



Sen. John J. Cullerton

Filed: 1/9/2017

09900SB0017sam001

LRB099 05660 RPS 52198 a

1 AMENDMENT TO SENATE BILL 17

2 AMENDMENT NO. _____. Amend Senate Bill 17 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Public Labor Relations Act is
5 amended by changing Sections 10 and 15 and by adding Section
6 7.6 as follows:

7 (5 ILCS 315/7.6 new)

8 Sec. 7.6. No collective bargaining or interest arbitration
9 regarding certain changes to the Illinois Pension Code.

10 (a) Notwithstanding any other provision of this Act,
11 employers shall not be required to bargain over matters
12 affected by the changes, the impact of the changes, and the
13 implementation of the changes to Article 15, 16, or 17 of the
14 Illinois Pension Code made by this amendatory Act of the 99th
15 General Assembly, which are deemed to be prohibited subjects of
16 bargaining. Notwithstanding any provision of this Act, the

1 changes, impact of the changes, or implementation of the
2 changes to Article 15, 16, or 17 of the Illinois Pension Code
3 made by this amendatory Act of the 99th General Assembly shall
4 not be subject to interest arbitration or any award issued
5 pursuant to interest arbitration. The provisions of this
6 Section shall not apply to an employment contract or collective
7 bargaining agreement that is in effect on the effective date of
8 this amendatory Act of the 99th General Assembly. However, any
9 such contract or agreement that is modified, amended, renewed,
10 or superseded after the effective date of this amendatory Act
11 of the 99th General Assembly shall be subject to the provisions
12 of this Section. Each employer with active employees
13 participating in a retirement system or pension fund
14 established under Article 15, 16, or 17 of the Illinois Pension
15 Code shall comply with and be subject to the provisions of this
16 amendatory Act of the 99th General Assembly. The provisions of
17 this Section shall not apply to the ability of any employer and
18 employee representative to bargain collectively with regard to
19 the pick up of employee contributions pursuant to Section
20 15-157.1, 16-152.1, 17-130.1, or 17-130.2 of the Illinois
21 Pension Code.

22 (b) Subject to and except for the matters set forth in
23 subsection (a) of this Section that are deemed prohibited
24 subjects of bargaining, nothing in this Section shall be
25 construed as otherwise limiting any of the obligations and
26 requirements applicable to employers under any of the

1 provisions of this Act, including, but not limited to, the
2 requirement to bargain collectively with regard to policy
3 matters directly affecting wages, hours, and terms and
4 conditions of employment as well as the impact thereon upon
5 request by employee representatives. Subject to and except for
6 the matters set forth in subsection (a) of this Section that
7 are deemed prohibited subjects of bargaining, nothing in this
8 Section shall be construed as otherwise limiting any of the
9 rights of employees or employee representatives under the
10 provisions of this Act.

11 (c) In case of any conflict between this Section and any
12 other provisions of this Act or any other law, the provisions
13 of this Section shall control.

14 (5 ILCS 315/10) (from Ch. 48, par. 1610)

15 Sec. 10. Unfair labor practices.

16 (a) It shall be an unfair labor practice for an employer or
17 its agents:

18 (1) to interfere with, restrain or coerce public
19 employees in the exercise of the rights guaranteed in this
20 Act or to dominate or interfere with the formation,
21 existence or administration of any labor organization or
22 contribute financial or other support to it; provided, an
23 employer shall not be prohibited from permitting employees
24 to confer with him during working hours without loss of
25 time or pay;

1 (2) to discriminate in regard to hire or tenure of
2 employment or any term or condition of employment in order
3 to encourage or discourage membership in or other support
4 for any labor organization. Nothing in this Act or any
5 other law precludes a public employer from making an
6 agreement with a labor organization to require as a
7 condition of employment the payment of a fair share under
8 paragraph (e) of Section 6;

9 (3) to discharge or otherwise discriminate against a
10 public employee because he has signed or filed an
11 affidavit, petition or charge or provided any information
12 or testimony under this Act;

13 (4) subject to and except as provided in Section 7.6,
14 to refuse to bargain collectively in good faith with a
15 labor organization which is the exclusive representative
16 of public employees in an appropriate unit, including, but
17 not limited to, the discussing of grievances with the
18 exclusive representative; however, no actions of the
19 employer taken to implement or otherwise comply with the
20 provisions of subsection (a) of Section 7.6 shall
21 constitute or give rise to an unfair labor practice under
22 this Act;

23 (5) to violate any of the rules and regulations
24 established by the Board with jurisdiction over them
25 relating to the conduct of representation elections or the
26 conduct affecting the representation elections;

1 (6) to expend or cause the expenditure of public funds
2 to any external agent, individual, firm, agency,
3 partnership or association in any attempt to influence the
4 outcome of representational elections held pursuant to
5 Section 9 of this Act; provided, that nothing in this
6 subsection shall be construed to limit an employer's right
7 to internally communicate with its employees as provided in
8 subsection (c) of this Section, to be represented on any
9 matter pertaining to unit determinations, unfair labor
10 practice charges or pre-election conferences in any formal
11 or informal proceeding before the Board, or to seek or
12 obtain advice from legal counsel. Nothing in this paragraph
13 shall be construed to prohibit an employer from expending
14 or causing the expenditure of public funds on, or seeking
15 or obtaining services or advice from, any organization,
16 group, or association established by and including public
17 or educational employers, whether covered by this Act, the
18 Illinois Educational Labor Relations Act or the public
19 employment labor relations law of any other state or the
20 federal government, provided that such services or advice
21 are generally available to the membership of the
22 organization, group or association, and are not offered
23 solely in an attempt to influence the outcome of a
24 particular representational election; or

25 (7) to refuse to reduce a collective bargaining
26 agreement to writing or to refuse to sign such agreement.

1 (b) It shall be an unfair labor practice for a labor
2 organization or its agents:

3 (1) to restrain or coerce public employees in the
4 exercise of the rights guaranteed in this Act, provided,

5 (i) that this paragraph shall not impair the right of a
6 labor organization to prescribe its own rules with respect
7 to the acquisition or retention of membership therein or
8 the determination of fair share payments and (ii) that a
9 labor organization or its agents shall commit an unfair
10 labor practice under this paragraph in duty of fair
11 representation cases only by intentional misconduct in
12 representing employees under this Act;

13 (2) to restrain or coerce a public employer in the
14 selection of his representatives for the purposes of
15 collective bargaining or the settlement of grievances; or

16 (3) to cause, or attempt to cause, an employer to
17 discriminate against an employee in violation of
18 subsection (a) (2);

19 (4) to refuse to bargain collectively in good faith
20 with a public employer, if it has been designated in
21 accordance with the provisions of this Act as the exclusive
22 representative of public employees in an appropriate unit;

23 (5) to violate any of the rules and regulations
24 established by the boards with jurisdiction over them
25 relating to the conduct of representation elections or the
26 conduct affecting the representation elections;

1 (6) to discriminate against any employee because he has
2 signed or filed an affidavit, petition or charge or
3 provided any information or testimony under this Act;

4 (7) to picket or cause to be picketed, or threaten to
5 picket or cause to be picketed, any public employer where
6 an object thereof is forcing or requiring an employer to
7 recognize or bargain with a labor organization of the
8 representative of its employees, or forcing or requiring
9 the employees of an employer to accept or select such labor
10 organization as their collective bargaining
11 representative, unless such labor organization is
12 currently certified as the representative of such
13 employees:

14 (A) where the employer has lawfully recognized in
15 accordance with this Act any labor organization and a
16 question concerning representation may not
17 appropriately be raised under Section 9 of this Act;

18 (B) where within the preceding 12 months a valid
19 election under Section 9 of this Act has been
20 conducted; or

21 (C) where such picketing has been conducted
22 without a petition under Section 9 being filed within a
23 reasonable period of time not to exceed 30 days from
24 the commencement of such picketing; provided that when
25 such a petition has been filed the Board shall
26 forthwith, without regard to the provisions of

1 subsection (a) of Section 9 or the absence of a showing
2 of a substantial interest on the part of the labor
3 organization, direct an election in such unit as the
4 Board finds to be appropriate and shall certify the
5 results thereof; provided further, that nothing in
6 this subparagraph shall be construed to prohibit any
7 picketing or other publicity for the purpose of
8 truthfully advising the public that an employer does
9 not employ members of, or have a contract with, a labor
10 organization unless an effect of such picketing is to
11 induce any individual employed by any other person in
12 the course of his employment, not to pick up, deliver,
13 or transport any goods or not to perform any services;
14 or

15 (8) to refuse to reduce a collective bargaining
16 agreement to writing or to refuse to sign such agreement.

17 (c) The expressing of any views, argument, or opinion or
18 the dissemination thereof, whether in written, printed,
19 graphic, or visual form, shall not constitute or be evidence of
20 an unfair labor practice under any of the provisions of this
21 Act, if such expression contains no threat of reprisal or force
22 or promise of benefit.

23 (Source: P.A. 86-412; 87-736.)

24 (5 ILCS 315/15) (from Ch. 48, par. 1615)

25 (Text of Section WITHOUT the changes made by P.A. 98-599,

1 which has been held unconstitutional)

2 Sec. 15. Act Takes Precedence.

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

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

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

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

14 (d) Notwithstanding any other provision of law, no
15 collective bargaining agreement entered into, renewed, or
16 extended after the effective date of this amendatory Act of the
17 99th General Assembly or any arbitration award issued under
18 such collective bargaining agreement may violate or conflict
19 with the changes made by this amendatory Act of the 99th
20 General Assembly.

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

22 Section 10. The Civil Administrative Code of Illinois is
23 amended by adding Section 5-647 as follows:

24 (20 ILCS 5/5-647 new)

1 Sec. 5-647. Future increases in income. A Department must
2 not pay, offer, or agree to pay any future increase in income,
3 as that term is defined in Section 15-112.1 or 16-121.1 of the
4 Illinois Pension Code, to any person in a manner that violates
5 Section 15-132.9 or 16-122.9 of the Illinois Pension Code.

6 Section 15. The Illinois Pension Code is amended by
7 changing Sections 2-101, 2-105, 2-107, 2-108, 2-119.1, 2-124,
8 2-126, 2-134, 2-162, 15-108.1, 15-111, 15-136, 15-155, 15-157,
9 15-165, 15-198, 16-121, 16-133.1, 16-136.1, 16-152, 16-158,
10 16-203, 17-113.4, 17-116, 17-119.2, 17-129, 17-130, 18-131,
11 and 18-140 and by adding Sections 2-105.3, 2-107.9, 2-110.3,
12 2-165.1, 2-166.1, 15-112.1, 15-132.9, 15-200.1, 15-201.1,
13 16-107.1, 16-121.1, 16-122.9, 16-205.1, 16-206.1, 17-106.05,
14 17-113.5, and 17-115.5 as follows:

15 (40 ILCS 5/2-101) (from Ch. 108 1/2, par. 2-101)

16 Sec. 2-101. Creation of system. A retirement system is
17 created to provide retirement annuities, survivor's annuities
18 and other benefits for certain members of the General Assembly,
19 certain elected state officials, and their beneficiaries.

20 The system shall be known as the "General Assembly
21 Retirement System". All its funds and property shall be a trust
22 separate from all other entities, maintained for the purpose of
23 securing payment of annuities and benefits under this Article.

24 Participation in the retirement system created under this

1 Article is restricted to persons who became participants before
2 the effective date of this amendatory Act of the 99th General
3 Assembly. Beginning on that date, the System shall not accept
4 any new participants.

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

6 (40 ILCS 5/2-105) (from Ch. 108 1/2, par. 2-105)

7 Sec. 2-105. Member. "Member": Members of the General
8 Assembly of this State, including persons who enter military
9 service while a member of the General Assembly, and any person
10 serving as Governor, Lieutenant Governor, Secretary of State,
11 Treasurer, Comptroller, or Attorney General for the period of
12 service in such office.

13 Any person who has served for 10 or more years as Clerk or
14 Assistant Clerk of the House of Representatives, Secretary or
15 Assistant Secretary of the Senate, or any combination thereof,
16 may elect to become a member of this system while thenceforth
17 engaged in such service by filing a written election with the
18 board. Any person so electing shall be deemed an active member
19 of the General Assembly for the purpose of validating and
20 transferring any service credits earned under any of the funds
21 and systems established under Articles 3 through 18 of this
22 Code.

23 However, notwithstanding any other provision of this
24 Article, a person shall not be deemed a member for the purposes
25 of this Article unless he or she became a participant of the

1 System before the effective date of this amendatory Act of the
2 99th General Assembly.

3 (Source: P.A. 85-1008.)

4 (40 ILCS 5/2-105.3 new)

5 Sec. 2-105.3. Tier 1 employee. "Tier 1 employee": A
6 participant who first became a participant before January 1,
7 2011.

8 (40 ILCS 5/2-107) (from Ch. 108 1/2, par. 2-107)

9 Sec. 2-107. Participant. "Participant": Any member who
10 elects to participate; and any former member who elects to
11 continue participation under Section 2-117.1, for the duration
12 of such continued participation. However, notwithstanding any
13 other provision of this Article, a person shall not be deemed a
14 participant for the purposes of this Article unless he or she
15 became a participant of the System before the effective date of
16 this amendatory Act of the 99th General Assembly.

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

18 (40 ILCS 5/2-107.9 new)

19 Sec. 2-107.9. Future increase in income. "Future increase
20 in income" means an increase in income in any form offered to a
21 Tier 1 employee for service under this Article after June 30,
22 2018 that qualifies as "salary", as defined in Section 2-108,
23 or would qualify as "salary" but for the fact that it was

1 offered to and accepted by a Tier 1 employee under the
2 condition set forth in subsection (c) of Section 2-110.3.

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

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

6 Sec. 2-108. Salary. "Salary":

7 (1) For members of the General Assembly, the total
8 compensation paid to the member by the State for one year of
9 service, including the additional amounts, if any, paid to the
10 member as an officer pursuant to Section 1 of "An Act in
11 relation to the compensation and emoluments of the members of
12 the General Assembly", approved December 6, 1907, as now or
13 hereafter amended.

14 (2) For the State executive officers specified in Section
15 2-105, the total compensation paid to the member for one year
16 of service.

17 (3) For members of the System who are participants under
18 Section 2-117.1, or who are serving as Clerk or Assistant Clerk
19 of the House of Representatives or Secretary or Assistant
20 Secretary of the Senate, the total compensation paid to the
21 member for one year of service, but not to exceed the salary of
22 the highest salaried officer of the General Assembly.

23 However, in the event that federal law results in any
24 participant receiving imputed income based on the value of
25 group term life insurance provided by the State, such imputed

1 income shall not be included in salary for the purposes of this
2 Article.

3 Notwithstanding any other provision of this Section,
4 "salary" does not include any future increase in income that is
5 offered for service to a Tier 1 employee under this Article
6 pursuant to the condition set forth in subsection (c) of
7 Section 2-110.3 and accepted under that condition by a Tier 1
8 employee who has made the election under paragraph (2) of
9 subsection (a) of Section 2-110.3.

10 Notwithstanding any other provision of this Section,
11 "salary" does not include any consideration payment made to a
12 Tier 1 employee.

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

14 (40 ILCS 5/2-110.3 new)

15 Sec. 2-110.3. Election by Tier 1 employees.

16 (a) Each active Tier 1 employee shall make an irrevocable
17 election either:

18 (1) to agree to delay his or her eligibility for
19 automatic annual increases in retirement annuity as
20 provided in subsection (a-1) of Section 2-119.1 and to have
21 the amount of the automatic annual increases in his or her
22 retirement annuity that are otherwise provided for in this
23 Article calculated, instead, as provided in subsection
24 (a-1) of Section 2-119.1; or

25 (2) to not agree to paragraph (1) of this subsection.

1 The election required under this subsection (a) shall be
2 made by each active Tier 1 employee no earlier than January 1,
3 2018 and no later than March 1, 2018, except that a person who
4 returns to active service as a Tier 1 employee under this
5 Article on or after January 1, 2018 and has not yet made an
6 election under this Section must make the election under this
7 subsection (a) within 60 days after returning to active service
8 as a Tier 1 employee.

9 If a Tier 1 employee fails for any reason to make a
10 required election under this subsection within the time
11 specified, then the employee shall be deemed to have made the
12 election under paragraph (2) of this subsection.

13 (a-5) If this Section is enjoined or stayed by an Illinois
14 court or a court of competent jurisdiction pending the entry of
15 a final and unappealable decision, and this Section is
16 determined to be constitutional or otherwise valid by a final
17 unappealable decision of an Illinois court or a court of
18 competent jurisdiction, then the election procedure set forth
19 in subsection (a) of this Section shall commence on the 180th
20 calendar day after the date of the issuance of the final
21 unappealable decision and shall conclude at the end of the
22 270th calendar day after that date.

23 (a-10) All elections under subsection (a) that are made or
24 deemed to be made before July 1, 2018 shall take effect on July
25 1, 2018. Elections that are made or deemed to be made on or
26 after July 1, 2018 shall take effect on the first day of the

1 month following the month in which the election is made or
2 deemed to be made.

3 (b) As adequate and legal consideration provided under this
4 amendatory Act of the 99th General Assembly for making an
5 election under paragraph (1) of subsection (a) of this Section,
6 the State of Illinois shall be expressly and irrevocably
7 prohibited from offering any future increases in income to a
8 Tier 1 employee who has made an election under paragraph (1) of
9 subsection (a) of this Section on the condition of not
10 constituting salary under Section 2-108.

11 As adequate and legal consideration provided under this
12 amendatory Act of the 99th General Assembly for making an
13 election under paragraph (1) of subsection (a) of this Section,
14 each Tier 1 employee who has made an election under paragraph
15 (1) of subsection (a) of this Section shall receive a
16 consideration payment equal to 10% of the contributions made by
17 or on behalf of the employee under Section 2-126 before the
18 effective date of that election. The State Comptroller shall
19 pay the consideration payment to the Tier 1 employee out of
20 funds appropriated for that purpose under Section 1.9 of the
21 State Pension Funds Continuing Appropriation Act. The System
22 shall calculate the amount of each consideration payment and
23 shall certify to the State Comptroller the amount of the
24 consideration payment, together with the name, address, and any
25 other available payment information of the Tier 1 employee as
26 found in the records of the System.

1 (c) A Tier 1 employee who makes the election under
2 paragraph (2) of subsection (a) of this Section shall not be
3 subject to paragraph (1) of subsection (a) of this Section.
4 However, any future increases in income offered for service as
5 a member under this Article to a Tier 1 employee who has made
6 the election under paragraph (2) of subsection (a) of this
7 Section shall be offered expressly and irrevocably on the
8 condition of not constituting salary under Section 2-108, and
9 the member may not accept any future increase in income that is
10 offered without this condition.

11 (d) The System shall make a good faith effort to contact
12 each Tier 1 employee subject to this Section. The System shall
13 mail information describing the required election to each Tier
14 1 employee by United States Postal Service mail to his or her
15 last known address on file with the System. If the Tier 1
16 employee is not responsive to other means of contact, it is
17 sufficient for the System to publish the details of any
18 required elections on its website or to publish those details
19 in a regularly published newsletter or other existing public
20 forum.

21 Tier 1 employees who are subject to this Section shall be
22 provided with an election packet containing information
23 regarding their options, as well as the forms necessary to make
24 the required election. Upon request, the System shall offer
25 Tier 1 employees an opportunity to receive information from the
26 System before making the required election. The information may

1 be provided through video materials, group presentations,
2 individual consultation with a member or authorized
3 representative of the System in person or by telephone or other
4 electronic means, or any combination of those methods. The
5 System shall not provide advice or counseling with respect to
6 which election a Tier 1 employee should make or specific to the
7 legal or tax circumstances of or consequences to the Tier 1
8 employee.

9 The System shall inform Tier 1 employees in the election
10 packet required under this subsection that the Tier 1 employee
11 may also wish to obtain information and counsel relating to the
12 election required under this Section from any other available
13 source, including, but not limited to, labor organizations and
14 private counsel.

15 In no event shall the System, its staff, or the Board be
16 held liable for any information given to a member regarding the
17 elections under this Section. The System shall coordinate with
18 the Illinois Department of Central Management Services and each
19 other retirement system administering an election in
20 accordance with this amendatory Act of the 99th General
21 Assembly to provide information concerning the impact of the
22 election set forth in this Section.

23 (e) Notwithstanding any other provision of law, any future
24 increases in income offered by the State of Illinois for
25 service as a member must be offered expressly and irrevocably
26 on the condition of not constituting "salary" under Section

1 2-108 to any Tier 1 employee who has made an election under
2 paragraph (2) of subsection (a) of this Section. A Tier 1
3 employee who has made an election under paragraph (2) of
4 subsection (a) of this Section shall not accept any future
5 increase in income that is offered for service as a member
6 under this Article without the condition set forth in this
7 subsection.

8 For purposes of legislative intent, the condition set forth
9 in this subsection shall be construed in a manner that ensures
10 that the condition is not violated or circumvented through any
11 contrivance of any kind.

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

15 (g) No provision of this Section shall be interpreted in a
16 way that would cause the System to cease to be a qualified plan
17 under Section 401(a) of the Internal Revenue Code of 1986. The
18 provisions of this Section shall be subject to and implemented
19 in a manner that complies with Section 11 of Article IV of the
20 Illinois Constitution.

21 (h) If an election created by this amendatory Act in any
22 other Article of this Code or any change deriving from that
23 election is determined to be unconstitutional or otherwise
24 invalid by a final unappealable decision of an Illinois court
25 or a court of competent jurisdiction, the invalidity of that
26 provision shall not in any way affect the validity of this

1 Section or the changes deriving from the election required
2 under this Section.

3 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

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

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

21 (a-1) Notwithstanding any other provision of this Article,
22 for a Tier 1 employee who made the election under paragraph (1)
23 of subsection (a) of Section 2-110.3:

24 (1) The initial increase in retirement annuity under
25 this Section shall occur on the January 1 occurring either

1 on or after the attainment of age 67 or the fifth
2 anniversary of the annuity start date, whichever is
3 earlier.

4 (2) The amount of each automatic annual increase in
5 retirement annuity occurring on or after the effective date
6 of that election shall be calculated as a percentage of the
7 originally granted retirement annuity, equal to 3% or
8 one-half the annual unadjusted percentage increase (but
9 not less than zero) in the consumer price index-u for the
10 12 months ending with the September preceding each November
11 1, whichever is less. If the annual unadjusted percentage
12 change in the consumer price index-u for the 12 months
13 ending with the September preceding each November 1 is zero
14 or there is a decrease, then the annuity shall not be
15 increased.

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

25 (b) Beginning January 1, 1990, for eligible participants
26 who remain in service after attaining 20 years of creditable

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

13 This subsection (b) does not apply to any person who first
14 becomes a member of the System after August 8, 2003 (the
15 effective date of Public Act 93-494) ~~this amendatory Act of the~~
16 ~~93rd General Assembly.~~

17 (b-5) Notwithstanding any other provision of this Article,
18 a participant who first becomes a participant on or after
19 January 1, 2011 (the effective date of Public Act 96-889)
20 shall, in January or July next following the first anniversary
21 of retirement, whichever occurs first, and in the same month of
22 each year thereafter, but in no event prior to age 67, have the
23 amount of the retirement annuity then being paid increased by
24 3% or the annual unadjusted percentage increase in the Consumer
25 Price Index for All Urban Consumers as determined by the Public
26 Pension Division of the Department of Insurance under

1 subsection (a) of Section 2-108.1, whichever is less.

2 (c) The foregoing provisions relating to automatic
3 increases are not applicable to a participant who retires
4 before having made contributions (at the rate prescribed in
5 Section 2-126) for automatic increases for less than the
6 equivalent of one full year. However, in order to be eligible
7 for the automatic increases, such a participant may make
8 arrangements to pay to the system the amount required to bring
9 the total contributions for the automatic increase to the
10 equivalent of one year's contributions based upon his or her
11 last salary.

12 (d) A participant who terminated service prior to July 1,
13 1967, with at least 14 years of service is entitled to an
14 increase in retirement annuity beginning January, 1976, and to
15 additional increases in January of each year thereafter.

16 The initial increase shall be 1 1/2% of the originally
17 granted retirement annuity multiplied by the number of full
18 years that the annuitant was in receipt of such annuity prior
19 to January 1, 1972, plus 2% of the originally granted
20 retirement annuity for each year after that date. The
21 subsequent annual increases shall be at the rate of 2% of the
22 originally granted retirement annuity for each year through
23 1979 and at the rate of 3% for 1980 and thereafter.

24 (e) Beginning January 1, 1990, and except as provided in
25 subsection (a-1), all automatic annual increases payable under
26 this Section shall be calculated as a percentage of the total

1 annuity payable at the time of the increase, including previous
2 increases granted under this Article.

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

4 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

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

7 Sec. 2-124. Contributions by State.

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

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

19 (c) For State fiscal years 2018 through 2045 (except as
20 otherwise provided for fiscal year 2019), the minimum
21 contribution to the System to be made by the State for each
22 fiscal year shall be an amount determined by the System to be
23 sufficient to bring the total assets of the System up to 90% of
24 the total actuarial liabilities of the System by the end of
25 State fiscal year 2045. In making these determinations, the

1 required State contribution shall be calculated each year as a
2 level percentage of total payroll, including payroll that is
3 not deemed pensionable, over the years remaining to and
4 including fiscal year 2045 and shall be determined under the
5 projected unit credit actuarial cost method.

6 For State fiscal year 2019:

7 (1) The initial calculation and certification shall be
8 based on the amount determined above.

9 (2) For purposes of the recertification due on or
10 before May 1, 2018, the recalculation of the required State
11 contribution for fiscal year 2019 shall take into account
12 the effect on the System's liabilities of the elections
13 made under Section 2-110.3.

14 (3) For purposes of the recertification due on or
15 before October 1, 2018, the total required State
16 contribution for fiscal year 2019 shall be reduced by the
17 amount of the consideration payments made to Tier 1
18 employees who made the election under paragraph (1) of
19 subsection (a) of Section 2-110.3.

20 Beginning in State fiscal year 2018, any increase or
21 decrease in State contribution over the prior fiscal year due
22 exclusively to changes in actuarial or investment assumptions
23 adopted by the Board shall be included in the State
24 contribution to the System, as a percentage of the applicable
25 employee payroll, and shall be increased in equal annual
26 increments so that by the State fiscal year occurring 5 years

1 after the adoption of the actuarial or investment assumptions,
2 the State is contributing at the rate otherwise required under
3 this Section.

4 If Section 2-110.3 is determined to be unconstitutional or
5 otherwise invalid by a final unappealable decision of an
6 Illinois court or a court of competent jurisdiction, then the
7 changes made to this Section by this amendatory Act of the 99th
8 General Assembly shall not take effect and are repealed by
9 operation of law.

10 For State fiscal years 2012 through 2017 ~~2045~~, the minimum
11 contribution to the System to be made by the State for each
12 fiscal year shall be an amount determined by the System to be
13 sufficient to bring the total assets of the System up to 90% of
14 the total actuarial liabilities of the System by the end of
15 State fiscal year 2045. In making these determinations, the
16 required State contribution shall be calculated each year as a
17 level percentage of payroll over the years remaining to and
18 including fiscal year 2045 and shall be determined under the
19 projected unit credit actuarial cost method.

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

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2006 is

1 \$4,157,000.

2 Notwithstanding any other provision of this Article, the
3 total required State contribution for State fiscal year 2007 is
4 \$5,220,300.

5 For each of State fiscal years 2008 through 2009, the State
6 contribution to the System, as a percentage of the applicable
7 employee payroll, shall be increased in equal annual increments
8 from the required State contribution for State fiscal year
9 2007, so that by State fiscal year 2011, the State is
10 contributing at the rate otherwise required under this Section.

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

21 Notwithstanding any other provision of this Article, the
22 total required State contribution for State fiscal year 2011 is
23 the amount recertified by the System on or before April 1, 2011
24 pursuant to Section 2-134 and shall be made from the proceeds
25 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
26 the General Obligation Bond Act, less (i) the pro rata share of

1 bond sale expenses determined by the System's share of total
2 bond proceeds, (ii) any amounts received from the General
3 Revenue Fund in fiscal year 2011, and (iii) any reduction in
4 bond proceeds due to the issuance of discounted bonds, if
5 applicable.

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

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

22 Notwithstanding any other provision of this Section, the
23 required State contribution for State fiscal year 2005 and for
24 fiscal year 2008 and each fiscal year thereafter, as calculated
25 under this Section and certified under Section 2-134, shall not
26 exceed an amount equal to (i) the amount of the required State

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

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

25 As of June 30, 2008, the actuarial value of the System's
26 assets shall be equal to the market value of the assets as of

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

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

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

13 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

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

16 Sec. 2-126. Contributions by participants.

17 (a) Each participant shall contribute toward the cost of
18 his or her retirement annuity a percentage of each payment of
19 salary received by him or her for service as a member as
20 follows: for service between October 31, 1947 and January 1,
21 1959, 5%; for service between January 1, 1959 and June 30,
22 1969, 6%; for service between July 1, 1969 and January 10,
23 1973, 6 1/2%; for service after January 10, 1973, 7%; for
24 service after December 31, 1981, 8 1/2%.

25 (b) Beginning August 2, 1949, each male participant, and

1 from July 1, 1971, each female participant shall contribute
2 towards the cost of the survivor's annuity 2% of salary.

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

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

18 (d) In addition, each participant serving as an officer of
19 the General Assembly shall contribute, for the same purposes
20 and at the same rates as are required of a regular participant,
21 on each additional payment received as an officer. If the
22 participant serves as an officer for at least 2 but less than 4
23 years, he or she shall contribute an amount equal to the amount
24 that would have been contributed had the participant served as
25 an officer for 4 years. Persons who serve as officers in the
26 87th General Assembly but cannot receive the additional payment

1 to officers because of the ban on increases in salary during
2 their terms may nonetheless make contributions based on those
3 additional payments for the purpose of having the additional
4 payments included in their highest salary for annuity purposes;
5 however, persons electing to make these additional
6 contributions must also pay an amount representing the
7 corresponding employer contributions, as calculated by the
8 System.

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

16 (f) Beginning July 1, 2018 or the effective date of the
17 Tier 1 employee's election under paragraph (1) of subsection
18 (a) of Section 2-110.3, whichever is later, in lieu of the
19 contributions otherwise required under this Section, each Tier
20 1 employee who made the election under paragraph (1) of
21 subsection (a) of Section 2-110.3 shall contribute 8.5% of each
22 payment of salary toward the cost of his or her retirement
23 annuity and 1.85% of each payment of salary toward the cost of
24 the survivor's annuity.

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

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

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

4 Sec. 2-134. To certify required State contributions and
5 submit vouchers.

6 (a) The Board shall certify to the Governor on or before
7 December 15 of each year until December 15, 2011 the amount of
8 the required State contribution to the System for the next
9 fiscal year and shall specifically identify the System's
10 projected State normal cost for that fiscal year. The
11 certification shall include a copy of the actuarial
12 recommendations upon which it is based and shall specifically
13 identify the System's projected State normal cost for that
14 fiscal year.

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

1 January 15, 2013 and every January 15 thereafter, the Board
2 shall certify to the Governor and the General Assembly the
3 amount of the required State contribution for the next fiscal
4 year. The Board's certification must note any deviations from
5 the State Actuary's recommended changes, the reason or reasons
6 for not following the State Actuary's recommended changes, and
7 the fiscal impact of not following the State Actuary's
8 recommended changes on the required State contribution.

9 On or before May 1, 2004, the Board shall recalculate and
10 recertify to the Governor the amount of the required State
11 contribution to the System for State fiscal year 2005, taking
12 into account the amounts appropriated to and received by the
13 System under subsection (d) of Section 7.2 of the General
14 Obligation Bond Act.

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

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

26 As soon as practical after the effective date of this

1 amendatory Act of the 99th General Assembly, the State Actuary
2 and the Board shall recalculate and recertify to the Governor
3 and the General Assembly the amount of the State contribution
4 to the System for State fiscal year 2018, taking into account
5 the changes in required State contributions made by this
6 amendatory Act of the 99th General Assembly.

7 On or before May 1, 2018, the Board shall recalculate and
8 recertify to the Governor and the General Assembly the amount
9 of the required State contribution to the System for State
10 fiscal year 2019, taking into account the effect on the
11 System's liabilities of the elections made under Section
12 2-110.3.

13 On or before October 1, 2018, the Board shall recalculate
14 and recertify to the Governor and the General Assembly the
15 amount of the required State contribution to the System for
16 State fiscal year 2019, taking into account the reduction
17 specified under item (3) of subsection (c) of Section 2-124.

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

1 determined under this Section after taking into consideration
2 the transfer to the System under subsection (d) of Section
3 6z-61 of the State Finance Act. These vouchers shall be paid by
4 the State Comptroller and Treasurer by warrants drawn on the
5 funds appropriated to the System for that fiscal year. If in
6 any month the amount remaining unexpended from all other
7 appropriations to the System for the applicable fiscal year
8 (including the appropriations to the System under Section 8.12
9 of the State Finance Act and Section 1 of the State Pension
10 Funds Continuing Appropriation Act) is less than the amount
11 lawfully vouchered under this Section, the difference shall be
12 paid from the General Revenue Fund under the continuing
13 appropriation authority provided in Section 1.1 of the State
14 Pension Funds Continuing Appropriation Act.

15 (c) The full amount of any annual appropriation for the
16 System for State fiscal year 1995 shall be transferred and made
17 available to the System at the beginning of that fiscal year at
18 the request of the Board. Any excess funds remaining at the end
19 of any fiscal year from appropriations shall be retained by the
20 System as a general reserve to meet the System's accrued
21 liabilities.

22 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
23 97-694, eff. 6-18-12.)

24 (40 ILCS 5/2-162)

25 (Text of Section WITHOUT the changes made by P.A. 98-599,

1 which has been held unconstitutional)

2 Sec. 2-162. 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 to this Article by this
12 amendatory Act of the 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 5/2-165.1 new)

4 Sec. 2-165.1. Defined contribution plan.

5 (a) By July 1, 2018, the System shall prepare and implement
6 a voluntary defined contribution plan for up to 5% of eligible
7 active Tier 1 employees. The System shall determine the 5% cap
8 by the number of active Tier 1 employees on the effective date
9 of this Section. The defined contribution plan developed under
10 this Section shall be a plan that aggregates employer and
11 employee contributions in individual participant accounts
12 which, after meeting any other requirements, are used for
13 payouts after retirement in accordance with this Section and
14 any other applicable laws.

15 As used in this Section, "defined benefit plan" means the
16 retirement plan available under this Article to Tier 1
17 employees who have not made the election authorized under this
18 Section.

19 (1) Under the defined contribution plan, an active Tier
20 1 employee of this System could elect to cease accruing
21 benefits in the defined benefit plan under this Article and
22 begin accruing benefits for future service in the defined
23 contribution plan. Service credit under the defined
24 contribution plan may be used for determining retirement
25 eligibility under the defined benefit plan.

1 (2) Participants in the defined contribution plan
2 shall pay employee contributions at the same rate as Tier 1
3 employees in this System who do not participate in the
4 defined contribution plan.

5 (3) State contributions shall be paid into the accounts
6 of all participants in the defined contribution plan at a
7 uniform rate, expressed as a percentage of compensation and
8 determined for each year. This rate shall be no higher than
9 the employer's normal cost for Tier 1 employees in the
10 defined benefit plan for that year, as determined by the
11 System and expressed as a percentage of compensation, and
12 shall be no lower than 3% of compensation. The State shall
13 adjust this rate annually.

14 (4) The defined contribution plan shall require 5 years
15 of participation in the defined contribution plan before
16 vesting in State contributions. If the participant fails to
17 vest in them, the State contributions, and the earnings
18 thereon, shall be forfeited.

19 (5) The defined contribution plan may provide for
20 participants in the plan to be eligible for defined
21 disability benefits. If it does, the System shall reduce
22 the employee contributions credited to the participant's
23 defined contribution plan account by an amount determined
24 by the System to cover the cost of offering such benefits.

25 (6) The defined contribution plan shall provide a
26 variety of options for investments. These options shall

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

3 (7) The defined contribution plan shall provide a
4 variety of options for payouts to retirees and their
5 survivors.

6 (8) 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 into other qualified retirement plans.

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

16 (b) Only persons who are active Tier 1 employees of the
17 System on the effective date of this Section are eligible to
18 participate in the defined contribution plan. Participation in
19 the defined contribution plan shall be limited to the first 5%
20 of eligible persons who elect to participate. The election to
21 participate in the defined contribution plan is voluntary and
22 irrevocable.

23 (c) An eligible active Tier 1 employee may irrevocably
24 elect to participate in the defined contribution plan by filing
25 with the System a written application to participate that is
26 received by the System prior to its determination that 5% of

1 eligible persons have elected to participate in the defined
2 contribution plan.

3 When the System first determines that 5% of eligible
4 persons have elected to participate in the defined contribution
5 plan, the System shall provide notice to previously eligible
6 employees that the plan is no longer available and shall cease
7 accepting applications to participate.

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

16 Upon request for further information describing the
17 option, the System shall provide employees with information
18 from the System before exercising the option to join the plan,
19 including information on the impact to their vested benefits or
20 non-vested service. The individual consultation shall include
21 projections of the participant's defined benefits at
22 retirement or earlier termination of service and the value of
23 the participant's account at retirement or earlier termination
24 of service. The System shall not provide advice or counseling
25 with respect to whether the employee should exercise the
26 option. The System shall inform Tier 1 employees who are

1 eligible to participate in the defined contribution plan that
2 they may also wish to obtain information and counsel relating
3 to their option from any other available source, including but
4 not limited to labor organizations, private counsel, and
5 financial advisors.

6 (e) 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 defined
11 contribution plan in accordance with this amendatory Act of the
12 99th General Assembly to provide information concerning the
13 impact of the option set forth in this Section.

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

18 (g) The System shall report on its progress under this
19 Section, including the available details of the defined
20 contribution plan and the System's plans for informing eligible
21 Tier 1 employees about the plan, to the Governor and the
22 General Assembly on or before January 15, 2018.

23 (h) The Illinois State Board of Investments shall be the
24 plan sponsor for the defined contribution plan established
25 under this Section.

26 (i) The intent of this amendatory Act of the 99th General

1 Assembly is to ensure that the State's normal cost of
2 participation in the defined contribution plan is similar, and
3 if possible equal, to the State's normal cost of participation
4 in the defined benefit plan, unless a lower State's normal cost
5 is necessary to ensure cost neutrality.

6 (j) If Section 2-110.3 is determined to be unconstitutional
7 or otherwise invalid by a final unappealable decision of an
8 Illinois court or a court of competent jurisdiction, then this
9 Section shall not take effect and is repealed by operation of
10 law.

11 (40 ILCS 5/2-166.1 new)

12 Sec. 2-166.1. Defined contribution plan; termination. If
13 the defined contribution plan is terminated or becomes
14 inoperative pursuant to law, then each participant in the plan
15 shall automatically be deemed to have been a contributing Tier
16 1 employee in the System's defined benefit plan during the time
17 in which he or she participated in the defined contribution
18 plan, and for that purpose the System shall be entitled to
19 recover the amounts in the participant's defined contribution
20 accounts.

21 (40 ILCS 5/15-108.1)

22 Sec. 15-108.1. Tier 1 member; Tier 1 employee.

23 "Tier 1 member": A participant or an annuitant of a
24 retirement annuity under this Article, other than a participant

1 in the self-managed plan under Section 15-158.2, who first
2 became a participant or member before January 1, 2011 under any
3 reciprocal retirement system or pension fund established under
4 this Code, other than a retirement system or pension fund
5 established under Articles 2, 3, 4, 5, 6, or 18 of this Code.
6 "Tier 1 member" includes a person who first became a
7 participant under this System before January 1, 2011 and who
8 accepts a refund and is subsequently reemployed by an employer
9 on or after January 1, 2011.

10 "Tier 1 employee": An employee under this Article, other
11 than a participant in the self-managed plan under Section
12 15-158.2, who first became a member or participant before
13 January 1, 2011 under any reciprocal retirement system or
14 pension fund established under this Code other than a
15 retirement system or pension fund established under Article 2,
16 3, 4, 5, 6, or 18 of this Code. However, for the purposes of the
17 election under Section 15-132.9, "Tier 1 employee" does not
18 include a participant under this Article who would qualify as a
19 Tier 1 employee but who has made an irrevocable election on or
20 before June 1, 2017 to retire from service pursuant to the
21 terms of a collective bargaining agreement in effect on June 1,
22 2017, excluding any extension, amendment, or renewal of that
23 agreement on or after that date, and has notified the System of
24 that election.

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

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

2 Sec. 15-111. Earnings.

3 (a) "Earnings": Subject to Section 15-111.5, an amount paid
4 for personal services equal to the sum of the basic
5 compensation plus extra compensation for summer teaching,
6 overtime or other extra service. For periods for which an
7 employee receives service credit under subsection (c) of
8 Section 15-113.1 or Section 15-113.2, earnings are equal to the
9 basic compensation on which contributions are paid by the
10 employee during such periods. Compensation for employment
11 which is irregular, intermittent and temporary shall not be
12 considered earnings, unless the participant is also receiving
13 earnings from the employer as an employee under Section 15-107.

14 With respect to transition pay paid by the University of
15 Illinois to a person who was a participating employee employed
16 in the fire department of the University of Illinois's
17 Champaign-Urbana campus immediately prior to the elimination
18 of that fire department:

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

22 (2) "Earnings" includes transition pay paid to the
23 employee before the effective date of this amendatory Act
24 of the 91st General Assembly only if (i) employee
25 contributions under Section 15-157 have been withheld from
26 that transition pay or (ii) the employee pays to the System

1 before January 1, 2001 an amount representing employee
2 contributions under Section 15-157 on that transition pay.
3 Employee contributions under item (ii) may be paid in a
4 lump sum, by withholding from additional transition pay
5 accruing before January 1, 2001, or in any other manner
6 approved by the System. Upon payment of the employee
7 contributions on transition pay, the corresponding
8 employer contributions become an obligation of the State.

9 (a-5) Notwithstanding any other provision of this Section,
10 "earnings" does not include any future increase in income that
11 is offered for service by an employer to a Tier 1 employee
12 under this Article pursuant to the condition set forth in
13 subsection (c) of Section 15-132.9 and accepted under that
14 condition by a Tier 1 employee who has made the election under
15 paragraph (2) of subsection (a) of Section 15-132.9.

16 (a-10) Notwithstanding any other provision of this
17 Section, "earnings" does not include any consideration payment
18 made to a Tier 1 employee.

19 (b) For a Tier 2 member, the annual earnings shall not
20 exceed \$106,800; however, that amount shall annually
21 thereafter be increased by the lesser of (i) 3% of that amount,
22 including all previous adjustments, or (ii) one half the annual
23 unadjusted percentage increase (but not less than zero) in the
24 consumer price index-u for the 12 months ending with the
25 September preceding each November 1, including all previous
26 adjustments.

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

10 (c) With each submission of payroll information in the
11 manner prescribed by the System, the employer shall certify
12 that the payroll information is correct and complies with all
13 applicable State and federal laws.

14 (Source: P.A. 98-92, eff. 7-16-13; 99-897, eff. 1-1-17.)

15 (40 ILCS 5/15-112.1 new)

16 Sec. 15-112.1. Future increase in income. "Future increase
17 in income" means an increase in income in any form offered by
18 an employer to a Tier 1 employee for service under this Article
19 after June 30, 2018 that qualifies as "earnings", as defined in
20 Section 15-111, or would qualify as "earnings" but for the fact
21 that it was offered to and accepted by a Tier 1 employee under
22 the condition set forth in subsection (c) of Section 15-132.9.
23 The term "future increase in income" does not include an
24 increase in income in any form that is paid to a Tier 1
25 employee under an employment contract or a collective

1 bargaining agreement that is in effect on the effective date of
2 this Section, but does include an increase in income in any
3 form pursuant to an extension, amendment, or renewal of any
4 such employment contract or collective bargaining agreement on
5 or after the effective date of this Section.

6 (40 ILCS 5/15-132.9 new)

7 Sec. 15-132.9. Election by Tier 1 employees.

8 (a) Each active Tier 1 employee shall make an irrevocable
9 election either:

10 (1) to agree to delay his or her eligibility for
11 automatic annual increases in retirement annuity as
12 provided in subsection (d-1) of Section 15-136 and to have
13 the amount of the automatic annual increases in his or her
14 retirement annuity that are otherwise provided for in this
15 Article calculated, instead, as provided in subsection
16 (d-1) of Section 15-136; or

17 (2) to not agree to the provisions of paragraph (1) of
18 this subsection.

19 The election required under this subsection (a) shall be
20 made by each active Tier 1 employee no earlier than January 1,
21 2018 and no later than March 31, 2018, except that:

22 (i) a person who becomes a Tier 1 employee under this
23 Article on or after January 1, 2018 must make the election
24 under this subsection (a) within 60 days after becoming a
25 Tier 1 employee; and

1 (ii) a person who returns to active service as a Tier 1
2 employee under this Article on or after January 1, 2018 and
3 has not yet made an election under this Section must make
4 the election under this subsection (a) within 60 days after
5 returning to active service as a Tier 1 employee.

6 If a Tier 1 employee fails for any reason to make a
7 required election under this subsection within the time
8 specified, then the employee shall be deemed to have made the
9 election under paragraph (2) of this subsection.

10 (a-5) If this Section is enjoined or stayed by an Illinois
11 court or a court of competent jurisdiction pending the entry of
12 a final and unappealable decision, and this Section is
13 determined to be constitutional or otherwise valid by a final
14 unappealable decision of an Illinois court or a court of
15 competent jurisdiction, then the election procedure set forth
16 in subsection (a) of this Section shall commence on the 180th
17 calendar day after the date of the issuance of the final
18 unappealable decision and shall conclude at the end of the
19 270th calendar day after that date.

20 (a-10) All elections under subsection (a) that are made or
21 deemed to be made before July 1, 2018 shall take effect on July
22 1, 2018. Elections that are made or deemed to be made on or
23 after July 1, 2018 shall take effect on the first day of the
24 month following the month in which the election is made or
25 deemed to be made.

26 (b) As adequate and legal consideration provided under this

1 amendatory Act of the 99th General Assembly for making an
2 election under paragraph (1) of subsection (a) of this Section,
3 the employer shall be expressly and irrevocably prohibited from
4 offering any future increases in income to a Tier 1 employee
5 who has made an election under paragraph (1) of subsection (a)
6 of this Section on the condition of not constituting earnings
7 under Section 15-111.

8 As adequate and legal consideration provided under this
9 amendatory Act of the 99th General Assembly for making an
10 election under paragraph (1) of subsection (a) of this Section,
11 each Tier 1 employee who has made an election under paragraph
12 (1) of subsection (a) of this Section shall receive a
13 consideration payment equal to 10% of the contributions made by
14 or on behalf of the employee under Section 15-157 before the
15 effective date of that election. The State Comptroller shall
16 pay the consideration payment to the Tier 1 employee out of
17 funds appropriated for that purpose under Section 1.9 of the
18 State Pension Funds Continuing Appropriation Act. The System
19 shall calculate the amount of each consideration payment and
20 shall certify to the State Comptroller the amount of the
21 consideration payment, together with the name, address, and any
22 other available payment information of the Tier 1 employee as
23 found in the records of the System.

24 (c) A Tier 1 employee who makes the election under
25 paragraph (2) of subsection (a) of this Section shall not be
26 subject to paragraph (1) of subsection (a) of this Section.

1 However, any future increases in income offered by an employer
2 under this Article to a Tier 1 employee who has made the
3 election under paragraph (2) of subsection (a) of this Section
4 shall be offered by the employer expressly and irrevocably on
5 the condition of not constituting earnings under Section
6 15-111, and the employee may not accept any future increase in
7 income that is offered without this condition.

8 (d) The System shall make a good faith effort to contact
9 each Tier 1 employee subject to this Section. The System shall
10 mail information describing the required election to each Tier
11 1 employee by United States Postal Service mail to his or her
12 last known address on file with the System. If the Tier 1
13 employee is not responsive to other means of contact, it is
14 sufficient for the System to publish the details of any
15 required elections on its website or to publish those details
16 in a regularly published newsletter or other existing public
17 forum.

18 Tier 1 employees who are subject to this Section shall be
19 provided with an election packet containing information
20 regarding their options, as well as the forms necessary to make
21 the required election. Upon request, the System shall offer
22 Tier 1 employees an opportunity to receive information from the
23 System before making the required election. The information may
24 consist of video materials, group presentations, individual
25 consultation with a member or authorized representative of the
26 System in person or by telephone or other electronic means, or

1 any combination of those methods. The System shall not provide
2 advice or counseling with respect to which election a Tier 1
3 employee should make or specific to the legal or tax
4 circumstances of or consequences to the Tier 1 employee.

5 The System shall inform Tier 1 employees in the election
6 packet required under this subsection that the Tier 1 employee
7 may also wish to obtain information and counsel relating to the
8 election required under this Section from any other available
9 source, including, but not limited to, labor organizations and
10 private counsel.

11 In no event shall the System, its staff, or the Board be
12 held liable for any information given to a member regarding the
13 elections under this Section. The System shall coordinate with
14 the Illinois Department of Central Management Services and each
15 other retirement system administering an election in
16 accordance with this amendatory Act of the 99th General
17 Assembly to provide information concerning the impact of the
18 election set forth in this Section.

19 (e) Notwithstanding any other provision of law, an employer
20 under this Article is required to offer any future increases in
21 income expressly and irrevocably on the condition of not
22 constituting "earnings" under Section 15-111 to any Tier 1
23 employee who has made an election under paragraph (2) of
24 subsection (a) of this Section. A Tier 1 employee who has made
25 an election under paragraph (2) of subsection (a) of this
26 Section shall not accept any future increase in income that is

1 offered by an employer under this Article without the condition
2 set forth in this subsection.

3 For purposes of legislative intent, the condition set forth
4 in this subsection shall be construed in a manner that ensures
5 that the condition is not violated or circumvented through any
6 contrivance of any kind.

7 (f) A member's election under this Section is not a
8 prohibited election under subdivision (j)(1) of Section 1-119
9 of this Code.

10 (g) No provision of this Section shall be interpreted in a
11 way that would cause the System to cease to be a qualified plan
12 under Section 401(a) of the Internal Revenue Code of 1986.

13 (h) If an election created by this amendatory Act in any
14 other Article of this Code or any change deriving from that
15 election is determined to be unconstitutional or otherwise
16 invalid by a final unappealable decision of an Illinois court
17 or a court of competent jurisdiction, the invalidity of that
18 provision shall not in any way affect the validity of this
19 Section or the changes deriving from the election required
20 under this Section.

21 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

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

24 Sec. 15-136. Retirement annuities - Amount. The provisions
25 of this Section 15-136 apply only to those participants who are

1 participating in the traditional benefit package or the
2 portable benefit package and do not apply to participants who
3 are participating in the self-managed plan.

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

8 Rule 1: The retirement annuity shall be 1.67% of final rate
9 of earnings for each of the first 10 years of service, 1.90%
10 for each of the next 10 years of service, 2.10% for each year
11 of service in excess of 20 but not exceeding 30, and 2.30% for
12 each year in excess of 30; or for persons who retire on or
13 after January 1, 1998, 2.2% of the final rate of earnings for
14 each year of service.

15 Rule 2: The retirement annuity shall be the sum of the
16 following, determined from amounts credited to the participant
17 in accordance with the actuarial tables and the effective rate
18 of interest in effect at the time the retirement annuity
19 begins:

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

23 (ii) an annuity from employer contributions of an
24 amount equal to that which can be provided on an
25 actuarially equivalent basis from the accumulated normal
26 contributions made by the participant under Section

1 15-113.6 and Section 15-113.7 plus 1.4 times all other
2 accumulated normal contributions made by the participant;
3 and

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

7 With respect to a police officer or firefighter who retires
8 on or after August 14, 1998, the accumulated normal
9 contributions taken into account under clauses (i) and (ii) of
10 this Rule 2 shall include the additional normal contributions
11 made by the police officer or firefighter under Section
12 15-157(a).

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

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

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

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

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

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

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

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

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

24 (b) For a Tier 1 member, the retirement annuity provided
25 under Rules 1 and 3 above shall be reduced by 1/2 of 1% for each
26 month the participant is under age 60 at the time of

1 retirement. However, this reduction shall not apply in the
2 following cases:

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

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

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

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

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

1 (d) Subject to the provisions of subsection (d-1), a ~~A~~ Tier
2 1 member whose status as an employee terminates after August
3 14, 1969 shall receive automatic increases in his or her
4 retirement annuity as follows:

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

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

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

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

9 (d-1) Notwithstanding any other provision of this Article,
10 for a Tier 1 employee who made the election under paragraph (1)
11 of subsection (a) of Section 15-132.9:

12 (1) The initial increase in retirement annuity under
13 this Section shall occur on the January 1 occurring either
14 on or after the attainment of age 67 or the fifth
15 anniversary of the annuity start date, whichever is
16 earlier.

17 (2) The amount of each automatic annual increase in
18 retirement annuity occurring on or after the effective date
19 of that election shall be calculated as a percentage of the
20 originally granted retirement annuity, equal to 3% or
21 one-half the annual unadjusted percentage increase (but
22 not less than zero) in the consumer price index-u for the
23 12 months ending with the September preceding each November
24 1, whichever is less. If the annual unadjusted percentage
25 change in the consumer price index-u for the 12 months
26 ending with the September preceding each November 1 is zero

1 or there is a decrease, then the annuity shall not be
2 increased.

3 For the purposes of this Section, "consumer price index-u"
4 means the index published by the Bureau of Labor Statistics of
5 the United States Department of Labor that measures the average
6 change in prices of goods and services purchased by all urban
7 consumers, United States city average, all items, 1982-84 =
8 100. The new amount resulting from each annual adjustment shall
9 be determined by the Public Pension Division of the Department
10 of Insurance and made available to the board of the retirement
11 system by November 1 of each year.

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

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

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

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

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

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

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

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

25 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12;
26 98-92, eff. 7-16-13.)

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

2 Sec. 15-155. Employer contributions.

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

10 The Board shall determine the amount of State contributions
11 required for each fiscal year on the basis of the actuarial
12 tables and other assumptions adopted by the Board and the
13 recommendations of the actuary, using the formula in subsection
14 (a-1).

15 (a-1) For State fiscal years 2018 through 2045 (except as
16 otherwise provided for fiscal year 2019), the minimum
17 contribution to the System to be made by the State for each
18 fiscal year shall be an amount determined by the System to be
19 sufficient to bring the total assets of the System up to 90% of
20 the total actuarial liabilities of the System by the end of
21 State fiscal year 2045. In making these determinations, the
22 required State contribution shall be calculated each year as a
23 level percentage of total payroll, including payroll that is
24 not deemed pensionable, over the years remaining to and
25 including fiscal year 2045 and shall be determined under the

1 projected unit credit actuarial cost method.

2 For State fiscal year 2019:

3 (1) The initial calculation and certification shall be
4 based on the amount determined above.

5 (2) For purposes of the recertification due on or
6 before May 1, 2018, the recalculation of the required State
7 contribution for fiscal year 2019 shall take into account
8 the effect on the System's liabilities of the elections
9 made under Section 15-132.9.

10 (3) For purposes of the recertification due on or
11 before October 1, 2018, the total required State
12 contribution for fiscal year 2019 shall be reduced by the
13 amount of the consideration payments made to Tier 1
14 employees who made the election under paragraph (1) of
15 subsection (a) of Section 15-132.9.

16 Beginning in State fiscal year 2018, any increase or
17 decrease in State contribution over the prior fiscal year due
18 exclusively to changes in actuarial or investment assumptions
19 adopted by the Board shall be included in the State
20 contribution to the System, as a percentage of the applicable
21 employee payroll, and shall be increased in equal annual
22 increments so that by the State fiscal year occurring 5 years
23 after the adoption of the actuarial or investment assumptions,
24 the State is contributing at the rate otherwise required under
25 this Section.

26 For State fiscal years 2012 through 2017 ~~2045~~, the minimum

1 contribution to the System to be made by the State for each
2 fiscal year shall be an amount determined by the System to be
3 sufficient to bring the total assets of the System up to 90% of
4 the total actuarial liabilities of the System by the end of
5 State fiscal year 2045. In making these determinations, the
6 required State contribution shall be calculated each year as a
7 level percentage of payroll over the years remaining to and
8 including fiscal year 2045 and shall be determined under the
9 projected unit credit actuarial cost method.

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

15 Notwithstanding any other provision of this Article, the
16 total required State contribution for State fiscal year 2006 is
17 \$166,641,900.

18 Notwithstanding any other provision of this Article, the
19 total required State contribution for State fiscal year 2007 is
20 \$252,064,100.

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

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2010 is
3 \$702,514,000 and shall be made from the State Pensions Fund and
4 proceeds of bonds sold in fiscal year 2010 pursuant to Section
5 7.2 of the General Obligation Bond Act, less (i) the pro rata
6 share of bond sale expenses determined by the System's share of
7 total bond proceeds, (ii) any amounts received from the General
8 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
9 proceeds due to the issuance of discounted bonds, if
10 applicable.

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

22 Beginning in State fiscal year 2046, the minimum State
23 contribution for each fiscal year shall be the amount needed to
24 maintain the total assets of the System at 90% of the total
25 actuarial liabilities of the System.

26 Amounts received by the System pursuant to Section 25 of

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

12 Notwithstanding any other provision of this Section, the
13 required State contribution for State fiscal year 2005 and for
14 fiscal year 2008 and each fiscal year thereafter, as calculated
15 under this Section and certified under Section 15-165, shall
16 not exceed an amount equal to (i) the amount of the required
17 State contribution that would have been calculated under this
18 Section for that fiscal year if the System had not received any
19 payments under subsection (d) of Section 7.2 of the General
20 Obligation Bond Act, minus (ii) the portion of the State's
21 total debt service payments for that fiscal year on the bonds
22 issued in fiscal year 2003 for the purposes of that Section
23 7.2, as determined and certified by the Comptroller, that is
24 the same as the System's portion of the total moneys
25 distributed under subsection (d) of Section 7.2 of the General
26 Obligation Bond Act. In determining this maximum for State

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

11 (b) If an employee is paid from trust or federal funds, the
12 employer shall pay to the Board contributions from those funds
13 which are sufficient to cover the accruing normal costs on
14 behalf of the employee. However, universities having employees
15 who are compensated out of local auxiliary funds, income funds,
16 or service enterprise funds are not required to pay such
17 contributions on behalf of those employees. The local auxiliary
18 funds, income funds, and service enterprise funds of
19 universities shall not be considered trust funds for the
20 purpose of this Article, but funds of alumni associations,
21 foundations, and athletic associations which are affiliated
22 with the universities included as employers under this Article
23 and other employers which do not receive State appropriations
24 are considered to be trust funds for the purpose of this
25 Article.

26 (b-1) The City of Urbana and the City of Champaign shall

1 each make employer contributions to this System for their
2 respective firefighter employees who participate in this
3 System pursuant to subsection (h) of Section 15-107. The rate
4 of contributions to be made by those municipalities shall be
5 determined annually by the Board on the basis of the actuarial
6 assumptions adopted by the Board and the recommendations of the
7 actuary, and shall be expressed as a percentage of salary for
8 each such employee. The Board shall certify the rate to the
9 affected municipalities as soon as may be practical. The
10 employer contributions required under this subsection shall be
11 remitted by the municipality to the System at the same time and
12 in the same manner as employee contributions.

13 (c) Through State fiscal year 1995: The total employer
14 contribution shall be apportioned among the various funds of
15 the State and other employers, whether trust, federal, or other
16 funds, in accordance with actuarial procedures approved by the
17 Board. State of Illinois contributions for employers receiving
18 State appropriations for personal services shall be payable
19 from appropriations made to the employers or to the System. The
20 contributions for Class I community colleges covering earnings
21 other than those paid from trust and federal funds, shall be
22 payable solely from appropriations to the Illinois Community
23 College Board or the System for employer contributions.

24 (d) Beginning in State fiscal year 1996, the required State
25 contributions to the System shall be appropriated directly to
26 the System and shall be payable through vouchers issued in

1 accordance with subsection (c) of Section 15-165, except as
2 provided in subsection (g).

3 (e) The State Comptroller shall draw warrants payable to
4 the System upon proper certification by the System or by the
5 employer in accordance with the appropriation laws and this
6 Code.

7 (f) Normal costs under this Section means liability for
8 pensions and other benefits which accrues to the System because
9 of the credits earned for service rendered by the participants
10 during the fiscal year and expenses of administering the
11 System, but shall not include the principal of or any
12 redemption premium or interest on any bonds issued by the Board
13 or any expenses incurred or deposits required in connection
14 therewith.

15 (g) For academic years beginning on or after June 1, 2005
16 and before July 1, 2018, if ~~if~~ the amount of a participant's
17 earnings for any academic year used to determine the final rate
18 of earnings, determined on a full-time equivalent basis,
19 exceeds the amount of his or her earnings with the same
20 employer for the previous academic year, determined on a
21 full-time equivalent basis, by more than 6%, the participant's
22 employer shall pay to the System, in addition to all other
23 payments required under this Section and in accordance with
24 guidelines established by the System, the present value of the
25 increase in benefits resulting from the portion of the increase
26 in earnings that is in excess of 6%. This present value shall

1 be computed by the System on the basis of the actuarial
2 assumptions and tables used in the most recent actuarial
3 valuation of the System that is available at the time of the
4 computation. The System may require the employer to provide any
5 pertinent information or documentation.

6 Whenever it determines that a payment is or may be required
7 under this subsection (g), the System shall calculate the
8 amount of the payment and bill the employer for that amount.
9 The bill shall specify the calculations used to determine the
10 amount due. If the employer disputes the amount of the bill, it
11 may, within 30 days after receipt of the bill, apply to the
12 System in writing for a recalculation. The application must
13 specify in detail the grounds of the dispute and, if the
14 employer asserts that the calculation is subject to subsection
15 (h) or (i) of this Section, must include an affidavit setting
16 forth and attesting to all facts within the employer's
17 knowledge that are pertinent to the applicability of subsection
18 (h) or (i). Upon receiving a timely application for
19 recalculation, the System shall review the application and, if
20 appropriate, recalculate the amount due.

21 The employer contributions required under this subsection
22 (g) may be paid in the form of a lump sum within 90 days after
23 receipt of the bill. If the employer contributions are not paid
24 within 90 days after receipt of the bill, then interest will be
25 charged at a rate equal to the System's annual actuarially
26 assumed rate of return on investment compounded annually from

1 the 91st day after receipt of the bill. Payments must be
2 concluded within 3 years after the employer's receipt of the
3 bill.

4 When assessing payment for any amount due under this
5 subsection (g), the System shall include earnings, to the
6 extent not established by a participant under Section 15-113.11
7 or 15-113.12, that would have been paid to the participant had
8 the participant not taken (i) periods of voluntary or
9 involuntary furlough occurring on or after July 1, 2015 and on
10 or before June 30, 2017 or (ii) periods of voluntary pay
11 reduction in lieu of furlough occurring on or after July 1,
12 2015 and on or before June 30, 2017. Determining earnings that
13 would have been paid to a participant had the participant not
14 taken periods of voluntary or involuntary furlough or periods
15 of voluntary pay reduction shall be the responsibility of the
16 employer, and shall be reported in a manner prescribed by the
17 System.

18 (g-1) For academic years beginning on or after July 1,
19 2018, if the amount of a participant's earnings for any
20 academic year used to determine the final rate of earnings,
21 determined on a full-time equivalent basis, exceeds the amount
22 of his or her earnings with the same employer for the previous
23 academic year, determined on a full-time equivalent basis, by
24 more than the unadjusted percentage increase in the consumer
25 price index-u for the calendar year ending on the December 31
26 immediately preceding the beginning of the academic year, then

1 the participant's employer shall pay to the System, in addition
2 to all other payments required under this Section and in
3 accordance with guidelines established by the System, the
4 present value of the increase in benefits resulting from the
5 portion of the increase in earnings that is in excess of the
6 unadjusted percentage increase in the consumer price index-u
7 for the applicable calendar year. This present value shall be
8 computed by the System on the basis of the actuarial
9 assumptions and tables used in the most recent actuarial
10 valuation of the System that is available at the time of the
11 computation. The System may require the employer to provide any
12 pertinent information or documentation.

13 Whenever it determines that a payment is or may be required
14 under this subsection (g-1), the System shall calculate the
15 amount of the payment and bill the employer for that amount.
16 The bill shall specify the calculations used to determine the
17 amount due. If the employer disputes the amount of the bill, it
18 may, within 30 days after receipt of the bill, apply to the
19 System in writing for a recalculation. The application must
20 specify in detail the grounds of the dispute and, if the
21 employer asserts that the calculation is subject to subsection
22 (i-1) of this Section, must include an affidavit setting forth
23 and attesting to all facts within the employer's knowledge that
24 are pertinent to the applicability of subsection (i-1). Upon
25 receiving a timely application for recalculation, the System
26 shall review the application and, if appropriate, recalculate

1 the amount due.

2 The employer contributions required under this subsection
3 (g-1) may be paid in the form of a lump sum within 90 days after
4 receipt of the bill. If the employer contributions are not paid
5 within 90 days after receipt of the bill, then interest shall
6 be charged at a rate equal to the System's annual actuarially
7 assumed rate of return on investment compounded annually from
8 the 91st day after receipt of the bill. Payments must be
9 concluded within 3 years after the employer's receipt of the
10 bill.

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

20 (h) This subsection (h) applies only to payments made or
21 salary increases given on or after June 1, 2005 but before July
22 1, 2011. The changes made by Public Act 94-1057 shall not
23 require the System to refund any payments received before July
24 31, 2006 (the effective date of Public Act 94-1057).

25 When assessing payment for any amount due under subsection
26 (g), the System shall exclude earnings increases paid to

1 participants under contracts or collective bargaining
2 agreements entered into, amended, or renewed before June 1,
3 2005.

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

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

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

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

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

20 (i-1) When assessing payment for any amount due under
21 subsection (g-1), the System shall exclude salary increases
22 paid to participants under contracts or collective bargaining
23 agreements entered into, amended, or renewed before the
24 effective date of this amendatory Act of the 99th General
25 Assembly.

26 (j) The System shall prepare a report and file copies of

1 the report with the Governor and the General Assembly by
2 January 1, 2007 that contains all of the following information:

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

6 (2) The dollar amount by which each employer's
7 contribution to the System was changed due to
8 recalculations required by Public Act 94-1057.

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

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

15 (j-5) For academic years beginning on or after July 1,
16 2018, if the amount of a participant's earnings for any
17 academic year, determined on a full-time equivalent basis,
18 exceeds the amount of the salary set for the Governor, the
19 participant's employer shall pay to the System, in addition to
20 all other payments required under this Section and in
21 accordance with guidelines established by the System, the
22 amount of the earnings that exceed the salary set for the
23 Governor multiplied by the level percentage of payroll used in
24 that fiscal year, as determined by the System, to be sufficient
25 to bring the total assets of the System up to 90% of the total
26 actuarial liabilities of the System by the end of State fiscal

1 year 2045. This amount shall be computed by the System on the
2 basis of the actuarial assumptions and tables used in the most
3 recent actuarial valuation of the System that is available at
4 the time of the computation. The System may require the
5 employer to provide any pertinent information or
6 documentation.

7 Whenever it determines that a payment is or may be required
8 under this subsection, the System shall calculate the amount of
9 the payment and bill the employer for that amount. The bill
10 shall specify the calculations used to determine the amount
11 due. If the employer disputes the amount of the bill, it may,
12 within 30 days after receipt of the bill, apply to the System
13 in writing for a recalculation. The application must specify in
14 detail the grounds of the dispute. Upon receiving a timely
15 application for recalculation, the System shall review the
16 application and, if appropriate, recalculate the amount due.

17 The employer contributions required under this subsection
18 may be paid in the form of a lump sum within 90 days after
19 receipt of the bill. If the employer contributions are not paid
20 within 90 days after receipt of the bill, then interest will be
21 charged at a rate equal to the System's annual actuarially
22 assumed rate of return on investment compounded annually from
23 the 91st day after receipt of the bill. Payments must be
24 concluded within 3 years after the employer's receipt of the
25 bill.

26 (k) The Illinois Community College Board shall adopt rules

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

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

19 As of June 30, 2008, the actuarial value of the System's
20 assets shall be equal to the market value of the assets as of
21 that date. In determining the actuarial value of the System's
22 assets for fiscal years after June 30, 2008, any actuarial
23 gains or losses from investment return incurred in a fiscal
24 year shall be recognized in equal annual amounts over the
25 5-year period following that fiscal year.

26 (m) For purposes of determining the required State

1 contribution to the system for a particular year, the actuarial
2 value of assets shall be assumed to earn a rate of return equal
3 to the system's actuarially assumed rate of return.

4 (n) If Section 15-132.9 is determined to be
5 unconstitutional or otherwise invalid by a final unappealable
6 decision of an Illinois court or a court of competent
7 jurisdiction, then the changes made to this Section by this
8 amendatory Act of the 99th General Assembly shall not take
9 effect and are repealed by operation of law.

10 (Source: P.A. 98-92, eff. 7-16-13; 98-463, eff. 8-16-13;
11 99-897, eff. 1-1-17.)

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

13 Sec. 15-157. Employee Contributions.

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

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

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

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

1 plan this additional contribution shall be used to finance the
2 benefits obtained under that retirement program. Beginning
3 July 1, 2018 or the effective date of the Tier 1 employee's
4 election under paragraph (1) of subsection (a) of Section
5 15-132.9, whichever is later, each Tier 1 employee who made the
6 election under paragraph (1) of subsection (a) of Section
7 15-132.9 is no longer required to make contributions under this
8 subsection.

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

26 (c-5) Beginning July 1, 2018 or the effective date of the

1 Tier 1 employee's election under paragraph (1) of subsection
2 (a) of Section 15-132.9, whichever is later, in lieu of the
3 contributions otherwise required under subsection (c), each
4 Tier 1 employee who made the election under paragraph (1) of
5 subsection (a) of Section 15-132.9 shall make contributions of
6 0.7% of earnings applicable under this System and each Tier 1
7 employee who is a police officer or firefighter who makes
8 normal contributions of 8% of each payment of earnings
9 applicable to employment as a police officer or firefighter
10 under this System and who made the election under paragraph (1)
11 of subsection (a) of Section 15-132.9 shall make contributions
12 of 0.55% of earnings applicable under this System. The
13 contributions made under this subsection (c-5) shall be
14 considered as survivor's insurance contributions for purposes
15 of this Article and such contributions shall be considered as
16 additional contributions for purposes of this Article if the
17 employee has elected to participate in the portable benefit
18 package and has completed the applicable one-year waiting
19 period.

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

25 (e) That fraction of a participant's total accumulated
26 normal contributions, the numerator of which is equal to the

1 number of years of service in excess of that which is required
2 to qualify for the maximum retirement annuity, and the
3 denominator of which is equal to the total service of the
4 participant, shall be considered as accumulated additional
5 contributions. The determination of the applicable maximum
6 annuity and the adjustment in contributions required by this
7 provision shall be made as of the date of the participant's
8 retirement.

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

15 (g) A participant may make contributions for the purchase
16 of service credit under this Article; however, only a
17 participating employee may make optional contributions under
18 subsection (b) of Section 15-157.1 of this Article.

19 (h) A Tier 2 member shall not make contributions on
20 earnings that exceed the limitation as prescribed under
21 subsection (b) of Section 15-111 of this Article.

22 (Source: P.A. 98-92, eff. 7-16-13; 99-450, eff. 8-24-15.)

23 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

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

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

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

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

22 On or before April 1, 2011, the Board shall recalculate and
23 recertify to the Governor the amount of the required State
24 contribution to the System for State fiscal year 2011, applying
25 the changes made by Public Act 96-889 to the System's assets
26 and liabilities as of June 30, 2009 as though Public Act 96-889

1 was approved on that date.

2 (a-5) On or before November 1 of each year, beginning
3 November 1, 2012, the Board shall submit to the State Actuary,
4 the Governor, and the General Assembly a proposed certification
5 of the amount of the required State contribution to the System
6 for the next fiscal year, along with all of the actuarial
7 assumptions, calculations, and data upon which that proposed
8 certification is based. On or before January 1 of each year,
9 beginning January 1, 2013, the State Actuary shall issue a
10 preliminary report concerning the proposed certification and
11 identifying, if necessary, recommended changes in actuarial
12 assumptions that the Board must consider before finalizing its
13 certification of the required State contributions. On or before
14 January 15, 2013 and each January 15 thereafter, the Board
15 shall certify to the Governor and the General Assembly the
16 amount of the required State contribution for the next fiscal
17 year. The Board's certification must note, in a written
18 response to the State Actuary, any deviations from the State
19 Actuary's recommended changes, the reason or reasons for not
20 following the State Actuary's recommended changes, and the
21 fiscal impact of not following the State Actuary's recommended
22 changes on the required State contribution.

23 (a-10) As soon as practical after the effective date of
24 this amendatory Act of the 99th General Assembly, the State
25 Actuary and the Board shall recalculate and recertify to the
26 Governor and the General Assembly the amount of the State

1 contribution to the System for State fiscal year 2018, taking
2 into account the changes in required State contributions made
3 by this amendatory Act of the 99th General Assembly.

4 (a-15) On or before May 1, 2018, the Board shall
5 recalculate and recertify to the Governor and the General
6 Assembly the amount of the required State contribution to the
7 System for State fiscal year 2019, taking into account the
8 effect on the System's liabilities of the elections made under
9 Section 15-132.9.

10 On or before October 1, 2018, the Board shall recalculate
11 and recertify to the Governor and the General Assembly the
12 amount of the required State contribution to the System for
13 State fiscal year 2019, taking into account the reduction
14 specified under item (3) of subsection (a-1) of Section 15-155.

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

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

1 of the fiscal year 2004 certified contribution amount
2 determined under this Section after taking into consideration
3 the transfer to the System under subsection (b) of Section
4 6z-61 of the State Finance Act. These vouchers shall be paid by
5 the State Comptroller and Treasurer by warrants drawn on the
6 funds appropriated to the System for that fiscal year.

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

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

25 (e) In the event that the System does not receive, as a
26 result of legislative enactment or otherwise, payments

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

10 (Source: P.A. 97-694, eff. 6-18-12; 98-92, eff. 7-16-13.)

11 (40 ILCS 5/15-198)

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

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

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

25 (b) Notwithstanding any other provision of this Code or any

1 subsequent amendment to this Code, every new benefit increase
2 is subject to this Section and shall be deemed to be granted
3 only in conformance with and contingent upon compliance with
4 the provisions of this Section.

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

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

25 (d) Every new benefit increase shall expire 5 years after
26 its effective date or on such earlier date as may be specified

1 in the language enacting the new benefit increase or provided
2 under subsection (c). This does not prevent the General
3 Assembly from extending or re-creating a new benefit increase
4 by law.

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

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

16 (40 ILCS 5/15-200.1 new)

17 Sec. 15-200.1. Defined contribution plan.

18 (a) By July 1, 2018, the System shall prepare and implement
19 a voluntary defined contribution plan for up to 5% of eligible
20 active Tier 1 employees. The System shall determine the 5% cap
21 by the number of active Tier 1 employees on the effective date
22 of this Section. The defined contribution plan developed under
23 this Section shall be a plan that aggregates employer and
24 employee contributions in individual participant accounts
25 which, after meeting any other requirements, are used for

1 payouts after retirement in accordance with this Section and
2 any other applicable laws.

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

7 (1) Under the defined contribution plan, an active Tier
8 1 employee of this System could elect to cease accruing
9 benefits in the defined benefit plan under this Article and
10 begin accruing benefits for future service in the defined
11 contribution plan. Service credit under the defined
12 contribution plan may be used for determining retirement
13 eligibility under the defined benefit plan. An active Tier
14 1 employee who elects to cease accruing benefits in his or
15 her defined benefit plan shall be prohibited from
16 purchasing service credit on or after the date of his or
17 her election. A Tier 1 employee making the irrevocable
18 election provided under this Section shall not receive
19 interest accruals to his or her Rule 2 benefit on or after
20 the date of his or her election.

21 (2) Participants in the defined contribution plan
22 shall pay employee contributions at the same rate as other
23 participants under this Article as determined by the
24 System.

25 (3) State contributions shall be paid into the accounts
26 of all participants in the defined contribution plan at a

1 uniform rate, expressed as a percentage of earnings and
2 determined for each year. This rate shall be no higher than
3 the employer's normal cost for Tier 1 employees in the
4 defined benefit plan for that year, as determined by the
5 System and expressed as a percentage of earnings, and shall
6 be no lower than 3% of earnings. The State shall adjust
7 this rate annually.

8 (4) The defined contribution plan shall require 5 years
9 of participation in the defined contribution plan before
10 vesting in State contributions. If the participant fails to
11 vest in them, the State contributions, and the earnings
12 thereon, shall be forfeited.

13 (5) The defined contribution plan may provide for
14 participants in the plan to be eligible for the defined
15 disability benefits available to other participants under
16 this Article. If it does, the System shall reduce the
17 employee contributions credited to the member's defined
18 contribution plan account by an amount determined by the
19 System to cover the cost of offering such benefits.

20 (6) The defined contribution plan shall provide a
21 variety of options for investments. These options shall
22 include investments handled by the System as well as
23 private sector investment options.

24 (7) The defined contribution plan shall provide a
25 variety of options for payouts to retirees and their
26 survivors.

1 (8) To the extent authorized under federal law and as
2 authorized by the System, the plan shall allow former
3 participants in the plan to transfer or roll over employee
4 and vested State contributions, and the earnings thereon,
5 into other qualified retirement plans.

6 (9) The System shall reduce the employee contributions
7 credited to the member's defined contribution plan account
8 by an amount determined by the System to cover the cost of
9 offering these benefits and any applicable administrative
10 fees.

11 (b) Only persons who are active Tier 1 employees of the
12 System on the effective date of this Section are eligible to
13 participate in the defined contribution plan. Participation in
14 the defined contribution plan shall be limited to the first 5%
15 of eligible persons who elect to participate. The election to
16 participate in the defined contribution plan is voluntary and
17 irrevocable.

18 (c) An eligible Tier 1 employee may irrevocably elect to
19 participate in the defined contribution plan by filing with the
20 System a written application to participate that is received by
21 the System prior to its determination that 5% of eligible
22 persons have elected to participate in the defined contribution
23 plan.

24 When the System first determines that 5% of eligible
25 persons have elected to participate in the defined contribution
26 plan, the System shall provide notice to previously eligible

1 employees that the plan is no longer available and shall cease
2 accepting applications to participate.

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

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

26 (e) In no event shall the System, its staff, its authorized

1 representatives, or the Board be liable for any information
2 given to an employee under this Section. The System may
3 coordinate with the Illinois Department of Central Management
4 Services and other retirement systems administering a defined
5 contribution plan in accordance with this amendatory Act of the
6 99th General Assembly to provide information concerning the
7 impact of the option set forth in this Section.

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

12 (g) The System shall report on its progress under this
13 Section, including the available details of the defined
14 contribution plan and the System's plans for informing eligible
15 Tier 1 employees about the plan, to the Governor and the
16 General Assembly on or before January 15, 2018.

17 (h) If an active Tier 1 employee has not made an election
18 under Section 15-134.5 of this Code, then the plan prescribed
19 under this Section shall not apply to that Tier 1 employee and
20 that Tier 1 employee shall remain eligible to make the election
21 prescribed under Section 15-134.5.

22 (i) The intent of this amendatory Act of the 99th General
23 Assembly is to ensure that the State's normal cost of
24 participation in the defined contribution plan is similar, and
25 if possible equal, to the State's normal cost of participation
26 in the defined benefit plan, unless a lower State's normal cost

1 is necessary to ensure cost neutrality.

2 (j) If Section 15-132.9 is determined to be
3 unconstitutional or otherwise invalid by a final unappealable
4 decision of an Illinois court or a court of competent
5 jurisdiction, then this Section shall not take effect and is
6 repealed by operation of law.

7 (40 ILCS 5/15-201.1 new)

8 Sec. 15-201.1. Defined contribution plan; termination. If
9 the defined contribution plan is terminated or becomes
10 inoperative pursuant to law, then each participant in the plan
11 shall automatically be deemed to have been a contributing Tier
12 1 employee participating in the System's defined benefit plan
13 during the time in which he or she participated in the defined
14 contribution plan, and for that purpose the System shall be
15 entitled to recover the amounts in the participant's defined
16 contribution accounts.

17 (40 ILCS 5/16-107.1 new)

18 Sec. 16-107.1. Tier 1 employee. "Tier 1 employee": A
19 teacher under this Article who first became a member or
20 participant before January 1, 2011 under any reciprocal
21 retirement system or pension fund established under this Code
22 other than a retirement system or pension fund established
23 under Article 2, 3, 4, 5, 6, or 18 of this Code. However, for
24 the purposes of the election under Section 16-122.9, "Tier 1

1 employee" does not include a teacher under this Article who
2 would qualify as a Tier 1 employee but who has made an
3 irrevocable election on or before June 1, 2017 to retire from
4 service pursuant to the terms of a collective bargaining
5 agreement in effect on June 1, 2017, excluding any extension,
6 amendment, or renewal of that agreement on or after that date,
7 and has notified the System of that election.

8 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

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

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

17 Notwithstanding any other provision of this Section,
18 "salary" does not include any future increase in income that is
19 offered by an employer for service as a Tier 1 employee under
20 this Article pursuant to the condition set forth in subsection
21 (c) of Section 16-122.9 and accepted under that condition by a
22 Tier 1 employee who has made the election under paragraph (2)
23 of subsection (a) of Section 16-122.9.

24 Notwithstanding any other provision of this Section,
25 "salary" does not include any consideration payment made to a

1 Tier 1 employee.

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

3 (40 ILCS 5/16-121.1 new)

4 Sec. 16-121.1. Future increase in income. "Future increase
5 in income" means an increase in income in any form offered by
6 an employer to a Tier 1 employee for service under this Article
7 after June 30, 2018 that qualifies as "salary", as defined in
8 Section 16-121, or would qualify as "salary" but for the fact
9 that it was offered to and accepted by a Tier 1 employee under
10 the condition set forth in subsection (c) of Section 16-122.9.
11 The term "future increase in income" does not include an
12 increase in income in any form that is paid to a Tier 1
13 employee under an employment contract or a collective
14 bargaining agreement that is in effect on the effective date of
15 this Section, but does include an increase in income in any
16 form pursuant to an extension, amendment, or renewal of any
17 such employment contract or collective bargaining agreement on
18 or after the effective date of this Section.

19 (40 ILCS 5/16-122.9 new)

20 Sec. 16-122.9. Election by Tier 1 employees.

21 (a) Each active Tier 1 employee shall make an irrevocable
22 election either:

23 (1) to agree to delay his or her eligibility for
24 automatic annual increases in retirement annuity as

1 provided in subsection (a-1) of Section 16-133.1 or
2 subsection (b-1) of Section 16-136.1, whichever is
3 applicable, and to have the amount of the automatic annual
4 increases in his or her retirement annuity that are
5 otherwise provided for in this Article calculated,
6 instead, as provided in subsection (a-1) of Section
7 16-133.1 or subsection (b-1) of Section 16-136.1,
8 whichever is applicable; or

9 (2) to not agree to paragraph (1) of this subsection.

10 The election required under this subsection (a) shall be
11 made by each active Tier 1 employee no earlier than January 1,
12 2018 and no later than March 31, 2018, except that:

13 (i) a person who becomes a Tier 1 employee under this
14 Article on or after February 1, 2018 must make the election
15 under this subsection (a) within 60 days after becoming a
16 Tier 1 employee; and

17 (ii) a person who returns to active service as a Tier 1
18 employee under this Article on or after February 1, 2018
19 and has not yet made an election under this Section must
20 make the election under this subsection (a) within 60 days
21 after returning to active service as a Tier 1 employee.

22 If a Tier 1 employee fails for any reason to make a
23 required election under this subsection within the time
24 specified, then the employee shall be deemed to have made the
25 election under paragraph (2) of this subsection.

26 (a-5) If this Section is enjoined or stayed by an Illinois

1 court or a court of competent jurisdiction pending the entry of
2 a final and unappealable decision, and this Section is
3 determined to be constitutional or otherwise valid by a final
4 unappealable decision of an Illinois court or a court of
5 competent jurisdiction, then the election procedure set forth
6 in subsection (a) of this Section shall commence on the 180th
7 calendar day after the date of the issuance of the final
8 unappealable decision and shall conclude at the end of the
9 270th calendar day after that date.

10 (a-10) All elections under subsection (a) that are made or
11 deemed to be made before July 1, 2018 shall take effect on July
12 1, 2018. Elections that are made or deemed to be made on or
13 after July 1, 2018 shall take effect on the first day of the
14 month following the month in which the election is made or
15 deemed to be made.

16 (b) As adequate and legal consideration provided under this
17 amendatory Act of the 99th General Assembly for making an
18 election under paragraph (1) of subsection (a) of this Section,
19 an employer shall be expressly and irrevocably prohibited from
20 offering any future increases in income to a Tier 1 employee
21 who has made an election under paragraph (1) of subsection (a)
22 of this Section on the condition of not constituting salary
23 under Section 16-121.

24 As adequate and legal consideration provided under this
25 amendatory Act of the 99th General Assembly for making an
26 election under paragraph (1) of subsection (a) of this Section,

1 each Tier 1 employee who has made an election under paragraph
2 (1) of subsection (a) of this Section shall receive a
3 consideration payment equal to 10% of the contributions made by
4 or on behalf of the employee under paragraphs (1), (2), and (3)
5 of subsection (a) of Section 16-152 before the effective date
6 of that election. The State Comptroller shall pay the
7 consideration payment to the Tier 1 employee out of funds
8 appropriated for that purpose under Section 1.9 of the State
9 Pension Funds Continuing Appropriation Act. The System shall
10 calculate the amount of each consideration payment and shall
11 certify to the State Comptroller the amount of the
12 consideration payment, together with the name, address, and any
13 other available payment information of the Tier 1 employee as
14 found in the records of the System.

15 (c) A Tier 1 employee who makes the election under
16 paragraph (2) of subsection (a) of this Section shall not be
17 subject to paragraph (1) of subsection (a) of this Section.
18 However, any future increases in income offered by an employer
19 under this Article to a Tier 1 employee who has made the
20 election under paragraph (2) of subsection (a) of this Section
21 shall be offered by the employer expressly and irrevocably on
22 the condition of not constituting salary under Section 16-121,
23 and the employee may not accept any future increase in income
24 that is offered without this condition.

25 (d) The System shall make a good faith effort to contact
26 each Tier 1 employee subject to this Section. The System shall

1 mail information describing the required election to each Tier
2 1 employee by United States Postal Service mail to his or her
3 last known address on file with the System. If the Tier 1
4 employee is not responsive to other means of contact, it is
5 sufficient for the System to publish the details of any
6 required elections on its website or to publish those details
7 in a regularly published newsletter or other existing public
8 forum.

9 Tier 1 employees who are subject to this Section shall be
10 provided with an election packet containing information
11 regarding their options, as well as the forms necessary to make
12 the required election. Upon request, the System shall offer
13 Tier 1 employees an opportunity to receive information from the
14 System before making the required election. The information may
15 consist of video materials, group presentations, individual
16 consultation with a member or authorized representative of the
17 System in person or by telephone or other electronic means, or
18 any combination of those methods. The System shall not provide
19 advice or counseling with respect to which election a Tier 1
20 employee should make or specific to the legal or tax
21 circumstances of or consequences to the Tier 1 employee.

22 The System shall inform Tier 1 employees in the election
23 packet required under this subsection that the Tier 1 employee
24 may also wish to obtain information and counsel relating to the
25 election required under this Section from any other available
26 source, including, but not limited to, labor organizations and

1 private counsel.

2 In no event shall the System, its staff, or the Board be
3 held liable for any information given to a member regarding the
4 elections under this Section. The System shall coordinate with
5 the Illinois Department of Central Management Services and each
6 other retirement system administering an election in
7 accordance with this amendatory Act of the 99th General
8 Assembly to provide information concerning the impact of the
9 election set forth in this Section.

10 (e) Notwithstanding any other provision of law, an employer
11 under this Article is required to offer any future increases in
12 income expressly and irrevocably on the condition of not
13 constituting "salary" under Section 16-121 to any Tier 1
14 employee who has made an election under paragraph (2) of
15 subsection (a) of this Section. A Tier 1 employee who has made
16 an election under paragraph (2) of subsection (a) of this
17 Section shall not accept any future increase in income that is
18 offered by an employer under this Article without the condition
19 set forth in this subsection.

20 For purposes of legislative intent, the condition set forth
21 in this subsection shall be construed in a manner that ensures
22 that the condition is not violated or circumvented through any
23 contrivance of any kind.

24 (f) A member's election under this Section is not a
25 prohibited election under subdivision (j)(1) of Section 1-119
26 of this Code.

1 (g) No provision of this Section shall be interpreted in a
2 way that would cause the System to cease to be a qualified plan
3 under Section 401(a) of the Internal Revenue Code of 1986.

4 (h) If an election created by this amendatory Act in any
5 other Article of this Code or any change deriving from that
6 election is determined to be unconstitutional or otherwise
7 invalid by a final unappealable decision of an Illinois court
8 or a court of competent jurisdiction, the invalidity of that
9 provision shall not in any way affect the validity of this
10 Section or the changes deriving from the election required
11 under this Section.

12 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

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

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

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

21 Except as otherwise provided in subsection (a-1), an An
22 annuitant shall first be entitled to an initial increase under
23 this Section on the January 1 next following the first
24 anniversary of retirement, or January 1 of the year next
25 following attainment of age 61, whichever is later. At such

1 time, the system shall pay an initial increase determined as
2 follows:

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

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

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

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

21 Except as otherwise provided in subsection (a-1),
22 following ~~Following~~ the initial increase, automatic annual
23 increases in annuity shall be payable on each January 1
24 thereafter during the lifetime of the annuitant, determined as
25 a percentage of the originally granted retirement annuity or
26 disability retirement annuity for increases granted prior to

1 January 1, 1990, and calculated as a percentage of the total
2 amount of annuity, including previous increases under this
3 Section, for increases granted on or after January 1, 1990, as
4 follows: 1.5% for periods prior to January 1, 1972, 2% for
5 periods after December 31, 1971 and prior to January 1, 1978,
6 and 3% for periods after December 31, 1977.

7 (a-1) Notwithstanding any other provision of this Article,
8 for a Tier 1 employee who made the election under paragraph (1)
9 of subsection (a) of Section 16-122.9:

10 (1) The initial increase in retirement annuity under
11 this Section shall occur on the January 1 occurring either
12 on or after the attainment of age 67 or the fifth
13 anniversary of the annuity start date, whichever is
14 earlier.

15 (2) The amount of each automatic annual increase in
16 retirement annuity occurring on or after the effective date
17 of that election shall be calculated as a percentage of the
18 originally granted retirement annuity, equal to 3% or
19 one-half the annual unadjusted percentage increase (but
20 not less than zero) in the consumer price index-u for the
21 12 months ending with the September preceding each November
22 1, whichever is less. If the annual unadjusted percentage
23 change in the consumer price index-u for the 12 months
24 ending with the September preceding each November 1 is zero
25 or there is a decrease, then the annuity shall not be
26 increased.

1 For the purposes of this Section, "consumer price index-u"
2 means the index published by the Bureau of Labor Statistics of
3 the United States Department of Labor that measures the average
4 change in prices of goods and services purchased by all urban
5 consumers, United States city average, all items, 1982-84 =
6 100. The new amount resulting from each annual adjustment shall
7 be determined by the Public Pension Division of the Department
8 of Insurance and made available to the board of the retirement
9 system by November 1 of each year.

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

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

23 (d) An annuitant receiving a retirement annuity or
24 disability retirement annuity on July 1, 1969, who subsequently
25 re-enters service as a teacher is eligible for the automatic
26 annual increases in annuity provided under this Section if he

1 or she renders at least one year of creditable service
2 following the latest re-entry.

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

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

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

20 (40 ILCS 5/16-136.1) (from Ch. 108 1/2, par. 16-136.1)

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

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

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

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

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

23 Except as otherwise provided in subsection (b-1), if
24 applicable, an An annuitant who has received an initial
25 increase under this Section, shall be entitled, on each January
26 1 following the granting of the initial increase, to an

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

12 (b-1) Notwithstanding any other provision of this Article,
13 for a Tier 1 employee who made the election under paragraph (1)
14 of subsection (a) of Section 16-122.9:

15 (1) The initial increase in retirement annuity under
16 this Section shall occur on the January 1 occurring either
17 on or after the attainment of age 67 or the fifth
18 anniversary of the annuity start date, whichever is
19 earlier.

20 (2) The amount of each automatic annual increase in
21 retirement annuity occurring on or after the effective date
22 of that election shall be calculated as a percentage of the
23 originally granted retirement annuity, equal to 3% or
24 one-half the annual unadjusted percentage increase (but
25 not less than zero) in the consumer price index-u for the
26 12 months ending with the September preceding each November

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

6 For the purposes of this Section, "consumer price index-u"
7 means the index published by the Bureau of Labor Statistics of
8 the United States Department of Labor that measures the average
9 change in prices of goods and services purchased by all urban
10 consumers, United States city average, all items, 1982-84 =
11 100. The new amount resulting from each annual adjustment shall
12 be determined by the Public Pension Division of the Department
13 of Insurance and made available to the board of the retirement
14 system by November 1 of each year.

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

23 (d) In addition to other increases which may be provided by
24 this Section, regardless of creditable service, annuitants not
25 meeting the service requirements of Section 16-133.1 and whose
26 retirement annuity began on or before January 1, 1971 shall

1 receive, on January 1, 1981, an increase in the retirement
2 annuity then being paid of one dollar per month for each year
3 of creditable service forming the basis of the retirement
4 allowance. On January 1, 1982, annuitants whose retirement
5 annuity began on or before January 1, 1977, shall receive an
6 increase in the retirement annuity then being paid of one
7 dollar per month for each year of creditable service.

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

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

14 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

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

17 Sec. 16-152. Contributions by members.

18 (a) Except as otherwise provided in subsection (a-5), each
19 ~~Each~~ member shall make contributions for membership service to
20 this System as follows:

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

24 (2) Effective July 1, 1969, contributions of 1/2 of 1%
25 of salary toward the cost of the automatic annual increase

1 in retirement annuity provided under Section 16-133.1.

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

7 (4) Effective July 1, 2005, contributions of 0.40% of
8 salary toward the cost of the early retirement without
9 discount option provided under Section 16-133.2. This
10 contribution shall cease upon termination of the early
11 retirement without discount option as provided in Section
12 16-133.2.

13 (a-5) Beginning July 1, 2018 or the effective date of the
14 Tier 1 employee's election under paragraph (1) of subsection
15 (a) of Section 16-122.9, whichever is later, in lieu of the
16 contributions otherwise required under subsection (a), each
17 Tier 1 employee who made the election under paragraph (1) of
18 subsection (a) of Section 16-122.9 shall make contributions as
19 follows:

20 (1) Contributions of 7.50% of salary towards the cost
21 of the retirement annuity. Such contributions shall be
22 deemed "normal contributions".

23 (2) Contributions of 0.60% towards the cost of survivor
24 benefits. Such contributions shall not be credited to the
25 individual account of the member and shall not be subject
26 to refund except as provided in Section 16-143.2.

1 (3) Contributions of 0.40% of salary toward the cost of
2 the early retirement without discount option provided
3 under Section 16-133.2. This contribution shall cease upon
4 termination of the early retirement without discount
5 option as provided in Section 16-133.2.

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

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

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

20 (e) A member's contributions toward the cost of early
21 retirement without discount made under item (a)(4) of this
22 Section shall not be refunded if the member has elected early
23 retirement without discount under Section 16-133.2 and has
24 begun to receive a retirement annuity under this Article
25 calculated in accordance with that election. Otherwise, a
26 member's contributions toward the cost of early retirement

1 without discount made under item (a)(4) of this Section shall
2 be refunded according to whichever one of the following
3 circumstances occurs first:

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

8 (2) The contributions shall be included, without
9 interest, in any refund claimed by the member under Section
10 16-151.

11 (3) The contributions shall be refunded to the member's
12 designated beneficiary (or if there is no beneficiary, to
13 the member's estate), without interest, if the member dies
14 without having begun to receive a retirement annuity under
15 this Article.

16 (4) The contributions shall be refunded to the member,
17 without interest, if the early retirement without discount
18 option provided under subsection (d) of Section 16-133.2 is
19 terminated. In that event, the System shall provide to the
20 member, within 120 days after the option is terminated, an
21 application for a refund of those contributions.

22 (Source: P.A. 98-42, eff. 6-28-13; 98-92, eff. 7-16-13; 99-642,
23 eff. 7-28-16.)

24 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

25 (Text of Section WITHOUT the changes made by P.A. 98-599,

1 which has been held unconstitutional)

2 Sec. 16-158. Contributions by State and other employing
3 units.

4 (a) The State shall make contributions to the System by
5 means of appropriations from the Common School Fund and other
6 State funds of amounts which, together with other employer
7 contributions, employee contributions, investment income, and
8 other income, will be sufficient to meet the cost of
9 maintaining and administering the System on a 90% funded basis
10 in accordance with actuarial recommendations.

11 The Board shall determine the amount of State contributions
12 required for each fiscal year on the basis of the actuarial
13 tables and other assumptions adopted by the Board and the
14 recommendations of the actuary, using the formula in subsection
15 (b-3).

16 (a-1) Annually, on or before November 15 until November 15,
17 2011, the Board shall certify to the Governor the amount of the
18 required State contribution for the coming fiscal year. The
19 certification under this subsection (a-1) shall include a copy
20 of the actuarial recommendations upon which it is based and
21 shall specifically identify the System's projected State
22 normal cost for that fiscal year.

23 On or before May 1, 2004, the Board shall recalculate and
24 recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2005, taking
26 into account the amounts appropriated to and received by the

1 System under subsection (d) of Section 7.2 of the General
2 Obligation Bond Act.

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

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

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

1 shall certify to the Governor and the General Assembly the
2 amount of the required State contribution for the next fiscal
3 year. The Board's certification must note any deviations from
4 the State Actuary's recommended changes, the reason or reasons
5 for not following the State Actuary's recommended changes, and
6 the fiscal impact of not following the State Actuary's
7 recommended changes on the required State contribution.

8 (a-10) As soon as practical after the effective date of
9 this amendatory Act of the 99th General Assembly, the State
10 Actuary and the Board shall recalculate and recertify to the
11 Governor and the General Assembly the amount of the State
12 contribution to the System for State fiscal year 2018, taking
13 into account the changes in required State contributions made
14 by this amendatory Act of the 99th General Assembly.

15 (a-15) On or before May 1, 2018, the Board shall
16 recalculate and recertify to the Governor and the General
17 Assembly the amount of the required State contribution to the
18 System for State fiscal year 2019, taking into account the
19 effect on the System's liabilities of the elections made under
20 Section 16-122.9.

21 On or before October 1, 2018, the Board shall recalculate
22 and recertify to the Governor and the General Assembly the
23 amount of the required State contribution to the System for
24 State fiscal year 2019, taking into account the reduction
25 specified under item (3) of subsection (b-3) of this Section.

26 (b) Through State fiscal year 1995, the State contributions

1 shall be paid to the System in accordance with Section 18-7 of
2 the School Code.

3 (b-1) Beginning in State fiscal year 1996, on the 15th day
4 of each month, or as soon thereafter as may be practicable, the
5 Board shall submit vouchers for payment of State contributions
6 to the System, in a total monthly amount of one-twelfth of the
7 required annual State contribution certified under subsection
8 (a-1). From the effective date of this amendatory Act of the
9 93rd General Assembly through June 30, 2004, the Board shall
10 not submit vouchers for the remainder of fiscal year 2004 in
11 excess of the fiscal year 2004 certified contribution amount
12 determined under this Section after taking into consideration
13 the transfer to the System under subsection (a) of Section
14 6z-61 of the State Finance Act. These vouchers shall be paid by
15 the State Comptroller and Treasurer by warrants drawn on the
16 funds appropriated to the System for that fiscal year.

17 If in any month the amount remaining unexpended from all
18 other appropriations to the System for the applicable fiscal
19 year (including the appropriations to the System under Section
20 8.12 of the State Finance Act and Section 1 of the State
21 Pension Funds Continuing Appropriation Act) is less than the
22 amount lawfully vouchered under this subsection, the
23 difference shall be paid from the Common School Fund under the
24 continuing appropriation authority provided in Section 1.1 of
25 the State Pension Funds Continuing Appropriation Act.

26 (b-2) Allocations from the Common School Fund apportioned

1 to school districts not coming under this System shall not be
2 diminished or affected by the provisions of this Article.

3 (b-3) For State fiscal years 2018 through 2045 (except as
4 otherwise provided for fiscal year 2019), the minimum
5 contribution to the System to be made by the State for each
6 fiscal year shall be an amount determined by the System to be
7 sufficient to bring the total assets of the System up to 90% of
8 the total actuarial liabilities of the System by the end of
9 State fiscal year 2045. In making these determinations, the
10 required State contribution shall be calculated each year as a
11 level percentage of total payroll, including payroll that is
12 not deemed pensionable, over the years remaining to and
13 including fiscal year 2045 and shall be determined under the
14 projected unit credit actuarial cost method.

15 For State fiscal year 2019:

16 (1) The initial calculation and certification shall be
17 based on the amount determined above.

18 (2) For purposes of the recertification due on or
19 before May 1, 2018, the recalculation of the required State
20 contribution for fiscal year 2019 shall take into account
21 the effect on the System's liabilities of the elections
22 made under Section 16-122.9.

23 (3) For purposes of the recertification due on or
24 before October 1, 2018, the total required State
25 contribution for fiscal year 2019 shall be reduced by the
26 amount of the consideration payments made to Tier 1

1 employees who made the election under paragraph (1) of
2 subsection (a) of Section 16-122.9.

3 Beginning in State fiscal year 2018, any increase or
4 decrease in State contribution over the prior fiscal year due
5 exclusively to changes in actuarial or investment assumptions
6 adopted by the Board shall be included in the State
7 contribution to the System, as a percentage of the applicable
8 employee payroll, and shall be increased in equal annual
9 increments so that by the State fiscal year occurring 5 years
10 after the adoption of the actuarial or investment assumptions,
11 the State is contributing at the rate otherwise required under
12 this Section.

13 For State fiscal years 2012 through 2017 ~~2045~~, the minimum
14 contribution to the System to be made by the State for each
15 fiscal year shall be an amount determined by the System to be
16 sufficient to bring the total assets of the System up to 90% of
17 the total actuarial liabilities of the System by the end of
18 State fiscal year 2045. In making these determinations, the
19 required State contribution shall be calculated each year as a
20 level percentage of payroll over the years remaining to and
21 including fiscal year 2045 and shall be determined under the
22 projected unit credit actuarial cost method.

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

1 the rate required under this Section; except that in the
2 following specified State fiscal years, the State contribution
3 to the System shall not be less than the following indicated
4 percentages of the applicable employee payroll, even if the
5 indicated percentage will produce a State contribution in
6 excess of the amount otherwise required under this subsection
7 and subsection (a), and notwithstanding any contrary
8 certification made under subsection (a-1) before the effective
9 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
10 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
11 2003; and 13.56% in FY 2004.

12 Notwithstanding any other provision of this Article, the
13 total required State contribution for State fiscal year 2006 is
14 \$534,627,700.

15 Notwithstanding any other provision of this Article, the
16 total required State contribution for State fiscal year 2007 is
17 \$738,014,500.

18 For each of State fiscal years 2008 through 2009, the State
19 contribution to the System, as a percentage of the applicable
20 employee payroll, shall be increased in equal annual increments
21 from the required State contribution for State fiscal year
22 2007, so that by State fiscal year 2011, the State is
23 contributing at the rate otherwise required under this Section.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2010 is
26 \$2,089,268,000 and shall be made from the proceeds of bonds

1 sold in fiscal year 2010 pursuant to Section 7.2 of the General
2 Obligation Bond Act, less (i) the pro rata share of bond sale
3 expenses determined by the System's share of total bond
4 proceeds, (ii) any amounts received from the Common School Fund
5 in fiscal year 2010, and (iii) any reduction in bond proceeds
6 due to the issuance of discounted bonds, if applicable.

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2011 is
9 the amount recertified by the System on or before April 1, 2011
10 pursuant to subsection (a-1) of this Section and shall be made
11 from the proceeds of bonds sold in fiscal year 2011 pursuant to
12 Section 7.2 of the General Obligation Bond Act, less (i) the
13 pro rata share of bond sale expenses determined by the System's
14 share of total bond proceeds, (ii) any amounts received from
15 the Common School Fund in fiscal year 2011, and (iii) any
16 reduction in bond proceeds due to the issuance of discounted
17 bonds, if applicable. This amount shall include, in addition to
18 the amount certified by the System, an amount necessary to meet
19 employer contributions required by the State as an employer
20 under paragraph (e) of this Section, which may also be used by
21 the System for contributions required by paragraph (a) of
22 Section 16-127.

23 Beginning in State fiscal year 2046, the minimum State
24 contribution for each fiscal year shall be the amount needed to
25 maintain the total assets of the System at 90% of the total
26 actuarial liabilities of the System.

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

13 Notwithstanding any other provision of this Section, the
14 required State contribution for State fiscal year 2005 and for
15 fiscal year 2008 and each fiscal year thereafter, as calculated
16 under this Section and certified under subsection (a-1), shall
17 not exceed an amount equal to (i) the amount of the required
18 State contribution that would have been calculated under this
19 Section for that fiscal year if the System had not received any
20 payments under subsection (d) of Section 7.2 of the General
21 Obligation Bond Act, minus (ii) the portion of the State's
22 total debt service payments for that fiscal year on the bonds
23 issued in fiscal year 2003 for the purposes of that Section
24 7.2, as determined and certified by the Comptroller, that is
25 the same as the System's portion of the total moneys
26 distributed under subsection (d) of Section 7.2 of the General

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

12 (c) Payment of the required State contributions and of all
13 pensions, retirement annuities, death benefits, refunds, and
14 other benefits granted under or assumed by this System, and all
15 expenses in connection with the administration and operation
16 thereof, are obligations of the State.

17 If members are paid from special trust or federal funds
18 which are administered by the employing unit, whether school
19 district or other unit, the employing unit shall pay to the
20 System from such funds the full accruing retirement costs based
21 upon that service, which, beginning July 1, 2014, shall be at a
22 rate, expressed as a percentage of salary, equal to the total
23 minimum contribution to the System to be made by the State for
24 that fiscal year, including both normal cost and unfunded
25 liability components, expressed as a percentage of payroll, as
26 determined by the System under subsection (b-3) of this

1 Section. Employer contributions, based on salary paid to
2 members from federal funds, may be forwarded by the
3 distributing agency of the State of Illinois to the System
4 prior to allocation, in an amount determined in accordance with
5 guidelines established by such agency and the System. Any
6 contribution for fiscal year 2015 collected as a result of the
7 change made by this amendatory Act of the 98th General Assembly
8 shall be considered a State contribution under subsection (b-3)
9 of this Section.

10 (d) Effective July 1, 1986, any employer of a teacher as
11 defined in paragraph (8) of Section 16-106 shall pay the
12 employer's normal cost of benefits based upon the teacher's
13 service, in addition to employee contributions, as determined
14 by the System. Such employer contributions shall be forwarded
15 monthly in accordance with guidelines established by the
16 System.

17 However, with respect to benefits granted under Section
18 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
19 of Section 16-106, the employer's contribution shall be 12%
20 (rather than 20%) of the member's highest annual salary rate
21 for each year of creditable service granted, and the employer
22 shall also pay the required employee contribution on behalf of
23 the teacher. For the purposes of Sections 16-133.4 and
24 16-133.5, a teacher as defined in paragraph (8) of Section
25 16-106 who is serving in that capacity while on leave of
26 absence from another employer under this Article shall not be

1 considered an employee of the employer from which the teacher
2 is on leave.

3 (e) Beginning July 1, 1998, every employer of a teacher
4 shall pay to the System an employer contribution computed as
5 follows:

6 (1) Beginning July 1, 1998 through June 30, 1999, the
7 employer contribution shall be equal to 0.3% of each
8 teacher's salary.

9 (2) Beginning July 1, 1999 and thereafter, the employer
10 contribution shall be equal to 0.58% of each teacher's
11 salary.

12 The school district or other employing unit may pay these
13 employer contributions out of any source of funding available
14 for that purpose and shall forward the contributions to the
15 System on the schedule established for the payment of member
16 contributions.

17 These employer contributions are intended to offset a
18 portion of the cost to the System of the increases in
19 retirement benefits resulting from this amendatory Act of 1998.

20 Each employer of teachers is entitled to a credit against
21 the contributions required under this subsection (e) with
22 respect to salaries paid to teachers for the period January 1,
23 2002 through June 30, 2003, equal to the amount paid by that
24 employer under subsection (a-5) of Section 6.6 of the State
25 Employees Group Insurance Act of 1971 with respect to salaries
26 paid to teachers for that period.

1 The additional 1% employee contribution required under
2 Section 16-152 by this amendatory Act of 1998 is the
3 responsibility of the teacher and not the teacher's employer,
4 unless the employer agrees, through collective bargaining or
5 otherwise, to make the contribution on behalf of the teacher.

6 If an employer is required by a contract in effect on May
7 1, 1998 between the employer and an employee organization to
8 pay, on behalf of all its full-time employees covered by this
9 Article, all mandatory employee contributions required under
10 this Article, then the employer shall be excused from paying
11 the employer contribution required under this subsection (e)
12 for the balance of the term of that contract. The employer and
13 the employee organization shall jointly certify to the System
14 the existence of the contractual requirement, in such form as
15 the System may prescribe. This exclusion shall cease upon the
16 termination, extension, or renewal of the contract at any time
17 after May 1, 1998.

18 (f) For school years beginning on or after June 1, 2005 and
19 before July 1, 2018, if ~~if~~ the amount of a teacher's salary for
20 any school year used to determine final average salary exceeds
21 the member's annual full-time salary rate with the same
22 employer for the previous school year by more than 6%, the
23 teacher's employer shall pay to the System, in addition to all
24 other payments required under this Section and in accordance
25 with guidelines established by the System, the present value of
26 the increase in benefits resulting from the portion of the

1 increase in salary that is in excess of 6%. This present value
2 shall be computed by the System on the basis of the actuarial
3 assumptions and tables used in the most recent actuarial
4 valuation of the System that is available at the time of the
5 computation. If a teacher's salary for the 2005-2006 school
6 year is used to determine final average salary under this
7 subsection (f), then the changes made to this subsection (f) by
8 Public Act 94-1057 shall apply in calculating whether the
9 increase in his or her salary is in excess of 6%. For the
10 purposes of this Section, change in employment under Section
11 10-21.12 of the School Code on or after June 1, 2005 shall
12 constitute a change in employer. The System may require the
13 employer to provide any pertinent information or
14 documentation. The changes made to this subsection (f) by this
15 amendatory Act of the 94th General Assembly apply without
16 regard to whether the teacher was in service on or after its
17 effective date.

18 Whenever it determines that a payment is or may be required
19 under this subsection, the System shall calculate the amount of
20 the payment and bill the employer for that amount. The bill
21 shall specify the calculations used to determine the amount
22 due. If the employer disputes the amount of the bill, it may,
23 within 30 days after receipt of the bill, apply to the System
24 in writing for a recalculation. The application must specify in
25 detail the grounds of the dispute and, if the employer asserts
26 that the calculation is subject to subsection (g) or (h) of

1 this Section, must include an affidavit setting forth and
2 attesting to all facts within the employer's knowledge that are
3 pertinent to the applicability of that subsection. Upon
4 receiving a timely application for recalculation, the System
5 shall review the application and, if appropriate, recalculate
6 the amount due.

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

16 (f-1) For school years beginning on or after July 1, 2018,
17 if the amount of a teacher's salary for any school year used to
18 determine final average salary exceeds the member's annual
19 full-time salary rate with the same employer for the previous
20 school year by more than the unadjusted percentage increase in
21 the consumer price index-u for the calendar year ending on the
22 December 31 immediately preceding the beginning of the school
23 year, then the teacher's employer shall pay to the System, in
24 addition to all other payments required under this Section and
25 in accordance with guidelines established by the System, the
26 present value of the increase in benefits resulting from the

1 portion of the increase in salary that is in excess of the
2 unadjusted percentage increase in the consumer price index-u
3 for the applicable calendar year. This present value shall be
4 computed by the System on the basis of the actuarial
5 assumptions and tables used in the most recent actuarial
6 valuation of the System that is available at the time of the
7 computation. The System may require the employer to provide any
8 pertinent information or documentation.

9 Whenever it determines that a payment is or may be required
10 under this subsection (f-1), the System shall calculate the
11 amount of the payment and bill the employer for that amount.
12 The bill shall specify the calculations used to determine the
13 amount due. If the employer disputes the amount of the bill, it
14 may, within 30 days after receipt of the bill, apply to the
15 System in writing for a recalculation. The application must
16 specify in detail the grounds of the dispute and, if the
17 employer asserts that the calculation is subject to subsection
18 (h-1) of this Section, must include an affidavit setting forth
19 and attesting to all facts within the employer's knowledge that
20 are pertinent to the applicability of subsection (h-1). Upon
21 receiving a timely application for recalculation, the System
22 shall review the application and, if appropriate, recalculate
23 the amount due.

24 The employer contributions required under this subsection
25 (f-1) may be paid in the form of a lump sum within 90 days after
26 receipt of the bill. If the employer contributions are not paid

1 within 90 days after receipt of the bill, then interest shall
2 be charged at a rate equal to the System's annual actuarially
3 assumed rate of return on investment compounded annually from
4 the 91st day after receipt of the bill. Payments must be
5 concluded within 3 years after the employer's receipt of the
6 bill.

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

16 (g) This subsection (g) applies only to payments made or
17 salary increases given on or after June 1, 2005 but before July
18 1, 2011. The changes made by Public Act 94-1057 shall not
19 require the System to refund any payments received before July
20 31, 2006 (the effective date of Public Act 94-1057).

21 When assessing payment for any amount due under subsection
22 (f), the System shall exclude salary increases paid to teachers
23 under contracts or collective bargaining agreements entered
24 into, amended, or renewed before June 1, 2005.

25 When assessing payment for any amount due under subsection
26 (f), the System shall exclude salary increases paid to a

1 teacher at a time when the teacher is 10 or more years from
2 retirement eligibility under Section 16-132 or 16-133.2.

3 When assessing payment for any amount due under subsection
4 (f), the System shall exclude salary increases resulting from
5 overload work, including summer school, when the school
6 district has certified to the System, and the System has
7 approved the certification, that (i) the overload work is for
8 the sole purpose of classroom instruction in excess of the
9 standard number of classes for a full-time teacher in a school
10 district during a school year and (ii) the salary increases are
11 equal to or less than the rate of pay for classroom instruction
12 computed on the teacher's current salary and work schedule.

13 When assessing payment for any amount due under subsection
14 (f), the System shall exclude a salary increase resulting from
15 a promotion (i) for which the employee is required to hold a
16 certificate or supervisory endorsement issued by the State
17 Teacher Certification Board that is a different certification
18 or supervisory endorsement than is required for the teacher's
19 previous position and (ii) to a position that has existed and
20 been filled by a member for no less than one complete academic
21 year and the salary increase from the promotion is an increase
22 that results in an amount no greater than the lesser of the
23 average salary paid for other similar positions in the district
24 requiring the same certification or the amount stipulated in
25 the collective bargaining agreement for a similar position
26 requiring the same certification.

1 When assessing payment for any amount due under subsection
2 (f), the System shall exclude any payment to the teacher from
3 the State of Illinois or the State Board of Education over
4 which the employer does not have discretion, notwithstanding
5 that the payment is included in the computation of final
6 average salary.

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

17 (h-1) When assessing payment for any amount due under
18 subsection (f-1), the System shall exclude earnings increases
19 paid to participants under contracts or collective bargaining
20 agreements entered into, amended, or renewed before the
21 effective date of this amendatory Act of the 99th General
22 Assembly.

23 (i) The System shall prepare a report and file copies of
24 the report with the Governor and the General Assembly by
25 January 1, 2007 that contains all of the following information:

26 (1) The number of recalculations required by the

1 changes made to this Section by Public Act 94-1057 for each
2 employer.

3 (2) The dollar amount by which each employer's
4 contribution to the System was changed due to
5 recalculations required by Public Act 94-1057.

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

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

12 (i-5) For school years beginning on or after July 1, 2018,
13 if the amount of a participant's salary for any school year,
14 determined on a full-time equivalent basis, exceeds the amount
15 of the salary set for the Governor, the participant's employer
16 shall pay to the System, in addition to all other payments
17 required under this Section and in accordance with guidelines
18 established by the System, the amount of earnings that exceed
19 the salary set for the Governor multiplied by the level
20 percentage of payroll used in that fiscal year as determined by
21 the System to be sufficient to bring the total assets of the
22 System up to 90% of the total actuarial liabilities of the
23 System by the end of State fiscal year 2045. This amount shall
24 be computed by the System on the basis of the actuarial
25 assumptions and tables used in the most recent actuarial
26 valuation of the System that is available at the time of the

1 computation. The System may require the employer to provide any
2 pertinent information or documentation.

3 Whenever it determines that a payment is or may be required
4 under this subsection, the System shall calculate the amount of
5 the payment and bill the employer for that amount. The bill
6 shall specify the calculations used to determine the amount
7 due. If the employer disputes the amount of the bill, it may,
8 within 30 days after receipt of the bill, apply to the System
9 in writing for a recalculation. The application must specify in
10 detail the grounds of the dispute. Upon receiving a timely
11 application for recalculation, the System shall review the
12 application and, if appropriate, recalculate the amount due.

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

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

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

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

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

11 (l) If Section 16-122.9 is determined to be
12 unconstitutional or otherwise invalid by a final unappealable
13 decision of an Illinois court or a court of competent
14 jurisdiction, then the changes made to this Section by this
15 amendatory Act of the 99th General Assembly shall not take
16 effect and are repealed by operation of law.

17 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
18 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
19 6-18-12; 97-813, eff. 7-13-12; 98-674, eff. 6-30-14.)

20 (40 ILCS 5/16-203)

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

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

25 (a) As used in this Section, "new benefit increase" means

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

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

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

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

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

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

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

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

1 Sec. 16-205.1. Defined contribution plan.

2 (a) By July 1, 2018, the System shall prepare and implement
3 a voluntary defined contribution plan for up to 5% of eligible
4 active Tier 1 employees. The System shall determine the 5% cap
5 by the number of active Tier 1 employees on the effective date
6 of this Section. The defined contribution plan developed under
7 this Section shall be a plan that aggregates employer and
8 employee contributions in individual participant accounts
9 which, after meeting any other requirements, are used for
10 payouts after retirement in accordance with this Section and
11 any other applicable laws.

12 As used in this Section, "defined benefit plan" means the
13 retirement plan available under this Article to Tier 1
14 employees who have not made the election authorized under this
15 Section.

16 (1) Under the defined contribution plan, an active Tier
17 1 employee of this System could elect to cease accruing
18 benefits in the defined benefit plan under this Article and
19 begin accruing benefits for future service in the defined
20 contribution plan. Service credit under the defined
21 contribution plan may be used for determining retirement
22 eligibility under the defined benefit plan. An active Tier
23 1 employee who elects to cease accruing benefits in his or
24 her defined benefit plan shall be prohibited from
25 purchasing service credit on or after the date of his or
26 her election. A Tier 1 employee making the irrevocable

1 election provided under this Section shall not receive
2 interest accruals to his or her benefit under paragraph (A)
3 of subsection (a) of Section 16-133 on or after the date of
4 his or her election.

5 (2) Participants in the defined contribution plan
6 shall pay employee contributions at the same rate as Tier 1
7 employees in this System who do not participate in the
8 defined contribution plan.

9 (3) State contributions shall be paid into the accounts
10 of all participants in the defined contribution plan at a
11 uniform rate, expressed as a percentage of salary and
12 determined for each year. This rate shall be no higher than
13 the employer's normal cost for Tier 1 employees in the
14 defined benefit plan for that year, as determined by the
15 System and expressed as a percentage of salary, and shall
16 be no lower than 0% of salary. The State shall adjust this
17 rate annually.

18 (4) The defined contribution plan shall require 5 years
19 of participation in the defined contribution plan before
20 vesting in State contributions. If the participant fails to
21 vest in them, the State contributions, and the earnings
22 thereon, shall be forfeited.

23 (5) The defined contribution plan may provide for
24 participants in the plan to be eligible for the defined
25 disability benefits available to other participants under
26 this Article. If it does, the System shall reduce the

1 employee contributions credited to the member's defined
2 contribution plan account by an amount determined by the
3 System to cover the cost of offering such benefits.

4 (6) The defined contribution plan shall provide a
5 variety of options for investments. These options shall
6 include investments in a fund created by the System and
7 managed in accordance with legal and fiduciary standards,
8 as well as investment options otherwise available.

9 (7) The defined contribution plan shall provide a
10 variety of options for payouts to retirees and their
11 survivors.

12 (8) To the extent authorized under federal law and as
13 authorized by the System, the plan shall allow former
14 participants in the plan to transfer or roll over employee
15 and vested State contributions, and the earnings thereon,
16 into other qualified retirement plans.

17 (9) The System shall reduce the employee contributions
18 credited to the member's defined contribution plan account
19 by an amount determined by the System to cover the cost of
20 offering these benefits and any applicable administrative
21 fees.

22 (b) Only persons who are active Tier 1 employees of the
23 System on the effective date of this Section are eligible to
24 participate in the defined contribution plan. Participation in
25 the defined contribution plan shall be limited to the first 5%
26 of eligible persons who elect to participate. The election to

1 participate in the defined contribution plan is voluntary and
2 irrevocable.

3 (c) An eligible Tier 1 employee may irrevocably elect to
4 participate in the defined contribution plan by filing with the
5 System a written application to participate that is received by
6 the System prior to its determination that 5% of eligible
7 persons have elected to participate in the defined contribution
8 plan.

9 When the System first determines that 5% of eligible
10 persons have elected to participate in the defined contribution
11 plan, the System shall provide notice to previously eligible
12 employees that the plan is no longer available and shall cease
13 accepting applications to participate.

14 (d) The System shall make a good faith effort to contact
15 each active Tier 1 employee who is eligible to participate in
16 the defined contribution plan. The System shall mail
17 information describing the option to join the defined
18 contribution plan to each of these employees to his or her last
19 known address on file with the System. If the employee is not
20 responsive to other means of contact, it is sufficient for the
21 System to publish the details of the option on its website.

22 Upon request for further information describing the
23 option, the System shall provide employees with information
24 from the System before exercising the option to join the plan,
25 including information on the impact to their vested benefits or
26 non-vested service. The individual consultation shall include

1 projections of the member's defined benefits at retirement or
2 earlier termination of service and the value of the member's
3 account at retirement or earlier termination of service. The
4 System shall not provide advice or counseling with respect to
5 whether the employee should exercise the option. The System
6 shall inform Tier 1 employees who are eligible to participate
7 in the defined contribution plan that they may also wish to
8 obtain information and counsel relating to their option from
9 any other available source, including but not limited to labor
10 organizations, private counsel, and financial advisors.

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

19 (f) Notwithstanding any other provision of this Section, no
20 person shall begin participating in the defined contribution
21 plan until it has attained qualified plan status and received
22 all necessary approvals from the U.S. Internal Revenue Service.

23 (g) The System shall report on its progress under this
24 Section, including the available details of the defined
25 contribution plan and the System's plans for informing eligible
26 Tier 1 employees about the plan, to the Governor and the

1 General Assembly on or before January 15, 2018.

2 (h) The intent of this amendatory Act of the 99th General
3 Assembly is to ensure that the State's normal cost of
4 participation in the defined contribution plan is similar, and
5 if possible equal, to the State's normal cost of participation
6 in the defined benefit plan, unless a lower State's normal cost
7 is necessary to ensure cost neutrality.

8 (i) If Section 16-122.9 is determined to be
9 unconstitutional or otherwise invalid by a final unappealable
10 decision of an Illinois court or a court of competent
11 jurisdiction, then this Section shall not take effect and is
12 repealed by operation of law.

13 (40 ILCS 5/16-206.1 new)

14 Sec. 16-206.1. Defined contribution plan; termination. If
15 the defined contribution plan is terminated or becomes
16 inoperative pursuant to law, then each participant in the plan
17 shall automatically be deemed to have been a contributing Tier
18 1 employee in the System's defined benefit plan during the time
19 in which he or she participated in the defined contribution
20 plan, and for that purpose the System shall be entitled to
21 recover the amounts in the participant's defined contribution
22 accounts.

23 (40 ILCS 5/17-106.05 new)

24 Sec. 17-106.05. Tier 1 employee. "Tier 1 employee": A

1 teacher under this Article who first became a member or
2 participant before January 1, 2011 under any reciprocal
3 retirement system or pension fund established under this Code
4 other than a retirement system or pension fund established
5 under Article 2, 3, 4, 5, 6, or 18 of this Code. However, for
6 the purposes of the election under Section 17-115.5, "Tier 1
7 employee" does not include a teacher under this Article who
8 would qualify as a Tier 1 employee but who has made an
9 irrevocable election on or before June 1, 2017 to retire from
10 service pursuant to the terms of a collective bargaining
11 agreement in effect on June 1, 2017, excluding any extension,
12 amendment, or renewal of that agreement on or after that date,
13 and has notified the Fund of that election.

14 (40 ILCS 5/17-113.4 new)

15 Sec. 17-113.4. Salary. "Salary" means any income in any
16 form that qualifies as "average salary" or "annual rate of
17 salary" for purposes of paragraph (1) of subsection (c) of
18 Section 17-116 and "salary" for payroll deduction purposes
19 under Sections 17-130, 17-131, and 17-132.

20 Notwithstanding any other provision of this Section,
21 "salary" does not include any future increase in income that is
22 offered by an employer for service as a Tier 1 employee under
23 this Article pursuant to the condition set forth in subsection
24 (c) of Section 17-115.5 and accepted under that condition by a
25 Tier 1 employee who has made the election under paragraph (2)

1 of subsection (a) of Section 17-115.5.

2 (40 ILCS 5/17-113.5 new)

3 Sec. 17-113.5. Future increase in income. "Future increase
4 in income" means an increase in income in any form offered by
5 an employer to a Tier 1 employee for service under this Article
6 after June 30, 2018 that qualifies as "salary", as defined in
7 Section 17-113.4, or would qualify as "salary" but for the fact
8 that it was offered to and accepted by a Tier 1 employee under
9 the condition set forth in subsection (c) of Section 17-115.5.
10 The term "future increase in income" does not include an
11 increase in income in any form that is paid to a Tier 1
12 employee under an employment contract or a collective
13 bargaining agreement that is in effect on the effective date of
14 this Section, but does include an increase in income in any
15 form pursuant to an extension, amendment, or renewal of any
16 such employment contract or collective bargaining agreement on
17 or after the effective date of this Section.

18 (40 ILCS 5/17-115.5 new)

19 Sec. 17-115.5. Election by Tier 1 employees.

20 (a) Each active Tier 1 employee shall make an irrevocable
21 election either:

22 (1) to agree to delay his or her eligibility for
23 automatic annual increases in service retirement pension
24 as provided in Section 17-119.2 and to have the amount of

1 the automatic annual increases in his or her service
2 retirement pension that are otherwise provided for in this
3 Article calculated, instead, as provided in Section
4 17-119.2; or

5 (2) to not agree to paragraph (1) of this subsection.

6 The election required under this subsection (a) shall be
7 made by each active Tier 1 employee no earlier than January 1,
8 2018 and no later than March 31, 2018, except that:

9 (i) a person who becomes a Tier 1 employee under this
10 Article on or after January 1, 2018 must make the election
11 under this subsection (a) within 60 days after becoming a
12 Tier 1 employee; and

13 (ii) a person who returns to active service as a Tier 1
14 employee under this Article on or after January 1, 2018 and
15 has not yet made an election under this Section must make
16 the election under this subsection (a) within 60 days after
17 returning to active service as a Tier 1 employee.

18 If a Tier 1 employee fails for any reason to make a
19 required election under this subsection within the time
20 specified, then the employee shall be deemed to have made the
21 election under paragraph (2) of this subsection.

22 (a-5) If this Section is enjoined or stayed by an Illinois
23 court or a court of competent jurisdiction pending the entry of
24 a final and unappealable decision, and this Section is
25 determined to be constitutional or otherwise valid by a final
26 unappealable decision of an Illinois court or a court of

1 competent jurisdiction, then the election procedure set forth
2 in subsection (a) of this Section shall commence on the 180th
3 calendar day after the date of the issuance of the final
4 unappealable decision and shall conclude at the end of the
5 270th calendar day after that date.

6 (a-10) All elections under subsection (a) that are made or
7 deemed to be made before July 1, 2018 shall take effect on July
8 1, 2018. Elections that are made or deemed to be made on or
9 after July 1, 2018 shall take effect on the first day of the
10 month following the month in which the election is made or
11 deemed to be made.

12 (b) As adequate and legal consideration provided under this
13 amendatory Act of the 99th General Assembly for making an
14 election under paragraph (1) of subsection (a) of this Section,
15 an employer shall be expressly and irrevocably prohibited from
16 offering any future increases in income to a Tier 1 employee
17 who has made an election under paragraph (1) of subsection (a)
18 of this Section on the condition of not constituting salary
19 under Section 17-113.4.

20 As adequate and legal consideration provided under this
21 amendatory Act of the 99th General Assembly for making an
22 election under paragraph (1) of subsection (a) of this Section,
23 each Tier 1 employee who has made an election under paragraph
24 (1) of subsection (a) of this Section shall receive a
25 consideration payment equal to 10% of the contributions made by
26 or on behalf of the employee under Section 17-130 before the

1 effective date of that election. The Fund shall timely make the
2 consideration payment to the Tier 1 employee.

3 (c) A Tier 1 employee who makes the election under
4 paragraph (2) of subsection (a) of this Section shall not be
5 subject to paragraph (1) of subsection (a) of this Section.
6 However, any future increases in income offered by an employer
7 under this Article to a Tier 1 employee who has made the
8 election under paragraph (2) of subsection (a) of this Section
9 shall be offered by the employer expressly and irrevocably on
10 the condition of not constituting salary under Section
11 17-113.4, and the employee may not accept any future increase
12 in income that is offered without this condition.

13 (d) The Fund shall make a good faith effort to contact each
14 Tier 1 employee subject to this Section. The Fund shall mail
15 information describing the required election to each Tier 1
16 employee by United States Postal Service mail to his or her
17 last known address on file with the Fund. If the Tier 1
18 employee is not responsive to other means of contact, it is
19 sufficient for the Fund to publish the details of any required
20 elections on its website or to publish those details in a
21 regularly published newsletter or other existing public forum.

22 Tier 1 employees who are subject to this Section shall be
23 provided with an election packet containing information
24 regarding their options, as well as the forms necessary to make
25 the required election. Upon request, the Fund shall offer Tier
26 1 employees an opportunity to receive information from the Fund

1 before making the required election. The information may
2 consist of video materials, group presentations, individual
3 consultation with a member or authorized representative of the
4 Fund in person or by telephone or other electronic means, or
5 any combination of those methods. The Fund shall not provide
6 advice or counseling with respect to which election a Tier 1
7 employee should make or specific to the legal or tax
8 circumstances of or consequences to the Tier 1 employee.

9 The Fund shall inform Tier 1 employees in the election
10 packet required under this subsection that the Tier 1 employee
11 may also wish to obtain information and counsel relating to the
12 election required under this Section from any other available
13 source, including, but not limited to, labor organizations and
14 private counsel.

15 In no event shall the Fund, its staff, or the Board be held
16 liable for any information given to a member regarding the
17 elections under this Section. The Fund shall coordinate with
18 the Illinois Department of Central Management Services and each
19 other retirement system administering an election in
20 accordance with this amendatory Act of the 99th General
21 Assembly to provide information concerning the impact of the
22 election set forth in this Section.

23 (e) Notwithstanding any other provision of law, an employer
24 under this Article is required to offer any future increases in
25 income expressly and irrevocably on the condition of not
26 constituting "salary" under Section 17-113.4 to any Tier 1

1 employee who has made an election under paragraph (2) of
2 subsection (a) of this Section. A Tier 1 employee who has made
3 an election under paragraph (2) of subsection (a) of this
4 Section shall not accept any future increase in income that is
5 offered by an employer under this Article without the condition
6 set forth in this subsection.

7 For purposes of legislative intent, the condition set forth
8 in this subsection shall be construed in a manner that ensures
9 that the condition is not violated or circumvented through any
10 contrivance of any kind.

11 (f) A member's election under this Section is not a
12 prohibited election under subdivision (j)(1) of Section 1-119
13 of this Code.

14 (g) No provision of this Section shall be interpreted in a
15 way that would cause the Fund to cease to be a qualified plan
16 under Section 401(a) of the Internal Revenue Code of 1986.

17 (h) If an election created by this amendatory Act in any
18 other Article of this Code or any change deriving from that
19 election is determined to be unconstitutional or otherwise
20 invalid by a final unappealable decision of an Illinois court
21 or a court of competent jurisdiction, the invalidity of that
22 provision shall not in any way affect the validity of this
23 Section or the changes deriving from the election required
24 under this Section.

1 Sec. 17-116. Service retirement pension.

2 (a) Each teacher having 20 years of service upon attainment
3 of age 55, or who thereafter attains age 55 shall be entitled
4 to a service retirement pension upon or after attainment of age
5 55; and each teacher in service on or after July 1, 1971, with
6 5 or more but less than 20 years of service shall be entitled
7 to receive a service retirement pension upon or after
8 attainment of age 62.

9 (b) The service retirement pension for a teacher who
10 retires on or after June 25, 1971, at age 60 or over, shall be
11 calculated as follows:

12 (1) For creditable service earned before July 1, 1998
13 that has not been augmented under Section 17-119.1: 1.67%
14 for each of the first 10 years of service; 1.90% for each
15 of the next 10 years of service; 2.10% for each year of
16 service in excess of 20 but not exceeding 30; and 2.30% for
17 each year of service in excess of 30, based upon average
18 salary as herein defined.

19 (2) For creditable service earned on or after July 1,
20 1998 by a member who has at least 30 years of creditable
21 service on July 1, 1998 and who does not elect to augment
22 service under Section 17-119.1: 2.3% of average salary for
23 each year of creditable service earned on or after July 1,
24 1998.

25 (3) For all other creditable service: 2.2% of average
26 salary for each year of creditable service.

1 (c) When computing such service retirement pensions, the
2 following conditions shall apply:

3 1. Average salary shall consist of the average annual
4 rate of salary for the 4 consecutive years of validated
5 service within the last 10 years of service when such
6 average annual rate was highest. In the determination of
7 average salary for retirement allowance purposes, for
8 members who commenced employment after August 31, 1979,
9 that part of the salary for any year shall be excluded
10 which exceeds the annual full-time salary rate for the
11 preceding year by more than 20%. In the case of a member
12 who commenced employment before August 31, 1979 and who
13 receives salary during any year after September 1, 1983
14 which exceeds the annual full time salary rate for the
15 preceding year by more than 20%, an Employer and other
16 employers of eligible contributors as defined in Section
17 17-106 shall pay to the Fund an amount equal to the present
18 value of the additional service retirement pension
19 resulting from such excess salary. The present value of the
20 additional service retirement pension shall be computed by
21 the Board on the basis of actuarial tables adopted by the
22 Board. If a member elects to receive a pension from this
23 Fund provided by Section 20-121, his salary under the State
24 Universities Retirement System and the Teachers'
25 Retirement System of the State of Illinois shall be
26 considered in determining such average salary. Amounts

1 paid after the effective date of this amendatory Act of
2 1991 for unused vacation time earned after that effective
3 date shall not under any circumstances be included in the
4 calculation of average salary or the annual rate of salary
5 for the purposes of this Article.

6 2. Proportionate credit shall be given for validated
7 service of less than one year.

8 3. For retirement at age 60 or over the pension shall
9 be payable at the full rate.

10 4. For separation from service below age 60 to a
11 minimum age of 55, the pension shall be discounted at the
12 rate of 1/2 of one per cent for each month that the age of
13 the contributor is less than 60, but a teacher may elect to
14 defer the effective date of pension in order to eliminate
15 or reduce this discount. This discount shall not be
16 applicable to any participant who has at least 34 years of
17 service or a retirement pension of at least 74.6% of
18 average salary on the date the retirement annuity begins.

19 5. No additional pension shall be granted for service
20 exceeding 45 years. Beginning June 26, 1971 no pension
21 shall exceed the greater of \$1,500 per month or 75% of
22 average salary as herein defined.

23 6. Service retirement pensions shall begin on the
24 effective date of resignation, retirement, the day
25 following the close of the payroll period for which service
26 credit was validated, or the time the person resigning or

1 retiring attains age 55, or on a date elected by the
2 teacher, whichever shall be latest; provided that, for a
3 person who first becomes a member after the effective date
4 of this amendatory Act of the 99th General Assembly, the
5 benefit shall not commence more than one year prior to the
6 date of the Fund's receipt of an application for the
7 benefit.

8 7. A member who is eligible to receive a retirement
9 pension of at least 74.6% of average salary and will attain
10 age 55 on or before December 31 during the year which
11 commences on July 1 shall be deemed to attain age 55 on the
12 preceding June 1.

13 8. A member retiring after the effective date of this
14 amendatory Act of 1998 shall receive a pension equal to 75%
15 of average salary if the member is qualified to receive a
16 retirement pension equal to at least 74.6% of average
17 salary under this Article or as proportional annuities
18 under Article 20 of this Code.

19 (d) Notwithstanding any other provision of this Section,
20 annual salary does not include any future increase in income
21 that is offered for service to a Tier 1 employee under this
22 Article pursuant to the condition set forth in subsection (c)
23 of Section 17-115.5 and accepted under that condition by a Tier
24 1 employee who has made the election under paragraph (2) of
25 subsection (a) of Section 17-115.5.

26 Notwithstanding any other provision of this Section,

1 annual salary does not include any consideration payment made
2 to a Tier 1 employee.

3 (Source: P.A. 99-702, eff. 7-29-16.)

4 (40 ILCS 5/17-119.2 new)

5 Sec. 17-119.2. Automatic annual increases in service
6 retirement pension for certain Tier 1 employees.
7 Notwithstanding any other provision of this Article, for a Tier
8 1 employee who made the election under paragraph (1) of
9 subsection (a) of Section 17-115.5:

10 (1) The initial increase in service retirement pension
11 shall occur on the January 1 occurring either on or after
12 the attainment of age 67 or the fifth anniversary of the
13 pension start date, whichever is earlier.

14 (2) The amount of each automatic annual increase in
15 service retirement pension occurring on or after the
16 effective date of that election shall be calculated as a
17 percentage of the originally granted service retirement
18 pension, equal to 3% or one-half the annual unadjusted
19 percentage increase (but not less than zero) in the
20 consumer price index-u for the 12 months ending with the
21 September preceding each November 1, whichever is less. If
22 the annual unadjusted percentage change in the consumer
23 price index-u for the 12 months ending with the September
24 preceding each November 1 is zero or there is a decrease,
25 then the annuity shall not be increased.

1 For the purposes of this Section, "consumer price index-u"
2 means the index published by the Bureau of Labor Statistics of
3 the United States Department of Labor that measures the average
4 change in prices of goods and services purchased by all urban
5 consumers, United States city average, all items, 1982-84 =
6 100. The new amount resulting from each annual adjustment shall
7 be determined by the Public Pension Division of the Department
8 of Insurance and made available to the Board by November 1 of
9 each year.

10 (40 ILCS 5/17-129) (from Ch. 108 1/2, par. 17-129)

11 Sec. 17-129. Employer contributions; deficiency in Fund.

12 (a) If in any fiscal year of the Board of Education ending
13 prior to 1997 the total amounts paid to the Fund from the Board
14 of Education (other than under this subsection, and other than
15 amounts used for making or "picking up" contributions on behalf
16 of teachers) and from the State do not equal the total
17 contributions made by or on behalf of the teachers for such
18 year, or if the total income of the Fund in any such fiscal
19 year of the Board of Education from all sources is less than
20 the total such expenditures by the Fund for such year, the
21 Board of Education shall, in the next succeeding year, in
22 addition to any other payment to the Fund set apart and
23 appropriate from moneys from its tax levy for educational
24 purposes, a sum sufficient to remove such deficiency or
25 deficiencies, and promptly pay such sum into the Fund in order

1 to restore any of the reserves of the Fund that may have been
2 so temporarily applied. Any amounts received by the Fund after
3 December 4, 1997 from State appropriations, including under
4 Section 17-127, shall be a credit against and shall fully
5 satisfy any obligation that may have arisen, or be claimed to
6 have arisen, under this subsection (a) as a result of any
7 deficiency or deficiencies in the fiscal year of the Board of
8 Education ending in calendar year 1997.

9 (b) (i) Notwithstanding any other provision of this
10 Section, and notwithstanding any prior certification by the
11 Board under subsection (c) for fiscal year 2011, the Board of
12 Education's total required contribution to the Fund for fiscal
13 year 2011 under this Section is \$187,000,000.

14 (ii) Notwithstanding any other provision of this Section,
15 the Board of Education's total required contribution to the
16 Fund for fiscal year 2012 under this Section is \$192,000,000.

17 (iii) Notwithstanding any other provision of this Section,
18 the Board of Education's total required contribution to the
19 Fund for fiscal year 2013 under this Section is \$196,000,000.

20 (iv) For fiscal years 2014 through 2059, the minimum
21 contribution to the Fund to be made by the Board of Education
22 in each fiscal year shall be an amount determined by the Fund
23 to be sufficient to bring the total assets of the Fund up to
24 90% of the total actuarial liabilities of the Fund by the end
25 of fiscal year 2059. In making these determinations, the
26 required Board of Education contribution shall be calculated

1 each year as a level percentage of the applicable employee
2 payrolls over the years remaining to and including fiscal year
3 2059 and shall be determined under the projected unit credit
4 actuarial cost method.

5 (v) Beginning in fiscal year 2060, the minimum Board of
6 Education contribution for each fiscal year shall be the amount
7 needed to maintain the total assets of the Fund at 90% of the
8 total actuarial liabilities of the Fund.

9 (vi) Notwithstanding any other provision of this
10 subsection (b), for any fiscal year, the contribution to the
11 Fund from the Board of Education shall not be required to be in
12 excess of the amount calculated as needed to maintain the
13 assets (or cause the assets to be) at the 90% level by the end
14 of the fiscal year.

15 (vii) Any contribution by the State to or for the benefit
16 of the Fund, including, without limitation, as referred to
17 under Section 17-127, shall be a credit against any
18 contribution required to be made by the Board of Education
19 under this subsection (b).

20 (c) The Board shall determine the amount of Board of
21 Education contributions required for each fiscal year on the
22 basis of the actuarial tables and other assumptions adopted by
23 the Board and the recommendations of the actuary, in order to
24 meet the minimum contribution requirements of subsections (a)
25 and (b). Annually, on or before February 28, the Board shall
26 certify to the Board of Education the amount of the required

1 Board of Education contribution for the coming fiscal year. The
2 certification shall include a copy of the actuarial
3 recommendations upon which it is based.

4 (d) On or before May 1, 2018, the Board shall recalculate
5 and recertify to the Board of Education the amount of the
6 required Board of Education contribution to the Fund for State
7 fiscal year 2019, taking into account the effect on the Fund's
8 liabilities of the elections made under Section 17-115.5.

9 (Source: P.A. 96-889, eff. 4-14-10.)

10 (40 ILCS 5/17-130) (from Ch. 108 1/2, par. 17-130)

11 Sec. 17-130. Participants' contributions by payroll
12 deductions.

13 (a) Except as provided in subsection (a-5), there ~~There~~
14 shall be deducted from the salary of each teacher 7.50% of his
15 salary for service or disability retirement pension and 0.5% of
16 salary for the annual increase in base pension.

17 In addition, there shall be deducted from the salary of
18 each teacher 1% of his salary for survivors' and children's
19 pensions.

20 (a-5) Beginning on July 1, 2018 or the effective date of
21 the Tier 1 employee's election under paragraph (1) of Section
22 17-115.5, whichever is later, in lieu of the contributions
23 otherwise required under subsection (a), each Tier 1 employee
24 who made the election under paragraph (1) of Section 17-115.5
25 shall make contributions of 7.50% of salary for service or

1 disability retirement pension and 0.6% of salary for survivors'
2 and children's pensions.

3 (b) An Employer and any employer of eligible contributors
4 as defined in Section 17-106 is authorized to make the
5 necessary deductions from the salaries of its teachers. Such
6 amounts shall be included as a part of the Fund. An Employer
7 and any employer of eligible contributors as defined in Section
8 17-106 shall formulate such rules and regulations as may be
9 necessary to give effect to the provisions of this Section.

10 (c) All persons employed as teachers shall, by such
11 employment, accept the provisions of this Article and of
12 Sections 34-83 to 34-85, inclusive, of "The School Code",
13 approved March 18, 1961, as amended, and thereupon become
14 contributors to the Fund in accordance with the terms thereof.
15 The provisions of this Article and of those Sections shall
16 become a part of the contract of employment.

17 (d) A person who (i) was a member before July 1, 1998, (ii)
18 retires with more than 34 years of creditable service, and
19 (iii) does not elect to qualify for the augmented rate under
20 Section 17-119.1 shall be entitled, at the time of retirement,
21 to receive a partial refund of contributions made under this
22 Section for service occurring after the later of June 30, 1998
23 or attainment of 34 years of creditable service, in an amount
24 equal to 1.00% of the salary upon which those contributions
25 were based.

26 (Source: P.A. 97-8, eff. 6-13-11.)

1 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

2 Sec. 18-131. Financing; employer contributions.

3 (a) The State of Illinois shall make contributions to this
4 System by appropriations of the amounts which, together with
5 the contributions of participants, net earnings on
6 investments, and other income, will meet the costs of
7 maintaining and administering this System on a 90% funded basis
8 in accordance with actuarial recommendations.

9 (b) The Board shall determine the amount of State
10 contributions required for each fiscal year on the basis of the
11 actuarial tables and other assumptions adopted by the Board and
12 the prescribed rate of interest, using the formula in
13 subsection (c).

14 (c) For State fiscal years 2018 through 2045, the minimum
15 contribution to the System to be made by the State for each
16 fiscal year shall be an amount determined by the System to be
17 sufficient to bring the total assets of the System up to 90% of
18 the total actuarial liabilities of the System by the end of
19 State fiscal year 2045. In making these determinations, the
20 required State contribution shall be calculated each year as a
21 level percentage of total payroll, including payroll that is
22 not deemed pensionable, over the years remaining to and
23 including fiscal year 2045 and shall be determined under the
24 projected unit credit actuarial cost method.

25 Beginning in State fiscal year 2018, any increase or

1 decrease in State contribution over the prior fiscal year due
2 exclusively to changes in actuarial or investment assumptions
3 adopted by the Board shall be included in the State
4 contribution to the System, as a percentage of the applicable
5 employee payroll, and shall be increased in equal annual
6 increments so that by the State fiscal year occurring 5 years
7 after the adoption of the actuarial or investment assumptions,
8 the State is contributing at the rate otherwise required under
9 this Section.

10 If Section 2-110.3, 15-132.9, 16-122.9, or 17-115.5 is
11 determined to be unconstitutional or otherwise invalid by a
12 final unappealable decision of an Illinois court or a court of
13 competent jurisdiction, then the changes made to this Section
14 by this amendatory Act of the 99th General Assembly shall not
15 take effect and are repealed by operation of law.

16 For State fiscal years 2012 through 2017 ~~2045~~, the minimum
17 contribution to the System to be made by the State for each
18 fiscal year shall be an amount determined by the System to be
19 sufficient to bring the total assets of the System up to 90% of
20 the total actuarial liabilities of the System by the end of
21 State fiscal year 2045. In making these determinations, the
22 required State contribution shall be calculated each year as a
23 level percentage of payroll over the years remaining to and
24 including fiscal year 2045 and shall be determined under the
25 projected unit credit actuarial cost method.

26 For State fiscal years 1996 through 2005, the State

1 contribution to the System, as a percentage of the applicable
2 employee payroll, shall be increased in equal annual increments
3 so that by State fiscal year 2011, the State is contributing at
4 the rate required under this Section.

5 Notwithstanding any other provision of this Article, the
6 total required State contribution for State fiscal year 2006 is
7 \$29,189,400.

8 Notwithstanding any other provision of this Article, the
9 total required State contribution for State fiscal year 2007 is
10 \$35,236,800.

11 For each of State fiscal years 2008 through 2009, the State
12 contribution to the System, as a percentage of the applicable
13 employee payroll, shall be increased in equal annual increments
14 from the required State contribution for State fiscal year
15 2007, so that by State fiscal year 2011, the State is
16 contributing at the rate otherwise required under this Section.

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2010 is
19 \$78,832,000 and shall be made from the proceeds of bonds sold
20 in fiscal year 2010 pursuant to Section 7.2 of the General
21 Obligation Bond Act, less (i) the pro rata share of bond sale
22 expenses determined by the System's share of total bond
23 proceeds, (ii) any amounts received from the General Revenue
24 Fund in fiscal year 2010, and (iii) any reduction in bond
25 proceeds due to the issuance of discounted bonds, if
26 applicable.

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2011 is
3 the amount recertified by the System on or before April 1, 2011
4 pursuant to Section 18-140 and shall be made from the proceeds
5 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
6 the General Obligation Bond Act, less (i) the pro rata share of
7 bond sale expenses determined by the System's share of total
8 bond proceeds, (ii) any amounts received from the General
9 Revenue Fund in fiscal year 2011, and (iii) any reduction in
10 bond proceeds due to the issuance of discounted bonds, if
11 applicable.

12 Beginning in State fiscal year 2046, the minimum State
13 contribution for each fiscal year shall be the amount needed to
14 maintain the total assets of the System at 90% of the total
15 actuarial liabilities of the System.

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

1 System under Section 25 of the Budget Stabilization Act.

2 Notwithstanding any other provision of this Section, the
3 required State contribution for State fiscal year 2005 and for
4 fiscal year 2008 and each fiscal year thereafter, as calculated
5 under this Section and certified under Section 18-140, shall
6 not exceed an amount equal to (i) the amount of the required
7 State contribution that would have been calculated under this
8 Section for that fiscal year if the System had not received any
9 payments under subsection (d) of Section 7.2 of the General
10 Obligation Bond Act, minus (ii) the portion of the State's
11 total debt service payments for that fiscal year on the bonds
12 issued in fiscal year 2003 for the purposes of that Section
13 7.2, as determined and certified by the Comptroller, that is
14 the same as the System's portion of the total moneys
15 distributed under subsection (d) of Section 7.2 of the General
16 Obligation Bond Act. In determining this maximum for State
17 fiscal years 2008 through 2010, however, the amount referred to
18 in item (i) shall be increased, as a percentage of the
19 applicable employee payroll, in equal increments calculated
20 from the sum of the required State contribution for State
21 fiscal year 2007 plus the applicable portion of the State's
22 total debt service payments for fiscal year 2007 on the bonds
23 issued in fiscal year 2003 for the purposes of Section 7.2 of
24 the General Obligation Bond Act, so that, by State fiscal year
25 2011, the State is contributing at the rate otherwise required
26 under this Section.

1 (d) For purposes of determining the required State
2 contribution to the System, the value of the System's assets
3 shall be equal to the actuarial value of the System's assets,
4 which shall be calculated as follows:

5 As of June 30, 2008, the actuarial value of the System's
6 assets shall be equal to the market value of the assets as of
7 that date. In determining the actuarial value of the System's
8 assets for fiscal years after June 30, 2008, any actuarial
9 gains or losses from investment return incurred in a fiscal
10 year shall be recognized in equal annual amounts over the
11 5-year period following that fiscal year.

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

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

19 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

20 Sec. 18-140. To certify required State contributions and
21 submit vouchers.

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

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

6 On or before November 1 of each year, beginning November 1,
7 2012, the Board shall submit to the State Actuary, the
8 Governor, and the General Assembly a proposed certification of
9 the amount of the required State contribution to the System for
10 the next fiscal year, along with all of the actuarial
11 assumptions, calculations, and data upon which that proposed
12 certification is based. On or before January 1 of each year
13 beginning January 1, 2013, the State Actuary shall issue a
14 preliminary report concerning the proposed certification and
15 identifying, if necessary, recommended changes in actuarial
16 assumptions that the Board must consider before finalizing its
17 certification of the required State contributions. On or before
18 January 15, 2013 and every January 15 thereafter, the Board
19 shall certify to the Governor and the General Assembly the
20 amount of the required State contribution for the next fiscal
21 year. The Board's certification must note any deviations from
22 the State Actuary's recommended changes, the reason or reasons
23 for not following the State Actuary's recommended changes, and
24 the fiscal impact of not following the State Actuary's
25 recommended changes on the required State contribution.

26 On or before May 1, 2004, the Board shall recalculate and

1 recertify to the Governor the amount of the required State
2 contribution to the System for State fiscal year 2005, taking
3 into account the amounts appropriated to and received by the
4 System under subsection (d) of Section 7.2 of the General
5 Obligation Bond Act.

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

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

17 As soon as practical after the effective date of this
18 amendatory Act of the 99th General Assembly, the State Actuary
19 and the Board shall recalculate and recertify to the Governor
20 and the General Assembly the amount of the State contribution
21 to the System for State fiscal year 2017, taking into account
22 the changes in required State contributions made by this
23 amendatory Act of the 99th General Assembly.

24 (b) Beginning in State fiscal year 1996, on or as soon as
25 possible after the 15th day of each month the Board shall
26 submit vouchers for payment of State contributions to the

1 System, in a total monthly amount of one-twelfth of the
2 required annual State contribution certified under subsection
3 (a). From the effective date of this amendatory Act of the 93rd
4 General Assembly through June 30, 2004, the Board shall not
5 submit vouchers for the remainder of fiscal year 2004 in excess
6 of the fiscal year 2004 certified contribution amount
7 determined under this Section after taking into consideration
8 the transfer to the System under subsection (c) of Section
9 6z-61 of the State Finance Act. These vouchers shall be paid by
10 the State Comptroller and Treasurer by warrants drawn on the
11 funds appropriated to the System for that fiscal year.

12 If in any month the amount remaining unexpended from all
13 other appropriations to the System for the applicable fiscal
14 year (including the appropriations to the System under Section
15 8.12 of the State Finance Act and Section 1 of the State
16 Pension Funds Continuing Appropriation Act) is less than the
17 amount lawfully vouchered under this Section, the difference
18 shall be paid from the General Revenue Fund under the
19 continuing appropriation authority provided in Section 1.1 of
20 the State Pension Funds Continuing Appropriation Act.

21 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
22 97-694, eff. 6-18-12.)

23 (40 ILCS 5/2-165 rep.)

24 (40 ILCS 5/2-166 rep.)

25 (40 ILCS 5/15-200 rep.)

1 (40 ILCS 5/15-201 rep.)

2 (40 ILCS 5/16-205 rep.)

3 (40 ILCS 5/16-206 rep.)

4 Section 20. The Illinois Pension Code is amended by
5 repealing Sections 2-165, 2-166, 15-200, 15-201, 16-205, and
6 16-206.

7 Section 25. The State Pension Funds Continuing
8 Appropriation Act is amended by adding Section 1.9 as follows:

9 (40 ILCS 15/1.9 new)

10 Sec. 1.9. Appropriation for consideration payment. There
11 is hereby appropriated from the General Revenue Fund to the
12 State Comptroller, on a continuing basis, all amounts necessary
13 for the payment of consideration payments under subsection (b)
14 of Sections 2-110.3, 15-132.9, and 16-122.9 of the Illinois
15 Pension Code, in the amounts certified to the State Comptroller
16 by the respective retirement system or pension fund.

17 Section 30. The School Code is amended by changing Sections
18 24-1, 24-8, and 34-18.53 as follows:

19 (105 ILCS 5/24-1) (from Ch. 122, par. 24-1)

20 Sec. 24-1. Appointment-Salaries-Payment-School
21 month-School term.) School boards shall appoint all teachers,
22 determine qualifications of employment and fix the amount of

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

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

15 (105 ILCS 5/24-8) (from Ch. 122, par. 24-8)

16 Sec. 24-8. Minimum salary. In fixing the salaries of
17 teachers, school boards shall pay those who serve on a
18 full-time basis not less than a rate for the school year that
19 is based upon training completed in a recognized institution of
20 higher learning, as follows: for the school year beginning July
21 1, 1980 and thereafter, less than a bachelor's degree, \$9,000;
22 120 semester hours or more and a bachelor's degree, \$10,000;
23 150 semester hours or more and a master's degree, \$11,000.

24 Based upon previous public school experience in this State
25 or any other State, territory, dependency or possession of the

1 United States, or in schools operated by or under the auspices
2 of the United States, teachers who serve on a full-time basis
3 shall have their salaries increased to at least the following
4 amounts above the starting salary for a teacher in such
5 district in the same classification: with less than a
6 bachelor's degree, \$750 after 5 years; with 120 semester hours
7 or more and a bachelor's degree, \$1,000 after 5 years and
8 \$1,600 after 8 years; with 150 semester hours or more and a
9 master's degree, \$1,250 after 5 years, \$2,000 after 8 years and
10 \$2,750 after 13 years. However, any salary increase is subject
11 to any applicable restrictions in Section 16-122.9 of the
12 Illinois Pension Code.

13 For the purpose of this Section a teacher's salary shall
14 include any amount paid by the school district on behalf of the
15 teacher, as teacher contributions, to the Teachers' Retirement
16 System of the State of Illinois.

17 If a school board establishes a schedule for teachers'
18 salaries based on education and experience, not inconsistent
19 with this Section, all certificated nurses employed by that
20 board shall be paid in accordance with the provisions of such
21 schedule (subject to any applicable restrictions in Section
22 16-122.9 of the Illinois Pension Code).

23 For purposes of this Section, a teacher who submits a
24 certificate of completion to the school office prior to the
25 first day of the school term shall be considered to have the
26 degree stated in such certificate.

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

2 (105 ILCS 5/34-18.53 new)

3 Sec. 34-18.53. Future increase in income. The Board of
4 Education must not pay, offer, or agree to pay any future
5 increase in income, as that term is defined in Section 17-113.5
6 of the Illinois Pension Code, to any person in a manner that
7 violates Section 17-115.5 of the Illinois Pension Code.

8 Section 35. The State Universities Civil Service Act is
9 amended by changing Section 36d as follows:

10 (110 ILCS 70/36d) (from Ch. 24 1/2, par. 38b3)

11 Sec. 36d. Powers and duties of the Merit Board. The Merit
12 Board shall have the power and duty-

13 (1) To approve a classification plan prepared under its
14 direction, assigning to each class positions of
15 substantially similar duties. The Merit Board shall have
16 power to delegate to its Director the duty of assigning
17 each position in the classified service to the appropriate
18 class in the classification plan approved by the Merit
19 Board.

20 (2) To prescribe the duties of each class of positions
21 and the qualifications required by employment in that
22 class.

23 (3) To prescribe the range of compensation for each

1 class or to fix a single rate of compensation for employees
2 in a particular class; and to establish other conditions of
3 employment which an employer and employee representatives
4 have agreed upon as fair and equitable. The Merit Board
5 shall direct the payment of the "prevailing rate of wages"
6 in those classifications in which, on January 1, 1952, any
7 employer is paying such prevailing rate and in such other
8 classes as the Merit Board may thereafter determine.
9 "Prevailing rate of wages" as used herein shall be the
10 wages paid generally in the locality in which the work is
11 being performed to employees engaged in work of a similar
12 character. Subject to any applicable restrictions in
13 Section 15-132.9 or 16-122.9 of the Illinois Pension Code,
14 each ~~Each~~ employer covered by the University System shall
15 be authorized to negotiate with representatives of
16 employees to determine appropriate ranges or rates of
17 compensation or other conditions of employment and may
18 recommend to the Merit Board for establishment the rates or
19 ranges or other conditions of employment which the employer
20 and employee representatives have agreed upon as fair and
21 equitable, but excluding the changes, the impact of
22 changes, and the implementation of the changes set forth in
23 this amendatory Act of the 99th General Assembly. Any rates
24 or ranges established prior to January 1, 1952, and
25 hereafter, shall not be changed except in accordance with
26 the procedures herein provided.

1 (4) To recommend to the institutions and agencies
2 specified in Section 36e standards for hours of work,
3 holidays, sick leave, overtime compensation and vacation
4 for the purpose of improving conditions of employment
5 covered therein and for the purpose of insuring conformity
6 with the prevailing rate principal.

7 (5) To prescribe standards of examination for each
8 class, the examinations to be related to the duties of such
9 class. The Merit Board shall have power to delegate to the
10 Director and his staff the preparation, conduct and grading
11 of examinations. Examinations may be written, oral, by
12 statement of training and experience, in the form of tests
13 of knowledge, skill, capacity, intellect, aptitude; or, by
14 any other method, which in the judgment of the Merit Board
15 is reasonable and practical for any particular
16 classification. Different examining procedures may be
17 determined for the examinations in different
18 classifications but all examinations in the same
19 classification shall be uniform.

20 (6) To authorize the continuous recruitment of
21 personnel and to that end, to delegate to the Director and
22 his staff the power and the duty to conduct open and
23 continuous competitive examinations for all
24 classifications of employment.

25 (7) To cause to be established from the results of
26 examinations registers for each class of positions in the

1 classified service of the State Universities Civil Service
2 System, of the persons who shall attain the minimum mark
3 fixed by the Merit Board for the examination; and such
4 persons shall take rank upon the registers as candidates in
5 the order of their relative excellence as determined by
6 examination, without reference to priority of time of
7 examination.

8 (8) To provide by its rules for promotions in the
9 classified service. Vacancies shall be filled by promotion
10 whenever practicable. For the purpose of this paragraph, an
11 advancement in class shall constitute a promotion.

12 (9) To set a probationary period of employment of no
13 less than 6 months and no longer than 12 months for each
14 class of positions in the classification plan, the length
15 of the probationary period for each class to be determined
16 by the Director.

17 (10) To provide by its rules for employment at regular
18 rates of compensation of persons with physical
19 disabilities in positions in which the disability does not
20 prevent the individual from furnishing satisfactory
21 service.

22 (11) To make and publish rules, to carry out the
23 purpose of the State Universities Civil Service System and
24 for examination, appointments, transfers and removals and
25 for maintaining and keeping records of the efficiency of
26 officers and employees and groups of officers and employees

1 in accordance with the provisions of Sections 36b to 36q,
2 inclusive, and said Merit Board may from time to time make
3 changes in such rules.

4 (12) To appoint a Director and such assistants and
5 other clerical and technical help as may be necessary
6 efficiently to administer Sections 36b to 36q, inclusive.
7 To authorize the Director to appoint an assistant resident
8 at the place of employment of each employer specified in
9 Section 36e and this assistant may be authorized to give
10 examinations and to certify names from the regional
11 registers provided in Section 36k.

12 (13) To submit to the Governor of this state on or
13 before November 1 of each year prior to the regular session
14 of the General Assembly a report of the University System's
15 business and an estimate of the amount of appropriation
16 from state funds required for the purpose of administering
17 the University System.

18 (Source: P.A. 99-143, eff. 7-27-15.)

19 Section 40. The University of Illinois Act is amended by
20 adding Section 100 as follows:

21 (110 ILCS 305/100 new)

22 Sec. 100. Future increases in income. The University of
23 Illinois must not pay, offer, or agree to pay any future
24 increase in income, as that term is defined in Section 15-112.1

1 or 16-121.1 of the Illinois Pension Code, to any person in a
2 manner that violates Section 15-132.9 or 16-122.9 of the
3 Illinois Pension Code.

4 Section 45. The Southern Illinois University Management
5 Act is amended by adding Section 85 as follows:

6 (110 ILCS 520/85 new)

7 Sec. 85. Future increases in income. Southern Illinois
8 University must not pay, offer, or agree to pay any future
9 increase in income, as that term is defined in Section 15-112.1
10 or 16-121.1 of the Illinois Pension Code, to any person in a
11 manner that violates Section 15-132.9 or 16-122.9 of the
12 Illinois Pension Code.

13 Section 50. The Chicago State University Law is amended by
14 adding Section 5-195 as follows:

15 (110 ILCS 660/5-195 new)

16 Sec. 5-195. Future increases in income. Chicago State
17 University must not pay, offer, or agree to pay any future
18 increase in income, as that term is defined in Section 15-112.1
19 or 16-121.1 of the Illinois Pension Code, to any person in a
20 manner that violates Section 15-132.9 or 16-122.9 of the
21 Illinois Pension Code.

1 Section 55. The Eastern Illinois University Law is amended
2 by adding Section 10-195 as follows:

3 (110 ILCS 665/10-195 new)

4 Sec. 10-195. Future increases in income. Eastern Illinois
5 University must not pay, offer, or agree to pay any future
6 increase in income, as that term is defined in Section 15-112.1
7 or 16-121.1 of the Illinois Pension Code, to any person in a
8 manner that violates Section 15-132.9 or 16-122.9 of the
9 Illinois Pension Code.

10 Section 60. The Governors State University Law is amended
11 by adding Section 15-195 as follows:

12 (110 ILCS 670/15-195 new)

13 Sec. 15-195. Future increases in income. Governors State
14 University must not pay, offer, or agree to pay any future
15 increase in income, as that term is defined in Section 15-112.1
16 or 16-121.1 of the Illinois Pension Code, to any person in a
17 manner that violates Section 15-132.9 or 16-122.9 of the
18 Illinois Pension Code.

19 Section 65. The Illinois State University Law is amended by
20 adding Section 20-200 as follows:

21 (110 ILCS 675/20-200 new)

1 Sec. 20-200. Future increases in income. Illinois State
2 University must not pay, offer, or agree to pay any future
3 increase in income, as that term is defined in Section 15-112.1
4 or 16-121.1 of the Illinois Pension Code, to any person in a
5 manner that violates Section 15-132.9 or 16-122.9 of the
6 Illinois Pension Code.

7 Section 70. The Northeastern Illinois University Law is
8 amended by adding Section 25-195 as follows:

9 (110 ILCS 680/25-195 new)

10 Sec. 25-195. Future increases in income. Northeastern
11 Illinois University must not pay, offer, or agree to pay any
12 future increase in income, as that term is defined in Section
13 15-112.1 or 16-121.1 of the Illinois Pension Code, to any
14 person in a manner that violates Section 15-132.9 or 16-122.9
15 of the Illinois Pension Code.

16 Section 75. The Northern Illinois University Law is amended
17 by adding Section 30-205 as follows:

18 (110 ILCS 685/30-205 new)

19 Sec. 30-205. Future increases in income. Northern Illinois
20 University must not pay, offer, or agree to pay any future
21 increase in income, as that term is defined in Section 15-112.1
22 or 16-121.1 of the Illinois Pension Code, to any person in a

1 manner that violates Section 15-132.9 or 16-122.9 of the
2 Illinois Pension Code.

3 Section 80. The Western Illinois University Law is amended
4 by adding Section 35-200 as follows:

5 (110 ILCS 690/35-200 new)

6 Sec. 35-200. Future increases in income. Western Illinois
7 University must not pay, offer, or agree to pay any future
8 increase in income, as that term is defined in Section 15-112.1
9 or 16-121.1 of the Illinois Pension Code, to any person in a
10 manner that violates Section 15-132.9 or 16-122.9 of the
11 Illinois Pension Code.

12 Section 85. The Public Community College Act is amended by
13 changing Sections 3-26 and 3-42 as follows:

14 (110 ILCS 805/3-26) (from Ch. 122, par. 103-26)

15 Sec. 3-26. (a) To make appointments and fix the salaries of
16 a chief administrative officer, who shall be the executive
17 officer of the board, other administrative personnel, and all
18 teachers, but subject to any applicable restrictions in Section
19 15-132.9 or 16-122.9 of the Illinois Pension Code. In making
20 these appointments and fixing the salaries, the board may make
21 no discrimination on account of sex, race, creed, color or
22 national origin.

1 (b) Upon the written request of an employee, to withhold
2 from the compensation of that employee the membership dues of
3 such employee payable to any specified labor organization as
4 defined in the Illinois Educational Labor Relations Act. Under
5 such arrangement, an amount shall be withheld for each regular
6 payroll period which is equal to the prorata share of the
7 annual membership dues plus any payments or contributions and
8 the board shall pay such withholding to the specified labor
9 organization within 10 working days from the time of the
10 withholding.

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

12 (110 ILCS 805/3-42) (from Ch. 122, par. 103-42)

13 Sec. 3-42. To employ such personnel as may be needed, to
14 establish policies governing their employment and dismissal,
15 and to fix the amount of their compensation, subject to any
16 applicable restrictions in Section 15-132.9 or 16-122.9 of the
17 Illinois Pension Code. In the employment, establishment of
18 policies and fixing of compensation the board may make no
19 discrimination on account of sex, race, creed, color or
20 national origin.

21 Residence within any community college district or outside
22 any community college district shall not be considered:

23 (a) in determining whether to retain or not retain any
24 employee of a community college employed prior to July 1,
25 1977 or prior to the adoption by the community college

1 board of a resolution making residency within the community
2 college district of some or all employees a condition of
3 employment, whichever is later;

4 (b) in assigning, promoting or transferring any
5 employee of a community college to an office or position
6 employed prior to July 1, 1977 or prior to the adoption by
7 the community college board of a resolution making
8 residency within the community college district of some or
9 all employees a condition of employment, whichever is
10 later; or

11 (c) in determining the salary or other compensation of
12 any employee of a community college.

13 (Source: P.A. 80-248.)

14 Section 90. The Illinois Educational Labor Relations Act is
15 amended by changing Sections 4, 14, and 17 and by adding
16 Section 10.6 as follows:

17 (115 ILCS 5/4) (from Ch. 48, par. 1704)

18 Sec. 4. Employer rights. Employers shall not be required to
19 bargain over matters of inherent managerial policy, which shall
20 include such areas of discretion or policy as the functions of
21 the employer, standards of services, its overall budget, the
22 organizational structure and selection of new employees and
23 direction of employees. Employers, however, shall be required
24 to bargain collectively with regard to policy matters directly

1 affecting wages (but subject to any applicable restrictions in
2 Section 15-132.9, 16-122.9, or 17-115.5 of the Illinois Pension
3 Code), hours and terms and conditions of employment as well as
4 the impact thereon upon request by employee representatives,
5 but excluding the changes, the impact of changes, and the
6 implementation of the changes set forth in this amendatory Act
7 of the 99th General Assembly. To preserve the rights of
8 employers and exclusive representatives which have established
9 collective bargaining relationships or negotiated collective
10 bargaining agreements prior to the effective date of this Act,
11 employers shall be required to bargain collectively with regard
12 to any matter concerning wages (but subject to any applicable
13 restrictions in Section 15-132.9, 16-122.9, or 17-115.5 of the
14 Illinois Pension Code), hours or conditions of employment about
15 which they have bargained for and agreed to in a collective
16 bargaining agreement prior to the effective date of this Act,
17 but excluding the changes, the impact of changes, and the
18 implementation of the changes set forth in this amendatory Act
19 of the 99th General Assembly.

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

21 (115 ILCS 5/10.6 new)

22 Sec. 10.6. No collective bargaining or interest
23 arbitration regarding certain changes to the Illinois Pension
24 Code.

25 (a) Notwithstanding any other provision of this Act,

1 employers shall not be required to bargain over matters
2 affected by the changes, the impact of the changes, and the
3 implementation of the changes to Article 15, 16, or 17 of the
4 Illinois Pension Code made by this amendatory Act of the 99th
5 General Assembly, which are deemed to be prohibited subjects of
6 bargaining. Notwithstanding any provision of this Act, the
7 changes, impact of the changes, or implementation of the
8 changes to Article 15, 16, or 17 of the Illinois Pension Code
9 made by this amendatory Act of the 99th General Assembly shall
10 not be subject to interest arbitration or any award issued
11 pursuant to interest arbitration. The provisions of this
12 Section shall not apply to an employment contract or collective
13 bargaining agreement that is in effect on the effective date of
14 this amendatory Act of the 99th General Assembly. However, any
15 such contract or agreement that is modified, amended, renewed,
16 or superseded after the effective date of this amendatory Act
17 of the 99th General Assembly shall be subject to the provisions
18 of this Section. The provisions of this Section shall not apply
19 to the ability of any employer and employee representative to
20 bargain collectively with regard to the pick up of employee
21 contributions pursuant to Section 15-157.1, 16-152.1,
22 17-130.1, or 17-130.2 of the Illinois Pension Code.

23 (b) Nothing in this Section shall be construed as otherwise
24 limiting any of the obligations and requirements applicable to
25 employers under any of the provisions of this Act, including,
26 but not limited to, the requirement to bargain collectively

1 with regard to policy matters directly affecting wages, hours,
2 and terms and conditions of employment as well as the impact
3 thereon upon request by employee representatives, except for
4 the matters set forth in subsection (a) of this Section that
5 are deemed prohibited subjects of bargaining. Nothing in this
6 Section shall be construed as otherwise limiting any of the
7 rights of employees or employee representatives under the
8 provisions of this Act, except for the matters set forth in
9 subsection (a) of this Section that are deemed prohibited
10 subjects of bargaining.

11 (c) In case of any conflict between this Section and any
12 other provisions of this Act or any other law, the provisions
13 of this Section shall control.

14 (115 ILCS 5/14) (from Ch. 48, par. 1714)

15 Sec. 14. Unfair labor practices.

16 (a) Educational employers, their agents or representatives
17 are prohibited from:

18 (1) Interfering, restraining or coercing employees in
19 the exercise of the rights guaranteed under this Act.

20 (2) Dominating or interfering with the formation,
21 existence or administration of any employee organization.

22 (3) Discriminating in regard to hire or tenure of
23 employment or any term or condition of employment to
24 encourage or discourage membership in any employee
25 organization.

1 (4) Discharging or otherwise discriminating against an
2 employee because he or she has signed or filed an
3 affidavit, authorization card, petition or complaint or
4 given any information or testimony under this Act.

5 (5) Subject to and except as provided in Section 10.6,
6 refusing ~~Refusing~~ to bargain collectively in good faith
7 with an employee representative which is the exclusive
8 representative of employees in an appropriate unit,
9 including but not limited to the discussing of grievances
10 with the exclusive representative; provided, however, that
11 if an alleged unfair labor practice involves
12 interpretation or application of the terms of a collective
13 bargaining agreement and said agreement contains a
14 grievance and arbitration procedure, the Board may defer
15 the resolution of such dispute to the grievance and
16 arbitration procedure contained in said agreement.
17 However, no actions of the employer taken to implement or
18 otherwise comply with the provisions of subsection (a) of
19 Section 10.6 shall constitute or give rise to an unfair
20 labor practice under this Act.

21 (6) Refusing to reduce a collective bargaining
22 agreement to writing and signing such agreement.

23 (7) Violating any of the rules and regulations
24 promulgated by the Board regulating the conduct of
25 representation elections.

26 (8) Refusing to comply with the provisions of a binding

1 arbitration award.

2 (9) Expending or causing the expenditure of public
3 funds to any external agent, individual, firm, agency,
4 partnership or association in any attempt to influence the
5 outcome of representational elections held pursuant to
6 paragraph (c) of Section 7 of this Act; provided, that
7 nothing in this subsection shall be construed to limit an
8 employer's right to be represented on any matter pertaining
9 to unit determinations, unfair labor practice charges or
10 pre-election conferences in any formal or informal
11 proceeding before the Board, or to seek or obtain advice
12 from legal counsel. Nothing in this paragraph shall be
13 construed to prohibit an employer from expending or causing
14 the expenditure of public funds on, or seeking or obtaining
15 services or advice from, any organization, group or
16 association established by, and including educational or
17 public employers, whether or not covered by this Act, the
18 Illinois Public Labor Relations Act or the public
19 employment labor relations law of any other state or the
20 federal government, provided that such services or advice
21 are generally available to the membership of the
22 organization, group, or association, and are not offered
23 solely in an attempt to influence the outcome of a
24 particular representational election.

25 (b) Employee organizations, their agents or
26 representatives or educational employees are prohibited from:

1 (1) Restraining or coercing employees in the exercise
2 of the rights guaranteed under this Act, provided that a
3 labor organization or its agents shall commit an unfair
4 labor practice under this paragraph in duty of fair
5 representation cases only by intentional misconduct in
6 representing employees under this Act.

7 (2) Restraining or coercing an educational employer in
8 the selection of his representative for the purposes of
9 collective bargaining or the adjustment of grievances.

10 (3) Refusing to bargain collectively in good faith with
11 an educational employer, if they have been designated in
12 accordance with the provisions of this Act as the exclusive
13 representative of employees in an appropriate unit.

14 (4) Violating any of the rules and regulations
15 promulgated by the Board regulating the conduct of
16 representation elections.

17 (5) Refusing to reduce a collective bargaining
18 agreement to writing and signing such agreement.

19 (6) Refusing to comply with the provisions of a binding
20 arbitration award.

21 (c) The expressing of any views, argument, opinion or the
22 dissemination thereof, whether in written, printed, graphic or
23 visual form, shall not constitute or be evidence of an unfair
24 labor practice under any of the provisions of this Act, if such
25 expression contains no threat of reprisal or force or promise
26 of benefit.

1 (d) The actions of a Financial Oversight Panel created
2 pursuant to Section 1A-8 of the School Code due to a district
3 violating a financial plan shall not constitute or be evidence
4 of an unfair labor practice under any of the provisions of this
5 Act. Such actions include, but are not limited to, reviewing,
6 approving, or rejecting a school district budget or a
7 collective bargaining agreement.

8 (Source: P.A. 89-572, eff. 7-30-96.)

9 (115 ILCS 5/17) (from Ch. 48, par. 1717)

10 Sec. 17. Effect on other laws. In case of any conflict
11 between the provisions of this Act and any other law (other
12 than Section 15-132.9, 16-122.9, or 17-115.5 of the Illinois
13 Pension Code), executive order or administrative regulation,
14 the provisions of this Act shall prevail and control. The
15 provisions of this Act are subject to any applicable
16 restrictions in Section 15-132.9, 16-122.9, or 17-115.5 of the
17 Illinois Pension Code, as well as the changes, impact of
18 changes, and implementation of changes set forth in this
19 amendatory Act of the 99th General Assembly. Nothing in this
20 Act shall be construed to replace or diminish the rights of
21 employees established by Section 36d of "An Act to create the
22 State Universities Civil Service System", approved May 11,
23 1905, as amended or modified.

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

1 Section 900. The State Mandates Act is amended by adding
2 Section 8.40 as follows:

3 (30 ILCS 805/8.40 new)

4 Sec. 8.40. Exempt mandate. Notwithstanding Sections 6 and 8
5 of this Act, no reimbursement by the State is required for the
6 implementation of any mandate created by this amendatory Act of
7 the 99th General Assembly.

8 Section 970. Severability. Except as otherwise provided in
9 this Act, the provisions of this Act are severable under
10 Section 1.31 of the Statute on Statutes.

11 Section 999. Effective date. This Act takes effect upon
12 becoming law.".