

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 1-160, 8-174, 11-170, and 11-197.7 as follows:

6 (40 ILCS 5/1-160)

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

8 (a) The provisions of this Section apply to a person who,
9 on or after January 1, 2011, first becomes a member or a
10 participant under any reciprocal retirement system or pension
11 fund established under this Code, other than a retirement
12 system or pension fund established under Article 2, 3, 4, 5, 6,
13 15 or 18 of this Code, notwithstanding any other provision of
14 this Code to the contrary, but do not apply to any self-managed
15 plan established under this Code, to any person with respect to
16 service as a sheriff's law enforcement employee under Article
17 7, or to any participant of the retirement plan established
18 under Section 22-101. Notwithstanding anything to the contrary
19 in this Section, for purposes of this Section, a person who
20 participated in a retirement system under Article 15 prior to
21 January 1, 2011 shall be deemed a person who first became a
22 member or participant prior to January 1, 2011 under any
23 retirement system or pension fund subject to this Section. The

1 changes made to this Section by Public Act 98-596 are a
2 clarification of existing law and are intended to be
3 retroactive to January 1, 2011 (the effective date of Public
4 Act 96-889), notwithstanding the provisions of Section 1-103.1
5 of this Code.

6 This Section does not apply to a person who first becomes a
7 noncovered employee under Article 14 on or after the
8 implementation date of the plan created under Section 1-161 for
9 that Article, unless that person elects under subsection (b) of
10 Section 1-161 to instead receive the benefits provided under
11 this Section and the applicable provisions of that Article.

12 This Section does not apply to a person who first becomes a
13 member or participant under Article 16 on or after the
14 implementation date of the plan created under Section 1-161 for
15 that Article, unless that person elects under subsection (b) of
16 Section 1-161 to instead receive the benefits provided under
17 this Section and the applicable provisions of that Article.

18 This Section does not apply to a person who elects under
19 subsection (c-5) of Section 1-161 to receive the benefits under
20 Section 1-161.

21 This Section does not apply to a person who first becomes a
22 member or participant of an affected pension fund on or after 6
23 months after the resolution or ordinance date, as defined in
24 Section 1-162, unless that person elects under subsection (c)
25 of Section 1-162 to receive the benefits provided under this
26 Section and the applicable provisions of the Article under

1 which he or she is a member or participant.

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

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

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

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

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

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

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

25 (b-5) Beginning on January 1, 2011, for all purposes under
26 this Code (including without limitation the calculation of

1 benefits and employee contributions), the annual earnings,
2 salary, or wages (based on the plan year) of a member or
3 participant to whom this Section applies shall not exceed
4 \$106,800; however, that amount shall annually thereafter be
5 increased by the lesser of (i) 3% of that amount, including all
6 previous adjustments, or (ii) one-half the annual unadjusted
7 percentage increase (but not less than zero) in the consumer
8 price index-u for the 12 months ending with the September
9 preceding each November 1, including all previous adjustments.

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

19 (c) A member or participant is entitled to a retirement
20 annuity upon written application if he or she has attained age
21 67 (beginning January 1, 2015, age 65 with respect to service
22 under Article 12 of this Code that is subject to this Section)
23 and has at least 10 years of service credit and is otherwise
24 eligible under the requirements of the applicable Article.

25 A member or participant who has attained age 62 (beginning
26 January 1, 2015, age 60 with respect to service under Article

1 12 of this Code that is subject to this Section) and has at
2 least 10 years of service credit and is otherwise eligible
3 under the requirements of the applicable Article may elect to
4 receive the lower retirement annuity provided in subsection (d)
5 of this Section.

6 (c-5) A person who first becomes a member or a participant
7 subject to this Section ~~under Article 8 or Article 11 of this~~
8 ~~Code~~ on or after July 6, 2017 (the effective date of Public Act
9 100-23) ~~this amendatory Act of the 100th General Assembly,~~
10 notwithstanding any other provision of this Code to the
11 contrary, is entitled to a retirement annuity under Article 8
12 or Article 11 upon written application if he or she has
13 attained age 65 and has at least 10 years of service credit
14 ~~under Article 8 or Article 11 of this Code~~ and is otherwise
15 eligible under the requirements of Article 8 or Article 11 of
16 this Code, whichever is applicable.

17 (d) The retirement annuity of a member or participant who
18 is retiring after attaining age 62 (beginning January 1, 2015,
19 age 60 with respect to service under Article 12 of this Code
20 that is subject to this Section) with at least 10 years of
21 service credit shall be reduced by one-half of 1% for each full
22 month that the member's age is under age 67 (beginning January
23 1, 2015, age 65 with respect to service under Article 12 of
24 this Code that is subject to this Section).

25 (d-5) The retirement annuity payable under Article 8 or
26 Article 11 to an eligible ~~of a person~~ subject to subsection

1 ~~(c-5) of this Section who first becomes a member or a~~
2 ~~participant under Article 8 or Article 11 of this Code on or~~
3 ~~after the effective date of this amendatory Act of the 100th~~
4 ~~General Assembly~~ who is retiring at age 60 with at least 10
5 years of service credit ~~under Article 8 or Article 11~~ shall be
6 reduced by one-half of 1% for each full month that the member's
7 age is under age 65.

8 (d-10) Each person who first became a member or participant
9 under Article 8 or Article 11 of this Code on or after January
10 1, 2011 and prior to the effective date of this amendatory Act
11 of the 100th General Assembly shall make an irrevocable
12 election either:

13 (i) to be eligible for the reduced retirement age
14 provided in subsections (c-5) and (d-5) of this Section,
15 the eligibility for which is conditioned upon the member or
16 participant agreeing to the increases in employee
17 contributions for age and service annuities provided in
18 subsection (a-5) of Section 8-174 of this Code (for service
19 under Article 8) or subsection (a-5) of Section 11-170 of
20 this Code (for service under Article 11); or

21 (ii) to not agree to item (i) of this subsection
22 (d-10), in which case the member or participant shall
23 continue to be subject to the retirement age provisions in
24 subsections (c) and (d) of this Section and the employee
25 contributions for age and service annuity as provided in
26 subsection (a) of Section 8-174 of this Code (for service

1 under Article 8) or subsection (a) of Section 11-170 of
2 this Code (for service under Article 11).

3 The election provided for in this subsection shall be made
4 between October 1, 2017 and November 15, 2017. A person subject
5 to this subsection who makes the required election shall remain
6 bound by that election. A person subject to this subsection who
7 fails for any reason to make the required election within the
8 time specified in this subsection shall be deemed to have made
9 the election under item (ii).

10 (e) Any retirement annuity or supplemental annuity shall be
11 subject to annual increases on the January 1 occurring either
12 on or after the attainment of age 67 (beginning January 1,
13 2015, age 65 with respect to service under Article 12 of this
14 Code that is subject to this Section and beginning on the
15 effective date of this amendatory Act of the 100th General
16 Assembly, age 65 with respect to service under Article 8 or
17 Article 11 for eligible persons who: (i) are subject to
18 subsection (c-5) of this Section ~~first became members or~~
19 ~~participants under Article 8 or Article 11 of this Code on or~~
20 ~~after the effective date of this amendatory Act of the 100th~~
21 ~~General Assembly; or (ii) first became members or participants~~
22 ~~under Article 8 or Article 11 of this Code on or after January~~
23 ~~1, 2011 and before the effective date of this amendatory Act of~~
24 ~~the 100th General Assembly and~~ made the election under item (i)
25 of subsection (d-10) of this Section) or the first anniversary
26 of the annuity start date, whichever is later. Each annual

1 increase shall be calculated at 3% or one-half the annual
2 unadjusted percentage increase (but not less than zero) in the
3 consumer price index-u for the 12 months ending with the
4 September preceding each November 1, whichever is less, of the
5 originally granted retirement annuity. If the annual
6 unadjusted percentage change in the consumer price index-u for
7 the 12 months ending with the September preceding each November
8 1 is zero or there is a decrease, then the annuity shall not be
9 increased.

10 For the purposes of Section 1-103.1 of this Code, the
11 changes made to this Section by this amendatory Act of the
12 100th General Assembly are applicable without regard to whether
13 the employee was in active service on or after the effective
14 date of this amendatory Act of the 100th General Assembly.

15 (f) The initial survivor's or widow's annuity of an
16 otherwise eligible survivor or widow of a retired member or
17 participant who first became a member or participant on or
18 after January 1, 2011 shall be in the amount of 66 2/3% of the
19 retired member's or participant's retirement annuity at the
20 date of death. In the case of the death of a member or
21 participant who has not retired and who first became a member
22 or participant on or after January 1, 2011, eligibility for a
23 survivor's or widow's annuity shall be determined by the
24 applicable Article of this Code. The initial benefit shall be
25 66 2/3% of the earned annuity without a reduction due to age. A
26 child's annuity of an otherwise eligible child shall be in the

1 amount prescribed under each Article if applicable. Any
2 survivor's or widow's annuity shall be increased (1) on each
3 January 1 occurring on or after the commencement of the annuity
4 if the deceased member died while receiving a retirement
5 annuity or (2) in other cases, on each January 1 occurring
6 after the first anniversary of the commencement of the annuity.
7 Each annual increase shall be calculated at 3% or one-half the
8 annual unadjusted percentage increase (but not less than zero)
9 in the consumer price index-u for the 12 months ending with the
10 September preceding each November 1, whichever is less, of the
11 originally granted survivor's annuity. If the annual
12 unadjusted percentage change in the consumer price index-u for
13 the 12 months ending with the September preceding each November
14 1 is zero or there is a decrease, then the annuity shall not be
15 increased.

16 (g) The benefits in Section 14-110 apply only if the person
17 is a State policeman, a fire fighter in the fire protection
18 service of a department, a security employee of the Department
19 of Corrections or the Department of Juvenile Justice, or a
20 security employee of the Department of Innovation and
21 Technology, as those terms are defined in subsection (b) and
22 subsection (c) of Section 14-110. A person who meets the
23 requirements of this Section is entitled to an annuity
24 calculated under the provisions of Section 14-110, in lieu of
25 the regular or minimum retirement annuity, only if the person
26 has withdrawn from service with not less than 20 years of

1 eligible creditable service and has attained age 60, regardless
2 of whether the attainment of age 60 occurs while the person is
3 still in service.

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

18 If a person who first becomes a member of a retirement
19 system or pension fund subject to this Section on or after
20 January 1, 2012 and is receiving a retirement annuity or
21 retirement pension under that system or fund and accepts on a
22 contractual basis a position to provide services to a
23 governmental entity from which he or she has retired, then that
24 person's annuity or retirement pension earned as an active
25 employee of the employer shall be suspended during that
26 contractual service. A person receiving an annuity or

1 retirement pension under this Code shall notify the pension
2 fund or retirement system from which he or she is receiving an
3 annuity or retirement pension, as well as his or her
4 contractual employer, of his or her retirement status before
5 accepting contractual employment. A person who fails to submit
6 such notification shall be guilty of a Class A misdemeanor and
7 required to pay a fine of \$1,000. Upon termination of that
8 contractual employment, the person's retirement annuity or
9 retirement pension payments shall resume and, if appropriate,
10 be recalculated under the applicable provisions of this Code.

11 (i) (Blank).

12 (j) In the case of a conflict between the provisions of
13 this Section and any other provision of this Code, the
14 provisions of this Section shall control.

15 (Source: P.A. 100-23, eff. 7-6-17; 100-201, eff. 8-18-17;
16 100-563, eff. 12-8-17; 100-611, eff. 7-20-18.)

17 (40 ILCS 5/8-174) (from Ch. 108 1/2, par. 8-174)

18 Sec. 8-174. Contributions for age and service annuities for
19 present employees and future entrants.

20 (a) Beginning on the effective date and prior to July 1,
21 1947, 3 1/4%; and beginning on July 1, 1947 and prior to July
22 1, 1953, 5%; and beginning July 1, 1953, and prior to January
23 1, 1972, 6%; and beginning January 1, 1972, 6-1/2% of each
24 payment of the salary of each present employee and future
25 entrant, except as provided in subsection (a-5) and (a-10),

1 shall be contributed to the fund as a deduction from salary for
2 age and service annuity.

3 (a-5) Except as provided in subsection (a-10), for an
4 employee who ~~on or after January 1, 2011 and prior to the~~
5 ~~effective date of this amendatory Act of the 100th General~~
6 ~~Assembly first became a member or participant under this~~
7 ~~Article and~~ made the election under item (i) of subsection
8 (d-10) of Section 1-160: prior to the effective date of this
9 amendatory Act of the 100th General Assembly, 6.5%; and
10 beginning on the effective date of this amendatory Act of the
11 100th General Assembly and prior to January 1, 2018, 7.5%; and
12 beginning January 1, 2018 and prior to January 1, 2019, 8.5%;
13 and beginning January 1, 2019 and thereafter, employee
14 contributions for those employees who made the election under
15 item (i) of subsection (d-10) of Section 1-160 shall be the
16 lesser of: (i) the total normal cost, calculated using the
17 entry age normal actuarial method, projected for the prior ~~that~~
18 fiscal year for the benefits and expenses of the plan of
19 benefits applicable to those members and participants who first
20 became members or participants on or after the effective date
21 of this amendatory Act of the 100th General Assembly and to
22 those employees who made the election under item (i) of
23 subsection (d-10) of Section 1-160, but not less than 6.5% of
24 each payment of salary combined with the employee contributions
25 provided for in subsection (b) of Section 8-137 and Section
26 8-182 of this Article; or (ii) the aggregate employee

1 contribution consisting of 9.5% of each payment of salary
2 combined with the employee contributions provided for in
3 subsection (b) of Section 8-137 and 8-182 of this Article.

4 For the one-year period beginning ~~Beginning~~ with the first
5 pay period in January of each year ~~on or~~ after the date when
6 the funded ratio of the fund as determined in the annual
7 actuarial valuation is first determined to have reached the 90%
8 funding goal, and each subsequent one-year ~~pay~~ period
9 thereafter for as long as the fund maintains a funding ratio of
10 75% or more, employee contributions for age and service annuity
11 for those employees who made the election under item (i) of
12 subsection (d-10) of Section 1-160 shall be 5.5% of each
13 payment of salary. If the funding ratio falls below 75%, then
14 employee contributions for age and service annuity for those
15 employees who made the election under item (i) of subsection
16 (d-10) shall revert to the lesser of: (A) the total normal
17 cost, calculated using the entry age normal actuarial method,
18 projected for the prior ~~that~~ fiscal year for the benefits and
19 expenses of the plan of benefits applicable to those members
20 and participants who first became members or participants on or
21 after the effective date of this amendatory Act of the 100th
22 General Assembly and to those employees who made the election
23 under item (i) of subsection (d-10) of Section 1-160, but not
24 less than 6.5% of each payment of salary combined with the
25 employee contributions provided for in subsection (b) of
26 Section 8-137 and Section 8-182 of this Article; or (B) the

1 aggregate employee contribution consisting of 9.5% of each
2 payment of salary combined with the employee contributions
3 provided for in subsection (b) of Section 8-137 and 8-182 of
4 this Article. If the fund once again is determined to have
5 reached a funding ratio of 75%, the 5.5% of salary contribution
6 for age and service annuity shall resume. An employee who made
7 the election under item (ii) of subsection (d-10) of Section
8 1-160 shall continue to have the contributions for age and
9 service annuity determined under subsection (a) of this
10 Section.

11 If contributions are reduced to less than the aggregate
12 employee contribution described in item (ii) or item (B) of
13 this subsection due to application of the normal cost
14 criterion, the employee contribution amount shall be
15 consistent ~~for from July 1 of the fiscal year through June 30~~
16 ~~of~~ that fiscal year.

17 The normal cost, for the purposes of this subsection (a-5)
18 and subsection (a-10), shall be calculated by an independent
19 enrolled actuary mutually agreed upon by the fund and the City.
20 The fees and expenses of the independent actuary shall be the
21 responsibility of the City. For purposes of this subsection
22 (a-5), the fund and the City shall both be considered to be the
23 clients of the actuary, and the actuary shall utilize
24 participant data and actuarial standards to calculate the
25 normal cost. The fund shall provide information that the
26 actuary requests in order to calculate the applicable normal

1 cost.

2 (a-10) For each employee subject to subsection (c-5) of
3 Section 1-160 ~~who on or after the effective date of this~~
4 ~~amendatory Act of the 100th General Assembly first becomes a~~
5 ~~member or participant under this Article~~, 9.5% of each payment
6 of salary shall be contributed to the fund as a deduction from
7 salary for age and service annuity. Beginning January 1, 2018
8 and each year thereafter, employee contributions for each
9 employee subject to this subsection (a-10) shall be the lesser
10 of: (i) the total normal cost, calculated using the entry age
11 normal actuarial method, projected for the prior ~~that~~ fiscal
12 year for the benefits and expenses of the plan of benefits
13 applicable to those members and participants who first become
14 members or participants on or after the effective date of this
15 amendatory Act of the 100th General Assembly and to those
16 employees who made the election under item (i) of subsection
17 (d-10) of Section 1-160, but not less than 6.5% of each payment
18 of salary combined with the employee contributions provided for
19 in subsection (b) of Section 8-137 and Section 8-182 of this
20 Article; or (ii) the aggregate employee contribution
21 consisting of 9.5% of each payment of salary combined with the
22 employee contributions provided for in subsection (b) of
23 Section 8-137 and Section 8-182 of this Article.

24 For the one-year period beginning ~~Beginning~~ with the first
25 pay period in January of each year ~~on or~~ after the date when
26 the funded ratio of the fund as determined in the annual

1 actuarial valuation is first determined to have reached the 90%
2 funding goal, and each subsequent one-year ~~pay~~ period
3 thereafter for as long as the fund maintains a funding ratio of
4 75% or more, employee contributions for age and service annuity
5 for each employee subject to this subsection (a-10) shall be
6 5.5% of each payment of salary. If the funding ratio falls
7 below 75%, then employee contributions for age and service
8 annuity for each employee subject to this subsection (a-10)
9 shall revert to the lesser of: (A) the total normal cost,
10 calculated using the entry age normal actuarial method,
11 projected for the prior ~~that~~ fiscal year for the benefits and
12 expenses of the plan of benefits applicable to those members
13 and participants who first become members or participants on or
14 after the effective date of this amendatory Act of the 100th
15 General Assembly and to those employees who made the election
16 under item (i) of subsection (d-10) of Section 1-160, but not
17 less than 6.5% of each payment of salary combined with the
18 employee contributions provided for in subsection (b) of
19 Section 8-137 and Section 8-182 of this Article; or (B) the
20 aggregate employee contribution consisting of 9.5% of each
21 payment of salary combined with the employee contributions
22 provided for in subsection (b) of Section 8-137 and Section
23 8-182 of this Article. If the fund once again is determined to
24 have reached a funding ratio of 75%, the 5.5% of salary
25 contribution for age and service annuity shall resume.

26 If contributions are reduced to less than the aggregate

1 employee contribution described in item (ii) or item (B) of
2 this subsection (a-10) due to application of the normal cost
3 criterion, the employee contribution amount shall be
4 consistent for ~~from July 1 of the fiscal year through June 30~~
5 ~~of~~ that fiscal year.

6 Such deductions beginning on the effective date and prior
7 to July 1, 1947 shall be made for a future entrant while he is
8 in the service until he attains age 65 and for a present
9 employee while he is in the service until the amount so
10 deducted from his salary with the amount deducted from his
11 salary or paid by him according to law to any municipal pension
12 fund in force on the effective date with interest on both such
13 amounts at 4% per annum equals the sum that would have been to
14 his credit from sums deducted from his salary if deductions at
15 the rate herein stated had been made during his entire service
16 until he attained age 65 with interest at 4% per annum for the
17 period subsequent to his attainment of age 65. Such deductions
18 beginning July 1, 1947 shall be made and continued for
19 employees while in the service.

20 (b) Concurrently with each employee contribution, the city
21 shall contribute beginning on the effective date and prior to
22 July 1, 1947, 5 3/4%; and beginning July 1, 1947 and prior to
23 July 1, 1953, 7%; and beginning July 1, 1953 and prior to July
24 6, 2017, 6% of each payment of such salary until the employee
25 attains age 65. Beginning July 6, 2017, the Fund shall credit
26 sums equal to 6% of each payment of such salary for annuity

1 purposes. The amounts credited for annuity purposes shall not
2 be credited for refund purposes ~~(Blank)~~.

3 (c) Each employee contribution made prior to the date the
4 age and service annuity for an employee is fixed and each
5 corresponding city contribution shall be credited to the
6 employee and allocated to the account of the employee for whose
7 benefit it is made.

8 (d) Notwithstanding Section 1-103.1, the changes to this
9 Section made by this amendatory Act of the 100th General
10 Assembly apply regardless of whether the employee was in active
11 service on or after the effective date of this amendatory Act
12 of the 100th General Assembly.

13 (Source: P.A. 100-23, eff. 7-6-17.)

14 (40 ILCS 5/11-170) (from Ch. 108 1/2, par. 11-170)

15 Sec. 11-170. Contributions for age and service annuities
16 for present employees, future entrants and re-entrants.

17 (a) Beginning on the effective date and prior to July 1,
18 1947, 3 1/4%; and beginning on July 1, 1947 and prior to July
19 1, 1953, 5%; and beginning July 1, 1953 and prior to January 1,
20 1972, 6%; and beginning January 1, 1972, 6 1/2% of each payment
21 of the salary of each present employee, future entrant and
22 re-entrant, except as provided in subsection (a-5) and (a-10),
23 shall be contributed to the fund as a deduction from salary for
24 age and service annuity.

25 (a-5) Except as provided in subsection (a-10), for an

1 employee who ~~on or after January 1, 2011 and prior to the~~
2 ~~effective date of this amendatory Act of the 100th General~~
3 ~~Assembly first became a member or participant under this~~
4 ~~Article and~~ made the election under item (i) of subsection
5 (d-10) of Section 1-160: prior to the effective date of this
6 amendatory Act of the 100th General Assembly, 6.5%; and
7 beginning on the effective date of this amendatory Act of the
8 100th General Assembly and prior to January 1, 2018, 7.5%; and
9 beginning January 1, 2018 and prior to January 1, 2019, 8.5%;
10 and beginning January 1, 2019 and thereafter, employee
11 contributions for those employees who made the election under
12 item (i) of subsection (d-10) of Section 1-160 shall be the
13 lesser of: (i) the total normal cost, calculated using the
14 entry age normal actuarial method, projected for the prior ~~that~~
15 fiscal year for the benefits and expenses of the plan of
16 benefits applicable to those members and participants who first
17 became members or participants on or after the effective date
18 of this amendatory Act of the 100th General Assembly and to
19 those employees who made the election under item (i) of
20 subsection (d-10) of Section 1-160, but not less than 6.5% of
21 each payment of salary combined with the employee contributions
22 provided for in subsection (b) of Section 11-134.1 and Section
23 11-174 of this Article; or (ii) the aggregate employee
24 contribution consisting of 9.5% of each payment of salary
25 combined with the employee contributions provided for in
26 subsection (b) of Section 11-134.1 and 11-174 of this Article.

1 For the one-year period beginning ~~Beginning~~ with the first
2 pay period in January of each year ~~on or after~~ the date when
3 the funded ratio of the fund as determined in the annual
4 actuarial valuation is first determined to have reached the 90%
5 funding goal, and each subsequent one-year ~~pay~~ period
6 thereafter for as long as the fund maintains a funding ratio of
7 75% or more, employee contributions for age and service annuity
8 for those employees who made the election under item (i) of
9 subsection (d-10) of Section 1-160 shall be 5.5% of each
10 payment of salary. If the funding ratio falls below 75%, then
11 employee contributions for age and service annuity for those
12 employees who made the election under item (i) of subsection
13 (d-10) shall revert to the lesser of: (A) the total normal
14 cost, calculated using the entry age normal actuarial method,
15 projected for the prior ~~that~~ fiscal year for the benefits and
16 expenses of the plan of benefits applicable to those members
17 and participants who first became members or participants on or
18 after the effective date of this amendatory Act of the 100th
19 General Assembly and to those employees who made the election
20 under item (i) of subsection (d-10) of Section 1-160, but not
21 less than 6.5% of each payment of salary combined with the
22 employee contributions provided for in subsection (b) of
23 Section 11-134.1 and Section 11-174 of this Article; or (B) the
24 aggregate employee contribution consisting of 9.5% of each
25 payment of salary combined with the employee contributions
26 provided for in subsection (b) of Section 11-134.1 and 11-174

1 of this Article. If the fund once again is determined to have
2 reached a funding ratio of 75%, the 5.5% of salary contribution
3 for age and service annuity shall resume. An employee who made
4 the election under item (ii) of subsection (d-10) of Section
5 1-160 shall continue to have the contributions for age and
6 service annuity determined under subsection (a) of this
7 Section.

8 If contributions are reduced to less than the aggregate
9 employee contribution described in item (ii) or item (B) of
10 this subsection due to application of the normal cost
11 criterion, the employee contribution amount shall be
12 consistent for ~~from July 1 of the fiscal year through June 30~~
13 ~~of~~ that fiscal year.

14 The normal cost, for the purposes of this subsection (a-5)
15 and subsection (a-10), shall be calculated by an independent
16 enrolled actuary mutually agreed upon by the fund and the City.
17 The fees and expenses of the independent actuary shall be the
18 responsibility of the City. For purposes of this subsection
19 (a-5), the fund and the City shall both be considered to be the
20 clients of the actuary, and the actuary shall utilize
21 participant data and actuarial standards to calculate the
22 normal cost. The fund shall provide information that the
23 actuary requests in order to calculate the applicable normal
24 cost.

25 (a-10) For each employee subject to subsection (c-5) of
26 Section 1-160 ~~who on or after the effective date of this~~

1 ~~amendatory Act of the 100th General Assembly first becomes a~~
2 ~~member or participant under this Article,~~ 9.5% of each payment
3 of salary shall be contributed to the fund as a deduction from
4 salary for age and service annuity. Beginning January 1, 2018
5 and each year thereafter, employee contributions for each
6 employee subject to this subsection (a-10) shall be the lesser
7 of: (i) the total normal cost, calculated using the entry age
8 normal actuarial method, projected for the prior ~~that~~ fiscal
9 year for the benefits and expenses of the plan of benefits
10 applicable to those members and participants who first become
11 members or participants on or after the effective date of this
12 amendatory Act of the 100th General Assembly and to those
13 employees who made the election under item (i) of subsection
14 (d-10) of Section 1-160, but not less than 6.5% of each payment
15 of salary combined with the employee contributions provided for
16 in subsection (b) of Section 11-134.1 and Section 11-174 of
17 this Article; or (ii) the aggregate employee contribution
18 consisting of 9.5% of each payment of salary combined with the
19 employee contributions provided for in subsection (b) of
20 Section 11-134.1 and Section 11-174 of this Article.

21 For the one-year period beginning ~~Beginning~~ with the first
22 pay period in January of each year ~~on or~~ after the date when
23 the funded ratio of the fund as determined in the annual
24 actuarial valuation is first determined to have reached the 90%
25 funding goal, and each subsequent one-year ~~pay~~ period
26 thereafter for as long as the fund maintains a funding ratio of

1 75% or more, employee contributions for age and service annuity
2 for each employee subject to this subsection (a-10) shall be
3 5.5% of each payment of salary. If the funding ratio falls
4 below 75%, then employee contributions for age and service
5 annuity for each employee subject to this subsection (a-10)
6 shall revert to the lesser of: (A) the total normal cost,
7 calculated using the entry age normal actuarial method,
8 projected for the prior ~~that~~ fiscal year for the benefits and
9 expenses of the plan of benefits applicable to those members
10 and participants who first become members or participants on or
11 after the effective date of this amendatory Act of the 100th
12 General Assembly and to those employees who made the election
13 under item (i) of subsection (d-10) of Section 1-160, but not
14 less than 6.5% of each payment of salary combined with the
15 employee contributions provided for in subsection (b) of
16 Section 11-134.1 and Section 11-174 of this Article; or (B) the
17 aggregate employee contribution consisting of 9.5% of each
18 payment of salary combined with the employee contributions
19 provided for in subsection (b) of Section 11-134.1 and Section
20 11-174 of this Article. If the fund once again is determined to
21 have reached a funding ratio of 75%, the 5.5% of salary
22 contribution for age and service annuity shall resume.

23 If contributions are reduced to less than the aggregate
24 employee contribution described in item (ii) or item (B) of
25 this subsection (a-10) due to application of the normal cost
26 criterion, the employee contribution amount shall be

1 consistent for ~~from July 1 of the fiscal year through June 30~~
2 ~~of~~ that fiscal year.

3 Such deductions beginning on the effective date and prior
4 to June 30, 1947, inclusive shall be made for a future entrant
5 while he is in service until he attains age 65, and for a
6 present employee while he is in service until the amount so
7 deducted from his salary with interest at the rate of 4% per
8 annum shall be equal to the sum which would have accumulated to
9 his credit from sums deducted from his salary if deductions at
10 the rate herein stated had been made during his entire service
11 until he attained age 65 with interest at 4% per annum for the
12 period subsequent to his attainment of age 65. Such deductions
13 beginning July 1, 1947 shall be made and continued for
14 employees while in the service.

15 (b) Concurrently with each employee contribution, the city
16 shall contribute beginning on the effective date and prior to
17 July 1, 1947, 5 3/4%; and beginning July 1, 1947 and prior to
18 July 1, 1953, 7%; and beginning July 1, 1953 and prior to July
19 6, 2017, 6% of each payment of such salary until the employee
20 attains age 65. Beginning July 6, 2017, the Fund shall credit
21 sums equal to 6% of each payment of such salary for annuity
22 purposes. The amounts credited for annuity purposes shall not
23 be credited for refund purposes ~~(Blank)~~.

24 (c) Each employee contribution made prior to the date age
25 and service annuity for an employee is fixed and each
26 corresponding city contribution shall be allocated to the

1 account of and credited to the employee for whose benefit it is
2 made.

3 (d) Notwithstanding Section 1-103.1, the changes to this
4 Section made by this amendatory Act of the 100th General
5 Assembly apply regardless of whether the employee was in active
6 service on or after the effective date of this amendatory Act.

7 (Source: P.A. 100-23, eff. 7-6-17.)

8 (40 ILCS 5/11-197.7)

9 Sec. 11-197.7. Payment of annuity other than direct. The
10 board, at the written direction and request of any annuitant,
11 may, solely as an accommodation to such annuitant, pay the
12 annuity due him or her to a bank, savings and loan association,
13 or any other financial institution insured by an agency of the
14 federal government, for deposit to his or her account, or to a
15 bank or trust company for deposit in a trust established by him
16 or her for his benefit with such bank, savings and loan
17 association, or trust company, and such annuitant may withdraw
18 such direction at any time. An annuitant who directs the board
19 to pay the annuity due him or her to a financial institution
20 shall hold the board and the fund harmless from any claim or
21 loss related to any error as to whether the financial
22 institution is or continues to be federally insured. ~~The board~~
23 ~~may also, in the case of any disability beneficiary or~~
24 ~~annuitant for whom no estate guardian has been appointed and~~
25 ~~who is confined in a publicly owned and operated mental~~

1 ~~institution, pay such disability benefit or annuity due such~~
2 ~~person to the superintendent or other head of such institution~~
3 ~~or hospital for deposit to such person's trust fund account~~
4 ~~maintained for him or her by such institution or hospital, if~~
5 ~~by law such trust fund accounts are authorized or recognized.~~

6 (Source: P.A. 100-23, eff. 7-6-17.)

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