



Sen. John J. Cullerton

Filed: 5/30/2017

10000SB0369sam001

LRB100 05077 RPS 27303 a

1 AMENDMENT TO SENATE BILL 369

2 AMENDMENT NO. _____. Amend Senate Bill 369 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Sections 2-101, 2-105, 2-107, 2-108, 2-119.1, 2-124,
6 2-126, 2-134, and 2-162 and by adding Sections 2-105.3,
7 2-107.9, 2-107.10, and 2-110.3 as follows:

8 (40 ILCS 5/2-101) (from Ch. 108 1/2, par. 2-101)

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

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

1 Participation in the retirement system created under this
2 Article is restricted to persons who became participants before
3 the effective date of this amendatory Act of the 100th General
4 Assembly. Beginning on that date, the System shall not accept
5 any new participants.

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

7 (40 ILCS 5/2-105) (from Ch. 108 1/2, par. 2-105)

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

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

24 However, notwithstanding any other provision of this
25 Article, a person shall not be deemed a member for the purposes

1 of this Article unless he or she became a participant of the
2 System before the effective date of this amendatory Act of the
3 100th General Assembly.

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

5 (40 ILCS 5/2-105.3 new)

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

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

11 (40 ILCS 5/2-107) (from Ch. 108 1/2, par. 2-107)

12 Sec. 2-107. Participant. "Participant": Any member who
13 elects to participate; and any former member who elects to
14 continue participation under Section 2-117.1, for the duration
15 of such continued participation. However, notwithstanding any
16 other provision of this Article, a person shall not be deemed a
17 participant for the purposes of this Article unless he or she
18 became a participant of the System before the effective date of
19 this amendatory Act of the 100th General Assembly.

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

21 (40 ILCS 5/2-107.9 new)

22 Sec. 2-107.9. Future increase in income. "Future increase
23 in income" means an increase to a Tier 1 participant's base pay

1 that is offered to the Tier 1 participant for one year of
2 service as a member of the General Assembly for a term
3 beginning on or after January 9, 2019 that qualifies as
4 "salary", as defined in Section 2-108, or would qualify as
5 "salary" but for the fact that it was offered to and accepted
6 by the Tier 1 active participant under the condition set forth
7 in subsection (c) of Section 2-110.3.

8 "Future increase in income" means an increase to a Tier 1
9 participant's base pay that is offered to a Tier 1 participant
10 for one year of service as Governor, Lieutenant Governor,
11 Secretary of State, Treasurer, Comptroller, or Attorney
12 General for a term of office beginning on or after January 7,
13 2019 that qualifies as "salary", as defined in Section 2-108,
14 or would qualify as "salary" but for the fact that it was
15 offered to and accepted by the Tier 1 participant under the
16 condition set forth in subsection (c) of Section 2-110.3.

17 "Future increase in income" means an increase to a Tier 1
18 participant's base pay that is offered to the Tier 1
19 participant for one year of service as a participant under
20 Section 2-117.1, as Clerk or Assistant Clerk of the House of
21 Representatives, or as Secretary or Assistant Secretary of the
22 Senate after June 30, 2018 that qualifies as "salary", as
23 defined in Section 2-108, or would qualify as "salary" but for
24 the fact that it was offered to and accepted by the Tier 1
25 participant under the condition set forth in subsection (c) of
26 Section 2-110.3.

1 (40 ILCS 5/2-107.10 new)

2 Sec. 2-107.10. Base pay. As used in Section 2-107.9 of this
3 Code, "base pay" means the Tier 1 participant's salary for one
4 year of service as a member of the General Assembly for the
5 term of office expiring on January 8, 2019 or January 13, 2021,
6 whichever is applicable. "Base pay" means the Tier 1
7 participant's salary for one year of service as Governor,
8 Lieutenant Governor, Secretary of State, Treasurer,
9 Comptroller, or Attorney General for the term of office
10 expiring on January 6, 2019. "Base pay" means the Tier 1
11 participant's annualized rate of salary as of June 30, 2018 for
12 one year of service as a participant under Section 2-117.1, as
13 Clerk or Assistant Clerk of the House of Representatives, or as
14 Secretary or Assistant Secretary of the Senate.

15 For a person returning to active service as a Tier 1
16 participant for service as a member of the General Assembly,
17 Governor, Lieutenant Governor, Secretary of State, Treasurer,
18 Comptroller, or Attorney General after June 30, 2018, however,
19 "base pay" means the salary paid to the Tier 1 participant for
20 one year of service as of the participant's last date of
21 service. If the salary paid to the Tier 1 participant returning
22 to active service as a member of the General Assembly,
23 Governor, Lieutenant Governor, Secretary of State, Treasurer,
24 Comptroller, or Attorney General is lower than the salary paid
25 to the Tier 1 participant for the one year of service as of the

1 participant's last date of service, then the lower salary
2 amount shall constitute the participant's "base pay".

3 For a person returning to active service as a Tier 1
4 participant for service as a participant under Section 2-117.1
5 as Clerk or Assistant Clerk of the House of Representatives or
6 as Secretary or Assistant Secretary of the Senate after June
7 30, 2018, however, "base pay" means the Tier 1 participant's
8 annualized rate of salary as of the participant's last date of
9 service prior to July 1, 2018.

10 The System shall calculate the base pay of each Tier 1
11 participant pursuant to this Section.

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

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

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

16 (1) For members of the General Assembly, the total
17 compensation paid to the member by the State for one year of
18 service, including the additional amounts, if any, paid to the
19 member as an officer pursuant to Section 1 of "An Act in
20 relation to the compensation and emoluments of the members of
21 the General Assembly", approved December 6, 1907, as now or
22 hereafter amended.

23 (2) For the State executive officers specified in Section
24 2-105, the total compensation paid to the member for one year
25 of service.

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

7 However, in the event that federal law results in any
8 participant receiving imputed income based on the value of
9 group term life insurance provided by the State, such imputed
10 income shall not be included in salary for the purposes of this
11 Article.

12 Notwithstanding any other provision of this Section,
13 "salary" does not include any future increase in income that is
14 offered for service to a Tier 1 participant under this Article
15 pursuant to the condition set forth in subsection (c) of
16 Section 2-110.3 and accepted under that condition by a Tier 1
17 participant who has made the election under paragraph (2) of
18 subsection (a) of Section 2-110.3.

19 Notwithstanding any other provision of this Section,
20 "salary" does not include any consideration payment made to a
21 Tier 1 participant.

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

23 (40 ILCS 5/2-110.3 new)

24 Sec. 2-110.3. Election by Tier 1 participants.

25 (a) Each active Tier 1 participant shall make an

1 irrevocable election either:

2 (1) to agree to delay his or her eligibility for
3 automatic annual increases in retirement annuity as
4 provided in subsection (a-1) of Section 2-119.1 and to have
5 the amount of the automatic annual increases in his or her
6 retirement annuity and survivor's annuity that are
7 otherwise provided for in this Article calculated,
8 instead, as provided in subsection (a-1) of Section
9 2-119.1; or

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

11 The election required under this subsection (a) shall be
12 made by each active Tier 1 participant no earlier than January
13 1, 2018 and no later than March 31, 2018, except that a person
14 who returns to active service as a Tier 1 participant under
15 this Article on or after January 1, 2018 and has not yet made
16 an election under this Section must make the election under
17 this subsection (a) within 60 days after returning to active
18 service as a Tier 1 participant.

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

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

1 unappealable decision of an Illinois court or a court of
2 competent jurisdiction, then the election procedure set forth
3 in subsection (a) of this Section shall commence on the 180th
4 calendar day after the date of the issuance of the final
5 unappealable decision and shall conclude at the end of the
6 270th calendar day after that date.

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

13 (b) As adequate and legal consideration provided under this
14 amendatory Act of the 100th General Assembly for making an
15 election under paragraph (1) of subsection (a) of this Section,
16 the State of Illinois shall be expressly and irrevocably
17 prohibited from offering any future increases in income to a
18 Tier 1 participant who has made an election under paragraph (1)
19 of subsection (a) of this Section on the condition of not
20 constituting salary under Section 2-108.

21 As adequate and legal consideration provided under this
22 amendatory Act of the 100th General Assembly for making an
23 election under paragraph (1) of subsection (a) of this Section,
24 each Tier 1 participant who has made an election under
25 paragraph (1) of subsection (a) of this Section shall receive a
26 consideration payment equal to 10% of the contributions made by

1 or on behalf of the employee under Section 2-126 before the
2 effective date of that election. The State Comptroller shall
3 pay the consideration payment to the Tier 1 participant out of
4 funds appropriated for that purpose under Section 1.9 of the
5 State Pension Funds Continuing Appropriation Act. The System
6 shall calculate the amount of each consideration payment and,
7 by July 1, 2018, shall certify to the State Comptroller the
8 amount of the consideration payment, together with the name,
9 address, and any other available payment information of the
10 Tier 1 participant as found in the records of the System. The
11 System shall make additional calculations and certifications
12 of consideration payments to the State Comptroller as the
13 System deems necessary.

14 (c) A Tier 1 participant who makes the election under
15 paragraph (2) of subsection (a) of this Section shall not be
16 subject to paragraph (1) of subsection (a) of this Section.
17 However, each future increase in income offered for service as
18 a member under this Article to a Tier 1 participant who has
19 made the election under paragraph (2) of subsection (a) of this
20 Section shall be offered expressly and irrevocably on the
21 condition of not constituting salary under Section 2-108 and
22 that the Tier 1 participant's acceptance of the offered future
23 increase in income shall constitute his or her agreement to
24 that condition.

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

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

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

23 The System shall inform Tier 1 participants in the election
24 packet required under this subsection that the Tier 1
25 participant may also wish to obtain information and counsel
26 relating to the election required under this Section from any

1 other available source, including, but not limited to, labor
2 organizations and private counsel.

3 In no event shall the System, its staff, or the Board be
4 held liable for any information given to a member regarding the
5 elections under this Section. The System shall provide
6 information concerning the impact of the election set forth in
7 this Section.

8 (e) Notwithstanding any other provision of law, each future
9 increase in income offered by the State of Illinois for service
10 as a member must be offered expressly and irrevocably on the
11 condition of not constituting "salary" under Section 2-108 to
12 any Tier 1 participant who has made an election under paragraph
13 (2) of subsection (a) of this Section. The offer shall also
14 provide that the Tier 1 participant's acceptance of the offered
15 future increase in income shall constitute his or her agreement
16 to the condition set forth in this subsection.

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

21 (f) A member's election under this Section is not a
22 prohibited election under subdivision (j)(1) of Section 1-119
23 of this Code.

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

1 provisions of this Section shall be subject to and implemented
2 in a manner that complies with Section 11 of Article IV of the
3 Illinois Constitution and Section 21 of Article V of the
4 Illinois Constitution.

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

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

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

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

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

1 (1) The initial increase in retirement annuity under
2 this Section shall occur on the January 1 occurring either
3 on or after the attainment of age 67 or the fifth
4 anniversary of the annuity start date, whichever is
5 earlier.

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

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

1 system by November 1 of each year.

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

16 This subsection (b) does not apply to any person who first
17 becomes a member of the System after August 8, 2003 (the
18 effective date of Public Act 93-494) ~~this amendatory Act of the~~
19 ~~93rd General Assembly.~~

20 (b-5) Notwithstanding any other provision of this Article,
21 a participant who first becomes a participant on or after
22 January 1, 2011 (the effective date of Public Act 96-889)
23 shall, in January or July next following the first anniversary
24 of retirement, whichever occurs first, and in the same month of
25 each year thereafter, but in no event prior to age 67, have the
26 amount of the retirement annuity then being paid increased by

1 3% or the annual unadjusted percentage increase in the Consumer
2 Price Index for All Urban Consumers as determined by the Public
3 Pension Division of the Department of Insurance under
4 subsection (a) of Section 2-108.1, whichever is less.

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

15 (d) A participant who terminated service prior to July 1,
16 1967, with at least 14 years of service is entitled to an
17 increase in retirement annuity beginning January, 1976, and to
18 additional increases in January of each year thereafter.

19 The initial increase shall be 1 1/2% of the originally
20 granted retirement annuity multiplied by the number of full
21 years that the annuitant was in receipt of such annuity prior
22 to January 1, 1972, plus 2% of the originally granted
23 retirement annuity for each year after that date. The
24 subsequent annual increases shall be at the rate of 2% of the
25 originally granted retirement annuity for each year through
26 1979 and at the rate of 3% for 1980 and thereafter.

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

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

7 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

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

10 Sec. 2-124. Contributions by State.

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

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

22 (c) For State fiscal years 2012 through 2045 (except as
23 otherwise provided for fiscal year 2019), the minimum
24 contribution to the System to be made by the State for each
25 fiscal year shall be an amount determined by the System to be

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

8 For State fiscal year 2019:

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

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

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

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

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2006 is
3 \$4,157,000.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2007 is
6 \$5,220,300.

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

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

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2011 is
25 the amount recertified by the System on or before April 1, 2011
26 pursuant to Section 2-134 and shall be made from the proceeds

1 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
2 the General Obligation Bond Act, less (i) the pro rata share of
3 bond sale expenses determined by the System's share of total
4 bond proceeds, (ii) any amounts received from the General
5 Revenue Fund in fiscal year 2011, and (iii) any reduction in
6 bond proceeds due to the issuance of discounted bonds, if
7 applicable.

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

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

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

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

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

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

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

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

15 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

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

18 Sec. 2-126. Contributions by participants.

19 (a) Each participant shall contribute toward the cost of
20 his or her retirement annuity a percentage of each payment of
21 salary received by him or her for service as a member as
22 follows: for service between October 31, 1947 and January 1,
23 1959, 5%; for service between January 1, 1959 and June 30,
24 1969, 6%; for service between July 1, 1969 and January 10,
25 1973, 6 1/2%; for service after January 10, 1973, 7%; for

1 service after December 31, 1981, 8 1/2%.

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

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

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

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

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

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

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

1 (g) Notwithstanding subsection (f) of this Section,
2 beginning July 1, 2018 or the effective date of the Tier 1
3 participant's election under paragraph (1) of subsection (a) of
4 Section 2-110.3, whichever is later, in lieu of the
5 contributions otherwise required under this Section, each Tier
6 1 participant who made the election under paragraph (1) of
7 subsection (a) of Section 2-110.3 and has elected to cease
8 making contributions for survivor's annuity under subsection
9 (b) of this Section, shall contribute 8.55% of each payment of
10 salary toward the cost of his or her retirement annuity.

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

12 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

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

15 Sec. 2-134. To certify required State contributions and
16 submit vouchers.

17 (a) The Board shall certify to the Governor on or before
18 December 15 of each year until December 15, 2011 the amount of
19 the required State contribution to the System for the next
20 fiscal year and shall specifically identify the System's
21 projected State normal cost for that fiscal year. The
22 certification shall include a copy of the actuarial
23 recommendations upon which it is based and shall specifically
24 identify the System's projected State normal cost for that
25 fiscal year.

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

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

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

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

12 On or before May 1, 2018, the Board shall recalculate and
13 recertify to the Governor and the General Assembly the amount
14 of the required State contribution to the System for State
15 fiscal year 2019, taking into account the effect on the
16 System's liabilities of the elections made under Section
17 2-110.3.

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

23 (b) Beginning in State fiscal year 1996, on or as soon as
24 possible after the 15th day of each month the Board shall
25 submit vouchers for payment of State contributions to the
26 System, in a total monthly amount of one-twelfth of the

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

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

1 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
2 97-694, eff. 6-18-12.)

3 (40 ILCS 5/2-162)

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

6 Sec. 2-162. Application and expiration of new benefit
7 increases.

8 (a) As used in this Section, "new benefit increase" means
9 an increase in the amount of any benefit provided under this
10 Article, or an expansion of the conditions of eligibility for
11 any benefit under this Article, that results from an amendment
12 to this Code that takes effect after the effective date of this
13 amendatory Act of the 94th General Assembly. "New benefit
14 increase", however, does not include any benefit increase
15 resulting from the changes made to this Article by this
16 amendatory Act of the 100th 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 Insurance ~~Financial and Professional Regulation~~.
8 A new benefit increase created by a Public Act that does not
9 include the additional funding required under this subsection
10 is null and void. If the Public Pension Division determines
11 that the additional funding provided for a new benefit increase
12 under this subsection is or has become inadequate, it may so
13 certify to the Governor and the State Comptroller and, in the
14 absence of corrective action by the General Assembly, the new
15 benefit increase shall expire at the end of the fiscal year in
16 which 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. 94-4, eff. 6-1-05.)

8 (40 ILCS 5/2-105.1 rep.)

9 Section 10. The Illinois Pension Code is amended by
10 repealing Section 2-105.1.

11 Section 15. The State Pension Funds Continuing
12 Appropriation Act is amended by adding Section 1.9 as follows:

13 (40 ILCS 15/1.9 new)

14 Sec. 1.9. Appropriation for consideration payment. There
15 is hereby appropriated from the General Revenue Fund to the
16 State Comptroller, on a continuing basis, all amounts necessary
17 for the payment of consideration payments under subsection (b)
18 of Section 2-110.3 of the Illinois Pension Code, in the amounts
19 certified to the State Comptroller by that retirement system.

20 Section 97. Severability. The provisions of this Act are
21 severable under Section 1.31 of the Statute on Statutes.

1 Section 999. Effective date. This Act takes effect upon
2 becoming law.".