



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB4060

by Rep. Allen Skillicorn

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. With respect to the 5 State-funded Retirement Systems: requires each System to implement a Tier 3 plan by July 1, 2018 that aggregates State and employee contributions in individual participant accounts which are used for payouts after retirement. Provides that a person who becomes a participant of a System on or after July 1, 2018 shall participate in the Tier 3 plan instead of the defined benefit plan. Authorizes a Tier 1 or Tier 2 participant to elect to participate in the Tier 3 plan instead of the defined benefit plan and to also elect to terminate all participation in the defined benefit plan and to have a specified amount credited to his or her account. In Articles 14, 15, and 16, requires those Systems to offer an optional accelerated benefit payment to certain members in lieu of receiving a pension; authorizes bonds to be issued for those payments. Repeals provisions relating to the defined contribution plan established under Public Act 98-599, which has been held unconstitutional. Makes related changes in the State Employees Group Insurance Act of 1971. Effective immediately.

LRB100 13033 RPS 27333 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE DEBT
IMPACT NOTE ACT
MAY APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

1 AN ACT concerning public employee benefits.

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

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

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

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

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

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

1 has elected to receive an alternative retirement cancellation
2 payment under Section 14-108.5 of the Illinois Pension Code in
3 lieu of an annuity, an employee who, in lieu of receiving an
4 annuity under that Article, has retired under the Tier 3 plan
5 established under Section 14-155.5 of that Article, or an
6 employee who meets the criteria for retirement, but in lieu of
7 receiving an annuity under that Article has elected to receive
8 an accelerated pension benefit payment under Section 14-147.5
9 of that Article), or 15 (including an employee who has retired
10 under the optional retirement program established under
11 Section 15-158.2 or the Tier 3 plan established under Section
12 15-155.5 of the Illinois Pension Code or an employee who meets
13 the criteria for retirement but in lieu of receiving an annuity
14 under that Article has elected to receive an accelerated
15 pension benefit payment under Section 15-185.5 of the Article),
16 paragraphs (2), (3), or (5) of Section 16-106 (including an
17 employee who, in lieu of receiving an annuity under that
18 Article, has retired under the Tier 3 plan established under
19 Section 16-205.5 of the Illinois Pension Code or an employee
20 who meets the criteria for retirement, but in lieu of receiving
21 an annuity under that Article has elected to receive an
22 accelerated pension benefit payment under Section 16-190.5 of
23 the Illinois Pension Code), or Article 18 (including an
24 employee who, in lieu of receiving an annuity under that
25 Article, has retired under the Tier 3 plan established under
26 Section 18-121.5 of that Article) of the Illinois Pension Code;

1 (2) any person who was receiving group insurance coverage under
2 this Act as of March 31, 1978 by reason of his status as an
3 annuitant, even though the annuity in relation to which such
4 coverage was provided is a proportional annuity based on less
5 than the minimum period of service required for a retirement
6 annuity in the system involved; (3) any person not otherwise
7 covered by this Act who has retired as a participating member
8 under Article 2 of the Illinois Pension Code but is ineligible
9 for the retirement annuity under Section 2-119 of the Illinois
10 Pension Code; (4) the spouse of any person who is receiving a
11 retirement annuity under Article 18 of the Illinois Pension
12 Code and who is covered under a group health insurance program
13 sponsored by a governmental employer other than the State of
14 Illinois and who has irrevocably elected to waive his or her
15 coverage under this Act and to have his or her spouse
16 considered as the "annuitant" under this Act and not as a
17 "dependent"; or (5) an employee who retires, or has retired,
18 from a qualified position, as determined according to rules
19 promulgated by the Director, under a qualified local
20 government, a qualified rehabilitation facility, a qualified
21 domestic violence shelter or service, or a qualified child
22 advocacy center. (For definition of "retired employee", see (p)
23 post).

24 (b-5) (Blank).

25 (b-6) (Blank).

26 (b-7) (Blank).

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

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

1 advocacy center.

2 (e) "Commission" means the State Employees Group Insurance
3 Advisory Commission authorized by this Act. Commencing July 1,
4 1984, "Commission" as used in this Act means the Commission on
5 Government Forecasting and Accountability as established by
6 the Legislative Commission Reorganization Act of 1984.

7 (f) "Contributory", when referred to as contributory
8 coverage, shall mean optional coverages or benefits elected by
9 the member toward the cost of which such member makes
10 contribution, or which are funded in whole or in part through
11 the acceptance of a reduction in earnings or the foregoing of
12 an increase in earnings by an employee, as distinguished from
13 noncontributory coverage or benefits which are paid entirely by
14 the State of Illinois without reduction of the member's salary.

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

1 (h) "Dependent", when the term is used in the context of
2 the health and life plan, means a member's spouse and any child
3 (1) from birth to age 26 including an adopted child, a child
4 who lives with the member from the time of the filing of a
5 petition for adoption until entry of an order of adoption, a
6 stepchild or adjudicated child, or a child who lives with the
7 member if such member is a court appointed guardian of the
8 child or (2) age 19 or over who has a mental or physical
9 disability from a cause originating prior to the age of 19 (age
10 26 if enrolled as an adult child dependent). For the health
11 plan only, the term "dependent" also includes (1) any person
12 enrolled prior to the effective date of this Section who is
13 dependent upon the member to the extent that the member may
14 claim such person as a dependent for income tax deduction
15 purposes and (2) any person who has received after June 30,
16 2000 an organ transplant and who is financially dependent upon
17 the member and eligible to be claimed as a dependent for income
18 tax purposes. A member requesting to cover any dependent must
19 provide documentation as requested by the Department of Central
20 Management Services and file with the Department any and all
21 forms required by the Department.

22 (i) "Director" means the Director of the Illinois
23 Department of Central Management Services.

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

1 (k) "Employee" means and includes each officer or employee
2 in the service of a department who (1) receives his
3 compensation for service rendered to the department on a
4 warrant issued pursuant to a payroll certified by a department
5 or on a warrant or check issued and drawn by a department upon
6 a trust, federal or other fund or on a warrant issued pursuant
7 to a payroll certified by an elected or duly appointed officer
8 of the State or who receives payment of the performance of
9 personal services on a warrant issued pursuant to a payroll
10 certified by a Department and drawn by the Comptroller upon the
11 State Treasurer against appropriations made by the General
12 Assembly from any fund or against trust funds held by the State
13 Treasurer, and (2) is employed full-time or part-time in a
14 position normally requiring actual performance of duty during
15 not less than 1/2 of a normal work period, as established by
16 the Director in cooperation with each department, except that
17 persons elected by popular vote will be considered employees
18 during the entire term for which they are elected regardless of
19 hours devoted to the service of the State, and (3) except that
20 "employee" does not include any person who is not eligible by
21 reason of such person's employment to participate in one of the
22 State retirement systems under Articles 2, 14, 15 (either the
23 regular Article 15 system or the optional retirement program
24 established under Section 15-158.2) or 18, or under paragraph
25 (2), (3), or (5) of Section 16-106, of the Illinois Pension
26 Code, but such term does include persons who are employed

1 during the 6 month qualifying period under Article 14 of the
2 Illinois Pension Code. Such term also includes any person who
3 (1) after January 1, 1966, is receiving ordinary or accidental
4 disability benefits under Articles 2, 14, 15 (including
5 ordinary or accidental disability benefits under the optional
6 retirement program established under Section 15-158.2),
7 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of
8 the Illinois Pension Code, for disability incurred after
9 January 1, 1966, (2) receives total permanent or total
10 temporary disability under the Workers' Compensation Act or
11 Occupational Disease Act as a result of injuries sustained or
12 illness contracted in the course of employment with the State
13 of Illinois, or (3) is not otherwise covered under this Act and
14 has retired as a participating member under Article 2 of the
15 Illinois Pension Code but is ineligible for the retirement
16 annuity under Section 2-119 of the Illinois Pension Code.
17 However, a person who satisfies the criteria of the foregoing
18 definition of "employee" except that such person is made
19 ineligible to participate in the State Universities Retirement
20 System by clause (4) of subsection (a) of Section 15-107 of the
21 Illinois Pension Code is also an "employee" for the purposes of
22 this Act. "Employee" also includes any person receiving or
23 eligible for benefits under a sick pay plan established in
24 accordance with Section 36 of the State Finance Act. "Employee"
25 also includes (i) each officer or employee in the service of a
26 qualified local government, including persons appointed as

1 trustees of sanitary districts regardless of hours devoted to
2 the service of the sanitary district, (ii) each employee in the
3 service of a qualified rehabilitation facility, (iii) each
4 full-time employee in the service of a qualified domestic
5 violence shelter or service, and (iv) each full-time employee
6 in the service of a qualified child advocacy center, as
7 determined according to rules promulgated by the Director.

8 (l) "Member" means an employee, annuitant, retired
9 employee or survivor. In the case of an annuitant or retired
10 employee who first becomes an annuitant or retired employee on
11 or after the effective date of this amendatory Act of the 97th
12 General Assembly, the individual must meet the minimum vesting
13 requirements of the applicable retirement system in order to be
14 eligible for group insurance benefits under that system. In the
15 case of a survivor who first becomes a survivor on or after the
16 effective date of this amendatory Act of the 97th General
17 Assembly, the deceased employee, annuitant, or retired
18 employee upon whom the annuity is based must have been eligible
19 to participate in the group insurance system under the
20 applicable retirement system in order for the survivor to be
21 eligible for group insurance benefits under that system.

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

25 (n) "Program" means the group life insurance, health
26 benefits and other employee benefits designed and contracted

1 for by the Director under this Act.

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

4 (p) "Retired employee" means any person who would be an
5 annuitant as that term is defined herein but for the fact that
6 such person retired prior to January 1, 1966. Such term also
7 includes any person formerly employed by the University of
8 Illinois in the Cooperative Extension Service who would be an
9 annuitant but for the fact that such person was made ineligible
10 to participate in the State Universities Retirement System by
11 clause (4) of subsection (a) of Section 15-107 of the Illinois
12 Pension Code.

13 (q) "Survivor" means a person receiving an annuity as a
14 survivor of an employee or of an annuitant. "Survivor" also
15 includes: (1) the surviving dependent of a person who satisfies
16 the definition of "employee" except that such person is made
17 ineligible to participate in the State Universities Retirement
18 System by clause (4) of subsection (a) of Section 15-107 of the
19 Illinois Pension Code; (2) the surviving dependent of any
20 person formerly employed by the University of Illinois in the
21 Cooperative Extension Service who would be an annuitant except
22 for the fact that such person was made ineligible to
23 participate in the State Universities Retirement System by
24 clause (4) of subsection (a) of Section 15-107 of the Illinois
25 Pension Code; and (3) the surviving dependent of a person who
26 was an annuitant under this Act by virtue of receiving an

1 alternative retirement cancellation payment under Section
2 14-108.5 of the Illinois Pension Code.

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

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

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

11 (q-5) (Blank).

12 (q-6) (Blank).

13 (q-7) (Blank).

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

17 (s) "Unit of local government" means any county,
18 municipality, township, school district (including a
19 combination of school districts under the Intergovernmental
20 Cooperation Act), special district or other unit, designated as
21 a unit of local government by law, which exercises limited
22 governmental powers or powers in respect to limited
23 governmental subjects, any not-for-profit association with a
24 membership that primarily includes townships and township
25 officials, that has duties that include provision of research
26 service, dissemination of information, and other acts for the

1 purpose of improving township government, and that is funded
2 wholly or partly in accordance with Section 85-15 of the
3 Township Code; any not-for-profit corporation or association,
4 with a membership consisting primarily of municipalities, that
5 operates its own utility system, and provides research,
6 training, dissemination of information, or other acts to
7 promote cooperation between and among municipalities that
8 provide utility services and for the advancement of the goals
9 and purposes of its membership; the Southern Illinois
10 Collegiate Common Market, which is a consortium of higher
11 education institutions in Southern Illinois; the Illinois
12 Association of Park Districts; and any hospital provider that
13 is owned by a county that has 100 or fewer hospital beds and
14 has not already joined the program. "Qualified local
15 government" means a unit of local government approved by the
16 Director and participating in a program created under
17 subsection (i) of Section 10 of this Act.

18 (t) "Qualified rehabilitation facility" means any
19 not-for-profit organization that is accredited by the
20 Commission on Accreditation of Rehabilitation Facilities or
21 certified by the Department of Human Services (as successor to
22 the Department of Mental Health and Developmental
23 Disabilities) to provide services to persons with disabilities
24 and which receives funds from the State of Illinois for
25 providing those services, approved by the Director and
26 participating in a program created under subsection (j) of

1 Section 10 of this Act.

2 (u) "Qualified domestic violence shelter or service" means
3 any Illinois domestic violence shelter or service and its
4 administrative offices funded by the Department of Human
5 Services (as successor to the Illinois Department of Public
6 Aid), approved by the Director and participating in a program
7 created under subsection (k) of Section 10.

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

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

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

12 (3) either (i) has at least 8 years of creditable
13 service under Article 16 of the Illinois Pension Code, or
14 (ii) was enrolled in the health insurance program offered
15 under that Article on January 1, 1996, or (iii) is the
16 survivor of a benefit recipient who had at least 8 years of
17 creditable service under Article 16 of the Illinois Pension
18 Code or was enrolled in the health insurance program
19 offered under that Article on the effective date of this
20 amendatory Act of 1995, or (iv) is a recipient or survivor
21 of a recipient of a disability benefit under Article 16 of
22 the Illinois Pension Code.

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

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

26 (2) is a TRS benefit recipient's: (A) spouse, (B)

1 dependent parent who is receiving at least half of his or
2 her support from the TRS benefit recipient, or (C) natural,
3 step, adjudicated, or adopted child who is (i) under age
4 26, (ii) was, on January 1, 1996, participating as a
5 dependent beneficiary in the health insurance program
6 offered under Article 16 of the Illinois Pension Code, or
7 (iii) age 19 or over who has a mental or physical
8 disability from a cause originating prior to the age of 19
9 (age 26 if enrolled as an adult child).

10 "TRS dependent beneficiary" does not include, as indicated
11 under paragraph (2) of this subsection (w), a dependent of the
12 survivor of a TRS benefit recipient who first becomes a
13 dependent of a survivor of a TRS benefit recipient on or after
14 the effective date of this amendatory Act of the 97th General
15 Assembly unless that dependent would have been eligible for
16 coverage as a dependent of the deceased TRS benefit recipient
17 upon whom the survivor benefit is based.

18 (x) "Military leave" refers to individuals in basic
19 training for reserves, special/advanced training, annual
20 training, emergency call up, activation by the President of the
21 United States, or any other training or duty in service to the
22 United States Armed Forces.

23 (y) (Blank).

24 (z) "Community college benefit recipient" means a person
25 who:

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

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

4 (3) either (i) was a full-time employee of a community
5 college district or an association of community college
6 boards created under the Public Community College Act
7 (other than an employee whose last employer under Article
8 15 of the Illinois Pension Code was a community college
9 district subject to Article VII of the Public Community
10 College Act) and was eligible to participate in a group
11 health benefit plan as an employee during the time of
12 employment with a community college district (other than a
13 community college district subject to Article VII of the
14 Public Community College Act) or an association of
15 community college boards, or (ii) is the survivor of a
16 person described in item (i).

17 (aa) "Community college dependent beneficiary" means a
18 person who:

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

21 (2) is a community college benefit recipient's: (A)
22 spouse, (B) dependent parent who is receiving at least half
23 of his or her support from the community college benefit
24 recipient, or (C) natural, step, adjudicated, or adopted
25 child who is (i) under age 26, or (ii) age 19 or over and
26 has a mental or physical disability from a cause

1 originating prior to the age of 19 (age 26 if enrolled as
2 an adult child).

3 "Community college dependent beneficiary" does not
4 include, as indicated under paragraph (2) of this subsection
5 (aa), a dependent of the survivor of a community college
6 benefit recipient who first becomes a dependent of a survivor
7 of a community college benefit recipient on or after the
8 effective date of this amendatory Act of the 97th General
9 Assembly unless that dependent would have been eligible for
10 coverage as a dependent of the deceased community college
11 benefit recipient upon whom the survivor annuity is based.

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

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

19 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

21 (a) The State shall pay the cost of basic non-contributory
22 group life insurance and, subject to member paid contributions
23 set by the Department or required by this Section and except as
24 provided in this Section, the basic program of group health
25 benefits on each eligible member, except a member, not

1 otherwise covered by this Act, who has retired as a
2 participating member under Article 2 of the Illinois Pension
3 Code but is ineligible for the retirement annuity under Section
4 2-119 of the Illinois Pension Code, and part of each eligible
5 member's and retired member's premiums for health insurance
6 coverage for enrolled dependents as provided by Section 9. The
7 State shall pay the cost of the basic program of group health
8 benefits only after benefits are reduced by the amount of
9 benefits covered by Medicare for all members and dependents who
10 are eligible for benefits under Social Security or the Railroad
11 Retirement system or who had sufficient Medicare-covered
12 government employment, except that such reduction in benefits
13 shall apply only to those members and dependents who (1) first
14 become eligible for such Medicare coverage on or after July 1,
15 1992; or (2) are Medicare-eligible members or dependents of a
16 local government unit which began participation in the program
17 on or after July 1, 1992; or (3) remain eligible for, but no
18 longer receive Medicare coverage which they had been receiving
19 on or after July 1, 1992. The Department may determine the
20 aggregate level of the State's contribution on the basis of
21 actual cost of medical services adjusted for age, sex or
22 geographic or other demographic characteristics which affect
23 the costs of such programs.

24 The cost of participation in the basic program of group
25 health benefits for the dependent or survivor of a living or
26 deceased retired employee who was formerly employed by the

1 University of Illinois in the Cooperative Extension Service and
2 would be an annuitant but for the fact that he or she was made
3 ineligible to participate in the State Universities Retirement
4 System by clause (4) of subsection (a) of Section 15-107 of the
5 Illinois Pension Code shall not be greater than the cost of
6 participation that would otherwise apply to that dependent or
7 survivor if he or she were the dependent or survivor of an
8 annuitant under the State Universities Retirement System.

9 (a-1) (Blank).

10 (a-2) (Blank).

11 (a-3) (Blank).

12 (a-4) (Blank).

13 (a-5) (Blank).

14 (a-6) (Blank).

15 (a-7) (Blank).

16 (a-8) Any annuitant, survivor, or retired employee may
17 waive or terminate coverage in the program of group health
18 benefits. Any such annuitant, survivor, or retired employee who
19 has waived or terminated coverage may enroll or re-enroll in
20 the program of group health benefits only during the annual
21 benefit choice period, as determined by the Director; except
22 that in the event of termination of coverage due to nonpayment
23 of premiums, the annuitant, survivor, or retired employee may
24 not re-enroll in the program.

25 (a-8.5) Beginning on the effective date of this amendatory
26 Act of the 97th General Assembly, the Director of Central

1 Management Services shall, on an annual basis, determine the
2 amount that the State shall contribute toward the basic program
3 of group health benefits on behalf of annuitants (including
4 individuals who (i) participated in the General Assembly
5 Retirement System, the State Employees' Retirement System of
6 Illinois, the State Universities Retirement System, the
7 Teachers' Retirement System of the State of Illinois, or the
8 Judges Retirement System of Illinois and (ii) qualify as
9 annuitants under subsection (b) of Section 3 of this Act),
10 survivors (including individuals who (i) receive an annuity as
11 a survivor of an individual who participated in the General
12 Assembly Retirement System, the State Employees' Retirement
13 System of Illinois, the State Universities Retirement System,
14 the Teachers' Retirement System of the State of Illinois, or
15 the Judges Retirement System of Illinois and (ii) qualify as
16 survivors under subsection (q) of Section 3 of this Act), and
17 retired employees (as defined in subsection (p) of Section 3 of
18 this Act). The remainder of the cost of coverage for each
19 annuitant, survivor, or retired employee, as determined by the
20 Director of Central Management Services, shall be the
21 responsibility of that annuitant, survivor, or retired
22 employee.

23 Contributions required of annuitants, survivors, and
24 retired employees shall be the same for all retirement systems
25 and shall also be based on whether an individual has made an
26 election under Section 15-135.1 of the Illinois Pension Code.

1 Contributions may be based on annuitants', survivors', or
2 retired employees' Medicare eligibility, but may not be based
3 on Social Security eligibility.

4 (a-9) No later than May 1 of each calendar year, the
5 Director of Central Management Services shall certify in
6 writing to the Executive Secretary of the State Employees'
7 Retirement System of Illinois the amounts of the Medicare
8 supplement health care premiums and the amounts of the health
9 care premiums for all other retirees who are not Medicare
10 eligible.

11 A separate calculation of the premiums based upon the
12 actual cost of each health care plan shall be so certified.

13 The Director of Central Management Services shall provide
14 to the Executive Secretary of the State Employees' Retirement
15 System of Illinois such information, statistics, and other data
16 as he or she may require to review the premium amounts
17 certified by the Director of Central Management Services.

18 The Department of Central Management Services, or any
19 successor agency designated to procure healthcare contracts
20 pursuant to this Act, is authorized to establish funds,
21 separate accounts provided by any bank or banks as defined by
22 the Illinois Banking Act, or separate accounts provided by any
23 savings and loan association or associations as defined by the
24 Illinois Savings and Loan Act of 1985 to be held by the
25 Director, outside the State treasury, for the purpose of
26 receiving the transfer of moneys from the Local Government

1 Health Insurance Reserve Fund. The Department may promulgate
2 rules further defining the methodology for the transfers. Any
3 interest earned by moneys in the funds or accounts shall inure
4 to the Local Government Health Insurance Reserve Fund. The
5 transferred moneys, and interest accrued thereon, shall be used
6 exclusively for transfers to administrative service
7 organizations or their financial institutions for payments of
8 claims to claimants and providers under the self-insurance
9 health plan. The transferred moneys, and interest accrued
10 thereon, shall not be used for any other purpose including, but
11 not limited to, reimbursement of administration fees due the
12 administrative service organization pursuant to its contract
13 or contracts with the Department.

14 (a-10) To the extent that participation, benefits, or
15 premiums under this Act are based on a person's service credit
16 under an Article of the Illinois Pension Code, service credit
17 terminated in exchange for an accelerated pension benefit
18 payment under Section 14-147.5, 15-185.5, or 16-190.5 of that
19 Code shall be included in determining a person's service credit
20 for the purposes of this Act.

21 (a-15) For purposes of determining State contributions
22 under this Section, service established under a Tier 3 plan
23 under Article 2, 14, 15, 16, or 18 of the Illinois Pension Code
24 shall be included in determining an employee's creditable
25 service. Any credit terminated as part of a transfer of
26 contributions to a Tier 3 plan under Article 2, 14, 15, 16, or

1 18 of the Illinois Pension Code shall also be included in
2 determining an employee's creditable service.

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

13 (c) The basic non-contributory coverage from the basic
14 program of group health benefits shall be continued for each
15 employee not in pay status or on active service by reason of
16 (1) leave of absence due to illness or injury, (2) authorized
17 educational leave of absence or sabbatical leave, or (3)
18 military leave. This coverage shall continue until expiration
19 of authorized leave and return to active service, but not to
20 exceed 24 months for leaves under item (1) or (2). This
21 24-month limitation and the requirement of returning to active
22 service shall not apply to persons receiving ordinary or
23 accidental disability benefits or retirement benefits through
24 the appropriate State retirement system or benefits under the
25 Workers' Compensation or Occupational Disease Act.

26 (d) The basic group life insurance coverage shall continue,

1 with full State contribution, where such person is (1) absent
2 from active service by reason of disability arising from any
3 cause other than self-inflicted, (2) on authorized educational
4 leave of absence or sabbatical leave, or (3) on military leave.

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

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

19 (g) The State shall not pay the cost of the basic
20 non-contributory group life insurance, program of health
21 benefits and other employee benefits for members who are
22 survivors as defined by paragraphs (1) and (2) of subsection
23 (q) of Section 3 of this Act. The costs of benefits for these
24 survivors shall be paid by the survivors or by the University
25 of Illinois Cooperative Extension Service, or any combination
26 thereof. However, the State shall pay the amount of the

1 reduction in the cost of participation, if any, resulting from
2 the amendment to subsection (a) made by this amendatory Act of
3 the 91st General Assembly.

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

16 (i) Any unit of local government within the State of
17 Illinois may apply to the Director to have its employees,
18 annuitants, and their dependents provided group health
19 coverage under this Act on a non-insured basis. To participate,
20 a unit of local government must agree to enroll all of its
21 employees, who may select coverage under either the State group
22 health benefits plan or a health maintenance organization that
23 has contracted with the State to be available as a health care
24 provider for employees as defined in this Act. A unit of local
25 government must remit the entire cost of providing coverage
26 under the State group health benefits plan or, for coverage

1 under a health maintenance organization, an amount determined
2 by the Director based on an analysis of the sex, age,
3 geographic location, or other relevant demographic variables
4 for its employees, except that the unit of local government
5 shall not be required to enroll those of its employees who are
6 covered spouses or dependents under this plan or another group
7 policy or plan providing health benefits as long as (1) an
8 appropriate official from the unit of local government attests
9 that each employee not enrolled is a covered spouse or
10 dependent under this plan or another group policy or plan, and
11 (2) at least 50% of the employees are enrolled and the unit of
12 local government remits the entire cost of providing coverage
13 to those employees, except that a participating school district
14 must have enrolled at least 50% of its full-time employees who
15 have not waived coverage under the district's group health plan
16 by participating in a component of the district's cafeteria
17 plan. A participating school district is not required to enroll
18 a full-time employee who has waived coverage under the
19 district's health plan, provided that an appropriate official
20 from the participating school district attests that the
21 full-time employee has waived coverage by participating in a
22 component of the district's cafeteria plan. For the purposes of
23 this subsection, "participating school district" includes a
24 unit of local government whose primary purpose is education as
25 defined by the Department's rules.

26 Employees of a participating unit of local government who

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

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

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

26 (2) In subsequent years, a further adjustment shall be

1 made to reflect the actual prior years' claims experience
2 of the employees of the unit of local government.

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

14 Monthly payments by the unit of local government or its
15 employees for group health benefits plan or health maintenance
16 organization coverage shall be deposited in the Local
17 Government Health Insurance Reserve Fund.

18 The Local Government Health Insurance Reserve Fund is
19 hereby created as a nonappropriated trust fund to be held
20 outside the State Treasury, with the State Treasurer as
21 custodian. The Local Government Health Insurance Reserve Fund
22 shall be a continuing fund not subject to fiscal year
23 limitations. The Local Government Health Insurance Reserve
24 Fund is not subject to administrative charges or charge-backs,
25 including but not limited to those authorized under Section 8h
26 of the State Finance Act. All revenues arising from the

1 administration of the health benefits program established
2 under this Section shall be deposited into the Local Government
3 Health Insurance Reserve Fund. Any interest earned on moneys in
4 the Local Government Health Insurance Reserve Fund shall be
5 deposited into the Fund. All expenditures from this Fund shall
6 be used for payments for health care benefits for local
7 government and rehabilitation facility employees, annuitants,
8 and dependents, and to reimburse the Department or its
9 administrative service organization for all expenses incurred
10 in the administration of benefits. No other State funds may be
11 used for these purposes.

12 A local government employer's participation or desire to
13 participate in a program created under this subsection shall
14 not limit that employer's duty to bargain with the
15 representative of any collective bargaining unit of its
16 employees.

17 (j) Any rehabilitation facility within the State of
18 Illinois may apply to the Director to have its employees,
19 annuitants, and their eligible dependents provided group
20 health coverage under this Act on a non-insured basis. To
21 participate, a rehabilitation facility must agree to enroll all
22 of its employees and remit the entire cost of providing such
23 coverage for its employees, except that the rehabilitation
24 facility shall not be required to enroll those of its employees
25 who are covered spouses or dependents under this plan or
26 another group policy or plan providing health benefits as long

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

18 The Director shall annually determine quarterly rates of
19 payment, subject to the following constraints:

20 (1) In the first year of coverage, the rates shall be
21 equal to the amount normally charged to State employees for
22 elected optional coverages or for enrolled dependents
23 coverages or other contributory coverages on behalf of its
24 employees, adjusted for differences between State
25 employees and employees of the rehabilitation facility in
26 age, sex, geographic location or other relevant

1 demographic variables, plus an amount sufficient to pay for
2 the additional administrative costs of providing coverage
3 to employees of the rehabilitation facility and their
4 dependents.

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

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

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

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

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

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

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

1 of the employees of the domestic violence shelter or
2 service.

3 Monthly payments by the domestic violence shelter or
4 service or its employees for group health insurance shall be
5 deposited in the Local Government Health Insurance Reserve
6 Fund.

7 (1) A public community college or entity organized pursuant
8 to the Public Community College Act may apply to the Director
9 initially to have only annuitants not covered prior to July 1,
10 1992 by the district's health plan provided health coverage
11 under this Act on a non-insured basis. The community college
12 must execute a 2-year contract to participate in the Local
13 Government Health Plan. Any annuitant may enroll in the event
14 of a qualifying change in status, special enrollment, special
15 circumstance as defined by the Director, or during the annual
16 Benefit Choice Period.

17 The Director shall annually determine monthly rates of
18 payment subject to the following constraints: for those
19 community colleges with annuitants only enrolled, first year
20 rates shall be equal to the average cost to cover claims for a
21 State member adjusted for demographics, Medicare
22 participation, and other factors; and in the second year, a
23 further adjustment of rates shall be made to reflect the actual
24 first year's claims experience of the covered annuitants.

25 (1-5) The provisions of subsection (1) become inoperative
26 on July 1, 1999.

1 (m) The Director shall adopt any rules deemed necessary for
2 implementation of this amendatory Act of 1989 (Public Act
3 86-978).

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

1 of the 2 as determined by the child advocacy center. The child
2 advocacy center shall be responsible for timely collection and
3 transmission of dependent premiums.

4 The Director shall annually determine rates of payment,
5 subject to the following constraints:

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

17 (2) In subsequent years, a further adjustment shall be
18 made to reflect the actual prior years' claims experience
19 of the employees of the child advocacy center.

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

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

24 Section 10. The Illinois Finance Authority Act is amended
25 by changing Section 801-40 as follows:

1 (20 ILCS 3501/801-40)

2 Sec. 801-40. In addition to the powers otherwise authorized
3 by law and in addition to the foregoing general corporate
4 powers, the Authority shall also have the following additional
5 specific powers to be exercised in furtherance of the purposes
6 of this Act.

7 (a) The Authority shall have power (i) to accept grants,
8 loans or appropriations from the federal government or the
9 State, or any agency or instrumentality thereof, to be used for
10 the operating expenses of the Authority, or for any purposes of
11 the Authority, including the making of direct loans of such
12 funds with respect to projects, and (ii) to enter into any
13 agreement with the federal government or the State, or any
14 agency or instrumentality thereof, in relationship to such
15 grants, loans or appropriations.

16 (b) The Authority shall have power to procure and enter
17 into contracts for any type of insurance and indemnity
18 agreements covering loss or damage to property from any cause,
19 including loss of use and occupancy, or covering any other
20 insurable risk.

21 (c) The Authority shall have the continuing power to issue
22 bonds for its corporate purposes. Bonds may be issued by the
23 Authority in one or more series and may provide for the payment
24 of any interest deemed necessary on such bonds, of the costs of
25 issuance of such bonds, of any premium on any insurance, or of

1 the cost of any guarantees, letters of credit or other similar
2 documents, may provide for the funding of the reserves deemed
3 necessary in connection with such bonds, and may provide for
4 the refunding or advance refunding of any bonds or for accounts
5 deemed necessary in connection with any purpose of the
6 Authority. The bonds may bear interest payable at any time or
7 times and at any rate or rates, notwithstanding any other
8 provision of law to the contrary, and such rate or rates may be
9 established by an index or formula which may be implemented or
10 established by persons appointed or retained therefor by the
11 Authority, or may bear no interest or may bear interest payable
12 at maturity or upon redemption prior to maturity, may bear such
13 date or dates, may be payable at such time or times and at such
14 place or places, may mature at any time or times not later than
15 40 years from the date of issuance, may be sold at public or
16 private sale at such time or times and at such price or prices,
17 may be secured by such pledges, reserves, guarantees, letters
18 of credit, insurance contracts or other similar credit support
19 or liquidity instruments, may be executed in such manner, may
20 be subject to redemption prior to maturity, may provide for the
21 registration of the bonds, and may be subject to such other
22 terms and conditions all as may be provided by the resolution
23 or indenture authorizing the issuance of such bonds. The holder
24 or holders of any bonds issued by the Authority may bring suits
25 at law or proceedings in equity to compel the performance and
26 observance by any person or by the Authority or any of its

1 agents or employees of any contract or covenant made with the
2 holders of such bonds and to compel such person or the
3 Authority and any of its agents or employees to perform any
4 duties required to be performed for the benefit of the holders
5 of any such bonds by the provision of the resolution
6 authorizing their issuance, and to enjoin such person or the
7 Authority and any of its agents or employees from taking any
8 action in conflict with any such contract or covenant.
9 Notwithstanding the form and tenor of any such bonds and in the
10 absence of any express recital on the face thereof that it is
11 non-negotiable, all such bonds shall be negotiable
12 instruments. Pending the preparation and execution of any such
13 bonds, temporary bonds may be issued as provided by the
14 resolution. The bonds shall be sold by the Authority in such
15 manner as it shall determine. The bonds may be secured as
16 provided in the authorizing resolution by the receipts,
17 revenues, income and other available funds of the Authority and
18 by any amounts derived by the Authority from the loan agreement
19 or lease agreement with respect to the project or projects; and
20 bonds may be issued as general obligations of the Authority
21 payable from such revenues, funds and obligations of the
22 Authority as the bond resolution shall provide, or may be
23 issued as limited obligations with a claim for payment solely
24 from such revenues, funds and obligations as the bond
25 resolution shall provide. The Authority may grant a specific
26 pledge or assignment of and lien on or security interest in

1 such rights, revenues, income, or amounts and may grant a
2 specific pledge or assignment of and lien on or security
3 interest in any reserves, funds or accounts established in the
4 resolution authorizing the issuance of bonds. Any such pledge,
5 assignment, lien or security interest for the benefit of the
6 holders of the Authority's bonds shall be valid and binding
7 from the time the bonds are issued without any physical
8 delivery or further act, and shall be valid and binding as
9 against and prior to the claims of all other parties having
10 claims against the Authority or any other person irrespective
11 of whether the other parties have notice of the pledge,
12 assignment, lien or security interest. As evidence of such
13 pledge, assignment, lien and security interest, the Authority
14 may execute and deliver a mortgage, trust agreement, indenture
15 or security agreement or an assignment thereof. A remedy for
16 any breach or default of the terms of any such agreement by the
17 Authority may be by mandamus proceedings in any court of
18 competent jurisdiction to compel the performance and
19 compliance therewith, but the agreement may prescribe by whom
20 or on whose behalf such action may be instituted. It is
21 expressly understood that the Authority may, but need not,
22 acquire title to any project with respect to which it exercises
23 its authority.

24 (c-5) The Authority shall have the power to issue State
25 Pension Obligation Acceleration Bonds if in any fiscal year the
26 amount appropriated for all accelerated pension benefit

1 payments is less than the amount required for those payments.
2 The proceeds from the State Pension Obligation Acceleration
3 Bonds issued under this subsection may only be used to pay for
4 accelerated pension benefit payments for the fiscal year in
5 which the State Pension Obligation Acceleration Bonds are
6 issued.

7 The Authority shall not have outstanding at any one time
8 State Pension Obligation Acceleration Bonds for any of the
9 purposes of this subsection in an aggregate principal amount
10 exceeding \$250,000,000, excluding bonds issued to refund
11 outstanding State Pension Obligation Acceleration Bonds.

12 (d) With respect to the powers granted by this Act, the
13 Authority may adopt rules and regulations prescribing the
14 procedures by which persons may apply for assistance under this
15 Act. Nothing herein shall be deemed to preclude the Authority,
16 prior to the filing of any formal application, from conducting
17 preliminary discussions and investigations with respect to the
18 subject matter of any prospective application.

19 (e) The Authority shall have power to acquire by purchase,
20 lease, gift or otherwise any property or rights therein from
21 any person useful for its purposes, whether improved for the
22 purposes of any prospective project, or unimproved. The
23 Authority may also accept any donation of funds for its
24 purposes from any such source. The Authority shall have no
25 independent power of condemnation but may acquire any property
26 or rights therein obtained upon condemnation by any other

1 authority, governmental entity or unit of local government with
2 such power.

3 (f) The Authority shall have power to develop, construct
4 and improve either under its own direction, or through
5 collaboration with any approved applicant, or to acquire
6 through purchase or otherwise, any project, using for such
7 purpose the proceeds derived from the sale of its bonds or from
8 governmental loans or grants, and to hold title in the name of
9 the Authority to such projects.

10 (g) The Authority shall have power to lease pursuant to a
11 lease agreement any project so developed and constructed or
12 acquired to the approved tenant on such terms and conditions as
13 may be appropriate to further the purposes of this Act and to
14 maintain the credit of the Authority. Any such lease may
15 provide for either the Authority or the approved tenant to
16 assume initially, in whole or in part, the costs of
17 maintenance, repair and improvements during the leasehold
18 period. In no case, however, shall the total rentals from any
19 project during any initial leasehold period or the total loan
20 repayments to be made pursuant to any loan agreement, be less
21 than an amount necessary to return over such lease or loan
22 period (1) all costs incurred in connection with the
23 development, construction, acquisition or improvement of the
24 project and for repair, maintenance and improvements thereto
25 during the period of the lease or loan; provided, however, that
26 the rentals or loan repayments need not include costs met

1 through the use of funds other than those obtained by the
2 Authority through the issuance of its bonds or governmental
3 loans; (2) a reasonable percentage additive to be agreed upon
4 by the Authority and the borrower or tenant to cover a properly
5 allocable portion of the Authority's general expenses,
6 including, but not limited to, administrative expenses,
7 salaries and general insurance, and (3) an amount sufficient to
8 pay when due all principal of, interest and premium, if any on,
9 any bonds issued by the Authority with respect to the project.
10 The portion of total rentals payable under clause (3) of this
11 subsection (g) shall be deposited in such special accounts,
12 including all sinking funds, acquisition or construction
13 funds, debt service and other funds as provided by any
14 resolution, mortgage or trust agreement of the Authority
15 pursuant to which any bond is issued.

16 (h) The Authority has the power, upon the termination of
17 any leasehold period of any project, to sell or lease for a
18 further term or terms such project on such terms and conditions
19 as the Authority shall deem reasonable and consistent with the
20 purposes of the Act. The net proceeds from all such sales and
21 the revenues or income from such leases shall be used to
22 satisfy any indebtedness of the Authority with respect to such
23 project and any balance may be used to pay any expenses of the
24 Authority or be used for the further development, construction,
25 acquisition or improvement of projects. In the event any
26 project is vacated by a tenant prior to the termination of the

1 initial leasehold period, the Authority shall sell or lease the
2 facilities of the project on the most advantageous terms
3 available. The net proceeds of any such disposition shall be
4 treated in the same manner as the proceeds from sales or the
5 revenues or income from leases subsequent to the termination of
6 any initial leasehold period.

7 (i) The Authority shall have the power to make loans to
8 persons to finance a project, to enter into loan agreements
9 with respect thereto, and to accept guarantees from persons of
10 its loans or the resultant evidences of obligations of the
11 Authority.

12 (j) The Authority may fix, determine, charge and collect
13 any premiums, fees, charges, costs and expenses, including,
14 without limitation, any application fees, commitment fees,
15 program fees, financing charges or publication fees from any
16 person in connection with its activities under this Act.

17 (k) In addition to the funds established as provided
18 herein, the Authority shall have the power to create and
19 establish such reserve funds and accounts as may be necessary
20 or desirable to accomplish its purposes under this Act and to
21 deposit its available monies into the funds and accounts.

22 (l) At the request of the governing body of any unit of
23 local government, the Authority is authorized to market such
24 local government's revenue bond offerings by preparing bond
25 issues for sale, advertising for sealed bids, receiving bids at
26 its offices, making the award to the bidder that offers the

1 most favorable terms or arranging for negotiated placements or
2 underwritings of such securities. The Authority may, at its
3 discretion, offer for concurrent sale the revenue bonds of
4 several local governments. Sales by the Authority of revenue
5 bonds under this Section shall in no way imply State guarantee
6 of such debt issue. The Authority may require such financial
7 information from participating local governments as it deems
8 necessary in order to carry out the purposes of this subsection
9 (1).

10 (m) The Authority may make grants to any county to which
11 Division 5-37 of the Counties Code is applicable to assist in
12 the financing of capital development, construction and
13 renovation of new or existing facilities for hospitals and
14 health care facilities under that Act. Such grants may only be
15 made from funds appropriated for such purposes from the Build
16 Illinois Bond Fund.

17 (n) The Authority may establish an urban development action
18 grant program for the purpose of assisting municipalities in
19 Illinois which are experiencing severe economic distress to
20 help stimulate economic development activities needed to aid in
21 economic recovery. The Authority shall determine the types of
22 activities and projects for which the urban development action
23 grants may be used, provided that such projects and activities
24 are broadly defined to include all reasonable projects and
25 activities the primary objectives of which are the development
26 of viable urban communities, including decent housing and a

1 suitable living environment, and expansion of economic
2 opportunity, principally for persons of low and moderate
3 incomes. The Authority shall enter into grant agreements from
4 monies appropriated for such purposes from the Build Illinois
5 Bond Fund. The Authority shall monitor the use of the grants,
6 and shall provide for audits of the funds as well as recovery
7 by the Authority of any funds determined to have been spent in
8 violation of this subsection (n) or any rule or regulation
9 promulgated hereunder. The Authority shall provide technical
10 assistance with regard to the effective use of the urban
11 development action grants. The Authority shall file an annual
12 report to the General Assembly concerning the progress of the
13 grant program.

14 (o) The Authority may establish a Housing Partnership
15 Program whereby the Authority provides zero-interest loans to
16 municipalities for the purpose of assisting in the financing of
17 projects for the rehabilitation of affordable multi-family
18 housing for low and moderate income residents. The Authority
19 may provide such loans only upon a municipality's providing
20 evidence that it has obtained private funding for the
21 rehabilitation project. The Authority shall provide 3 State
22 dollars for every 7 dollars obtained by the municipality from
23 sources other than the State of Illinois. The loans shall be
24 made from monies appropriated for such purpose from the Build
25 Illinois Bond Fund. The total amount of loans available under
26 the Housing Partnership Program shall not exceed \$30,000,000.

1 State loan monies under this subsection shall be used only for
2 the acquisition and rehabilitation of existing buildings
3 containing 4 or more dwelling units. The terms of any loan made
4 by the municipality under this subsection shall require
5 repayment of the loan to the municipality upon any sale or
6 other transfer of the project.

7 (p) The Authority may award grants to universities and
8 research institutions, research consortiums and other
9 not-for-profit entities for the purposes of: remodeling or
10 otherwise physically altering existing laboratory or research
11 facilities, expansion or physical additions to existing
12 laboratory or research facilities, construction of new
13 laboratory or research facilities or acquisition of modern
14 equipment to support laboratory or research operations
15 provided that such grants (i) be used solely in support of
16 project and equipment acquisitions which enhance technology
17 transfer, and (ii) not constitute more than 60 percent of the
18 total project or acquisition cost.

19 (q) Grants may be awarded by the Authority to units of
20 local government for the purpose of developing the appropriate
21 infrastructure or defraying other costs to the local government
22 in support of laboratory or research facilities provided that
23 such grants may not exceed 40% of the cost to the unit of local
24 government.

25 (r) The Authority may establish a Direct Loan Program to
26 make loans to individuals, partnerships or corporations for the

1 purpose of an industrial project, as defined in Section 801-10
2 of this Act. For the purposes of such program and not by way of
3 limitation on any other program of the Authority, the Authority
4 shall have the power to issue bonds, notes, or other evidences
5 of indebtedness including commercial paper for purposes of
6 providing a fund of capital from which it may make such loans.
7 The Authority shall have the power to use any appropriations
8 from the State made especially for the Authority's Direct Loan
9 Program for additional capital to make such loans or for the
10 purposes of reserve funds or pledged funds which secure the
11 Authority's obligations of repayment of any bond, note or other
12 form of indebtedness established for the purpose of providing
13 capital for which it intends to make such loans under the
14 Direct Loan Program. For the purpose of obtaining such capital,
15 the Authority may also enter into agreements with financial
16 institutions and other persons for the purpose of selling loans
17 and developing a secondary market for such loans. Loans made
18 under the Direct Loan Program may be in an amount not to exceed
19 \$300,000 and shall be made for a portion of an industrial
20 project which does not exceed 50% of the total project. No loan
21 may be made by the Authority unless approved by the affirmative
22 vote of at least 8 members of the board. The Authority shall
23 establish procedures and publish rules which shall provide for
24 the submission, review, and analysis of each direct loan
25 application and which shall preserve the ability of each board
26 member to reach an individual business judgment regarding the

1 propriety of making each direct loan. The collective discretion
2 of the board to approve or disapprove each loan shall be
3 unencumbered. The Authority may establish and collect such fees
4 and charges, determine and enforce such terms and conditions,
5 and charge such interest rates as it determines to be necessary
6 and appropriate to the successful administration of the Direct
7 Loan Program. The Authority may require such interests in
8 collateral and such guarantees as it determines are necessary
9 to protect the Authority's interest in the repayment of the
10 principal and interest of each loan made under the Direct Loan
11 Program.

12 (s) The Authority may guarantee private loans to third
13 parties up to a specified dollar amount in order to promote
14 economic development in this State.

15 (t) The Authority may adopt rules and regulations as may be
16 necessary or advisable to implement the powers conferred by
17 this Act.

18 (u) The Authority shall have the power to issue bonds,
19 notes or other evidences of indebtedness, which may be used to
20 make loans to units of local government which are authorized to
21 enter into loan agreements and other documents and to issue
22 bonds, notes and other evidences of indebtedness for the
23 purpose of financing the protection of storm sewer outfalls,
24 the construction of adequate storm sewer outfalls, and the
25 provision for flood protection of sanitary sewage treatment
26 plans, in counties that have established a stormwater

1 management planning committee in accordance with Section
2 5-1062 of the Counties Code. Any such loan shall be made by the
3 Authority pursuant to the provisions of Section 820-5 to 820-60
4 of this Act. The unit of local government shall pay back to the
5 Authority the principal amount of the loan, plus annual
6 interest as determined by the Authority. The Authority shall
7 have the power, subject to appropriations by the General
8 Assembly, to subsidize or buy down a portion of the interest on
9 such loans, up to 4% per annum.

10 (v) The Authority may accept security interests as provided
11 in Sections 11-3 and 11-3.3 of the Illinois Public Aid Code.

12 (w) Moral Obligation. In the event that the Authority
13 determines that monies of the Authority will not be sufficient
14 for the payment of the principal of and interest on its bonds
15 during the next State fiscal year, the Chairperson, as soon as
16 practicable, shall certify to the Governor the amount required
17 by the Authority to enable it to pay such principal of and
18 interest on the bonds. The Governor shall submit the amount so
19 certified to the General Assembly as soon as practicable, but
20 no later than the end of the current State fiscal year. This
21 subsection shall apply only to any bonds or notes as to which
22 the Authority shall have determined, in the resolution
23 authorizing the issuance of the bonds or notes, that this
24 subsection shall apply. Whenever the Authority makes such a
25 determination, that fact shall be plainly stated on the face of
26 the bonds or notes and that fact shall also be reported to the

1 Governor. In the event of a withdrawal of moneys from a reserve
2 fund established with respect to any issue or issues of bonds
3 of the Authority to pay principal or interest on those bonds,
4 the Chairperson of the Authority, as soon as practicable, shall
5 certify to the Governor the amount required to restore the
6 reserve fund to the level required in the resolution or
7 indenture securing those bonds. The Governor shall submit the
8 amount so certified to the General Assembly as soon as
9 practicable, but no later than the end of the current State
10 fiscal year. The Authority shall obtain written approval from
11 the Governor for any bonds and notes to be issued under this
12 Section. In addition to any other bonds authorized to be issued
13 under Sections 825-60, 825-65(e), 830-25 and 845-5, the
14 principal amount of Authority bonds outstanding issued under
15 this Section 801-40(w) or under 20 ILCS 3850/1-80 or 30 ILCS
16 360/2-6(c), which have been assumed by the Authority, shall not
17 exceed \$150,000,000. This subsection (w) shall in no way be
18 applied to any bonds issued by the Authority on behalf of the
19 Illinois Power Agency under Section 825-90 of this Act.

20 (x) The Authority may enter into agreements or contracts
21 with any person necessary or appropriate to place the payment
22 obligations of the Authority under any of its bonds in whole or
23 in part on any interest rate basis, cash flow basis, or other
24 basis desired by the Authority, including without limitation
25 agreements or contracts commonly known as "interest rate swap
26 agreements", "forward payment conversion agreements", and

1 "futures", or agreements or contracts to exchange cash flows or
2 a series of payments, or agreements or contracts, including
3 without limitation agreements or contracts commonly known as
4 "options", "puts", or "calls", to hedge payment, rate spread,
5 or similar exposure; provided that any such agreement or
6 contract shall not constitute an obligation for borrowed money
7 and shall not be taken into account under Section 845-5 of this
8 Act or any other debt limit of the Authority or the State of
9 Illinois.

10 (y) The Authority shall publish summaries of projects and
11 actions approved by the members of the Authority on its
12 website. These summaries shall include, but not be limited to,
13 information regarding the:

- 14 (1) project;
- 15 (2) Board's action or actions;
- 16 (3) purpose of the project;
- 17 (4) Authority's program and contribution;
- 18 (5) volume cap;
- 19 (6) jobs retained;
- 20 (7) projected new jobs;
- 21 (8) construction jobs created;
- 22 (9) estimated sources and uses of funds;
- 23 (10) financing summary;
- 24 (11) project summary;
- 25 (12) business summary;
- 26 (13) ownership or economic disclosure statement;

- 1 (14) professional and financial information;
2 (15) service area; and
3 (16) legislative district.

4 The disclosure of information pursuant to this subsection
5 shall comply with the Freedom of Information Act.

6 (Source: P.A. 95-470, eff. 8-27-07; 95-481, eff. 8-28-07;
7 95-876, eff. 8-21-08; 96-795, eff. 7-1-10 (see Section 5 of
8 P.A. 96-793 for the effective date of changes made by P.A.
9 96-795).)

10 Section 15. The State Finance Act is amended by adding
11 Section 5.878 as follows:

12 (30 ILCS 105/5.878 new)

13 Sec. 5.878. The State Pension Obligation Acceleration Bond
14 Fund.

15 Section 20. The General Obligation Bond Act is amended by
16 changing Sections 2, 2.5, 9, 11, 12, and 13 and by adding
17 Section 7.6 as follows:

18 (30 ILCS 330/2) (from Ch. 127, par. 652)

19 Sec. 2. Authorization for Bonds. The State of Illinois is
20 authorized to issue, sell and provide for the retirement of
21 General Obligation Bonds of the State of Illinois for the
22 categories and specific purposes expressed in Sections 2

1 through 8 of this Act, in the total amount of \$50,167,925,743
2 ~~\$49,917,925,743~~.

3 The bonds authorized in this Section 2 and in Section 16 of
4 this Act are herein called "Bonds".

5 Of the total amount of Bonds authorized in this Act, up to
6 \$2,200,000,000 in aggregate original principal amount may be
7 issued and sold in accordance with the Baccalaureate Savings
8 Act in the form of General Obligation College Savings Bonds.

9 Of the total amount of Bonds authorized in this Act, up to
10 \$300,000,000 in aggregate original principal amount may be
11 issued and sold in accordance with the Retirement Savings Act
12 in the form of General Obligation Retirement Savings Bonds.

13 Of the total amount of Bonds authorized in this Act, the
14 additional \$10,000,000,000 authorized by Public Act 93-2, the
15 \$3,466,000,000 authorized by Public Act 96-43, and the
16 \$4,096,348,300 authorized by Public Act 96-1497 shall be used
17 solely as provided in Section 7.2.

18 Of the total amount of Bonds authorized in this Act, the
19 additional \$250,000,000 authorized by this amendatory Act of
20 the 100th General Assembly shall be used solely as provided in
21 Section 7.6.

22 The issuance and sale of Bonds pursuant to the General
23 Obligation Bond Act is an economical and efficient method of
24 financing the long-term capital needs of the State. This Act
25 will permit the issuance of a multi-purpose General Obligation
26 Bond with uniform terms and features. This will not only lower

1 the cost of registration but also reduce the overall cost of
2 issuing debt by improving the marketability of Illinois General
3 Obligation Bonds.

4 (Source: P.A. 97-333, eff. 8-12-11; 97-771, eff. 7-10-12;
5 97-813, eff. 7-13-12; 98-94, eff. 7-17-13; 98-463, eff.
6 8-16-13; 98-781, eff. 7-22-14.)

7 (30 ILCS 330/2.5)

8 Sec. 2.5. Limitation on issuance of Bonds.

9 (a) Except as provided in subsection (b), no Bonds may be
10 issued if, after the issuance, in the next State fiscal year
11 after the issuance of the Bonds, the amount of debt service
12 (including principal, whether payable at maturity or pursuant
13 to mandatory sinking fund installments, and interest) on all
14 then-outstanding Bonds, other than (i) Bonds authorized by this
15 amendatory Act of the 100th General Assembly, (ii) Bonds
16 authorized by Public Act 96-43, and (iii) ~~other than~~ Bonds
17 authorized by Public Act 96-1497, would exceed 7% of the
18 aggregate appropriations from the general funds (which consist
19 of the General Revenue Fund, the Common School Fund, the
20 General Revenue Common School Special Account Fund, and the
21 Education Assistance Fund) and the Road Fund for the fiscal
22 year immediately prior to the fiscal year of the issuance.

23 (b) If the Comptroller and Treasurer each consent in
24 writing, Bonds may be issued even if the issuance does not
25 comply with subsection (a). In addition, \$2,000,000,000 in

1 Bonds for the purposes set forth in Sections 3, 4, 5, 6, and 7,
2 and \$2,000,000,000 in Refunding Bonds under Section 16, may be
3 issued during State fiscal year 2017 without complying with
4 subsection (a).

5 (Source: P.A. 99-523, eff. 6-30-16.)

6 (30 ILCS 330/7.6 new)

7 Sec. 7.6. State Pension Obligation Acceleration Bonds.

8 (a) As used in this Act, "State Pension Obligation
9 Acceleration Bonds" means Bonds authorized by this amendatory
10 Act of the 100th General Assembly and used for the purposes set
11 forth in subsection (c-5) of Section 801-40 of the Illinois
12 Finance Authority Act.

13 (b) State Pension Obligation Acceleration Bonds in the
14 amount of \$250,000,000 are hereby authorized to be used for the
15 purposes set forth in subsection (c-5) of Section 801-40 of the
16 Illinois Finance Authority Act.

17 (c) The proceeds of State Pension Obligation Acceleration
18 Bonds authorized in subsection (b) of this Section, less the
19 amounts authorized in the Bond Sale Order to be directly paid
20 out for bond sale expenses under Section 8, shall be deposited
21 directly into the State Pension Obligation Acceleration Bond
22 Fund, and the Comptroller and the Treasurer shall, as soon as
23 practical, make payments as contemplated by subsection (c-5) of
24 Section 801-40 of the Illinois Finance Authority Act.

25 (d) There is created the State Pension Obligation

1 Acceleration Bond Fund as a special fund in the State Treasury.
2 Funds deposited in the State Pension Obligation Acceleration
3 Bond Fund may only be used for the purposes set forth in
4 subsection (c-5) of Section 801-40 of the Illinois Finance
5 Authority Act or for the payment of principal and interest due
6 on State Pension Obligation Acceleration Bonds.

7 (30 ILCS 330/9) (from Ch. 127, par. 659)

8 Sec. 9. Conditions for Issuance and Sale of Bonds -
9 Requirements for Bonds.

10 (a) Except as otherwise provided in this subsection and
11 subsection (h), Bonds shall be issued and sold from time to
12 time, in one or more series, in such amounts and at such prices
13 as may be directed by the Governor, upon recommendation by the
14 Director of the Governor's Office of Management and Budget.
15 Bonds shall be in such form (either coupon, registered or book
16 entry), in such denominations, payable within 25 years from
17 their date, subject to such terms of redemption with or without
18 premium, bear interest payable at such times and at such fixed
19 or variable rate or rates, and be dated as shall be fixed and
20 determined by the Director of the Governor's Office of
21 Management and Budget in the order authorizing the issuance and
22 sale of any series of Bonds, which order shall be approved by
23 the Governor and is herein called a "Bond Sale Order"; provided
24 however, that interest payable at fixed or variable rates shall
25 not exceed that permitted in the Bond Authorization Act, as now

1 or hereafter amended. Bonds shall be payable at such place or
2 places, within or without the State of Illinois, and may be
3 made registrable as to either principal or as to both principal
4 and interest, as shall be specified in the Bond Sale Order.
5 Bonds may be callable or subject to purchase and retirement or
6 tender and remarketing as fixed and determined in the Bond Sale
7 Order. Bonds, other than Bonds issued under Section 3 of this
8 Act for the costs associated with the purchase and
9 implementation of information technology, (i) except for
10 refunding Bonds satisfying the requirements of Section 16 of
11 this Act and sold during fiscal year 2009, 2010, 2011, or 2017
12 must be issued with principal or mandatory redemption amounts
13 in equal amounts, with the first maturity issued occurring
14 within the fiscal year in which the Bonds are issued or within
15 the next succeeding fiscal year and (ii) must mature or be
16 subject to mandatory redemption each fiscal year thereafter up
17 to 25 years, except for refunding Bonds satisfying the
18 requirements of Section 16 of this Act and sold during fiscal
19 year 2009, 2010, or 2011 which must mature or be subject to
20 mandatory redemption each fiscal year thereafter up to 16
21 years. Bonds issued under Section 3 of this Act for the costs
22 associated with the purchase and implementation of information
23 technology must be issued with principal or mandatory
24 redemption amounts in equal amounts, with the first maturity
25 issued occurring with the fiscal year in which the respective
26 bonds are issued or with the next succeeding fiscal year, with

1 the respective bonds issued maturing or subject to mandatory
2 redemption each fiscal year thereafter up to 10 years.
3 Notwithstanding any provision of this Act to the contrary, the
4 Bonds authorized by Public Act 96-43 shall be payable within 5
5 years from their date and must be issued with principal or
6 mandatory redemption amounts in equal amounts, with payment of
7 principal or mandatory redemption beginning in the first fiscal
8 year following the fiscal year in which the Bonds are issued.

9 Notwithstanding any provision of this Act to the contrary,
10 the Bonds authorized by Public Act 96-1497 shall be payable
11 within 8 years from their date and shall be issued with payment
12 of maturing principal or scheduled mandatory redemptions in
13 accordance with the following schedule, except the following
14 amounts shall be prorated if less than the total additional
15 amount of Bonds authorized by Public Act 96-1497 are issued:

Fiscal Year After Issuance	Amount
1-2	\$0
3	\$110,712,120
4	\$332,136,360
5	\$664,272,720
6-8	\$996,409,080

22 In the case of any series of Bonds bearing interest at a
23 variable interest rate ("Variable Rate Bonds"), in lieu of
24 determining the rate or rates at which such series of Variable
25 Rate Bonds shall bear interest and the price or prices at which
26 such Variable Rate Bonds shall be initially sold or remarketed

1 (in the event of purchase and subsequent resale), the Bond Sale
2 Order may provide that such interest rates and prices may vary
3 from time to time depending on criteria established in such
4 Bond Sale Order, which criteria may include, without
5 limitation, references to indices or variations in interest
6 rates as may, in the judgment of a remarketing agent, be
7 necessary to cause Variable Rate Bonds of such series to be
8 remarketable from time to time at a price equal to their
9 principal amount, and may provide for appointment of a bank,
10 trust company, investment bank, or other financial institution
11 to serve as remarketing agent in that connection. The Bond Sale
12 Order may provide that alternative interest rates or provisions
13 for establishing alternative interest rates, different
14 security or claim priorities, or different call or amortization
15 provisions will apply during such times as Variable Rate Bonds
16 of any series are held by a person providing credit or
17 liquidity enhancement arrangements for such Bonds as
18 authorized in subsection (b) of this Section. The Bond Sale
19 Order may also provide for such variable interest rates to be
20 established pursuant to a process generally known as an auction
21 rate process and may provide for appointment of one or more
22 financial institutions to serve as auction agents and
23 broker-dealers in connection with the establishment of such
24 interest rates and the sale and remarketing of such Bonds.

25 (b) In connection with the issuance of any series of Bonds,
26 the State may enter into arrangements to provide additional

1 security and liquidity for such Bonds, including, without
2 limitation, bond or interest rate insurance or letters of
3 credit, lines of credit, bond purchase contracts, or other
4 arrangements whereby funds are made available to retire or
5 purchase Bonds, thereby assuring the ability of owners of the
6 Bonds to sell or redeem their Bonds. The State may enter into
7 contracts and may agree to pay fees to persons providing such
8 arrangements, but only under circumstances where the Director
9 of the Governor's Office of Management and Budget certifies
10 that he or she reasonably expects the total interest paid or to
11 be paid on the Bonds, together with the fees for the
12 arrangements (being treated as if interest), would not, taken
13 together, cause the Bonds to bear interest, calculated to their
14 stated maturity, at a rate in excess of the rate that the Bonds
15 would bear in the absence of such arrangements.

16 The State may, with respect to Bonds issued or anticipated
17 to be issued, participate in and enter into arrangements with
18 respect to interest rate protection or exchange agreements,
19 guarantees, or financial futures contracts for the purpose of
20 limiting, reducing, or managing interest rate exposure. The
21 authority granted under this paragraph, however, shall not
22 increase the principal amount of Bonds authorized to be issued
23 by law. The arrangements may be executed and delivered by the
24 Director of the Governor's Office of Management and Budget on
25 behalf of the State. Net payments for such arrangements shall
26 constitute interest on the Bonds and shall be paid from the

1 General Obligation Bond Retirement and Interest Fund. The
2 Director of the Governor's Office of Management and Budget
3 shall at least annually certify to the Governor and the State
4 Comptroller his or her estimate of the amounts of such net
5 payments to be included in the calculation of interest required
6 to be paid by the State.

7 (c) Prior to the issuance of any Variable Rate Bonds
8 pursuant to subsection (a), the Director of the Governor's
9 Office of Management and Budget shall adopt an interest rate
10 risk management policy providing that the amount of the State's
11 variable rate exposure with respect to Bonds shall not exceed
12 20%. This policy shall remain in effect while any Bonds are
13 outstanding and the issuance of Bonds shall be subject to the
14 terms of such policy. The terms of this policy may be amended
15 from time to time by the Director of the Governor's Office of
16 Management and Budget but in no event shall any amendment cause
17 the permitted level of the State's variable rate exposure with
18 respect to Bonds to exceed 20%.

19 (d) "Build America Bonds" in this Section means Bonds
20 authorized by Section 54AA of the Internal Revenue Code of
21 1986, as amended ("Internal Revenue Code"), and bonds issued
22 from time to time to refund or continue to refund "Build
23 America Bonds".

24 (e) Notwithstanding any other provision of this Section,
25 Qualified School Construction Bonds shall be issued and sold
26 from time to time, in one or more series, in such amounts and

1 at such prices as may be directed by the Governor, upon
2 recommendation by the Director of the Governor's Office of
3 Management and Budget. Qualified School Construction Bonds
4 shall be in such form (either coupon, registered or book
5 entry), in such denominations, payable within 25 years from
6 their date, subject to such terms of redemption with or without
7 premium, and if the Qualified School Construction Bonds are
8 issued with a supplemental coupon, bear interest payable at
9 such times and at such fixed or variable rate or rates, and be
10 dated as shall be fixed and determined by the Director of the
11 Governor's Office of Management and Budget in the order
12 authorizing the issuance and sale of any series of Qualified
13 School Construction Bonds, which order shall be approved by the
14 Governor and is herein called a "Bond Sale Order"; except that
15 interest payable at fixed or variable rates, if any, shall not
16 exceed that permitted in the Bond Authorization Act, as now or
17 hereafter amended. Qualified School Construction Bonds shall
18 be payable at such place or places, within or without the State
19 of Illinois, and may be made registrable as to either principal
20 or as to both principal and interest, as shall be specified in
21 the Bond Sale Order. Qualified School Construction Bonds may be
22 callable or subject to purchase and retirement or tender and
23 remarketing as fixed and determined in the Bond Sale Order.
24 Qualified School Construction Bonds must be issued with
25 principal or mandatory redemption amounts or sinking fund
26 payments into the General Obligation Bond Retirement and

1 Interest Fund (or subaccount therefor) in equal amounts, with
2 the first maturity issued, mandatory redemption payment or
3 sinking fund payment occurring within the fiscal year in which
4 the Qualified School Construction Bonds are issued or within
5 the next succeeding fiscal year, with Qualified School
6 Construction Bonds issued maturing or subject to mandatory
7 redemption or with sinking fund payments thereof deposited each
8 fiscal year thereafter up to 25 years. Sinking fund payments
9 set forth in this subsection shall be permitted only to the
10 extent authorized in Section 54F of the Internal Revenue Code
11 or as otherwise determined by the Director of the Governor's
12 Office of Management and Budget. "Qualified School
13 Construction Bonds" in this subsection means Bonds authorized
14 by Section 54F of the Internal Revenue Code and for bonds
15 issued from time to time to refund or continue to refund such
16 "Qualified School Construction Bonds".

17 (f) Beginning with the next issuance by the Governor's
18 Office of Management and Budget to the Procurement Policy Board
19 of a request for quotation for the purpose of formulating a new
20 pool of qualified underwriting banks list, all entities
21 responding to such a request for quotation for inclusion on
22 that list shall provide a written report to the Governor's
23 Office of Management and Budget and the Illinois Comptroller.
24 The written report submitted to the Comptroller shall (i) be
25 published on the Comptroller's Internet website and (ii) be
26 used by the Governor's Office of Management and Budget for the

1 purposes of scoring such a request for quotation. The written
2 report, at a minimum, shall:

3 (1) disclose whether, within the past 3 months,
4 pursuant to its credit default swap market-making
5 activities, the firm has entered into any State of Illinois
6 credit default swaps ("CDS");

7 (2) include, in the event of State of Illinois CDS
8 activity, disclosure of the firm's cumulative notional
9 volume of State of Illinois CDS trades and the firm's
10 outstanding gross and net notional amount of State of
11 Illinois CDS, as of the end of the current 3-month period;

12 (3) indicate, pursuant to the firm's proprietary
13 trading activities, disclosure of whether the firm, within
14 the past 3 months, has entered into any proprietary trades
15 for its own account in State of Illinois CDS;

16 (4) include, in the event of State of Illinois
17 proprietary trades, disclosure of the firm's outstanding
18 gross and net notional amount of proprietary State of
19 Illinois CDS and whether the net position is short or long
20 credit protection, as of the end of the current 3-month
21 period;

22 (5) list all time periods during the past 3 months
23 during which the firm held net long or net short State of
24 Illinois CDS proprietary credit protection positions, the
25 amount of such positions, and whether those positions were
26 net long or net short credit protection positions; and

1 (6) indicate whether, within the previous 3 months, the
2 firm released any publicly available research or marketing
3 reports that reference State of Illinois CDS and include
4 those research or marketing reports as attachments.

5 (g) All entities included on a Governor's Office of
6 Management and Budget's pool of qualified underwriting banks
7 list shall, as soon as possible after March 18, 2011 (the
8 effective date of Public Act 96-1554), but not later than
9 January 21, 2011, and on a quarterly fiscal basis thereafter,
10 provide a written report to the Governor's Office of Management
11 and Budget and the Illinois Comptroller. The written reports
12 submitted to the Comptroller shall be published on the
13 Comptroller's Internet website. The written reports, at a
14 minimum, shall:

15 (1) disclose whether, within the past 3 months,
16 pursuant to its credit default swap market-making
17 activities, the firm has entered into any State of Illinois
18 credit default swaps ("CDS");

19 (2) include, in the event of State of Illinois CDS
20 activity, disclosure of the firm's cumulative notional
21 volume of State of Illinois CDS trades and the firm's
22 outstanding gross and net notional amount of State of
23 Illinois CDS, as of the end of the current 3-month period;

24 (3) indicate, pursuant to the firm's proprietary
25 trading activities, disclosure of whether the firm, within
26 the past 3 months, has entered into any proprietary trades

1 for its own account in State of Illinois CDS;

2 (4) include, in the event of State of Illinois
3 proprietary trades, disclosure of the firm's outstanding
4 gross and net notional amount of proprietary State of
5 Illinois CDS and whether the net position is short or long
6 credit protection, as of the end of the current 3-month
7 period;

8 (5) list all time periods during the past 3 months
9 during which the firm held net long or net short State of
10 Illinois CDS proprietary credit protection positions, the
11 amount of such positions, and whether those positions were
12 net long or net short credit protection positions; and

13 (6) indicate whether, within the previous 3 months, the
14 firm released any publicly available research or marketing
15 reports that reference State of Illinois CDS and include
16 those research or marketing reports as attachments.

17 (h) Notwithstanding any other provision of this Section,
18 for purposes of maximizing market efficiencies and cost
19 savings, State Pension Obligation Acceleration Bonds may be
20 issued and sold from time to time, in one or more series, in
21 such amounts and at such prices as may be directed by the
22 Governor, upon recommendation by the Director of the Governor's
23 Office of Management and Budget. State Pension Obligation
24 Acceleration Bonds shall be in such form, either coupon,
25 registered, or book entry, in such denominations, shall bear
26 interest payable at such times and at such fixed or variable

1 rate or rates, and be dated as shall be fixed and determined by
2 the Director of the Governor's Office of Management and Budget
3 in the order authorizing the issuance and sale of any series of
4 State Pension Obligation Acceleration Bonds, which order shall
5 be approved by the Governor and is herein called a "Bond Sale
6 Order"; provided, however, that interest payable at fixed or
7 variable rates shall not exceed that permitted in the Bond
8 Authorization Act. State Pension Obligation Acceleration Bonds
9 shall be payable at such place or places, within or without the
10 State of Illinois, and may be made registrable as to either
11 principal or as to both principal and interest, as shall be
12 specified in the Bond Sale Order. State Pension Obligation
13 Acceleration Bonds may be callable or subject to purchase and
14 retirement or tender and remarketing as fixed and determined in
15 the Bond Sale Order.

16 (Source: P.A. 99-523, eff. 6-30-16.)

17 (30 ILCS 330/11) (from Ch. 127, par. 661)

18 Sec. 11. Sale of Bonds. Except as otherwise provided in
19 this Section, Bonds shall be sold from time to time pursuant to
20 notice of sale and public bid or by negotiated sale in such
21 amounts and at such times as is directed by the Governor, upon
22 recommendation by the Director of the Governor's Office of
23 Management and Budget. At least 25%, based on total principal
24 amount, of all Bonds issued each fiscal year shall be sold
25 pursuant to notice of sale and public bid. At all times during

1 each fiscal year, no more than 75%, based on total principal
2 amount, of the Bonds issued each fiscal year, shall have been
3 sold by negotiated sale. Failure to satisfy the requirements in
4 the preceding 2 sentences shall not affect the validity of any
5 previously issued Bonds; provided that all Bonds authorized by
6 Public Act 96-43 and Public Act 96-1497 shall not be included
7 in determining compliance for any fiscal year with the
8 requirements of the preceding 2 sentences; and further provided
9 that refunding Bonds satisfying the requirements of Section 16
10 of this Act and sold during fiscal year 2009, 2010, 2011, or
11 2017 shall not be subject to the requirements in the preceding
12 2 sentences.

13 If any Bonds, including refunding Bonds, are to be sold by
14 negotiated sale, the Director of the Governor's Office of
15 Management and Budget shall comply with the competitive request
16 for proposal process set forth in the Illinois Procurement Code
17 and all other applicable requirements of that Code.

18 If Bonds are to be sold pursuant to notice of sale and
19 public bid, the Director of the Governor's Office of Management
20 and Budget may, from time to time, as Bonds are to be sold,
21 advertise the sale of the Bonds in at least 2 daily newspapers,
22 one of which is published in the City of Springfield and one in
23 the City of Chicago. The sale of the Bonds shall also be
24 advertised in the volume of the Illinois Procurement Bulletin
25 that is published by the Department of Central Management
26 Services, and shall be published once at least 10 days prior to

1 the date fixed for the opening of the bids. The Director of the
2 Governor's Office of Management and Budget may reschedule the
3 date of sale upon the giving of such additional notice as the
4 Director deems adequate to inform prospective bidders of such
5 change; provided, however, that all other conditions of the
6 sale shall continue as originally advertised.

7 Executed Bonds shall, upon payment therefor, be delivered
8 to the purchaser, and the proceeds of Bonds shall be paid into
9 the State Treasury as directed by Section 12 of this Act.

10 All State Pension Obligation Acceleration Bonds shall
11 comply with this Section. Notwithstanding anything to the
12 contrary, however, for purposes of complying with this Section,
13 State Pension Obligation Acceleration Bonds, regardless of the
14 number of series or issuances sold thereunder, shall be
15 considered a single issue or series. Furthermore, for purposes
16 of complying with the competitive bidding requirements of this
17 Section, the words "at all times" shall not apply to any such
18 sale of the State Pension Obligation Acceleration Bonds. The
19 Director of the Governor's Office of Management and Budget
20 shall determine the time and manner of any competitive sale of
21 the State Pension Obligation Acceleration Bonds; however, that
22 sale shall under no circumstances take place later than 60 days
23 after the State closes the sale of 75% of the State Pension
24 Obligation Acceleration Bonds by negotiated sale.

25 (Source: P.A. 98-44, eff. 6-28-13; 99-523, eff. 6-30-16.)

1 (30 ILCS 330/12) (from Ch. 127, par. 662)

2 Sec. 12. Allocation of Proceeds from Sale of Bonds.

3 (a) Proceeds from the sale of Bonds, authorized by Section
4 3 of this Act, shall be deposited in the separate fund known as
5 the Capital Development Fund.

6 (b) Proceeds from the sale of Bonds, authorized by
7 paragraph (a) of Section 4 of this Act, shall be deposited in
8 the separate fund known as the Transportation Bond, Series A
9 Fund.

10 (c) Proceeds from the sale of Bonds, authorized by
11 paragraphs (b) and (c) of Section 4 of this Act, shall be
12 deposited in the separate fund known as the Transportation
13 Bond, Series B Fund.

14 (c-1) Proceeds from the sale of Bonds, authorized by
15 paragraph (d) of Section 4 of this Act, shall be deposited into
16 the Transportation Bond Series D Fund, which is hereby created.

17 (d) Proceeds from the sale of Bonds, authorized by Section
18 5 of this Act, shall be deposited in the separate fund known as
19 the School Construction Fund.

20 (e) Proceeds from the sale of Bonds, authorized by Section
21 6 of this Act, shall be deposited in the separate fund known as
22 the Anti-Pollution Fund.

23 (f) Proceeds from the sale of Bonds, authorized by Section
24 7 of this Act, shall be deposited in the separate fund known as
25 the Coal Development Fund.

26 (f-2) Proceeds from the sale of Bonds, authorized by

1 Section 7.2 of this Act, shall be deposited as set forth in
2 Section 7.2.

3 (f-5) Proceeds from the sale of Bonds, authorized by
4 Section 7.5 of this Act, shall be deposited as set forth in
5 Section 7.5.

6 (f-7) Proceeds from the sale of Bonds, authorized by
7 Section 7.6 of this Act, shall be deposited as set forth in
8 Section 7.6.

9 (g) Proceeds from the sale of Bonds, authorized by Section
10 8 of this Act, shall be deposited in the Capital Development
11 Fund.

12 (h) Subsequent to the issuance of any Bonds for the
13 purposes described in Sections 2 through 8 of this Act, the
14 Governor and the Director of the Governor's Office of
15 Management and Budget may provide for the reallocation of
16 unspent proceeds of such Bonds to any other purposes authorized
17 under said Sections of this Act, subject to the limitations on
18 aggregate principal amounts contained therein. Upon any such
19 reallocation, such unspent proceeds shall be transferred to the
20 appropriate funds as determined by reference to paragraphs (a)
21 through (g) of this Section.

22 (Source: P.A. 96-36, eff. 7-13-09.)

23 (30 ILCS 330/13) (from Ch. 127, par. 663)

24 Sec. 13. Appropriation of Proceeds from Sale of Bonds.

25 (a) At all times, the proceeds from the sale of Bonds

1 issued pursuant to this Act are subject to appropriation by the
2 General Assembly and, except as provided in Sections 7.2 and
3 7.6 ~~Section 7.2~~, may be obligated or expended only with the
4 written approval of the Governor, in such amounts, at such
5 times, and for such purposes as the respective State agencies,
6 as defined in Section 1-7 of the Illinois State Auditing Act,
7 as amended, deem necessary or desirable for the specific
8 purposes contemplated in Sections 2 through 8 of this Act.
9 Notwithstanding any other provision of this Act, proceeds from
10 the sale of Bonds issued pursuant to this Act appropriated by
11 the General Assembly to the Architect of the Capitol may be
12 obligated or expended by the Architect of the Capitol without
13 the written approval of the Governor.

14 (b) Proceeds from the sale of Bonds for the purpose of
15 development of coal and alternative forms of energy shall be
16 expended in such amounts and at such times as the Department of
17 Commerce and Economic Opportunity, with the advice and
18 recommendation of the Illinois Coal Development Board for coal
19 development projects, may deem necessary and desirable for the
20 specific purpose contemplated by Section 7 of this Act. In
21 considering the approval of projects to be funded, the
22 Department of Commerce and Economic Opportunity shall give
23 special consideration to projects designed to remove sulfur and
24 other pollutants in the preparation and utilization of coal,
25 and in the use and operation of electric utility generating
26 plants and industrial facilities which utilize Illinois coal as

1 their primary source of fuel.

2 (c) Except as directed in subsection (c-1) or (c-2), any
3 monies received by any officer or employee of the state
4 representing a reimbursement of expenditures previously paid
5 from general obligation bond proceeds shall be deposited into
6 the General Obligation Bond Retirement and Interest Fund
7 authorized in Section 14 of this Act.

8 (c-1) Any money received by the Department of
9 Transportation as reimbursement for expenditures for high
10 speed rail purposes pursuant to appropriations from the
11 Transportation Bond, Series B Fund for (i) CREATE (Chicago
12 Region Environmental and Transportation Efficiency), (ii) High
13 Speed Rail, or (iii) AMTRAK projects authorized by the federal
14 government under the provisions of the American Recovery and
15 Reinvestment Act of 2009 or the Safe Accountable Flexible
16 Efficient Transportation Equity Act—A Legacy for Users
17 (SAFETEA-LU), or any successor federal transportation
18 authorization Act, shall be deposited into the Federal High
19 Speed Rail Trust Fund.

20 (c-2) Any money received by the Department of
21 Transportation as reimbursement for expenditures for transit
22 capital purposes pursuant to appropriations from the
23 Transportation Bond, Series B Fund for projects authorized by
24 the federal government under the provisions of the American
25 Recovery and Reinvestment Act of 2009 or the Safe Accountable
26 Flexible Efficient Transportation Equity Act—A Legacy for

1 Users (SAFETEA-LU), or any successor federal transportation
2 authorization Act, shall be deposited into the Federal Mass
3 Transit Trust Fund.

4 (Source: P.A. 98-674, eff. 6-30-14.)

5 Section 25. The Illinois Pension Code is amended by
6 changing Sections 1-160, 2-162, 14-152.1, 15-108.1, 15-108.2,
7 15-198, 16-203, 18-124, 18-125, 18-125.1, 18-127, 18-128.01,
8 18-133, 18-169, 20-121, 20-123, 20-124, and 20-125 and by
9 adding Sections 2-105.3, 2-165.5, 14-103.41, 14-103.42,
10 14-103.43, 14-147.5, 14-155.5, 15-108.3, 15-185.5, 15-200.5,
11 16-106.40, 16-106.41, 16-106.42, 16-190.5, 16-205.5, 18-110.1,
12 18-110.2, 18-110.3, and 18-121.5 as follows:

13 (40 ILCS 5/1-160)

14 (Text of Section WITHOUT the changes made by P.A. 98-641,
15 which has been held unconstitutional)

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

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

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

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

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

1 applies on or after January 1, 2011, in this Code, "final
2 average salary" shall be substituted for the following:

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

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

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

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

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

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

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

25 For the purposes of this Section, "consumer price index-u"
26 means the index published by the Bureau of Labor Statistics of

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

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

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

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

1 1, 2015, age 65 with respect to service under Article 12 of
2 this Code that is subject to this Section).

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

18 (f) The initial survivor's or widow's annuity of an
19 otherwise eligible survivor or widow of a retired member or
20 participant who first became a member or participant on or
21 after January 1, 2011 shall be in the amount of 66 2/3% of the
22 retired member's or participant's retirement annuity at the
23 date of death. In the case of the death of a member or
24 participant who has not retired and who first became a member
25 or participant on or after January 1, 2011, eligibility for a
26 survivor's or widow's annuity shall be determined by the

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

19 (g) The benefits in Section 14-110 apply only if the person
20 is a State policeman, a fire fighter in the fire protection
21 service of a department, or a security employee of the
22 Department of Corrections or the Department of Juvenile
23 Justice, as those terms are defined in subsection (b) of
24 Section 14-110. A person who meets the requirements of this
25 Section is entitled to an annuity calculated under the
26 provisions of Section 14-110, in lieu of the regular or minimum

1 retirement annuity, only if the person has withdrawn from
2 service with not less than 20 years of eligible creditable
3 service and has attained age 60, regardless of whether the
4 attainment of age 60 occurs while the person is still in
5 service.

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

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

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

13 (i) (Blank).

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

17 (Source: P.A. 97-609, eff. 1-1-12; 98-92, eff. 7-16-13; 98-596,
18 eff. 11-19-13; 98-622, eff. 6-1-14; revised 3-24-16.)

19 (40 ILCS 5/2-105.3 new)

20 Sec. 2-105.3. Tier 1 participant; Tier 2 participant; Tier
21 3 participant.

22 "Tier 1 participant": A participant who first became a
23 participant before January 1, 2011.

24 In the case of a Tier 1 participant who elects to
25 participate in the Tier 3 plan under Section 2-165.5 of this

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

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

6 In the case of a Tier 2 participant who elects to
7 participate in the Tier 3 plan under Section 2-165.5 of this
8 Code, that Tier 2 member shall be deemed a Tier 2 member only
9 with respect to service performed or established before the
10 effective date of that election.

11 "Tier 3 participant": A participant who first becomes a
12 participant on or after July 1, 2018 or a Tier 1 or Tier 2
13 participant who elects to participate in the Tier 3 plan under
14 Section 2-165.5 of this Code, but only with respect to service
15 performed on or after the effective date of that election.

16 (40 ILCS 5/2-162)

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

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

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

1 amendatory Act of the 94th General Assembly. "New benefit
2 increase", however, does not include any benefit increase
3 resulting from the changes made to this Article by this
4 amendatory Act of the 100th General Assembly.

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

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

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

1 of corrective action by the General Assembly, the new benefit
2 increase shall expire at the end of the fiscal year in which
3 the certification is made.

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

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

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

21 (40 ILCS 5/2-165.5 new)

22 Sec. 2-165.5. Tier 3 plan.

23 (a) By July 1, 2018, the System shall prepare and implement
24 a Tier 3 plan. The Tier 3 plan developed under this Section
25 shall be a plan that aggregates State and employee

1 contributions in individual participant accounts which, after
2 meeting any other requirements, are used for payouts after
3 retirement in accordance with this Section and any other
4 applicable laws. In developing, preparing, and implementing
5 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
6 the System shall utilize the framework of the self-managed plan
7 offered under Article 15 and shall endeavor to adapt the
8 benefits and structure of the self-managed plan. The System
9 shall consult with the State Universities Retirement System in
10 developing the Tier 3 plan.

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

15 (1) All persons who begin to participate in this System
16 on or after July 1, 2018 shall participate in the Tier 3
17 plan rather than the defined benefit plan.

18 (2) A participant in the Tier 3 plan shall pay employee
19 contributions at a rate of 8% of salary.

20 (3) State contributions shall be paid into the accounts
21 of all participants in the Tier 3 plan at a rate of 7.6% of
22 salary.

23 (4) The Tier 3 plan shall require 5 years of
24 participation in the Tier 3 plan before vesting in State
25 contributions. If the participant fails to vest in them,
26 the State contributions, and the earnings thereon, shall be

1 forfeited.

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

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

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

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

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

25 (1) Service credit under the Tier 3 plan may be used
26 for determining retirement eligibility under the defined

1 benefit plan.

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

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

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

13 (c) In no event shall the System, its staff, its authorized
14 representatives, or the Board be liable for any information
15 given to an employee under this Section. The System may
16 coordinate with the Illinois Department of Central Management
17 Services and other retirement systems administering a Tier 3
18 plan in accordance with this amendatory Act of the 100th
19 General Assembly to provide information concerning the impact
20 of the Tier 3 plan set forth in this Section.

21 (c-5) The System shall solicit proposals to provide
22 administrative services and funding vehicles for the Tier 3
23 plan from insurance and annuity companies and mutual fund
24 companies, banks, trust companies, or other financial
25 institutions authorized to do business in this State. In
26 reviewing the proposals received and approving and contracting

1 with no fewer than 2 and no more than 7 companies, the Board of
2 Trustees of the System shall consider, among other things, the
3 following criteria:

4 (1) the nature and extent of the benefits that would be
5 provided to the participants;

6 (2) the reasonableness of the benefits in relation to
7 the premium charged;

8 (3) the suitability of the benefits to the needs and
9 interests of the participating employees and the employer;

10 (4) the ability of the company to provide benefits
11 under the contract and the financial stability of the
12 company; and

13 (5) the efficacy of the contract in the recruitment and
14 retention of employees.

15 The System shall periodically review each approved
16 company. A company may continue to provide administrative
17 services and funding vehicles for the Tier 3 plan only so long
18 as it continues to be an approved company under contract with
19 the Board.

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

24 (e) The System shall report on its progress under this
25 Section, including the available details of the Tier 3 plan and
26 the System's plans for informing eligible Tier 1 and Tier 2

1 participants about the plan, to the Governor and the General
2 Assembly on or before January 15, 2018.

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

6 (40 ILCS 5/14-103.41 new)

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

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

18 (40 ILCS 5/14-103.42 new)

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

22 In the case of a Tier 2 member who elects to participate in
23 the Tier 3 plan under Section 14-155.5 of this Code, that Tier
24 2 member shall be deemed a Tier 2 member only with respect to

1 service performed or established before the effective date of
2 that election.

3 (40 ILCS 5/14-103.43 new)

4 Sec. 14-103.43. Tier 3 member. "Tier 3 member": A member of
5 this System who first becomes a member on or after July 1, 2018
6 or a Tier 1 or Tier 2 member who elects to participate in the
7 Tier 3 plan under Section 14-155.5 of this Code, but only with
8 respect to service performed on or after the effective date of
9 that election.

10 (40 ILCS 5/14-147.5 new)

11 Sec. 14-147.5. Accelerated pension benefit payment.

12 (a) As used in this Section:

13 "Eligible person" means a person who:

14 (1) has terminated service;

15 (2) has accrued sufficient service credit to be
16 eligible to receive a retirement annuity under this
17 Article;

18 (3) has not received any retirement annuity under this
19 Article; and

20 (4) does not have a QILDRO in effect against him or her
21 under this Article.

22 "Pension benefit" means the benefits under this Article, or
23 Article 1 as it relates to those benefits, including any
24 anticipated annual increases, that an eligible person is

1 entitled to upon attainment of the applicable retirement age.
2 "Pension benefit" also includes applicable survivor's or
3 disability benefits.

4 (b) Before January 1, 2019, and annually thereafter, the
5 System shall calculate, using actuarial tables and other
6 assumptions adopted by the Board, the net present value of
7 pension benefits for each eligible person and shall offer each
8 eligible person the opportunity to irrevocably elect to receive
9 an amount determined by the System to be equal to 70% of the
10 net present value of his or her pension benefits in lieu of
11 receiving any pension benefit. The offer shall specify the
12 dollar amount that the eligible person will receive if he or
13 she so elects and shall expire when a subsequent offer is made
14 to an eligible person or when the System determines that 10% of
15 eligible persons in that year have made the election under this
16 subsection, whichever occurs first. The System shall make a
17 good faith effort to contact every eligible person to notify
18 him or her of the election and of the amount of the accelerated
19 pension benefit payment.

20 Until the System determines that 10% of eligible persons in
21 that year have made the election under this subsection, an
22 eligible person may irrevocably elect to receive an accelerated
23 pension benefit payment in the amount that the System offers
24 under this subsection in lieu of receiving any pension benefit.
25 A person who elects to receive an accelerated pension benefit
26 payment under this Section may not elect to proceed under the

1 Retirement Systems Reciprocal Act with respect to service under
2 this Article.

3 (c) A person's credits and creditable service under this
4 Article shall be terminated upon the person's receipt of an
5 accelerated pension benefit payment under this Section, and no
6 other benefit shall be paid under this Article based on those
7 terminated credits and creditable service, including any
8 retirement, survivor, or other benefit; except that to the
9 extent that participation, benefits, or premiums under the
10 State Employees Group Insurance Act of 1971 are based on the
11 amount of service credit, the terminated service credit shall
12 be used for that purpose.

13 (d) If a person who has received an accelerated pension
14 benefit payment under this Section returns to active service
15 under this Article, then:

16 (1) Any benefits under the System earned as a result of
17 that return to active service shall be based solely on the
18 person's credits and creditable service arising from the
19 return to active service.

20 (2) The accelerated pension benefit payment may not be
21 repaid to the System, and the terminated credits and
22 creditable service may not under any circumstances be
23 reinstated.

24 (e) As a condition of receiving an accelerated pension
25 benefit payment, an eligible person must have another
26 retirement plan or account qualified under the Internal Revenue

1 Code of 1986, as amended, for the accelerated pension benefit
2 payment to be rolled into. The accelerated pension benefit
3 payment under this Section may be subject to withholding or
4 payment of applicable taxes, but to the extent permitted by
5 federal law, a person who receives an accelerated pension
6 benefit payment under this Section must direct the System to
7 pay all of that payment as a rollover into another retirement
8 plan or account qualified under the Internal Revenue Code of
9 1986, as amended.

10 (f) Before January 1, 2020 and every January 1 thereafter,
11 the Board shall certify to the Illinois Finance Authority and
12 the General Assembly the amount by which the total amount of
13 accelerated pension benefit payments made under this Section
14 exceed the amount appropriated to the System for the purpose of
15 making those payments.

16 (g) The Board shall adopt any rules necessary to implement
17 this Section.

18 (h) No provision of this Section shall be interpreted in a
19 way that would cause the applicable System to cease to be a
20 qualified plan under the Internal Revenue Code of 1986.

21 (i) Notwithstanding any other provision of this Section, in
22 no case shall the total amount of accelerated pension benefit
23 payments paid under this Section, Section 15-185.5, and Section
24 16-190.5 cause the Illinois Finance Authority to issue more
25 than the \$250,000,000 of State Pension Obligation Acceleration
26 Bonds authorized in subsection (c-5) of Section 801-40 of the

1 Illinois Finance Authority Act.

2 (40 ILCS 5/14-152.1)

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

5 Sec. 14-152.1. Application and expiration of new benefit
6 increases.

7 (a) As used in this Section, "new benefit increase" means
8 an increase in the amount of any benefit provided under this
9 Article, or an expansion of the conditions of eligibility for
10 any benefit under this Article, that results from an amendment
11 to this Code that takes effect after June 1, 2005 (the
12 effective date of Public Act 94-4). "New benefit increase",
13 however, does not include any benefit increase resulting from
14 the changes made to this Article by Public Act 96-37 or this
15 amendatory Act of the 100th General Assembly ~~this amendatory~~
16 ~~Act of the 96th General Assembly.~~

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

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

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

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

23 (e) Except as otherwise provided in the language creating
24 the new benefit increase, a new benefit increase that expires
25 under this Section continues to apply to persons who applied
26 and qualified for the affected benefit while the new benefit

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

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

8 (40 ILCS 5/14-155.5 new)

9 Sec. 14-155.5. Tier 3 plan.

10 (a) By July 1, 2018, the System shall prepare and implement
11 a Tier 3 plan. The Tier 3 plan developed under this Section
12 shall be a plan that aggregates State and employee
13 contributions in individual participant accounts which, after
14 meeting any other requirements, are used for payouts after
15 retirement in accordance with this Section and any other
16 applicable laws. In developing, preparing, and implementing
17 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
18 the System shall utilize the framework of the self-managed plan
19 offered under Article 15 and shall endeavor to adapt the
20 benefits and structure of the self-managed plan. The System
21 shall consult with the State Universities Retirement System in
22 developing the Tier 3 plan.

23 As used in this Section, "defined benefit plan" means the
24 retirement plan available under this Article to Tier 1 or Tier
25 2 members who have not made the election authorized under this

1 Section.

2 (1) All persons who begin to participate in this System
3 on or after July 1, 2018 shall participate in the Tier 3
4 plan rather than the defined benefit plan.

5 (2) A non-covered employee who participates in the Tier
6 3 plan shall pay employee contributions at a rate of 8% of
7 compensation. A covered employee who participates in the
8 Tier 3 plan shall pay employee contributions at a rate of
9 3% of compensation.

10 (3) State contributions shall be paid into the accounts
11 of non-covered employees who participate in the Tier 3 plan
12 at a rate of 7.6% of compensation, less the amount
13 determined annually by the Board to cover the cost of
14 offering the defined disability benefits available to
15 other participants under this Article if the Tier 3 plan
16 offers such benefits. State contributions shall be paid
17 into the accounts of covered employees who participate in
18 the Tier 3 plan at a rate of 3% of compensation.

19 (4) The Tier 3 plan shall require 5 years of
20 participation in the Tier 3 plan before vesting in State
21 contributions. If the participant fails to vest in them,
22 the State contributions, and the earnings thereon, shall be
23 forfeited.

24 (5) The Tier 3 plan may provide for participants in the
25 plan to be eligible for the defined disability benefits
26 available to other participants under this Article. If it

1 does, for non-covered employees, the System shall reduce
2 the State contributions credited to the member's Tier 3
3 plan account by an amount, not to exceed 1% of
4 compensation, determined annually by the Board to cover the
5 cost of offering such benefits. For covered employees, the
6 State shall contribute an amount, not to exceed 1% of
7 compensation, determined annually by the Board to cover the
8 cost of offering such benefits, which is in addition to the
9 3% State contribution credited to the member's Tier 3 plan
10 account.

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

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

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

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

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

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

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

18 (3) Upon request for further information describing
19 the option, the System shall provide employees with
20 information from the System before exercising the option to
21 join the plan, including information on the impact to their
22 benefits and service. The individual consultation shall
23 include projections of the member's defined benefits at
24 retirement or earlier termination of service and the value
25 of the member's account at retirement or earlier
26 termination of service. The System shall not provide advice

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

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

19 (c) In no event shall the System, its staff, its authorized
20 representatives, or the Board be liable for any information
21 given to an employee under this Section. The System may
22 coordinate with the Illinois Department of Central Management
23 Services and other retirement systems administering a Tier 3
24 plan in accordance with this amendatory Act of the 100th
25 General Assembly to provide information concerning the impact
26 of the Tier 3 plan set forth in this Section.

1 (c-5) The System shall solicit proposals to provide
2 administrative services and funding vehicles for the Tier 3
3 plan from insurance and annuity companies and mutual fund
4 companies, banks, trust companies, or other financial
5 institutions authorized to do business in this State. In
6 reviewing the proposals received and approving and contracting
7 with no fewer than 2 and no more than 7 companies, the Board of
8 Trustees of the System shall consider, among other things, the
9 following criteria:

10 (1) the nature and extent of the benefits that would be
11 provided to the participants;

12 (2) the reasonableness of the benefits in relation to
13 the premium charged;

14 (3) the suitability of the benefits to the needs and
15 interests of the participating employees and the employer;

16 (4) the ability of the company to provide benefits
17 under the contract and the financial stability of the
18 company; and

19 (5) the efficacy of the contract in the recruitment and
20 retention of employees.

21 The System shall periodically review each approved
22 company. A company may continue to provide administrative
23 services and funding vehicles for the Tier 3 plan only so long
24 as it continues to be an approved company under contract with
25 the Board.

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

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

4 (e) The System shall report on its progress under this
5 Section, including the available details of the Tier 3 plan and
6 the System's plans for informing eligible Tier 1 and Tier 2
7 members about the plan, to the Governor and the General
8 Assembly on or before January 15, 2018.

9 (f) The Illinois State Board of Investment shall be the
10 plan sponsor for the Tier 3 plan established under this
11 Section.

12 (40 ILCS 5/15-108.1)

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

24 In the case of a Tier 1 member who elects to participate in
25 the Tier 3 plan under Section 15-200.5 of this Code, that Tier

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

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

5 (40 ILCS 5/15-108.2)

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

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

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

21 (40 ILCS 5/15-108.3 new)

22 Sec. 15-108.3. Tier 3 member. "Tier 3 member": A person who
23 first becomes a participant under this Article on or after July
24 1, 2018 or a Tier 1 or Tier 2 member who elects to participate

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

4 (40 ILCS 5/15-185.5 new)

5 Sec. 15-185.5. Accelerated pension benefit payment.

6 (a) As used in this Section:

7 "Eligible person" means a person who:

8 (1) has terminated service;

9 (2) has accrued sufficient service credit to be
10 eligible to receive a retirement annuity under this
11 Article;

12 (3) has not received any retirement annuity under this
13 Article;

14 (4) does not have a QILDRO in effect against him or her
15 under this Article; and

16 (5) is not a participant in the self-managed plan under
17 Section 15-158.2.

18 "Pension benefit" means the benefits under this Article, or
19 Article 1 as it relates to those benefits, including any
20 anticipated annual increases, that an eligible person is
21 entitled to upon attainment of the applicable retirement age.

22 "Pension benefit" also includes applicable survivor's or
23 disability benefits.

24 (b) Before January 1, 2018, and annually thereafter, the
25 System shall calculate, using actuarial tables and other

1 assumptions adopted by the Board, the net present value of
2 pension benefits for each eligible person and shall offer each
3 eligible person the opportunity to irrevocably elect to receive
4 an amount determined by the System to be equal to 70% of the
5 net present value of his or her pension benefits in lieu of
6 receiving any pension benefit. The offer shall specify the
7 dollar amount that the eligible person will receive if he or
8 she so elects and shall expire when a subsequent offer is made
9 to an eligible person or when the System determines that 10% of
10 eligible persons in that year have made the election under this
11 subsection, whichever occurs first. The System shall make a
12 good faith effort to contact every eligible person to notify
13 him or her of the election and of the amount of the accelerated
14 pension benefit payment.

15 Until the System determines that 10% of eligible persons in
16 that year have made the election under this subsection, an
17 eligible person may irrevocably elect to receive an accelerated
18 pension benefit payment in the amount that the System offers
19 under this subsection in lieu of receiving any pension benefit.
20 A person who elects to receive an accelerated pension benefit
21 payment under this Section may not elect to proceed under the
22 Retirement Systems Reciprocal Act with respect to service under
23 this Article.

24 (c) A person's credits and creditable service under this
25 Article shall be terminated upon the person's receipt of an
26 accelerated pension benefit payment under this Section, and no

1 other benefit shall be paid under this Article based on those
2 terminated credits and creditable service, including any
3 retirement, survivor, or other benefit; except that to the
4 extent that participation, benefits, or premiums under the
5 State Employees Group Insurance Act of 1971 are based on the
6 amount of service credit, the terminated service credit shall
7 be used for that purpose.

8 (d) If a person who has received an accelerated pension
9 benefit payment under this Section returns to participating
10 employee status under this Article, then:

11 (1) Any benefits under the System earned as a result of
12 that return to participating employee status shall be based
13 solely on the person's credits and creditable service
14 arising from the return to participating employee status.

15 (2) The accelerated pension benefit payment may not be
16 repaid to the System, and the terminated credits and
17 creditable service may not under any circumstances be
18 reinstated.

19 (e) As a condition of receiving an accelerated pension
20 benefit payment, an eligible person must have another
21 retirement plan or account qualified under the Internal Revenue
22 Code of 1986, as amended, for the accelerated pension benefit
23 payment to be rolled into. The accelerated pension benefit
24 payment under this Section may be subject to withholding or
25 payment of applicable taxes, but to the extent permitted by
26 federal law, a person who receives an accelerated pension

1 benefit payment under this Section must direct the System to
2 pay all of that payment as a rollover into another retirement
3 plan or account qualified under the Internal Revenue Code of
4 1986, as amended.

5 (f) Before January 1, 2019 and every January 1 thereafter,
6 the Board shall certify to the Illinois Finance Authority and
7 the General Assembly the amount by which the total amount of
8 accelerated pension benefit payments made under this Section
9 exceed the amount appropriated to the System for the purpose of
10 making those payments.

11 (g) The Board shall adopt any rules necessary to implement
12 this Section.

13 (h) No provision of this Section shall be interpreted in a
14 way that would cause the applicable System to cease to be a
15 qualified plan under the Internal Revenue Code of 1986.

16 (i) Notwithstanding any other provision of this Section, in
17 no case shall the total amount of accelerated pension benefit
18 payments paid under this Section, Section 14-147.5, and Section
19 16-190.5 cause the Illinois Finance Authority to issue more
20 than the \$250,000,000 of State Pension Obligation Acceleration
21 Bonds authorized in subsection (c-5) of Section 801-40 of the
22 Illinois Finance Authority Act.

23 (40 ILCS 5/15-198)

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

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

3 (a) As used in this Section, "new benefit increase" means
4 an increase in the amount of any benefit provided under this
5 Article, or an expansion of the conditions of eligibility for
6 any benefit under this Article, that results from an amendment
7 to this Code that takes effect after the effective date of this
8 amendatory Act of the 94th General Assembly. "New benefit
9 increase", however, does not include any benefit increase
10 resulting from the changes made by this amendatory Act of the
11 100th General Assembly.

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

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

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

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

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

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

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

2 (40 ILCS 5/15-200.5 new)

3 Sec. 15-200.5. Tier 3 plan.

4 (a) By July 1, 2018, the System shall prepare and implement
5 a Tier 3 plan. The Tier 3 plan developed under this Section
6 shall be a plan that aggregates State and employee
7 contributions in individual participant accounts which, after
8 meeting any other requirements, are used for payouts after
9 retirement in accordance with this Section and any other
10 applicable laws. In developing, preparing, and implementing
11 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
12 the System shall utilize the framework of the self-managed plan
13 and shall endeavor to adapt the benefits and structure of the
14 self-managed plan.

15 As used in this Section, "defined benefit plan" means the
16 traditional benefit package or the portable benefit package
17 available under this Article to Tier 1 or Tier 2 members who
18 have not made the election authorized under this Section and do
19 not participate in the self-managed plan under Section
20 15-158.2.

21 (1) All persons who begin to participate in this System
22 on or after July 1, 2018 shall participate in the Tier 3
23 plan rather than the defined benefit plan or the
24 self-managed plan under Section 15-158.2.

25 (2) A participant in the Tier 3 plan shall pay employee

1 contributions at a rate of 8% of earnings.

2 (3) State contributions shall be paid into the accounts
3 of all participants in the Tier 3 plan at a rate of 7.6% of
4 earnings, less the amount determined annually by the Board
5 to cover the cost of offering the defined disability
6 benefits available to other participants under this
7 Article if the Tier 3 plan offers such benefits.

8 (4) The Tier 3 plan shall require 5 years of
9 participation in the Tier 3 plan before vesting in State
10 contributions. If the participant fails to vest in them,
11 the State contributions, and the earnings thereon, shall be
12 forfeited.

13 (5) The Tier 3 plan may provide for participants in the
14 plan to be eligible for the defined disability benefits
15 available to other participants under this Article. If it
16 does, the System shall reduce the employee contributions
17 credited to the member's Tier 3 plan account by an amount,
18 not to exceed 1% of earnings, determined annually by the
19 Board to cover the cost of offering such benefits.

20 (6) The Tier 3 plan shall provide a variety of options
21 for investments. These options shall include investments
22 handled by the System as well as private sector investment
23 options.

24 (7) The Tier 3 plan shall provide a variety of options
25 for payouts to participants in the Tier 3 plan who are no
26 longer active in the System and their 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 from the Tier 3 plan into other qualified retirement plans.

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

10 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
11 member of this System may elect, in writing, to cease accruing
12 benefits in the defined benefit plan and begin accruing
13 benefits for future service in the Tier 3 plan. An active Tier
14 1 or Tier 2 member who elects to cease accruing benefits in his
15 or her defined benefit plan shall be prohibited from purchasing
16 service credit on or after the date of his or her election. A
17 Tier 1 or Tier 2 member who elects to participate in the Tier 3
18 plan shall not receive interest accruals to his or her Rule 2
19 benefit on or after the date of his or her election. The
20 election to participate in the Tier 3 plan is voluntary and
21 irrevocable.

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

25 (2) The System shall make a good faith effort to
26 contact all active Tier 1 and Tier 2 members who are

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

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

24 (b-5) A Tier 1 or Tier 2 member who elects to participate
25 in the Tier 3 plan may irrevocably elect to terminate all
26 participation in the defined benefit plan. Upon that election,

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

10 (c) In no event shall the System, its staff, its authorized
11 representatives, or the Board be liable for any information
12 given to an employee under this Section. The System may
13 coordinate with the Illinois Department of Central Management
14 Services and other retirement systems administering a Tier 3
15 plan in accordance with this amendatory Act of the 100th
16 General Assembly to provide information concerning the impact
17 of the Tier 3 plan set forth in this Section.

18 (c-5) The System, in consultation with the employers, shall
19 solicit proposals to provide administrative services and
20 funding vehicles for the Tier 3 plan from insurance and annuity
21 companies and mutual fund companies, banks, trust companies, or
22 other financial institutions authorized to do business in this
23 State. In reviewing the proposals received and approving and
24 contracting with no fewer than 2 and no more than 7 companies,
25 the Board of Trustees of the System shall consider, among other
26 things, the following criteria:

1 (1) the nature and extent of the benefits that would be
2 provided to the participants;

3 (2) the reasonableness of the benefits in relation to
4 the premium charged;

5 (3) the suitability of the benefits to the needs and
6 interests of the participating employees and the employer;

7 (4) the ability of the company to provide benefits
8 under the contract and the financial stability of the
9 company; and

10 (5) the efficacy of the contract in the recruitment and
11 retention of employees.

12 The System, in consultation with the employers, shall
13 periodically review each approved company. A company may
14 continue to provide administrative services and funding
15 vehicles for the Tier 3 plan only so long as it continues to be
16 an approved company under contract with the Board.

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

21 (e) The System shall report on its progress under this
22 Section, including the available details of the Tier 3 plan and
23 the System's plans for informing eligible Tier 1 and Tier 2
24 members about the plan, to the Governor and the General
25 Assembly on or before January 15, 2018.

1 (40 ILCS 5/16-106.40 new)

2 Sec. 16-106.40. Tier 1 member. "Tier 1 member": A member
3 under this Article who first became a member or participant
4 before January 1, 2011 under any reciprocal retirement system
5 or pension fund established under this Code other than a
6 retirement system or pension fund established under Article 2,
7 3, 4, 5, 6, or 18 of this Code.

8 In the case of a Tier 1 member who elects to participate in
9 the Tier 3 plan under Section 16-205.5 of this Code, that Tier
10 1 member shall be deemed a Tier 1 member only with respect to
11 service performed or established before the effective date of
12 that election.

13 (40 ILCS 5/16-106.41 new)

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

17 In the case of a Tier 2 member who elects to participate in
18 the Tier 3 plan under Section 16-205.5 of this Code, the Tier 2
19 member shall be deemed a Tier 2 member only with respect to
20 service performed or established before the effective date of
21 that election.

22 (40 ILCS 5/16-106.42 new)

23 Sec. 16-106.42. Tier 3 member. "Tier 3 member": A member of
24 the System who first becomes a member under this Article on or

1 after July 1, 2018 or a Tier 1 or Tier 2 member who elects to
2 participate in the Tier 3 plan under Section 16-205.5 of this
3 Code, but only with respect to service performed on or after
4 the effective date of that election.

5 (40 ILCS 5/16-190.5 new)

6 Sec. 16-190.5. Accelerated pension benefit payment.

7 (a) As used in this Section:

8 "Eligible person" means a person who:

9 (1) has terminated service;

10 (2) has accrued sufficient service credit to be
11 eligible to receive a retirement annuity under this
12 Article;

13 (3) has not received any retirement annuity under this
14 Article; and

15 (4) does not have a QILDRO in effect against him or her
16 under this Article.

17 "Pension benefit" means the benefits under this Article, or
18 Article 1 as it relates to those benefits, including any
19 anticipated annual increases, that an eligible person is
20 entitled to upon attainment of the applicable retirement age.

21 "Pension benefit" also includes applicable survivor's or
22 disability benefits.

23 (b) Before January 1, 2018, and annually thereafter, the
24 System shall calculate, using actuarial tables and other
25 assumptions adopted by the Board, the net present value of

1 pension benefits for each eligible person and shall offer each
2 eligible person the opportunity to irrevocably elect to receive
3 an amount determined by the System to be equal to 70% of the
4 net present value of his or her pension benefits in lieu of
5 receiving any pension benefit. The offer shall specify the
6 dollar amount that the eligible person will receive if he or
7 she so elects and shall expire when a subsequent offer is made
8 to an eligible person or when the System determines that 10% of
9 eligible persons in that year have made the election under this
10 subsection, whichever occurs first. The System shall make a
11 good faith effort to contact every eligible person to notify
12 him or her of the election and of the amount of the accelerated
13 pension benefit payment.

14 Until the System determines that 10% of eligible persons in
15 that year have made the election under this subsection, an
16 eligible person may irrevocably elect to receive an accelerated
17 pension benefit payment in the amount that the System offers
18 under this subsection in lieu of receiving any pension benefit.
19 A person who elects to receive an accelerated pension benefit
20 payment under this Section may not elect to proceed under the
21 Retirement Systems Reciprocal Act with respect to service under
22 this Article.

23 (c) A person's credits and creditable service under this
24 Article shall be terminated upon the person's receipt of an
25 accelerated pension benefit payment under this Section, and no
26 other benefit shall be paid under this Article based on those

1 terminated credits and creditable service, including any
2 retirement, survivor, or other benefit; except that to the
3 extent that participation, benefits, or premiums under the
4 State Employees Group Insurance Act of 1971 are based on the
5 amount of service credit, the terminated service credit shall
6 be used for that purpose.

7 (d) If a person who has received an accelerated pension
8 benefit payment under this Section returns to active service
9 under this Article, then:

10 (1) Any benefits under the System earned as a result of
11 that return to active service shall be based solely on the
12 person's credits and creditable service arising from the
13 return to active service.

14 (2) The accelerated pension benefit payment may not be
15 repaid to the System, and the terminated credits and
16 creditable service may not under any circumstances be
17 reinstated.

18 (e) As a condition of receiving an accelerated pension
19 benefit payment, an eligible person must have another
20 retirement plan or account qualified under the Internal Revenue
21 Code of 1986, as amended, for the accelerated pension benefit
22 payment to be rolled into. The accelerated pension benefit
23 payment under this Section may be subject to withholding or
24 payment of applicable taxes, but to the extent permitted by
25 federal law, a person who receives an accelerated pension
26 benefit payment under this Section must direct the System to

1 pay all of that payment as a rollover into another retirement
2 plan or account qualified under the Internal Revenue Code of
3 1986, as amended.

4 (f) Before January 1, 2019 and every January 1 thereafter,
5 the Board shall certify to the Illinois Finance Authority and
6 the General Assembly the amount by which the total amount of
7 accelerated pension benefit payments made under this Section
8 exceed the amount appropriated to the System for the purpose of
9 making those payments.

10 (g) The Board shall adopt any rules necessary to implement
11 this Section.

12 (h) No provision of this Section shall be interpreted in a
13 way that would cause the applicable System to cease to be a
14 qualified plan under the Internal Revenue Code of 1986.

15 (i) Notwithstanding any other provision of this Section, in
16 no case shall the total amount of accelerated pension benefit
17 payments paid under this Section, Section 14-147.5, and Section
18 15-185.5, and Section 16-190.5 cause the Illinois Finance
19 Authority to issue more than the \$250,000,000 of State Pension
20 Obligation Acceleration Bonds authorized in subsection (c-5)
21 of Section 801-40 of the Illinois Finance Authority Act.

22 (40 ILCS 5/16-203)

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

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

1 increases.

2 (a) As used in this Section, "new benefit increase" means
3 an increase in the amount of any benefit provided under this
4 Article, or an expansion of the conditions of eligibility for
5 any benefit under this Article, that results from an amendment
6 to this Code that takes effect after June 1, 2005 (the
7 effective date of Public Act 94-4). "New benefit increase",
8 however, does not include any benefit increase resulting from
9 the changes made to this Article by Public Act 95-910 or this
10 amendatory Act of the 100th General Assembly ~~this amendatory~~
11 ~~Act of the 95th General Assembly.~~

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

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

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

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

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

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

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

2 (40 ILCS 5/16-205.5 new)

3 Sec. 16-205.5. Tier 3 plan.

4 (a) By July 1, 2018, the System shall prepare and implement
5 a Tier 3 plan. The Tier 3 plan developed under this Section
6 shall be a plan that aggregates State and employee
7 contributions in individual participant accounts which, after
8 meeting any other requirements, are used for payouts after
9 retirement in accordance with this Section and any other
10 applicable laws. In developing, preparing, and implementing
11 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
12 the System shall utilize the framework of the self-managed plan
13 offered under Article 15 and shall endeavor to adapt the
14 benefits and structure of the self-managed plan. The System
15 shall consult with the State Universities Retirement System in
16 developing the Tier 3 plan.

17 As used in this Section, "defined benefit plan" means the
18 retirement plan available under this Article to Tier 1 or Tier
19 2 members who have not made the election authorized under this
20 Section.

21 (1) All persons who begin to participate in this System
22 on or after July 1, 2018 shall participate in the Tier 3
23 plan rather than the defined benefit plan.

24 (2) A participant in the Tier 3 plan shall pay employee
25 contributions at a rate of 8% of salary.

1 (3) State contributions shall be paid into the accounts
2 of all participants in the Tier 3 plan at a rate of 7.6% of
3 salary, less the amount determined annually by the Board to
4 cover the cost of offering the defined disability benefits
5 available to other participants under this Article if the
6 Tier 3 plan offers such benefits.

7 (4) The Tier 3 plan shall require 5 years of
8 participation in the Tier 3 plan before vesting in State
9 contributions. If the participant fails to vest in them,
10 the State contributions, and the earnings thereon, shall be
11 forfeited.

12 (5) The Tier 3 plan may provide for participants in the
13 plan to be eligible for the defined disability benefits
14 available to other participants under this Article. If it
15 does, the System shall reduce the employee contributions
16 credited to the member's Tier 3 plan account by an amount,
17 not to exceed 1% of salary, determined annually by the
18 Board to cover the cost of offering such benefits.

19 (6) The Tier 3 plan shall provide a variety of options
20 for investments. These options shall include investments
21 in a fund created by the System and managed in accordance
22 with legal and fiduciary standards, as well as investment
23 options otherwise available.

24 (7) The Tier 3 plan shall provide a variety of options
25 for payouts to participants in the Tier 3 plan who are no
26 longer active in the System and their 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 from the Tier 3 plan into other qualified retirement plans.

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

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

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

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

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

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

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

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

10 (c) In no event shall the System, its staff, its authorized
11 representatives, or the Board be liable for any information
12 given to an employee under this Section. The System may
13 coordinate with the Illinois Department of Central Management
14 Services and other retirement systems administering a Tier 3
15 plan in accordance with this amendatory Act of the 100th
16 General Assembly to provide information concerning the impact
17 of the Tier 3 plan set forth in this Section.

18 (c-5) The System, in consultation with the employers, shall
19 solicit proposals to provide administrative services and
20 funding vehicles for the Tier 3 plan from insurance and annuity
21 companies and mutual fund companies, banks, trust companies, or
22 other financial institutions authorized to do business in this
23 State. In reviewing the proposals received and approving and
24 contracting with no fewer than 2 and no more than 7 companies,
25 the Board of Trustees of the System shall consider, among other
26 things, the following criteria:

1 (1) the nature and extent of the benefits that would be
2 provided to the participants;

3 (2) the reasonableness of the benefits in relation to
4 the premium charged;

5 (3) the suitability of the benefits to the needs and
6 interests of the participating employees and the employer;

7 (4) the ability of the company to provide benefits
8 under the contract and the financial stability of the
9 company; and

10 (5) the efficacy of the contract in the recruitment and
11 retention of employees.

12 The System, in consultation with the employers, shall
13 periodically review each approved company. A company may
14 continue to provide administrative services and funding
15 vehicles for the Tier 3 plan only so long as it continues to be
16 an approved company under contract with the Board.

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

21 (e) The System shall report on its progress under this
22 Section, including the available details of the Tier 3 plan and
23 the System's plans for informing eligible Tier 1 and Tier 2
24 members about the plan, to the Governor and the General
25 Assembly on or before January 15, 2018.

1 (40 ILCS 5/18-110.1 new)

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

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

10 (40 ILCS 5/18-110.2 new)

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

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

19 (40 ILCS 5/18-110.3 new)

20 Sec. 18-110.3. Tier 3 participant. "Tier 3 participant": A
21 participant who first becomes a participant of this System on
22 or after July 1, 2018 or a Tier 1 or Tier 2 participant who
23 elects to participate in the Tier 3 plan under Section 18-121.5
24 of this Code, but only with respect to service performed on or

1 after the effective date of that election.

2 (40 ILCS 5/18-121.5 new)

3 Sec. 18-121.5. Tier 3 plan.

4 (a) By July 1, 2018, the System shall prepare and implement
5 a Tier 3 plan. The Tier 3 plan developed under this Section
6 shall be a plan that aggregates State and employee
7 contributions in individual participant accounts which, after
8 meeting any other requirements, are used for payouts after
9 retirement in accordance with this Section and any other
10 applicable laws. In developing, preparing, and implementing
11 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
12 the System shall utilize the framework of the self-managed plan
13 offered under Article 15 and shall endeavor to adapt the
14 benefits and structure of the self-managed plan. The System
15 shall consult with the State Universities Retirement System in
16 developing the Tier 3 plan.

17 As used in this Section, "defined benefit plan" means the
18 retirement plan available under this Article to Tier 1 or Tier
19 2 participants who have not made the election authorized under
20 this Section.

21 (1) All persons who begin to participate in this System
22 on or after July 1, 2018 shall participate in the Tier 3
23 plan rather than the defined benefit plan.

24 (2) A participant in the Tier 3 plan shall pay employee
25 contributions at a rate of 8% of salary.

1 (3) State contributions shall be paid into the accounts
2 of all participants in the Tier 3 plan at a rate of 7.6% of
3 salary, less the amount determined annually by the Board to
4 cover the cost of offering the defined disability benefits
5 available to other participants under this Article if the
6 Tier 3 plan offers such benefits.

7 (4) The Tier 3 plan shall require 5 years of
8 participation in the Tier 3 plan before vesting in State
9 contributions. If the participant fails to vest in them,
10 the State contributions, and the earnings thereon, shall be
11 forfeited.

12 (5) The Tier 3 plan may provide for participants in the
13 plan to be eligible for the defined disability benefits
14 available to other participants under this Article. If it
15 does, the System shall reduce the employee contributions
16 credited to the member's Tier 3 plan account by an amount,
17 not to exceed 1% of salary, determined annually by the
18 Board to cover the cost of offering such benefits.

19 (6) The Tier 3 plan shall provide a variety of options
20 for investments. These options shall include investments
21 handled by the Illinois State Board of Investment as well
22 as private sector investment options.

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

26 (8) To the extent authorized under federal law and as

1 authorized by the System, the plan shall allow former
2 participants in the plan to transfer or roll over employee
3 and vested State contributions, and the earnings thereon,
4 into other qualified retirement plans.

5 (9) The System shall reduce the employee contributions
6 credited to the participant's Tier 3 plan account by an
7 amount determined by the System to cover the cost of
8 offering these benefits and any applicable administrative
9 fees.

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

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

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

1 website.

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

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

1 System shall make the transfer as a tax free transfer in
2 accordance with Internal Revenue Service guidelines, for
3 purposes of funding the amount credited to the participant's
4 individual account.

5 (c) In no event shall the System, its staff, its authorized
6 representatives, or the Board be liable for any information
7 given to an employee under this Section. The System may
8 coordinate with the Illinois Department of Central Management
9 Services and other retirement systems administering a Tier 3
10 plan in accordance with this amendatory Act of the 100th
11 General Assembly to provide information concerning the impact
12 of the Tier 3 plan set forth in this Section.

13 (c-5) The System shall solicit proposals to provide
14 administrative services and funding vehicles for the Tier 3
15 plan from insurance and annuity companies and mutual fund
16 companies, banks, trust companies, or other financial
17 institutions authorized to do business in this State. In
18 reviewing the proposals received and approving and contracting
19 with no fewer than 2 and no more than 7 companies, the Board of
20 Trustees of the System shall consider, among other things, the
21 following criteria:

22 (1) the nature and extent of the benefits that would be
23 provided to the participants;

24 (2) the reasonableness of the benefits in relation to
25 the premium charged;

26 (3) the suitability of the benefits to the needs and

1 interests of the participating employees and the employer;

2 (4) the ability of the company to provide benefits
3 under the contract and the financial stability of the
4 company; and

5 (5) the efficacy of the contract in the recruitment and
6 retention of employees.

7 The System shall periodically review each approved
8 company. A company may continue to provide administrative
9 services and funding vehicles for the Tier 3 plan only so long
10 as it continues to be an approved company under contract with
11 the Board.

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

16 (e) The System shall report on its progress under this
17 Section, including the available details of the Tier 3 plan and
18 the System's plans for informing eligible Tier 1 and Tier 2
19 participants about the plan, to the Governor and the General
20 Assembly on or before January 15, 2018.

21 (f) The Illinois State Board of Investment shall be the
22 plan sponsor for the Tier 3 plan established under this
23 Section.

24 (40 ILCS 5/18-124) (from Ch. 108 1/2, par. 18-124)

25 Sec. 18-124. Retirement annuities - conditions for

1 eligibility.

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

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

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

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

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

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

26 (b) This subsection (b) applies to a Tier 2 participant ~~who~~

1 ~~first serves as a judge on or after the effective date of this~~
2 ~~amendatory Act of the 96th General Assembly.~~

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

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

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

11 (40 ILCS 5/18-125) (from Ch. 108 1/2, par. 18-125)

12 Sec. 18-125. Retirement annuity amount.

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

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

23 For purposes of this Section, final average salary for a
24 Tier 1 participant who first serves as a judge before August
25 10, 2009 (the effective date of Public Act 96-207) shall be:

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

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

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

10 (4) for a participant who terminates service on or
11 after January 1, 1990 but before July 14, 1995 (the
12 effective date of Public Act 89-136) ~~this amendatory Act of~~
13 ~~1995~~, the salary on the last day of employment as a judge.

14 (5) for a participant who terminates service on or
15 after July 14, 1995 (the effective date of Public Act
16 89-136) ~~this amendatory Act of 1995~~, the salary on the last
17 day of employment as a judge, or the highest salary
18 received by the participant for employment as a judge in a
19 position held by the participant for at least 4 consecutive
20 years, whichever is greater.

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

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

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

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

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

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

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

14 (c) The retirement annuity for a participant who retires
15 prior to age 60 with less than 28 years of service in the
16 System shall be reduced 1/2 of 1% for each month that the
17 participant's age is under 60 years at the time the annuity
18 commences. However, for a participant who retires on or after
19 December 10, 1999 (the effective date of Public Act 91-653)
20 ~~this amendatory Act of the 91st General Assembly~~, the
21 percentage reduction in retirement annuity imposed under this
22 subsection shall be reduced by 5/12 of 1% for every month of
23 service in this System in excess of 20 years, and therefore a
24 participant with at least 26 years of service in this System
25 may retire at age 55 without any reduction in annuity.

26 The reduction in retirement annuity imposed by this

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

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

10 (Source: P.A. 96-207, eff. 8-10-09; 96-889, eff. 1-1-11;
11 96-1000, eff. 7-2-10; 96-1490, eff. 1-1-11; revised 9-9-16.)

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

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

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

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

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

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

1 annum.

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

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

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

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

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

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

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

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

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

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

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

1 date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (40 ILCS 5/18-169)

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

4 (a) As used in this Section, "new benefit increase" means
5 an increase in the amount of any benefit provided under this
6 Article, or an expansion of the conditions of eligibility for
7 any benefit under this Article, that results from an amendment
8 to this Code that takes effect after the effective date of this
9 amendatory Act of the 94th General Assembly. "New benefit
10 increase", however, does not include any benefit increase
11 resulting from the changes made by this amendatory Act of the
12 100th General Assembly.

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

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

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

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

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

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

1 benefit increase was in effect.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 Sec. 20-124. Maximum benefits.

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

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

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

25 (i) For purposes of calculating the combined

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 Section 30. The Illinois Pension Code is amended by
15 repealing Sections 2-165, 2-166, 14-155, 14-156, 15-200,
16 15-201, 16-205, and 16-206.

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

1		INDEX
2		Statutes amended in order of appearance
3	5 ILCS 375/3	from Ch. 127, par. 523
4	5 ILCS 375/10	from Ch. 127, par. 530
5	20 ILCS 3501/801-40	
6	30 ILCS 105/5.878 new	
7	30 ILCS 330/2	from Ch. 127, par. 652
8	30 ILCS 330/2.5	
9	30 ILCS 330/7.6 new	
10	30 ILCS 330/9	from Ch. 127, par. 659
11	30 ILCS 330/11	from Ch. 127, par. 661
12	30 ILCS 330/12	from Ch. 127, par. 662
13	30 ILCS 330/13	from Ch. 127, par. 663
14	40 ILCS 5/1-160	
15	40 ILCS 5/2-105.3 new	
16	40 ILCS 5/2-162	
17	40 ILCS 5/2-165.5 new	
18	40 ILCS 5/14-103.41 new	
19	40 ILCS 5/14-103.42 new	
20	40 ILCS 5/14-103.43 new	
21	40 ILCS 5/14-147.5 new	
22	40 ILCS 5/14-152.1	
23	40 ILCS 5/14-155.5 new	
24	40 ILCS 5/15-108.1	
25	40 ILCS 5/15-108.2	

1	40 ILCS 5/15-108.3 new	
2	40 ILCS 5/15-185.5 new	
3	40 ILCS 5/15-198	
4	40 ILCS 5/15-200.5 new	
5	40 ILCS 5/16-106.40 new	
6	40 ILCS 5/16-106.41 new	
7	40 ILCS 5/16-106.42 new	
8	40 ILCS 5/16-190.5 new	
9	40 ILCS 5/16-203	
10	40 ILCS 5/16-205.5 new	
11	40 ILCS 5/18-110.1 new	
12	40 ILCS 5/18-110.2 new	
13	40 ILCS 5/18-110.3 new	
14	40 ILCS 5/18-121.5 new	
15	40 ILCS 5/18-124	from Ch. 108 1/2, par. 18-124
16	40 ILCS 5/18-125	from Ch. 108 1/2, par. 18-125
17	40 ILCS 5/18-125.1	from Ch. 108 1/2, par. 18-125.1
18	40 ILCS 5/18-127	from Ch. 108 1/2, par. 18-127
19	40 ILCS 5/18-128.01	from Ch. 108 1/2, par. 18-128.01
20	40 ILCS 5/18-133	from Ch. 108 1/2, par. 18-133
21	40 ILCS 5/18-169	
22	40 ILCS 5/20-121	from Ch. 108 1/2, par. 20-121
23	40 ILCS 5/20-123	from Ch. 108 1/2, par. 20-123
24	40 ILCS 5/20-124	from Ch. 108 1/2, par. 20-124
25	40 ILCS 5/20-125	from Ch. 108 1/2, par. 20-125
26	40 ILCS 5/2-165 rep.	

- 1 40 ILCS 5/2-166 rep.
- 2 40 ILCS 5/14-155 rep.
- 3 40 ILCS 5/14-156 rep.
- 4 40 ILCS 5/15-200 rep.
- 5 40 ILCS 5/15-201 rep.
- 6 40 ILCS 5/16-205 rep.
- 7 40 ILCS 5/16-206 rep.