes the election under this subsection shall
9 continue to be deemed a Tier 1 participant for all other
10 purposes of this Article, except for automatic annual increases
11 in retirement annuity and survivor's annuity and with respect
12 to service performed or established on or after the effective
13 date of his or her election to participate in the Tier 3 plan.

14 (c) In no event shall the System, its staff, its authorized
15 representatives, or the Board be liable for any information
16 given to an employee under this Section. The System may
17 coordinate with the Illinois Department of Central Management
18 Services and other retirement systems administering a Tier 3
19 plan in accordance with this amendatory Act of the 99th General
20 Assembly to provide information concerning the impact of the
21 Tier 3 plan set forth in this Section.

22 (d) Notwithstanding any other provision of this Section, no
23 person shall begin participating in the Tier 3 plan until it
24 has attained qualified plan status and received all necessary
25 approvals from the U.S. Internal Revenue Service.

26 (e) The System shall report on its progress under this

1 Section, including the available details of the Tier 3 plan and
2 the System's plans for informing eligible Tier 1 and Tier 2
3 participants about the plan, to the Governor and the General
4 Assembly on or before January 15, 2017.

5 (f) The Illinois State Board of Investment shall be the
6 plan sponsor for the Tier 3 plan established under this
7 Section.

8 (g) The intent of this amendatory Act of the 99th General
9 Assembly is to ensure that the State's normal cost of
10 participation in the Tier 3 plan is similar, and if possible
11 equal, to the State's normal cost of participation in the
12 defined benefit plan, unless a lower State's normal cost is
13 necessary to ensure cost neutrality.

14 (40 ILCS 5/14-103.05) (from Ch. 108 1/2, par. 14-103.05)

15 Sec. 14-103.05. Employee.

16 (a) Except as provided in subsection (d), any ~~Any~~ person
17 employed by a Department who receives salary for personal
18 services rendered to the Department on a warrant issued
19 pursuant to a payroll voucher certified by a Department and
20 drawn by the State Comptroller upon the State Treasurer,
21 including an elected official described in subparagraph (d) of
22 Section 14-104, shall become an employee for purpose of
23 membership in the Retirement System on the first day of such
24 employment.

25 A person entering service on or after January 1, 1972 and

1 prior to January 1, 1984 shall become a member as a condition
2 of employment and shall begin making contributions as of the
3 first day of employment.

4 A person entering service on or after January 1, 1984
5 shall, upon completion of 6 months of continuous service which
6 is not interrupted by a break of more than 2 months, become a
7 member as a condition of employment. Contributions shall begin
8 the first of the month after completion of the qualifying
9 period.

10 A person employed by the Chicago Metropolitan Agency for
11 Planning on the effective date of this amendatory Act of the
12 95th General Assembly who was a member of this System as an
13 employee of the Chicago Area Transportation Study and makes an
14 election under Section 14-104.13 to participate in this System
15 for his or her employment with the Chicago Metropolitan Agency
16 for Planning.

17 The qualifying period of 6 months of service is not
18 applicable to: (1) a person who has been granted credit for
19 service in a position covered by the State Universities
20 Retirement System, the Teachers' Retirement System of the State
21 of Illinois, the General Assembly Retirement System, or the
22 Judges Retirement System of Illinois unless that service has
23 been forfeited under the laws of those systems; (2) a person
24 entering service on or after July 1, 1991 in a noncovered
25 position; (3) a person to whom Section 14-108.2a or 14-108.2b
26 applies; or (4) a person to whom subsection (a-5) of this

1 Section applies.

2 (a-5) Except as provided in subsection (d), a person
3 entering service on or after December 1, 2010 and before the
4 effective date of this amendatory Act of the 99th General
5 Assembly shall become a member as a condition of employment and
6 shall begin making contributions as of the first day of
7 employment. A person serving in the qualifying period on
8 December 1, 2010 will become a member on December 1, 2010 and
9 shall begin making contributions as of December 1, 2010.

10 (b) The term "employee" does not include the following:

11 (1) members of the State Legislature, and persons
12 electing to become members of the General Assembly
13 Retirement System pursuant to Section 2-105;

14 (2) incumbents of offices normally filled by vote of
15 the people;

16 (3) except as otherwise provided in this Section, any
17 person appointed by the Governor with the advice and
18 consent of the Senate unless that person elects to
19 participate in this system;

20 (3.1) any person serving as a commissioner of an ethics
21 commission created under the State Officials and Employees
22 Ethics Act unless that person elects to participate in this
23 system with respect to that service as a commissioner;

24 (3.2) any person serving as a part-time employee in any
25 of the following positions: Legislative Inspector General,
26 Special Legislative Inspector General, employee of the

1 Office of the Legislative Inspector General, Executive
2 Director of the Legislative Ethics Commission, or staff of
3 the Legislative Ethics Commission, regardless of whether
4 he or she is in active service on or after July 8, 2004
5 (the effective date of Public Act 93-685), unless that
6 person elects to participate in this System with respect to
7 that service; in this item (3.2), a "part-time employee" is
8 a person who is not required to work at least 35 hours per
9 week;

10 (3.3) any person who has made an election under Section
11 1-123 and who is serving either as legal counsel in the
12 Office of the Governor or as Chief Deputy Attorney General;

13 (4) except as provided in Section 14-108.2 or
14 14-108.2c, any person who is covered or eligible to be
15 covered by the Teachers' Retirement System of the State of
16 Illinois, the State Universities Retirement System, or the
17 Judges Retirement System of Illinois;

18 (5) an employee of a municipality or any other
19 political subdivision of the State;

20 (6) any person who becomes an employee after June 30,
21 1979 as a public service employment program participant
22 under the Federal Comprehensive Employment and Training
23 Act and whose wages or fringe benefits are paid in whole or
24 in part by funds provided under such Act;

25 (7) enrollees of the Illinois Young Adult Conservation
26 Corps program, administered by the Department of Natural

1 Resources, authorized grantee pursuant to Title VIII of the
2 "Comprehensive Employment and Training Act of 1973", 29 USC
3 993, as now or hereafter amended;

4 (8) enrollees and temporary staff of programs
5 administered by the Department of Natural Resources under
6 the Youth Conservation Corps Act of 1970;

7 (9) any person who is a member of any professional
8 licensing or disciplinary board created under an Act
9 administered by the Department of Professional Regulation
10 or a successor agency or created or re-created after the
11 effective date of this amendatory Act of 1997, and who
12 receives per diem compensation rather than a salary,
13 notwithstanding that such per diem compensation is paid by
14 warrant issued pursuant to a payroll voucher; such persons
15 have never been included in the membership of this System,
16 and this amendatory Act of 1987 (P.A. 84-1472) is not
17 intended to effect any change in the status of such
18 persons;

19 (10) any person who is a member of the Illinois Health
20 Care Cost Containment Council, and receives per diem
21 compensation rather than a salary, notwithstanding that
22 such per diem compensation is paid by warrant issued
23 pursuant to a payroll voucher; such persons have never been
24 included in the membership of this System, and this
25 amendatory Act of 1987 is not intended to effect any change
26 in the status of such persons;

1 (11) any person who is a member of the Oil and Gas
2 Board created by Section 1.2 of the Illinois Oil and Gas
3 Act, and receives per diem compensation rather than a
4 salary, notwithstanding that such per diem compensation is
5 paid by warrant issued pursuant to a payroll voucher;

6 (12) a person employed by the State Board of Higher
7 Education in a position with the Illinois Century Network
8 as of June 30, 2004, who remains continuously employed
9 after that date by the Department of Central Management
10 Services in a position with the Illinois Century Network
11 and participates in the Article 15 system with respect to
12 that employment;

13 (13) any person who first becomes a member of the Civil
14 Service Commission on or after January 1, 2012;

15 (14) any person, other than the Director of Employment
16 Security, who first becomes a member of the Board of Review
17 of the Department of Employment Security on or after
18 January 1, 2012;

19 (15) any person who first becomes a member of the Civil
20 Service Commission on or after January 1, 2012;

21 (16) any person who first becomes a member of the
22 Illinois Liquor Control Commission on or after January 1,
23 2012;

24 (17) any person who first becomes a member of the
25 Secretary of State Merit Commission on or after January 1,
26 2012;

1 (18) any person who first becomes a member of the Human
2 Rights Commission on or after January 1, 2012;

3 (19) any person who first becomes a member of the State
4 Mining Board on or after January 1, 2012;

5 (20) any person who first becomes a member of the
6 Property Tax Appeal Board on or after January 1, 2012;

7 (21) any person who first becomes a member of the
8 Illinois Racing Board on or after January 1, 2012;

9 (22) any person who first becomes a member of the
10 Department of State Police Merit Board on or after January
11 1, 2012;

12 (23) any person who first becomes a member of the
13 Illinois State Toll Highway Authority on or after January
14 1, 2012; or

15 (24) any person who first becomes a member of the
16 Illinois State Board of Elections on or after January 1,
17 2012.

18 (c) An individual who represents or is employed as an
19 officer or employee of a statewide labor organization that
20 represents members of this System may participate in the System
21 and shall be deemed an employee, provided that (1) the
22 individual has previously earned creditable service under this
23 Article, (2) the individual files with the System an
24 irrevocable election to become a participant within 6 months
25 after the effective date of this amendatory Act of the 94th
26 General Assembly, and (3) the individual does not receive

1 credit for that employment under any other provisions of this
2 Code. An employee under this subsection (c) is responsible for
3 paying to the System both (i) employee contributions based on
4 the actual compensation received for service with the labor
5 organization and (ii) employer contributions based on the
6 percentage of payroll certified by the board; all or any part
7 of these contributions may be paid on the employee's behalf or
8 picked up for tax purposes (if authorized under federal law) by
9 the labor organization.

10 A person who is an employee as defined in this subsection
11 (c) may establish service credit for similar employment prior
12 to becoming an employee under this subsection by paying to the
13 System for that employment the contributions specified in this
14 subsection, plus interest at the effective rate from the date
15 of service to the date of payment. However, credit shall not be
16 granted under this subsection (c) for any such prior employment
17 for which the applicant received credit under any other
18 provision of this Code or during which the applicant was on a
19 leave of absence.

20 (d) Notwithstanding any other provision of this Article,
21 beginning on the effective date of this amendatory Act of the
22 99th General Assembly, a person is not required, as a condition
23 of employment or otherwise, to participate in this System. An
24 active employee may terminate his or her participation in this
25 System (including active participation in the Tier 3 plan, if
26 applicable) by notifying the System in writing. An active

1 employee terminating participation in this System under this
2 subsection shall be entitled to a refund of his or her
3 contributions (other than contributions to the Tier 3 plan
4 under Section 14-155.5) minus the benefits received prior to
5 the termination of participation.

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

7 (40 ILCS 5/14-103.41 new)

8 Sec. 14-103.41. Tier 1 member. "Tier 1 member": A member of
9 this System who first became a member or participant before
10 January 1, 2011 under any reciprocal retirement system or
11 pension fund established under this Code other than a
12 retirement system or pension fund established under Article 2,
13 3, 4, 5, 6, or 18 of this Code.

14 In the case of a Tier 1 member who elects to participate in
15 the Tier 3 plan under Section 14-155.5 of this Code, that Tier
16 1 member shall be deemed a Tier 1 member only with respect to
17 service performed or established before the effective date of
18 that election.

19 (40 ILCS 5/14-103.42 new)

20 Sec. 14-103.42. Tier 2 member. "Tier 2 member": A member of
21 this System who first becomes a member under this Article on or
22 after January 1, 2011 and who is not a Tier 1 member.

23 In the case of a Tier 2 member who elects to participate in
24 the Tier 3 plan under Section 14-155.5 of this Code, that Tier

1 2 member shall be deemed a Tier 2 member only with respect to
2 service performed or established before the effective date of
3 that election.

4 (40 ILCS 5/14-103.43 new)

5 Sec. 14-103.43. Tier 3 member. "Tier 3 member": A Tier 1 or
6 Tier 2 member who elects to participate in the Tier 3 plan
7 under Section 14-155.5 of this Code, but only with respect to
8 service performed on or after the effective date of that
9 election.

10 (40 ILCS 5/14-152.1)

11 (Text of Section WITHOUT the changes made by P.A. 98-599,
12 which has been held unconstitutional)

13 Sec. 14-152.1. 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 by Public Act 96-37 or this
23 amendatory Act of the 99th General Assembly ~~this amendatory Act~~
24 ~~of the 96th General Assembly.~~

1 (b) Notwithstanding any other provision of this Code or any
2 subsequent amendment to this Code, every new benefit increase
3 is subject to this Section and shall be deemed to be granted
4 only in conformance with and contingent upon compliance with
5 the provisions of this Section.

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

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

26 (d) Every new benefit increase shall expire 5 years after

1 its effective date or on such earlier date as may be specified
2 in the language enacting the new benefit increase or provided
3 under subsection (c). This does not prevent the General
4 Assembly from extending or re-creating a new benefit increase
5 by law.

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

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

17 (40 ILCS 5/14-155.5 new)

18 Sec. 14-155.5. Tier 3 plan.

19 (a) By July 1, 2017, the System shall prepare and implement
20 a Tier 3 plan. The Tier 3 plan developed under this Section
21 shall be a plan that aggregates State and employee
22 contributions in individual participant accounts which, after
23 meeting any other requirements, are used for payouts after
24 retirement in accordance with this Section and any other
25 applicable laws.

1 As used in this Section, "defined benefit plan" means the
2 retirement plan available under this Article to Tier 1 or Tier
3 2 members who have not made the election authorized under this
4 Section.

5 (1) A participant in the Tier 3 plan shall pay employee
6 contributions at a rate determined by the participant, but
7 not less than 3% of compensation and not more than a
8 percentage of compensation determined by the board in
9 accordance with the requirements of State and federal law.

10 (2) State contributions shall be paid into the accounts
11 of all participants in the Tier 3 plan at a uniform rate,
12 expressed as a percentage of compensation and determined
13 for each year. This rate shall be no higher than 7.6% of
14 compensation and shall be no lower than 3% of compensation.
15 The State shall adjust this rate annually.

16 (3) The Tier 3 plan shall require one year of
17 participation in the Tier 3 plan before vesting in State
18 contributions. If the participant fails to vest in them,
19 the State contributions, and the earnings thereon, shall be
20 forfeited.

21 (4) The Tier 3 plan may provide for participants in the
22 plan to be eligible for the defined disability benefits
23 available to other participants under this Article. If it
24 does, the System shall reduce the employee contributions
25 credited to the member's Tier 3 plan account by an amount
26 determined by the System to cover the cost of offering such

1 benefits.

2 (5) The Tier 3 plan shall provide a variety of options
3 for investments. These options shall include investments
4 handled by the Illinois State Board of Investment as well
5 as private sector investment options.

6 (6) The Tier 3 plan shall provide a variety of options
7 for payouts to participants in the Tier 3 plan who are no
8 longer active in the System and their survivors.

9 (7) To the extent authorized under federal law and as
10 authorized by the System, the plan shall allow former
11 participants in the plan to transfer or roll over employee
12 and vested State contributions, and the earnings thereon,
13 from the Tier 3 plan into other qualified retirement plans.

14 (8) The System shall reduce the employee contributions
15 credited to the member's Tier 3 plan account by an amount
16 determined by the System to cover the cost of offering
17 these benefits and any applicable administrative fees.

18 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
19 member of this System may elect, in writing, to cease accruing
20 benefits in the defined benefit plan and begin accruing
21 benefits for future service in the Tier 3 plan. The election to
22 participate in the Tier 3 plan is voluntary and irrevocable.

23 (1) Service credit under the Tier 3 plan may be used
24 for determining retirement eligibility under the defined
25 benefit plan.

26 (2) The System shall make a good faith effort to

1 contact all active Tier 1 and Tier 2 members who are
2 eligible to participate in the Tier 3 plan. The System
3 shall mail information describing the option to join the
4 Tier 3 plan to each of these employees to his or her last
5 known address on file with the System. If the employee is
6 not responsive to other means of contact, it is sufficient
7 for the System to publish the details of the option on its
8 website.

9 (3) Upon request for further information describing
10 the option, the System shall provide employees with
11 information from the System before exercising the option to
12 join the plan, including information on the impact to their
13 benefits and service. The individual consultation shall
14 include projections of the member's defined benefits at
15 retirement or earlier termination of service and the value
16 of the member's account at retirement or earlier
17 termination of service. The System shall not provide advice
18 or counseling with respect to whether the employee should
19 exercise the option. The System shall inform Tier 1 and
20 Tier 2 members who are eligible to participate in the Tier
21 3 plan that they may also wish to obtain information and
22 counsel relating to their option from any other available
23 source, including but not limited to labor organizations,
24 private counsel, and financial advisors.

25 (b-5) A Tier 1 or Tier 2 member who elects to participate
26 in the Tier 3 plan may irrevocably elect to terminate all

1 participation in the defined benefit plan. Upon that election,
2 the System shall transfer to the member's individual account an
3 amount equal to the amount of contribution refund that the
4 member would be eligible to receive if the member terminated
5 employment on that date and elected a refund of contributions,
6 including regular interest for the respective years. The System
7 shall make the transfer as a tax-free transfer in accordance
8 with Internal Revenue Service guidelines, for purposes of
9 funding the amount credited to the member's individual account.

10 (b-10) Until July 1, 2018, an active Tier 1 member who (i)
11 has accrued sufficient creditable service to be eligible to
12 receive a retirement annuity under the defined benefit plan
13 upon reaching the applicable retirement age in this Article and
14 (ii) elects to participate in the Tier 3 plan, but has not made
15 the election authorized under subsection (b-5), may
16 irrevocably elect to have his or her automatic annual increases
17 in retirement annuity and survivor's annuity calculated at the
18 same rate as a Tier 2 member. Upon that election, the System
19 shall make a tax-free transfer, in accordance with Internal
20 Revenue Service guidelines, of the following amount to the
21 member's individual account:

22 (1) \$5,000 if the member has 5 or more years of
23 creditable service but less than 10 years of creditable
24 service at the time of the election;

25 (2) \$10,000 if the member has 10 or more years of
26 creditable service but less than 15 years of creditable

1 service at the time of the election;

2 (3) \$15,000 if the member has 15 or more years of
3 creditable service but less than 20 years of creditable
4 service at the time of the election; or

5 (4) \$20,000 if the member has 20 or more years of
6 creditable service at the time of the election.

7 A person who makes the election under this subsection shall
8 continue to be deemed a Tier 1 member for all other purposes of
9 this Article, except for automatic annual increases in
10 retirement annuity and survivor's annuity and with respect to
11 service performed or established on or after the effective date
12 of his or her election to participate in the Tier 3 plan.

13 (c) In no event shall the System, its staff, its authorized
14 representatives, or the Board be liable for any information
15 given to an employee under this Section. The System may
16 coordinate with the Illinois Department of Central Management
17 Services and other retirement systems administering a Tier 3
18 plan in accordance with this amendatory Act of the 99th General
19 Assembly to provide information concerning the impact of the
20 Tier 3 plan set forth in this Section.

21 (d) Notwithstanding any other provision of this Section, no
22 person shall begin participating in the Tier 3 plan until it
23 has attained qualified plan status and received all necessary
24 approvals from the U.S. Internal Revenue Service.

25 (e) The System shall report on its progress under this
26 Section, including the available details of the Tier 3 plan and

1 the System's plans for informing eligible Tier 1 and Tier 2
2 members about the plan, to the Governor and the General
3 Assembly on or before January 15, 2017.

4 (f) The Illinois State Board of Investment shall be the
5 plan sponsor for the Tier 3 plan established under this
6 Section.

7 (g) The intent of this amendatory Act of the 99th General
8 Assembly is to ensure that the State's normal cost of
9 participation in the Tier 3 plan is similar, and if possible
10 equal, to the State's normal cost of participation in the
11 defined benefit plan, unless a lower State's normal cost is
12 necessary to ensure cost neutrality.

13 (40 ILCS 5/15-108.1)

14 Sec. 15-108.1. Tier 1 member. "Tier 1 member": A
15 participant or an annuitant of a retirement annuity under this
16 Article, other than a participant in the self-managed plan
17 under Section 15-158.2, who first became a participant or
18 member before January 1, 2011 under any reciprocal retirement
19 system or pension fund established under this Code, other than
20 a retirement system or pension fund established under Articles
21 2, 3, 4, 5, 6, or 18 of this Code. "Tier 1 member" includes a
22 person who first became a participant under this System before
23 January 1, 2011 and who accepts a refund and is subsequently
24 reemployed by an employer on or after January 1, 2011.

25 In the case of a Tier 1 member who elects to participate in

1 the Tier 3 plan under Section 15-200.5 of this Code, that Tier
2 1 member shall be deemed a Tier 1 member only with respect to
3 service performed or established before the effective date of
4 that election.

5 (Source: P.A. 98-92, eff. 7-16-13.)

6 (40 ILCS 5/15-108.2)

7 Sec. 15-108.2. Tier 2 member. "Tier 2 member": A person who
8 first becomes a participant under this Article on or after
9 January 1, 2011, other than a person in the self-managed plan
10 established under Section 15-158.2, unless the person is
11 otherwise a Tier 1 member. The changes made to this Section by
12 this amendatory Act of the 98th General Assembly are a
13 correction of existing law and are intended to be retroactive
14 to the effective date of Public Act 96-889, notwithstanding the
15 provisions of Section 1-103.1 of this Code.

16 In the case of a Tier 2 member who elects to participate in
17 the Tier 3 plan under Section 15-200.5 of this Code, that Tier
18 2 member shall be deemed a Tier 2 member only with respect to
19 service performed or established before the effective date of
20 that election.

21 (Source: P.A. 98-92, eff. 7-16-13; 98-596, eff. 11-19-13.)

22 (40 ILCS 5/15-108.3 new)

23 Sec. 15-108.3. Tier 3 member. "Tier 3 member": A Tier 1 or
24 Tier 2 member who elects to participate in the Tier 3 plan

1 under Section 15-200.5 of this Code, but only with respect to
2 service performed on or after the effective date of that
3 election.

4 (40 ILCS 5/15-134) (from Ch. 108 1/2, par. 15-134)

5 Sec. 15-134. Participant.

6 (a) Except as provided in subsection (a-5), each ~~Each~~
7 person shall, as a condition of employment, become a
8 participant and be subject to this Article on the date that he
9 or she becomes an employee, makes an election to participate
10 in, or otherwise becomes a participant in one of the retirement
11 programs offered under this Article, whichever date is later.

12 An employee who becomes a participant shall continue to be
13 a participant until he or she becomes an annuitant, dies or
14 accepts a refund of contributions.

15 (a-5) Notwithstanding any other provision of this Article,
16 beginning on the effective date of this amendatory Act of the
17 99th General Assembly, a person is not required, as a condition
18 of employment or otherwise, to participate in this System. An
19 active employee may terminate his or her participation in this
20 System (including active participation in the Tier 3 plan, if
21 applicable) by notifying the System in writing. An active
22 employee terminating participation in this System under this
23 subsection shall be entitled to a refund of his or her
24 contributions (other than contributions to the self-managed
25 plan under Section 15-158.2 or the Tier 3 plan under Section

1 15-200.5) minus the benefits received prior to the termination
2 of participation.

3 (b) A person employed concurrently by 2 or more employers
4 is eligible to participate in the system on compensation
5 received from all employers.

6 (Source: P.A. 98-92, eff. 7-16-13.)

7 (40 ILCS 5/15-198)

8 (Text of Section WITHOUT the changes made by P.A. 98-599,
9 which has been held unconstitutional)

10 Sec. 15-198. Application and expiration of new benefit
11 increases.

12 (a) As used in this Section, "new benefit increase" means
13 an increase in the amount of any benefit provided under this
14 Article, or an expansion of the conditions of eligibility for
15 any benefit under this Article, that results from an amendment
16 to this Code that takes effect after the effective date of this
17 amendatory Act of the 94th General Assembly. "New benefit
18 increase", however, does not include any benefit increase
19 resulting from the changes made by this amendatory Act of the
20 99th General Assembly.

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

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

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

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

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

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

12 (40 ILCS 5/15-200.5 new)

13 Sec. 15-200.5. Tier 3 plan.

14 (a) By July 1, 2017, the System shall prepare and implement
15 a Tier 3 plan. The Tier 3 plan developed under this Section
16 shall be a plan that aggregates State and employee
17 contributions in individual participant accounts which, after
18 meeting any other requirements, are used for payouts after
19 retirement in accordance with this Section and any other
20 applicable laws.

21 As used in this Section, "defined benefit plan" means the
22 traditional benefit package or the portable benefit package
23 available under this Article to Tier 1 or Tier 2 members who
24 have not made the election authorized under this Section and do
25 not participate in the self-managed plan under Section

1 15-158.2.

2 (1) A participant in the Tier 3 plan shall pay employee
3 contributions at a rate determined by the participant, but
4 not less than 3% of earnings and not more than a percentage
5 of earnings determined by the Board in accordance with the
6 requirements of State and federal law.

7 (2) State contributions shall be paid into the accounts
8 of all participants in the Tier 3 plan at a uniform rate,
9 expressed as a percentage of earnings and determined for
10 each year. This rate shall be no higher than 7.6% of
11 earnings and shall be no lower than 3% of earnings. The
12 State shall adjust this rate annually.

13 (3) The Tier 3 plan shall require one year of
14 participation in the Tier 3 plan before vesting in State
15 contributions. If the participant fails to vest in them,
16 the State contributions, and the earnings thereon, shall be
17 forfeited.

18 (4) The Tier 3 plan may provide for participants in the
19 plan to be eligible for the defined disability benefits
20 available to other participants under this Article. If it
21 does, the System shall reduce the employee contributions
22 credited to the member's Tier 3 plan account by an amount
23 determined by the System to cover the cost of offering such
24 benefits.

25 (5) The Tier 3 plan shall provide a variety of options
26 for investments. These options shall include investments

1 handled by the System as well as private sector investment
2 options.

3 (6) The Tier 3 plan shall provide a variety of options
4 for payouts to participants in the Tier 3 plan who are no
5 longer active in the System and their survivors.

6 (7) To the extent authorized under federal law and as
7 authorized by the System, the plan shall allow former
8 participants in the plan to transfer or roll over employee
9 and vested State contributions, and the earnings thereon,
10 from the Tier 3 plan into other qualified retirement plans.

11 (8) The System shall reduce the employee contributions
12 credited to the member's Tier 3 plan account by an amount
13 determined by the System to cover the cost of offering
14 these benefits and any applicable administrative fees.

15 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
16 member of this System may elect, in writing, to cease accruing
17 benefits in the defined benefit plan and begin accruing
18 benefits for future service in the Tier 3 plan. An active Tier
19 1 or Tier 2 member who elects to cease accruing benefits in his
20 or her defined benefit plan shall be prohibited from purchasing
21 service credit on or after the date of his or her election. A
22 Tier 1 or Tier 2 member who elects to participate in the Tier 3
23 plan shall not receive interest accruals to his or her Rule 2
24 benefit on or after the date of his or her election. The
25 election to participate in the Tier 3 plan is voluntary and
26 irrevocable.

1 (1) Service credit under the Tier 3 plan may be used
2 for determining retirement eligibility under the defined
3 benefit plan.

4 (2) The System shall make a good faith effort to
5 contact all active Tier 1 and Tier 2 members who are
6 eligible to participate in the Tier 3 plan. The System
7 shall mail information describing the option to join the
8 Tier 3 plan to each of these employees to his or her last
9 known address on file with the System. If the employee is
10 not responsive to other means of contact, it is sufficient
11 for the System to publish the details of the option on its
12 website.

13 (3) Upon request for further information describing
14 the option, the System shall provide employees with
15 information from the System before exercising the option to
16 join the plan, including information on the impact to their
17 benefits and service. The individual consultation shall
18 include projections of the member's defined benefits at
19 retirement or earlier termination of service and the value
20 of the member's account at retirement or earlier
21 termination of service. The System shall not provide advice
22 or counseling with respect to whether the employee should
23 exercise the option. The System shall inform Tier 1 and
24 Tier 2 members who are eligible to participate in the Tier
25 3 plan that they may also wish to obtain information and
26 counsel relating to their option from any other available

1 source, including but not limited to labor organizations,
2 private counsel, and financial advisors.

3 (b-5) A Tier 1 or Tier 2 member who elects to participate
4 in the Tier 3 plan may irrevocably elect to terminate all
5 participation in the defined benefit plan. Upon that election,
6 the System shall transfer to the member's individual account an
7 amount equal to the amount of contribution refund that the
8 member would be eligible to receive if the member terminated
9 employment on that date and elected a refund of contributions,
10 including interest at the effective rate for the respective
11 years. The System shall make the transfer as a tax-free
12 transfer in accordance with Internal Revenue Service
13 guidelines, for purposes of funding the amount credited to the
14 member's individual account.

15 (b-10) Until July 1, 2018, an active Tier 1 member who (i)
16 has accrued sufficient creditable service to be eligible to
17 receive a retirement annuity under the defined benefit plan
18 upon reaching the applicable retirement age in this Article and
19 (ii) elects to participate in the Tier 3 plan, but has not made
20 the election authorized under subsection (b-5), may
21 irrevocably elect to have his or her automatic annual increases
22 in retirement annuity and survivor's annuity calculated at the
23 same rate as a Tier 2 member. Upon that election, the System
24 shall make a tax-free transfer, in accordance with Internal
25 Revenue Service guidelines, of the following amount to the
26 member's individual account:

1 (1) \$5,000 if the member has 5 or more years of
2 creditable service but less than 10 years of creditable
3 service at the time of the election;

4 (2) \$10,000 if the member has 10 or more years of
5 creditable service but less than 15 years of creditable
6 service at the time of the election;

7 (3) \$15,000 if the member has 15 or more years of
8 creditable service but less than 20 years of creditable
9 service at the time of the election; or

10 (4) \$20,000 if the member has 20 or more years of
11 creditable service at the time of the election.

12 A person who makes the election under this subsection shall
13 continue to be deemed a Tier 1 member for all other purposes of
14 this Article, except for automatic annual increases in
15 retirement annuity and survivor's annuity and with respect to
16 service performed or established on or after the effective date
17 of his or her election to participate in the Tier 3 plan.

18 (c) In no event shall the System, its staff, its authorized
19 representatives, or the Board be liable for any information
20 given to an employee under this Section. The System may
21 coordinate with the Illinois Department of Central Management
22 Services and other retirement systems administering a Tier 3
23 plan in accordance with this amendatory Act of the 99th General
24 Assembly to provide information concerning the impact of the
25 Tier 3 plan set forth in this Section.

26 (d) Notwithstanding any other provision of this Section, no

1 person shall begin participating in the Tier 3 plan until it
2 has attained qualified plan status and received all necessary
3 approvals from the U.S. Internal Revenue Service.

4 (e) The System shall report on its progress under this
5 Section, including the available details of the Tier 3 plan and
6 the System's plans for informing eligible Tier 1 and Tier 2
7 members about the plan, to the Governor and the General
8 Assembly on or before January 15, 2017.

9 (f) The intent of this amendatory Act of the 99th General
10 Assembly is to ensure that the State's normal cost of
11 participation in the Tier 3 plan is similar, and if possible
12 equal, to the State's normal cost of participation in the
13 defined benefit plan, unless a lower State's normal cost is
14 necessary to ensure cost neutrality.

15 (40 ILCS 5/16-106.40 new)

16 Sec. 16-106.40. Tier 1 member. "Tier 1 member": A member
17 under this Article who first became a member or participant
18 before January 1, 2011 under any reciprocal retirement system
19 or pension fund established under this Code other than a
20 retirement system or pension fund established under Article 2,
21 3, 4, 5, 6, or 18 of this Code.

22 In the case of a Tier 1 member who elects to participate in
23 the Tier 3 plan under Section 16-205.5 of this Code, that Tier
24 1 member shall be deemed a Tier 1 member only with respect to
25 service performed or established before the effective date of

1 that election.

2 (40 ILCS 5/16-106.41 new)

3 Sec. 16-106.41. Tier 2 member. "Tier 2 member": A member of
4 the System who first becomes a member under this Article on or
5 after January 1, 2011 and who is not a Tier 1 member.

6 In the case of a Tier 2 member who elects to participate in
7 the Tier 3 plan under Section 16-205.5 of this Code, the Tier 2
8 member shall be deemed a Tier 2 member only with respect to
9 service performed or established before the effective date of
10 that election.

11 (40 ILCS 5/16-106.42 new)

12 Sec. 16-106.42. Tier 3 member. "Tier 3 member": A Tier 1 or
13 Tier 2 member who elects to participate in the Tier 3 plan
14 under Section 16-205.5 of this Code, but only with respect to
15 service performed on or after the effective date of that
16 election.

17 (40 ILCS 5/16-123) (from Ch. 108 1/2, par. 16-123)

18 Sec. 16-123. Membership of System.

19 (a) Except as provided in subsection (c), the ~~The~~
20 membership of this System shall be composed of all teachers
21 employed after June 30, 1939 who become members as a condition
22 of employment on the date they become teachers. Membership
23 shall continue until the date a member becomes an annuitant,

1 dies, accepts a single-sum retirement benefit, accepts a
2 refund, or forfeits the rights to a refund.

3 (b) This Article does not apply to any person first
4 employed after June 30, 1979 as a public service employment
5 program participant under the Federal Comprehensive Employment
6 and Training Act and whose wages or fringe benefits are paid in
7 whole or in part by funds provided under such Act.

8 (c) Notwithstanding any other provision of this Article,
9 beginning on the effective date of this amendatory Act of the
10 99th General Assembly, a person is not required, as a condition
11 of employment or otherwise, to participate in this System. An
12 active teacher may terminate his or her membership in this
13 System (including active participation in the Tier 3 plan, if
14 applicable) by notifying the System in writing. An active
15 teacher terminating his or her membership in this System under
16 this subsection shall be entitled to a refund of his or her
17 contributions (other than contributions to the Tier 3 plan
18 under Section 16-205.5) minus the benefits received prior to
19 the termination of membership.

20 (Source: P.A. 87-11.)

21 (40 ILCS 5/16-203)

22 (Text of Section WITHOUT the changes made by P.A. 98-599,
23 which has been held unconstitutional)

24 Sec. 16-203. Application and expiration of new benefit
25 increases.

1 (a) As used in this Section, "new benefit increase" means
2 an increase in the amount of any benefit provided under this
3 Article, or an expansion of the conditions of eligibility for
4 any benefit under this Article, that results from an amendment
5 to this Code that takes effect after June 1, 2005 (the
6 effective date of Public Act 94-4). "New benefit increase",
7 however, does not include any benefit increase resulting from
8 the changes made to this Article by Public Act 95-910 or this
9 amendatory Act of the 99th General Assembly ~~this amendatory Act~~
10 ~~of the 95th General Assembly~~.

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

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

20 Every new benefit increase is contingent upon the General
21 Assembly providing the additional funding required under this
22 subsection. The Commission on Government Forecasting and
23 Accountability shall analyze whether adequate additional
24 funding has been provided for the new benefit increase and
25 shall report its analysis to the Public Pension Division of the
26 Department of Financial and Professional Regulation. A new

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

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

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

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

1 (40 ILCS 5/16-205.5 new)

2 Sec. 16-205.5. Tier 3 plan.

3 (a) By July 1, 2017, the System shall prepare and implement
4 a Tier 3 plan. The Tier 3 plan developed under this Section
5 shall be a plan that aggregates State and employee
6 contributions in individual participant accounts which, after
7 meeting any other requirements, are used for payouts after
8 retirement in accordance with this Section and any other
9 applicable laws.

10 As used in this Section, "defined benefit plan" means the
11 retirement plan available under this Article to Tier 1 or Tier
12 2 members who have not made the election authorized under this
13 Section.

14 (1) A participant in the Tier 3 plan shall pay employee
15 contributions at a rate determined by the participant, but
16 not less than 3% of salary and not more than a percentage
17 of salary determined by the Board in accordance with the
18 requirements of State and federal law.

19 (2) State contributions shall be paid into the accounts
20 of all participants in the Tier 3 plan at a uniform rate,
21 expressed as a percentage of salary and determined for each
22 year. This rate shall be no higher than 7.6% of salary and
23 shall be no lower than 3% of salary. The State shall adjust
24 this rate annually.

25 (3) The Tier 3 plan shall require one year of

1 participation in the Tier 3 plan before vesting in State
2 contributions. If the participant fails to vest in them,
3 the State contributions, and the earnings thereon, shall be
4 forfeited.

5 (4) The Tier 3 plan may provide for participants in the
6 plan to be eligible for the defined disability benefits
7 available to other participants under this Article. If it
8 does, the System shall reduce the employee contributions
9 credited to the member's Tier 3 plan account by an amount
10 determined by the System to cover the cost of offering such
11 benefits.

12 (5) The Tier 3 plan shall provide a variety of options
13 for investments. These options shall include investments
14 in a fund created by the System and managed in accordance
15 with legal and fiduciary standards, as well as investment
16 options otherwise available.

17 (6) The Tier 3 plan shall provide a variety of options
18 for payouts to participants in the Tier 3 plan who are no
19 longer active in the System and their survivors.

20 (7) To the extent authorized under federal law and as
21 authorized by the System, the plan shall allow former
22 participants in the plan to transfer or roll over employee
23 and vested State contributions, and the earnings thereon,
24 from the Tier 3 plan into other qualified retirement plans.

25 (8) The System shall reduce the employee contributions
26 credited to the member's Tier 3 plan account by an amount

1 determined by the System to cover the cost of offering
2 these benefits and any applicable administrative fees.

3 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
4 member of this System may elect, in writing, to cease accruing
5 benefits in the defined benefit plan and begin accruing
6 benefits for future service in the Tier 3 plan. An active Tier
7 1 or Tier 2 member who elects to cease accruing benefits in his
8 or her defined benefit plan shall be prohibited from purchasing
9 service credit on or after the date of his or her election. A
10 Tier 1 or Tier 2 member making the irrevocable election
11 provided under this subsection shall not receive interest
12 accruals to his or her benefit under paragraph (A) of
13 subsection (a) of Section 16-133 of this Code on or after the
14 date of his or her election. The election to participate in the
15 Tier 3 plan is voluntary and irrevocable.

16 (1) Service credit under the Tier 3 plan may be used
17 for determining retirement eligibility under the defined
18 benefit plan.

19 (2) The System shall make a good faith effort to
20 contact all active Tier 1 and Tier 2 members who are
21 eligible to participate in the Tier 3 plan. The System
22 shall mail information describing the option to join the
23 Tier 3 plan to each of these employees to his or her last
24 known address on file with the System. If the employee is
25 not responsive to other means of contact, it is sufficient
26 for the System to publish the details of the option on its

1 website.

2 (3) Upon request for further information describing
3 the option, the System shall provide employees with
4 information from the System before exercising the option to
5 join the plan, including information on the impact to their
6 benefits and service. The individual consultation shall
7 include projections of the member's defined benefits at
8 retirement or earlier termination of service and the value
9 of the member's account at retirement or earlier
10 termination of service. The System shall not provide advice
11 or counseling with respect to whether the employee should
12 exercise the option. The System shall inform Tier 1 and
13 Tier 2 members who are eligible to participate in the Tier
14 3 plan that they may also wish to obtain information and
15 counsel relating to their option from any other available
16 source, including but not limited to labor organizations,
17 private counsel, and financial advisors.

18 (b-5) A Tier 1 or Tier 2 member who elects to participate
19 in the Tier 3 plan may irrevocably elect to terminate all
20 participation in the defined benefit plan. Upon that election,
21 the System shall transfer to the member's individual account an
22 amount equal to the amount of contribution refund that the
23 member would be eligible to receive if the member terminated
24 employment on that date and elected a refund of contributions,
25 including regular interest for the respective years. The System
26 shall make the transfer as a tax-free transfer in accordance

1 with Internal Revenue Service guidelines, for purposes of
2 funding the amount credited to the member's individual account.

3 (b-10) Until July 1, 2018, an active Tier 1 member who (i)
4 has accrued sufficient creditable service to be eligible to
5 receive a retirement annuity under the defined benefit plan
6 upon reaching the applicable retirement age in this Article and
7 (ii) elects to participate in the Tier 3 plan, but has not made
8 the election authorized under subsection (b-5), may
9 irrevocably elect to have his or her automatic annual increases
10 in retirement annuity and survivor's annuity calculated at the
11 same rate as a Tier 2 member. Upon that election, the System
12 shall make a tax-free transfer, in accordance with Internal
13 Revenue Service guidelines, of the following amount to the
14 member's individual account:

15 (1) \$5,000 if the member has 5 or more years of
16 creditable service but less than 10 years of creditable
17 service at the time of the election;

18 (2) \$10,000 if the member has 10 or more years of
19 creditable service but less than 15 years of creditable
20 service at the time of the election;

21 (3) \$15,000 if the member has 15 or more years of
22 creditable service but less than 20 years of creditable
23 service at the time of the election; or

24 (4) \$20,000 if the member has 20 or more years of
25 creditable service at the time of the election.

26 A person who makes the election under this subsection shall

1 continue to be deemed a Tier 1 member for all other purposes of
2 this Article, except for automatic annual increases in
3 retirement annuity and survivor's annuity and with respect to
4 service performed or established on or after the effective date
5 of his or her election to participate in the Tier 3 plan.

6 (c) In no event shall the System, its staff, its authorized
7 representatives, or the Board be liable for any information
8 given to an employee under this Section. The System may
9 coordinate with the Illinois Department of Central Management
10 Services and other retirement systems administering a Tier 3
11 plan in accordance with this amendatory Act of the 99th General
12 Assembly to provide information concerning the impact of the
13 Tier 3 plan set forth in this Section.

14 (d) Notwithstanding any other provision of this Section, no
15 person shall begin participating in the Tier 3 plan until it
16 has attained qualified plan status and received all necessary
17 approvals from the U.S. Internal Revenue Service.

18 (e) The System shall report on its progress under this
19 Section, including the available details of the Tier 3 plan and
20 the System's plans for informing eligible Tier 1 and Tier 2
21 members about the plan, to the Governor and the General
22 Assembly on or before January 15, 2017.

23 (f) The intent of this amendatory Act of the 99th General
24 Assembly is to ensure that the State's normal cost of
25 participation in the Tier 3 plan is similar, and if possible
26 equal, to the State's normal cost of participation in the

1 defined benefit plan, unless a lower State's normal cost is
2 necessary to ensure cost neutrality.

3 (40 ILCS 5/18-110.1 new)

4 Sec. 18-110.1. Tier 1 participant. "Tier 1 participant": A
5 participant who first became a participant of this System
6 before January 1, 2011.

7 In the case of a Tier 1 participant who elects to
8 participate in the Tier 3 plan under Section 18-121.5 of this
9 Code, that Tier 1 participant shall be deemed a Tier 1
10 participant only with respect to service performed or
11 established before the effective date of that election.

12 (40 ILCS 5/18-110.2 new)

13 Sec. 18-110.2. Tier 2 participant. "Tier 2 participant": A
14 participant who first becomes a participant of this System on
15 or after January 1, 2011.

16 In the case of a Tier 2 participant who elects to
17 participate in the Tier 3 plan under Section 18-121.5 of this
18 Code, that Tier 2 participant shall be deemed a Tier 2
19 participant only with respect to service performed or
20 established before the effective date of that election.

21 (40 ILCS 5/18-110.3 new)

22 Sec. 18-110.3. Tier 3 participant. "Tier 3 participant": A
23 Tier 1 or Tier 2 participant who elects to participate in the

1 Tier 3 plan under Section 18-121.5 of this Code, but only with
2 respect to service performed on or after the effective date of
3 that election.

4 (40 ILCS 5/18-120) (from Ch. 108 1/2, par. 18-120)

5 Sec. 18-120. Employee participation.

6 (a) Except as provided in subsection (b), an ~~An~~ eligible
7 judge who is not a participant shall become a participant
8 beginning on the date he or she becomes an eligible judge,
9 unless the judge files with the board a written notice of
10 election not to participate within 30 days of the date of being
11 notified of the option.

12 A person electing not to participate shall thereafter be
13 ineligible to become a participant unless the election is
14 revoked as provided in Section 18-121.

15 (b) Notwithstanding any other provision of this Article, an
16 active participant may terminate his or her participation in
17 this System (including active participation in the Tier 3 plan,
18 if applicable) by notifying the System in writing. An active
19 participant terminating participation in this System under
20 this subsection shall be entitled to a refund of his or her
21 contributions (other than contributions to the Tier 3 plan
22 under Section 18-121.5) minus the benefits received prior to
23 the termination of participation.

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

1 (40 ILCS 5/18-121.5 new)

2 Sec. 18-121.5. Tier 3 plan.

3 (a) By July 1, 2017, the System shall prepare and implement
4 a Tier 3 plan. The Tier 3 plan developed under this Section
5 shall be a plan that aggregates State and employee
6 contributions in individual participant accounts which, after
7 meeting any other requirements, are used for payouts after
8 retirement in accordance with this Section and any other
9 applicable laws.

10 As used in this Section, "defined benefit plan" means the
11 retirement plan available under this Article to Tier 1 or Tier
12 2 participants who have not made the election authorized under
13 this Section.

14 (1) A participant in the Tier 3 plan shall pay employee
15 contributions at a rate determined by the participant, but
16 not less than 3% of salary and not more than a percentage
17 of salary determined by the Board in accordance with the
18 requirements of State and federal law.

19 (2) State contributions shall be paid into the accounts
20 of all participants in the Tier 3 plan at a uniform rate,
21 expressed as a percentage of salary and determined for each
22 year. This rate shall be no higher than 7.6% of salary and
23 shall be no lower than 3% of salary. The State shall adjust
24 this rate annually.

25 (3) The Tier 3 plan shall require one year of
26 participation in the Tier 3 plan before vesting in State

1 contributions. If the participant fails to vest in them,
2 the State contributions, and the earnings thereon, shall be
3 forfeited.

4 (4) The Tier 3 plan may provide for participants in the
5 plan to be eligible for defined disability benefits. If it
6 does, the System shall reduce the employee contributions
7 credited to the participant's Tier 3 plan account by an
8 amount determined by the System to cover the cost of
9 offering such benefits.

10 (5) The Tier 3 plan shall provide a variety of options
11 for investments. These options shall include investments
12 handled by the Illinois State Board of Investment as well
13 as private sector investment options.

14 (6) The Tier 3 plan shall provide a variety of options
15 for payouts to participants in the Tier 3 plan who are no
16 longer active in the System and their survivors.

17 (7) To the extent authorized under federal law and as
18 authorized by the System, the plan shall allow former
19 participants in the plan to transfer or roll over employee
20 and vested State contributions, and the earnings thereon,
21 into other qualified retirement plans.

22 (8) The System shall reduce the employee contributions
23 credited to the participant's Tier 3 plan account by an
24 amount determined by the System to cover the cost of
25 offering these benefits and any applicable administrative
26 fees.

1 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
2 participant of this System may elect, in writing, to cease
3 accruing benefits in the defined benefit plan and begin
4 accruing benefits for future service in the Tier 3 plan. The
5 election to participate in the Tier 3 plan is voluntary and
6 irrevocable.

7 (1) Service credit under the Tier 3 plan may be used
8 for determining retirement eligibility under the defined
9 benefit plan.

10 (2) The System shall make a good faith effort to
11 contact all active Tier 1 and Tier 2 participants who are
12 eligible to participate in the Tier 3 plan. The System
13 shall mail information describing the option to join the
14 Tier 3 plan to each of these employees to his or her last
15 known address on file with the System. If the employee is
16 not responsive to other means of contact, it is sufficient
17 for the System to publish the details of the option on its
18 website.

19 (3) Upon request for further information describing
20 the option, the System shall provide employees with
21 information from the System before exercising the option to
22 join the plan, including information on the impact to their
23 benefits and service. The individual consultation shall
24 include projections of the participant's defined benefits
25 at retirement or earlier termination of service and the
26 value of the participant's account at retirement or earlier

1 termination of service. The System shall not provide advice
2 or counseling with respect to whether the employee should
3 exercise the option. The System shall inform Tier 1 and
4 Tier 2 participants who are eligible to participate in the
5 Tier 3 plan that they may also wish to obtain information
6 and counsel relating to their option from any other
7 available source, including but not limited to private
8 counsel and financial advisors.

9 (b-5) A Tier 1 or Tier 2 participant who elects to
10 participate in the Tier 3 plan may irrevocably elect to
11 terminate all participation in the defined benefit plan. Upon
12 that election, the System shall transfer to the participant's
13 individual account an amount equal to the amount of
14 contribution refund that the participant would be eligible to
15 receive if the participant terminated employment on that date
16 and elected a refund of contributions, including interest at
17 the prescribed rate of interest for the respective years. The
18 System shall make the transfer as a tax-free transfer in
19 accordance with Internal Revenue Service guidelines, for
20 purposes of funding the amount credited to the participant's
21 individual account.

22 (b-10) Until July 1, 2018, an active Tier 1 participant who
23 (i) has accrued sufficient creditable service to be eligible to
24 receive a retirement annuity under the defined benefit plan
25 upon reaching the applicable retirement age in this Article and
26 (ii) elects to participate in the Tier 3 plan, but has not made

1 the election authorized under subsection (b-5), may
2 irrevocably elect to have his or her automatic annual increases
3 in retirement annuity and survivor's annuity calculated at the
4 same rate as a Tier 2 participant. Upon that election, the
5 System shall make a tax-free transfer, in accordance with
6 Internal Revenue Service guidelines, of the following amount to
7 the participant's individual account:

8 (1) \$5,000 if the participant has 5 or more years of
9 creditable service but less than 10 years of creditable
10 service at the time of the election;

11 (2) \$10,000 if the participant has 10 or more years of
12 creditable service but less than 15 years of creditable
13 service at the time of the election;

14 (3) \$15,000 if the participant has 15 or more years of
15 creditable service but less than 20 years of creditable
16 service at the time of the election; or

17 (4) \$20,000 if the participant has 20 or more years of
18 creditable service at the time of the election.

19 A person who makes the election under this subsection shall
20 continue to be deemed a Tier 1 participant for all other
21 purposes of this Article, except for automatic annual increases
22 in retirement annuity and survivor's annuity and with respect
23 to service performed or established on or after the effective
24 date of his or her election to participate in the Tier 3 plan.

25 (c) In no event shall the System, its staff, its authorized
26 representatives, or the Board be liable for any information

1 given to an employee under this Section. The System may
2 coordinate with the Illinois Department of Central Management
3 Services and other retirement systems administering a Tier 3
4 plan in accordance with this amendatory Act of the 99th General
5 Assembly to provide information concerning the impact of the
6 Tier 3 plan set forth in this Section.

7 (d) Notwithstanding any other provision of this Section, no
8 person shall begin participating in the Tier 3 plan until it
9 has attained qualified plan status and received all necessary
10 approvals from the U.S. Internal Revenue Service.

11 (e) The System shall report on its progress under this
12 Section, including the available details of the Tier 3 plan and
13 the System's plans for informing eligible Tier 1 and Tier 2
14 participants about the plan, to the Governor and the General
15 Assembly on or before January 15, 2017.

16 (f) The Illinois State Board of Investment shall be the
17 plan sponsor for the Tier 3 plan established under this
18 Section.

19 (g) The intent of this amendatory Act of the 99th General
20 Assembly is to ensure that the State's normal cost of
21 participation in the Tier 3 plan is similar, and if possible
22 equal, to the State's normal cost of participation in the
23 defined benefit plan, unless a lower State's normal cost is
24 necessary to ensure cost neutrality.

1 Sec. 18-124. Retirement annuities - conditions for
2 eligibility.

3 (a) This subsection (a) applies to a Tier 1 participant ~~who~~
4 ~~first serves as a judge before the effective date of this~~
5 ~~amendatory Act of the 96th General Assembly.~~

6 A participant whose employment as a judge is terminated,
7 regardless of age or cause is entitled to a retirement annuity
8 beginning on the date specified in a written application
9 subject to the following:

10 (1) the date the annuity begins is subsequent to the
11 date of final termination of employment, or the date 30
12 days prior to the receipt of the application by the board
13 for annuities based on disability, or one year before the
14 receipt of the application by the board for annuities based
15 on attained age;

16 (2) the participant is at least age 55, or has become
17 permanently disabled and as a consequence is unable to
18 perform the duties of his or her office;

19 (3) the participant has at least 10 years of service
20 credit except that a participant terminating service after
21 June 30 1975, with at least 6 years of service credit,
22 shall be entitled to a retirement annuity at age 62 or
23 over;

24 (4) the participant is not receiving or entitled to
25 receive, at the date of retirement, any salary from an
26 employer for service currently performed.

1 (b) This subsection (b) applies to a Tier 2 participant ~~who~~
2 ~~first serves as a judge on or after the effective date of this~~
3 ~~amendatory Act of the 96th General Assembly.~~

4 A participant who has at least 8 years of creditable
5 service is entitled to a retirement annuity when he or she has
6 attained age 67.

7 A member who has attained age 62 and has at least 8 years
8 of service credit may elect to receive the lower retirement
9 annuity provided in subsection (d) of Section 18-125 of this
10 Code.

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

12 (40 ILCS 5/18-125) (from Ch. 108 1/2, par. 18-125)

13 Sec. 18-125. Retirement annuity amount.

14 (a) The annual retirement annuity for a participant who
15 terminated service as a judge prior to July 1, 1971 shall be
16 based on the law in effect at the time of termination of
17 service.

18 (b) Except as provided in subsection (b-5), effective July
19 1, 1971, the retirement annuity for any participant in service
20 on or after such date shall be 3 1/2% of final average salary,
21 as defined in this Section, for each of the first 10 years of
22 service, and 5% of such final average salary for each year of
23 service on excess of 10.

24 For purposes of this Section, final average salary for a
25 Tier 1 participant who first serves as a judge before August

1 10, 2009 (the effective date of Public Act 96-207) shall be:

2 (1) the average salary for the last 4 years of credited
3 service as a judge for a participant who terminates service
4 before July 1, 1975.

5 (2) for a participant who terminates service after June
6 30, 1975 and before July 1, 1982, the salary on the last
7 day of employment as a judge.

8 (3) for any participant who terminates service after
9 June 30, 1982 and before January 1, 1990, the average
10 salary for the final year of service as a judge.

11 (4) for a participant who terminates service on or
12 after January 1, 1990 but before the effective date of this
13 amendatory Act of 1995, the salary on the last day of
14 employment as a judge.

15 (5) for a participant who terminates service on or
16 after the effective date of this amendatory Act of 1995,
17 the salary on the last day of employment as a judge, or the
18 highest salary received by the participant for employment
19 as a judge in a position held by the participant for at
20 least 4 consecutive years, whichever is greater.

21 However, in the case of a participant who elects to
22 discontinue contributions as provided in subdivision (a)(2) of
23 Section 18-133, the time of such election shall be considered
24 the last day of employment in the determination of final
25 average salary under this subsection.

26 For a Tier 1 participant who first serves as a judge on or

1 after August 10, 2009 (the effective date of Public Act 96-207)
2 ~~and before January 1, 2011 (the effective date of Public Act~~
3 ~~96-889)~~, final average salary shall be the average monthly
4 salary obtained by dividing the total salary of the participant
5 during the period of: (1) the 48 consecutive months of service
6 within the last 120 months of service in which the total
7 compensation was the highest, or (2) the total period of
8 service, if less than 48 months, by the number of months of
9 service in that period.

10 The maximum retirement annuity for any participant shall be
11 85% of final average salary.

12 (b-5) Notwithstanding any other provision of this Article,
13 for a Tier 2 participant ~~who first serves as a judge on or~~
14 ~~after January 1, 2011 (the effective date of Public Act~~
15 ~~96-889)~~, the annual retirement annuity is 3% of the
16 participant's final average salary for each year of service.
17 The maximum retirement annuity payable shall be 60% of the
18 participant's final average salary.

19 For a Tier 2 participant ~~who first serves as a judge on or~~
20 ~~after January 1, 2011 (the effective date of Public Act~~
21 ~~96-889)~~, final average salary shall be the average monthly
22 salary obtained by dividing the total salary of the judge
23 during the 96 consecutive months of service within the last 120
24 months of service in which the total salary was the highest by
25 the number of months of service in that period; however,
26 beginning January 1, 2011, the annual salary may not exceed

1 \$106,800, except that that amount shall annually thereafter be
2 increased by the lesser of (i) 3% of that amount, including all
3 previous adjustments, or (ii) the annual unadjusted percentage
4 increase (but not less than zero) in the consumer price index-u
5 for the 12 months ending with the September preceding each
6 November 1. "Consumer price index-u" means the index published
7 by the Bureau of Labor Statistics of the United States
8 Department of Labor that measures the average change in prices
9 of goods and services purchased by all urban consumers, United
10 States city average, all items, 1982-84 = 100. The new amount
11 resulting from each annual adjustment shall be determined by
12 the Public Pension Division of the Department of Insurance and
13 made available to the Board by November 1st of each year.

14 (c) The retirement annuity for a participant who retires
15 prior to age 60 with less than 28 years of service in the
16 System shall be reduced $1/2$ of 1% for each month that the
17 participant's age is under 60 years at the time the annuity
18 commences. However, for a participant who retires on or after
19 the effective date of this amendatory Act of the 91st General
20 Assembly, the percentage reduction in retirement annuity
21 imposed under this subsection shall be reduced by $5/12$ of 1%
22 for every month of service in this System in excess of 20
23 years, and therefore a participant with at least 26 years of
24 service in this System may retire at age 55 without any
25 reduction in annuity.

26 The reduction in retirement annuity imposed by this

1 subsection shall not apply in the case of retirement on account
2 of disability.

3 (d) Notwithstanding any other provision of this Article,
4 for a Tier 2 participant ~~who first serves as a judge on or~~
5 ~~after January 1, 2011 (the effective date of Public Act 96-889)~~
6 ~~and~~ who is retiring after attaining age 62, the retirement
7 annuity shall be reduced by 1/2 of 1% for each month that the
8 participant's age is under age 67 at the time the annuity
9 commences.

10 (Source: P.A. 96-207, eff. 8-10-09; 96-889, eff. 1-1-11;
11 96-1000, eff. 7-2-10; 96-1490, eff. 1-1-11.)

12 (40 ILCS 5/18-125.1) (from Ch. 108 1/2, par. 18-125.1)

13 Sec. 18-125.1. Automatic increase in retirement annuity. A
14 participant who retires from service after June 30, 1969,
15 shall, in January of the year next following the year in which
16 the first anniversary of retirement occurs, and in January of
17 each year thereafter, have the amount of his or her originally
18 granted retirement annuity increased as follows: for each year
19 up to and including 1971, 1 1/2%; for each year from 1972
20 through 1979 inclusive, 2%; and for 1980 and each year
21 thereafter, 3%.

22 Notwithstanding any other provision of this Article, a
23 retirement annuity for a Tier 2 participant ~~who first serves as~~
24 ~~a judge on or after January 1, 2011 (the effective date of~~
25 ~~Public Act 96-889)~~ shall be increased in January of the year

1 next following the year in which the first anniversary of
2 retirement occurs, but in no event prior to age 67, and in
3 January of each year thereafter, by an amount equal to 3% or
4 the annual percentage increase in the consumer price index-u as
5 determined by the Public Pension Division of the Department of
6 Insurance under subsection (b-5) of Section 18-125, whichever
7 is less, of the retirement annuity then being paid.

8 This Section is not applicable to a participant who retires
9 before he or she has made contributions at the rate prescribed
10 in Section 18-133 for automatic increases for not less than the
11 equivalent of one full year, unless such a participant arranges
12 to pay the system the amount required to bring the total
13 contributions for the automatic increase to the equivalent of
14 one year's contribution based upon his or her last year's
15 salary.

16 This Section is applicable to all participants (other than
17 Tier 3 participants who do not have any service credit as a
18 Tier 1 or Tier 2 participant) in service after June 30, 1969
19 unless a participant has elected, prior to September 1, 1969,
20 in a written direction filed with the board not to be subject
21 to the provisions of this Section. Any participant in service
22 on or after July 1, 1992 shall have the option of electing
23 prior to April 1, 1993, in a written direction filed with the
24 board, to be covered by the provisions of the 1969 amendatory
25 Act. Such participant shall be required to make the aforesaid
26 additional contributions with compound interest at 4% per

1 annum.

2 Any participant who has become eligible to receive the
3 maximum rate of annuity and who resumes service as a judge
4 after receiving a retirement annuity under this Article shall
5 have the amount of his or her retirement annuity increased by
6 3% of the originally granted annuity amount for each year of
7 such resumed service, beginning in January of the year next
8 following the date of such resumed service, upon subsequent
9 termination of such resumed service.

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

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

15 (40 ILCS 5/18-127) (from Ch. 108 1/2, par. 18-127)

16 Sec. 18-127. Retirement annuity - suspension on
17 reemployment.

18 (a) A participant receiving a retirement annuity who is
19 regularly employed for compensation by an employer other than a
20 county, in any capacity, shall have his or her retirement
21 annuity payments suspended during such employment. Upon
22 termination of such employment, retirement annuity payments at
23 the previous rate shall be resumed.

24 If such a participant resumes service as a judge, he or she
25 shall receive credit for any additional service. Upon

1 subsequent retirement, his or her retirement annuity shall be
2 the amount previously granted, plus the amount earned by the
3 additional judicial service under the provisions in effect
4 during the period of such additional service. However, if the
5 participant was receiving the maximum rate of annuity at the
6 time of re-employment, he or she may elect, in a written
7 direction filed with the board, not to receive any additional
8 service credit during the period of re-employment. In such
9 case, contributions shall not be required during the period of
10 re-employment. Any such election shall be irrevocable.

11 (b) Beginning January 1, 1991, any participant receiving a
12 retirement annuity who accepts temporary employment from an
13 employer other than a county for a period not exceeding 75
14 working days in any calendar year shall not be deemed to be
15 regularly employed for compensation or to have resumed service
16 as a judge for the purposes of this Article. A day shall be
17 considered a working day if the annuitant performs on it any of
18 his duties under the temporary employment agreement.

19 (c) Except as provided in subsection (a), beginning January
20 1, 1993, retirement annuities shall not be subject to
21 suspension upon resumption of employment for an employer, and
22 any retirement annuity that is then so suspended shall be
23 reinstated on that date.

24 (d) The changes made in this Section by this amendatory Act
25 of 1993 shall apply to judges no longer in service on its
26 effective date, as well as to judges serving on or after that

1 date.

2 (e) A participant receiving a retirement annuity under this
3 Article who serves as a part-time employee in any of the
4 following positions: Legislative Inspector General, Special
5 Legislative Inspector General, employee of the Office of the
6 Legislative Inspector General, Executive Director of the
7 Legislative Ethics Commission, or staff of the Legislative
8 Ethics Commission, but has not elected to participate in the
9 Article 14 System with respect to that service, shall not be
10 deemed to be regularly employed for compensation by an employer
11 other than a county, nor to have resumed service as a judge, on
12 the basis of that service, and the retirement annuity payments
13 and other benefits of that person under this Code shall not be
14 suspended, diminished, or otherwise impaired solely as a
15 consequence of that service. This subsection (e) applies
16 without regard to whether the person is in service as a judge
17 under this Article on or after the effective date of this
18 amendatory Act of the 93rd General Assembly. In this
19 subsection, a "part-time employee" is a person who is not
20 required to work at least 35 hours per week.

21 (f) A participant receiving a retirement annuity under this
22 Article who has made an election under Section 1-123 and who is
23 serving either as legal counsel in the Office of the Governor
24 or as Chief Deputy Attorney General shall not be deemed to be
25 regularly employed for compensation by an employer other than a
26 county, nor to have resumed service as a judge, on the basis of

1 that service, and the retirement annuity payments and other
2 benefits of that person under this Code shall not be suspended,
3 diminished, or otherwise impaired solely as a consequence of
4 that service. This subsection (f) applies without regard to
5 whether the person is in service as a judge under this Article
6 on or after the effective date of this amendatory Act of the
7 93rd General Assembly.

8 (g) Notwithstanding any other provision of this Article, if
9 a Tier 2 participant ~~person who first becomes a participant~~
10 ~~under this System on or after January 1, 2011 (the effective~~
11 ~~date of this amendatory Act of the 96th General Assembly)~~ is
12 receiving a retirement annuity under this Article and becomes a
13 member or participant under this Article or any other Article
14 of this Code and is employed on a full-time basis, then the
15 person's retirement annuity under this System shall be
16 suspended during that employment. Upon termination of that
17 employment, the person's retirement annuity shall resume and,
18 if appropriate, be recalculated under the applicable
19 provisions of this Article.

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

21 (40 ILCS 5/18-128.01) (from Ch. 108 1/2, par. 18-128.01)

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

23 (a) Upon the death of an annuitant, his or her surviving
24 spouse shall be entitled to a survivor's annuity of 66 2/3% of
25 the annuity the annuitant was receiving immediately prior to

1 his or her death, inclusive of annual increases in the
2 retirement annuity to the date of death.

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

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

14 (d) Upon the death of an annuitant, active participant, or
15 participant who had terminated service with at least 10 years
16 of service, each surviving child under the age of 18 or
17 disabled as defined in Section 18-128 shall be entitled to a
18 child's annuity in an amount equal to 5% of the decedent's
19 final salary, not to exceed in total for all such children the
20 greater of 20% of the decedent's last salary or 66 2/3% of the
21 annuity received or earned by the decedent as provided under
22 subsections (a) and (b) of this Section. This child's annuity
23 shall be paid whether or not a survivor's annuity was elected
24 under Section 18-123.

25 (e) The changes made in the survivor's annuity provisions
26 by Public Act 82-306 shall apply to the survivors of a deceased

1 participant or annuitant whose death occurs on or after August
2 21, 1981.

3 (f) Beginning January 1, 1990, every survivor's annuity
4 shall be increased (1) on each January 1 occurring on or after
5 the commencement of the annuity if the deceased member died
6 while receiving a retirement annuity, or (2) in other cases, on
7 each January 1 occurring on or after the first anniversary of
8 the commencement of the annuity, by an amount equal to 3% of
9 the current amount of the annuity, including any previous
10 increases under this Article. Such increases shall apply
11 without regard to whether the deceased member was in service on
12 or after the effective date of this amendatory Act of 1991, but
13 shall not accrue for any period prior to January 1, 1990.

14 (g) Notwithstanding any other provision of this Article,
15 the initial survivor's annuity for a survivor of a Tier 2
16 participant ~~who first serves as a judge after January 1, 2011~~
17 ~~(the effective date of Public Act 96-889)~~ shall be in the
18 amount of 66 2/3% of the annuity received or earned by the
19 decedent, and shall be increased (1) on each January 1
20 occurring on or after the commencement of the annuity if the
21 deceased participant died while receiving a retirement
22 annuity, or (2) in other cases, on each January 1 occurring on
23 or after the first anniversary of the commencement of the
24 annuity, but in no event prior to age 67, by an amount equal to
25 3% or the annual unadjusted percentage increase in the consumer
26 price index-u as determined by the Public Pension Division of

1 the Department of Insurance under subsection (b-5) of Section
2 18-125, whichever is less, of the survivor's annuity then being
3 paid.

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

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

6 Sec. 18-133. Financing; employee contributions.

7 (a) Effective July 1, 1967, each participant is required to
8 contribute 7 1/2% of each payment of salary toward the
9 retirement annuity. Such contributions shall continue during
10 the entire time the participant is in service, with the
11 following exceptions:

12 (1) Contributions for the retirement annuity are not
13 required on salary received after 18 years of service by
14 persons who were participants before January 2, 1954.

15 (2) A participant who continues to serve as a judge
16 after becoming eligible to receive the maximum rate of
17 annuity may elect, through a written direction filed with
18 the Board, to discontinue contributing to the System. Any
19 such option elected by a judge shall be irrevocable unless
20 prior to January 1, 2000, and while continuing to serve as
21 judge, the judge (A) files with the Board a letter
22 cancelling the direction to discontinue contributing to
23 the System and requesting that such contributing resume,
24 and (B) pays into the System an amount equal to the total
25 of the discontinued contributions plus interest thereon at

1 5% per annum. Service credits earned in any other
2 "participating system" as defined in Article 20 of this
3 Code shall be considered for purposes of determining a
4 judge's eligibility to discontinue contributions under
5 this subdivision (a) (2).

6 (3) A participant who (i) has attained age 60, (ii)
7 continues to serve as a judge after becoming eligible to
8 receive the maximum rate of annuity, and (iii) has not
9 elected to discontinue contributing to the System under
10 subdivision (a) (2) of this Section (or has revoked any such
11 election) may elect, through a written direction filed with
12 the Board, to make contributions to the System based only
13 on the amount of the increases in salary received by the
14 judge on or after the date of the election, rather than the
15 total salary received. If a judge who is making
16 contributions to the System on the effective date of this
17 amendatory Act of the 91st General Assembly makes an
18 election to limit contributions under this subdivision
19 (a) (3) within 90 days after that effective date, the
20 election shall be deemed to become effective on that
21 effective date and the judge shall be entitled to receive a
22 refund of any excess contributions paid to the System
23 during that 90-day period; any other election under this
24 subdivision (a) (3) becomes effective on the first of the
25 month following the date of the election. An election to
26 limit contributions under this subdivision (a) (3) is

1 irrevocable. Service credits earned in any other
2 participating system as defined in Article 20 of this Code
3 shall be considered for purposes of determining a judge's
4 eligibility to make an election under this subdivision
5 (a) (3).

6 (b) Beginning July 1, 1969, each participant is required to
7 contribute 1% of each payment of salary towards the automatic
8 increase in annuity provided in Section 18-125.1. However, such
9 contributions need not be made by any participant who has
10 elected prior to September 15, 1969, not to be subject to the
11 automatic increase in annuity provisions.

12 (c) Effective July 13, 1953, each married participant
13 subject to the survivor's annuity provisions is required to
14 contribute 2 1/2% of each payment of salary, whether or not he
15 or she is required to make any other contributions under this
16 Section. Such contributions shall be made concurrently with the
17 contributions made for annuity purposes.

18 (d) Notwithstanding any other provision of this Article,
19 the required contributions for a Tier 2 participant ~~who first~~
20 ~~becomes a participant on or after January 1, 2011~~ shall not
21 exceed the contributions that would be due under this Article
22 if that participant's highest salary for annuity purposes were
23 \$106,800, plus any increase in that amount under Section
24 18-125.

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

1 (40 ILCS 5/18-169)

2 Sec. 18-169. Application and expiration of new benefit
3 increases.

4 (a) As used in this Section, "new benefit increase" means
5 an increase in the amount of any benefit provided under this
6 Article, or an expansion of the conditions of eligibility for
7 any benefit under this Article, that results from an amendment
8 to this Code that takes effect after the effective date of this
9 amendatory Act of the 94th General Assembly. "New benefit
10 increase", however, does not include any benefit increase
11 resulting from the changes made by this amendatory Act of the
12 99th General Assembly.

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

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

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

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

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

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

1 benefit increase was in effect.

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

3 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

4 (Text of Section WITHOUT the changes made by P.A. 98-599,
5 which has been held unconstitutional)

6 Sec. 20-121. Calculation of proportional retirement
7 annuities.

8 (a) Upon retirement of the employee, a proportional
9 retirement annuity shall be computed by each participating
10 system in which pension credit has been established on the
11 basis of pension credits under each system. The computation
12 shall be in accordance with the formula or method prescribed by
13 each participating system which is in effect at the date of the
14 employee's latest withdrawal from service covered by any of the
15 systems in which he has pension credits which he elects to have
16 considered under this Article. However, the amount of any
17 retirement annuity payable under the self-managed plan
18 established under Section 15-158.2 of this Code depends solely
19 on the value of the participant's vested account balances and
20 is not subject to any proportional adjustment under this
21 Section.

22 (a-5) For persons who participate in a Tier 3 plan
23 established under Article 2, 14, 15, 16, or 18 of this Code to
24 whom the provisions of this Article apply, the pension credits
25 established under the Tier 3 plan may be considered in

1 determining eligibility for or the amount of the defined
2 benefit retirement annuity that is payable by any other
3 participating system.

4 (b) Combined pension credit under all retirement systems
5 subject to this Article shall be considered in determining
6 whether the minimum qualification has been met and the formula
7 or method of computation which shall be applied, except as may
8 be otherwise provided with respect to vesting in State or
9 employer contributions in a Tier 3 plan. If a system has a
10 step-rate formula for calculation of the retirement annuity,
11 pension credits covering previous service which have been
12 established under another system shall be considered in
13 determining which range or ranges of the step-rate formula are
14 to be applicable to the employee.

15 (c) Interest on pension credit shall continue to accumulate
16 in accordance with the provisions of the law governing the
17 retirement system in which the same has been established during
18 the time an employee is in the service of another employer, on
19 the assumption such employee, for interest purposes for pension
20 credit, is continuing in the service covered by such retirement
21 system.

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

23 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

24 (Text of Section WITHOUT the changes made by P.A. 98-599,
25 which has been held unconstitutional)

1 Sec. 20-123. Survivor's annuity. The provisions governing
2 a retirement annuity shall be applicable to a survivor's
3 annuity. Appropriate credits shall be established for
4 survivor's annuity purposes in those participating systems
5 which provide survivor's annuities, according to the same
6 conditions and subject to the same limitations and restrictions
7 herein prescribed for a retirement annuity. If a participating
8 system has no survivor's annuity benefit, or if the survivor's
9 annuity benefit under that system is waived, pension credit
10 established in that system shall not be considered in
11 determining eligibility for or the amount of the survivor's
12 annuity which may be payable by any other participating system.

13 For persons who participate in the self-managed plan
14 established under Section 15-158.2 or the portable benefit
15 package established under Section 15-136.4, pension credit
16 established under Article 15 may be considered in determining
17 eligibility for or the amount of the survivor's annuity that is
18 payable by any other participating system, but pension credit
19 established in any other system shall not result in any right
20 to a survivor's annuity under the Article 15 system.

21 For persons who participate in a Tier 3 plan established
22 under Article 2, 14, 15, 16, or 18 of this Code to whom the
23 provisions of this Article apply, the pension credits
24 established under the Tier 3 plan may be considered in
25 determining eligibility for or the amount of the defined
26 benefit survivor's annuity that is payable by any other

1 participating system, but pension credits established in any
2 other system shall not result in any right to or increase in
3 the value of a survivor's annuity under the Tier 3 plan, which
4 depends solely on the options chosen and the value of the
5 participant's vested account balances and is not subject to any
6 proportional adjustment under this Section.

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

8 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

9 (Text of Section WITHOUT the changes made by P.A. 98-599,
10 which has been held unconstitutional)

11 Sec. 20-124. Maximum benefits.

12 (a) In no event shall the combined retirement or survivors
13 annuities exceed the highest annuity which would have been
14 payable by any participating system in which the employee has
15 pension credits, if all of his pension credits had been
16 validated in that system.

17 If the combined annuities should exceed the highest maximum
18 as determined in accordance with this Section, the respective
19 annuities shall be reduced proportionately according to the
20 ratio which the amount of each proportional annuity bears to
21 the aggregate of all such annuities.

22 (b) In the case of a participant in the self-managed plan
23 established under Section 15-158.2 of this Code to whom the
24 provisions of this Article apply:

25 (i) For purposes of calculating the combined

1 retirement annuity and the proportionate reduction, if
2 any, in a retirement annuity other than one payable under
3 the self-managed plan, the amount of the Article 15
4 retirement annuity shall be deemed to be the highest
5 annuity to which the annuitant would have been entitled if
6 he or she had participated in the traditional benefit
7 package as defined in Section 15-103.1 rather than the
8 self-managed plan.

9 (ii) For purposes of calculating the combined
10 survivor's annuity and the proportionate reduction, if
11 any, in a survivor's annuity other than one payable under
12 the self-managed plan, the amount of the Article 15
13 survivor's annuity shall be deemed to be the highest
14 survivor's annuity to which the survivor would have been
15 entitled if the deceased employee had participated in the
16 traditional benefit package as defined in Section 15-103.1
17 rather than the self-managed plan.

18 (iii) Benefits payable under the self-managed plan are
19 not subject to proportionate reduction under this Section.

20 (c) In the case of a participant in a Tier 3 plan
21 established under Article 2, 14, 15, 16, or 18 of this Code to
22 whom the provisions of this Article apply:

23 (i) For purposes of calculating the combined
24 retirement annuity and the proportionate reduction, if
25 any, in a defined benefit retirement annuity, any benefit
26 payable under the Tier 3 plan shall not be considered.

1 (ii) For purposes of calculating the combined
2 survivor's annuity and the proportionate reduction, if
3 any, in a defined benefit survivor's annuity, any benefit
4 payable under the Tier 3 plan shall not be considered.

5 (iii) Benefits payable under a Tier 3 plan established
6 under Article 2, 14, 15, 16, or 18 of this Code are not
7 subject to proportionate reduction under this Section.

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

9 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

10 (Text of Section WITHOUT the changes made by P.A. 98-599,
11 which has been held unconstitutional)

12 Sec. 20-125. Return to employment - suspension of benefits.
13 If a retired employee returns to employment which is covered by
14 a system from which he is receiving a proportional annuity
15 under this Article, his proportional annuity from all
16 participating systems shall be suspended during the period of
17 re-employment, except that this suspension does not apply to
18 any distributions payable under the self-managed plan
19 established under Section 15-158.2 of this Code or under a Tier
20 3 plan established under Article 2, 14, 15, 16, or 18 of this
21 Code.

22 The provisions of the Article under which such employment
23 would be covered shall govern the determination of whether the
24 employee has returned to employment, and if applicable the
25 exemption of temporary employment or employment not exceeding a

1 specified duration or frequency, for all participating systems
2 from which the retired employee is receiving a proportional
3 annuity under this Article, notwithstanding any contrary
4 provisions in the other Articles governing such systems.

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

6 (40 ILCS 5/2-165 rep.)

7 (40 ILCS 5/2-166 rep.)

8 (40 ILCS 5/14-155 rep.)

9 (40 ILCS 5/14-156 rep.)

10 (40 ILCS 5/15-200 rep.)

11 (40 ILCS 5/15-201 rep.)

12 (40 ILCS 5/16-205 rep.)

13 (40 ILCS 5/16-206 rep.)

14 Section 15. The Illinois Pension Code is amended by
15 repealing Sections 2-165, 2-166, 14-155, 14-156, 15-200,
16 15-201, 16-205, and 16-206.

17 Section 99. Effective date. This Act takes effect upon
18 becoming law.

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Statutes amended in order of appearance

3 5 ILCS 375/3 from Ch. 127, par. 523
4 5 ILCS 375/10 from Ch. 127, par. 530
5 40 ILCS 5/1-160
6 40 ILCS 5/2-105.3 new
7 40 ILCS 5/2-117 from Ch. 108 1/2, par. 2-117
8 40 ILCS 5/2-162
9 40 ILCS 5/2-165.5 new
10 40 ILCS 5/14-103.05 from Ch. 108 1/2, par. 14-103.05
11 40 ILCS 5/14-103.41 new
12 40 ILCS 5/14-103.42 new
13 40 ILCS 5/14-103.43 new
14 40 ILCS 5/14-152.1
15 40 ILCS 5/14-155.5 new
16 40 ILCS 5/15-108.1
17 40 ILCS 5/15-108.2
18 40 ILCS 5/15-108.3 new
19 40 ILCS 5/15-134 from Ch. 108 1/2, par. 15-134
20 40 ILCS 5/15-198
21 40 ILCS 5/15-200.5 new
22 40 ILCS 5/16-106.40 new
23 40 ILCS 5/16-106.41 new
24 40 ILCS 5/16-106.42 new
25 40 ILCS 5/16-123 from Ch. 108 1/2, par. 16-123

1	40 ILCS 5/16-203	
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8	40 ILCS 5/18-124	from Ch. 108 1/2, par. 18-124
9	40 ILCS 5/18-125	from Ch. 108 1/2, par. 18-125
10	40 ILCS 5/18-125.1	from Ch. 108 1/2, par. 18-125.1
11	40 ILCS 5/18-127	from Ch. 108 1/2, par. 18-127
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13	40 ILCS 5/18-133	from Ch. 108 1/2, par. 18-133
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