



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB2194

Introduced 4/27/2017, by Sen. Christine Radogno

SYNOPSIS AS INTRODUCED:

See Index

Amends the State Employee, State Universities, Downstate Teacher, and Chicago Teacher Articles of the Illinois Pension Code. Requires active Tier 1 employees to elect either to (i) have automatic annual increases in retirement and survivor's annuities delayed and reduced or (ii) maintain their current benefit package with additional limitations on pensionable salary. Provides that a Tier 1 employee who elects item (i) is entitled to have future increases in income treated as pensionable income, have contributions reduced to a specified rate, and receive a consideration payment of 10% of contributions made prior to the election. Provides that a Tier 1 employee who elects item (ii) is not eligible to have future increases in income treated as pensionable income. Makes funding changes. Amends the State Pension Funds Continuing Appropriation Act to provide a continuing appropriation for the amounts of the consideration payments. Amends various Acts to make conforming changes. Amends the Illinois Educational Labor Relations Act and the Illinois Public Labor Relations Act to prohibit bargaining and interest arbitration regarding certain changes made by the amendatory Act and to provide that no action of the employer taken to implement that prohibition shall give rise to an unfair labor practice under those Acts; exempts certain existing agreements. Amends the State Mandates Act to require implementation without reimbursement. Makes other changes. Effective immediately.

LRB100 12225 RPS 24730 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

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

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

7 (5 ILCS 315/7.6 new)

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

10 (a) Notwithstanding any other provision of this Act,
11 employers shall not be required to bargain over matters
12 affected by the changes, the impact of the changes, and the
13 implementation of the changes to Article 14, 15, 16, or 17 of
14 the Illinois Pension Code made by the addition of Section
15 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the Illinois
16 Pension Code, which are deemed to be prohibited subjects of
17 bargaining. Notwithstanding any provision of this Act, the
18 changes, impact of the changes, or implementation of the
19 changes to Article 14, 15, 16, or 17 of the Illinois Pension
20 Code made by the addition of Section 14-106.5, 15-132.9,
21 16-122.9, or 17-115.5 of the Illinois Pension Code shall not be
22 subject to interest arbitration or any award issued pursuant to
23 interest arbitration. The provisions of this Section shall not

1 apply to an employment contract or collective bargaining
2 agreement that is in effect on the effective date of this
3 amendatory Act of the 100th General Assembly. However, any such
4 contract or agreement that is modified, amended, renewed, or
5 superseded after the effective date of this amendatory Act of
6 the 100th General Assembly shall be subject to the provisions
7 of this Section. Each employer with active employees
8 participating in a retirement system or pension fund
9 established under Article 14, 15, 16, or 17 of the Illinois
10 Pension Code shall comply with and be subject to the provisions
11 of this amendatory Act of the 100th General Assembly. The
12 provisions of this Section shall not apply to the ability of
13 any employer and employee representative to bargain
14 collectively with regard to the pick up of employee
15 contributions pursuant to Section 14-133.1, 15-157.1,
16 16-152.1, 17-130.1, or 17-130.2 of the Illinois Pension Code.

17 (b) Subject to and except for the matters set forth in
18 subsection (a) of this Section that are deemed prohibited
19 subjects of bargaining, nothing in this Section shall be
20 construed as otherwise limiting any of the obligations and
21 requirements applicable to employers under any of the
22 provisions of this Act, including, but not limited to, the
23 requirement to bargain collectively with regard to policy
24 matters directly affecting wages, hours, and terms and
25 conditions of employment as well as the impact thereon upon
26 request by employee representatives. Subject to and except for

1 the matters set forth in subsection (a) of this Section that
2 are deemed prohibited subjects of bargaining, nothing in this
3 Section shall be construed as otherwise limiting any of the
4 rights of employees or employee representatives under the
5 provisions of this Act.

6 (c) In case of any conflict between this Section and any
7 other provisions of this Act or any other law, the provisions
8 of this Section shall control.

9 (5 ILCS 315/10) (from Ch. 48, par. 1610)

10 Sec. 10. Unfair labor practices.

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

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

21 (2) to discriminate in regard to hire or tenure of
22 employment or any term or condition of employment in order
23 to encourage or discourage membership in or other support
24 for any labor organization. Nothing in this Act or any
25 other law precludes a public employer from making an

1 agreement with a labor organization to require as a
2 condition of employment the payment of a fair share under
3 paragraph (e) of Section 6;

4 (3) to discharge or otherwise discriminate against a
5 public employee because he has signed or filed an
6 affidavit, petition or charge or provided any information
7 or testimony under this Act;

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

18 (5) to violate any of the rules and regulations
19 established by the Board with jurisdiction over them
20 relating to the conduct of representation elections or the
21 conduct affecting the representation elections;

22 (6) to expend or cause the expenditure of public funds
23 to any external agent, individual, firm, agency,
24 partnership or association in any attempt to influence the
25 outcome of representational elections held pursuant to
26 Section 9 of this Act; provided, that nothing in this

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

20 (7) to refuse to reduce a collective bargaining
21 agreement to writing or to refuse to sign such agreement.

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

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

26 (i) that this paragraph shall not impair the right of a

1 labor organization to prescribe its own rules with respect
2 to the acquisition or retention of membership therein or
3 the determination of fair share payments and (ii) that a
4 labor organization or its agents shall commit an unfair
5 labor practice under this paragraph in duty of fair
6 representation cases only by intentional misconduct in
7 representing employees under this Act;

8 (2) to restrain or coerce a public employer in the
9 selection of his representatives for the purposes of
10 collective bargaining or the settlement of grievances; or

11 (3) to cause, or attempt to cause, an employer to
12 discriminate against an employee in violation of
13 subsection (a) (2);

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

18 (5) to violate any of the rules and regulations
19 established by the boards with jurisdiction over them
20 relating to the conduct of representation elections or the
21 conduct affecting the representation elections;

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

25 (7) to picket or cause to be picketed, or threaten to
26 picket or cause to be picketed, any public employer where

1 an object thereof is forcing or requiring an employer to
2 recognize or bargain with a labor organization of the
3 representative of its employees, or forcing or requiring
4 the employees of an employer to accept or select such labor
5 organization as their collective bargaining
6 representative, unless such labor organization is
7 currently certified as the representative of such
8 employees:

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

13 (B) where within the preceding 12 months a valid
14 election under Section 9 of this Act has been
15 conducted; or

16 (C) where such picketing has been conducted
17 without a petition under Section 9 being filed within a
18 reasonable period of time not to exceed 30 days from
19 the commencement of such picketing; provided that when
20 such a petition has been filed the Board shall
21 forthwith, without regard to the provisions of
22 subsection (a) of Section 9 or the absence of a showing
23 of a substantial interest on the part of the labor
24 organization, direct an election in such unit as the
25 Board finds to be appropriate and shall certify the
26 results thereof; provided further, that nothing in

1 this subparagraph shall be construed to prohibit any
2 picketing or other publicity for the purpose of
3 truthfully advising the public that an employer does
4 not employ members of, or have a contract with, a labor
5 organization unless an effect of such picketing is to
6 induce any individual employed by any other person in
7 the course of his employment, not to pick up, deliver,
8 or transport any goods or not to perform any services;
9 or

10 (8) to refuse to reduce a collective bargaining
11 agreement to writing or to refuse to sign such agreement.

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

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

19 (5 ILCS 315/15) (from Ch. 48, par. 1615)

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

22 Sec. 15. Act Takes Precedence.

23 (a) In case of any conflict between the provisions of this
24 Act and any other law (other than Section 5 of the State
25 Employees Group Insurance Act of 1971 and other than the

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

17 (b) Except as provided in subsection (a) above, any
18 collective bargaining contract between a public employer and a
19 labor organization executed pursuant to this Act shall
20 supersede any contrary statutes, charters, ordinances, rules
21 or regulations relating to wages, hours and conditions of
22 employment and employment relations adopted by the public
23 employer or its agents. Any collective bargaining agreement
24 entered into prior to the effective date of this Act shall
25 remain in full force during its duration.

26 (c) It is the public policy of this State, pursuant to

1 paragraphs (h) and (i) of Section 6 of Article VII of the
2 Illinois Constitution, that the provisions of this Act are the
3 exclusive exercise by the State of powers and functions which
4 might otherwise be exercised by home rule units. Such powers
5 and functions may not be exercised concurrently, either
6 directly or indirectly, by any unit of local government,
7 including any home rule unit, except as otherwise authorized by
8 this Act.

9 (d) Notwithstanding any other provision of law, no
10 collective bargaining agreement entered into, renewed, or
11 extended after the effective date of this amendatory Act of the
12 100th General Assembly or any arbitration award issued under
13 such collective bargaining agreement may violate or conflict
14 with the changes made by this amendatory Act of the 100th
15 General Assembly.

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

17 Section 10. The Attorney General Act is amended by adding
18 Section 5 as follows:

19 (15 ILCS 205/5 new)

20 Sec. 5. Future increases in income. The Office of the
21 Attorney General must not pay, offer, or agree to pay any
22 future increase in income, as that term is defined in Section
23 14-103.42 of the Illinois Pension Code, to any person in a
24 manner that violates Section 14-106.5 of the Illinois Pension

1 Code.

2 Section 15. The Secretary of State Merit Employment Code is
3 amended by adding Section 13a as follows:

4 (15 ILCS 310/13a new)

5 Sec. 13a. Future increases in income. The Office of the
6 Secretary of State must not pay, offer, or agree to pay any
7 future increase in income, as that term is defined in Section
8 14-103.42 of the Illinois Pension Code, to any person in a
9 manner that violates Section 14-106.5 of the Illinois Pension
10 Code.

11 Section 20. The Comptroller Merit Employment Code is
12 amended by adding Section 13a as follows:

13 (15 ILCS 410/13a new)

14 Sec. 13a. Future increases in income. The Office of the
15 Comptroller must not pay, offer, or agree to pay any future
16 increase in income, as that term is defined in Section
17 14-103.42 of the Illinois Pension Code, to any person in a
18 manner that violates Section 14-106.5 of the Illinois Pension
19 Code.

20 Section 25. The State Treasurer Employment Code is amended
21 by adding Section 12a as follows:

1 (15 ILCS 510/12a new)

2 Sec. 12a. Future increases in income. The Office of the
3 State Treasurer must not pay, offer, or agree to pay any future
4 increase in income, as that term is defined in Section
5 14-103.42 of the Illinois Pension Code, to any person in a
6 manner that violates Section 14-106.5 of the Illinois Pension
7 Code.

8 Section 30. The Civil Administrative Code of Illinois is
9 amended by adding Section 5-647 as follows:

10 (20 ILCS 5/5-647 new)

11 Sec. 5-647. Future increases in income. A Department must
12 not pay, offer, or agree to pay any future increase in income,
13 as that term is defined in Section 14-103.42, 15-112.1, or
14 16-121.1 of the Illinois Pension Code, to any person in a
15 manner that violates Section 14-106.5, 15-132.9, or 16-122.9 of
16 the Illinois Pension Code.

17 Section 35. The Illinois Pension Code is amended by
18 changing Sections 14-103.10, 14-114, 14-131, 14-133,
19 14-135.08, 14-152.1, 15-108.1, 15-111, 15-136, 15-155, 15-157,
20 15-165, 15-198, 16-121, 16-133.1, 16-136.1, 16-152, 16-158,
21 16-203, 17-116, 17-129, and 17-130 and by adding Sections
22 14-103.41, 14-103.42, 14-103.43, 14-106.5, 15-112.1, 15-112.2,

1 15-132.9, 16-107.1, 16-121.1, 16-121.2, 16-122.9, 17-106.05,
2 17-113.4, 17-113.5, 17-113.6, 17-115.5, and 17-119.2 as
3 follows:

4 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

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

7 Sec. 14-103.10. Compensation.

8 (a) For periods of service prior to January 1, 1978, the
9 full rate of salary or wages payable to an employee for
10 personal services performed if he worked the full normal
11 working period for his position, subject to the following
12 maximum amounts: (1) prior to July 1, 1951, \$400 per month or
13 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957
14 inclusive, \$625 per month or \$7,500 per year; (3) beginning
15 July 1, 1957, no limitation.

16 In the case of service of an employee in a position
17 involving part-time employment, compensation shall be
18 determined according to the employees' earnings record.

19 (b) For periods of service on and after January 1, 1978,
20 all remuneration for personal services performed defined as
21 "wages" under the Social Security Enabling Act, including that
22 part of such remuneration which is in excess of any maximum
23 limitation provided in such Act, and including any benefits
24 received by an employee under a sick pay plan in effect before
25 January 1, 1981, but excluding lump sum salary payments:

- 1 (1) for vacation,
- 2 (2) for accumulated unused sick leave,
- 3 (3) upon discharge or dismissal,
- 4 (4) for approved holidays.

5 (c) For periods of service on or after December 16, 1978,
6 compensation also includes any benefits, other than lump sum
7 salary payments made at termination of employment, which an
8 employee receives or is eligible to receive under a sick pay
9 plan authorized by law.

10 (d) For periods of service after September 30, 1985,
11 compensation also includes any remuneration for personal
12 services not included as "wages" under the Social Security
13 Enabling Act, which is deducted for purposes of participation
14 in a program established pursuant to Section 125 of the
15 Internal Revenue Code or its successor laws.

16 (e) For members for which Section 1-160 applies for periods
17 of service on and after January 1, 2011, all remuneration for
18 personal services performed defined as "wages" under the Social
19 Security Enabling Act, excluding remuneration that is in excess
20 of the annual earnings, salary, or wages of a member or
21 participant, as provided in subsection (b-5) of Section 1-160,
22 but including any benefits received by an employee under a sick
23 pay plan in effect before January 1, 1981. Compensation shall
24 exclude lump sum salary payments:

- 25 (1) for vacation;
- 26 (2) for accumulated unused sick leave;

1 (3) upon discharge or dismissal; and

2 (4) for approved holidays.

3 (f) Notwithstanding the other provisions of this Section,
4 for service on or after July 1, 2013, "compensation" does not
5 include any stipend payable to an employee for service on a
6 board or commission.

7 (g) Notwithstanding any other provision of this Section,
8 "compensation" does not include any future increase in income
9 that is offered for service by a department to a Tier 1
10 employee under this Article pursuant to the condition set forth
11 in subsection (c) of Section 14-106.5 and accepted under that
12 condition by a Tier 1 employee who has made the election under
13 paragraph (2) of subsection (a) of Section 14-106.5.

14 (h) Notwithstanding any other provision of this Section,
15 "compensation" does not include any consideration payment made
16 to a Tier 1 employee.

17 (Source: P.A. 98-449, eff. 8-16-13.)

18 (40 ILCS 5/14-103.41 new)

19 Sec. 14-103.41. Tier 1 employee. "Tier 1 employee": An
20 employee under this Article who first became a member or
21 participant before January 1, 2011 under any reciprocal
22 retirement system or pension fund established under this Code
23 other than a retirement system or pension fund established
24 under Article 2, 3, 4, 5, 6, or 18 of this Code.

1 (40 ILCS 5/14-103.42 new)

2 Sec. 14-103.42. Future increase in income. "Future
3 increase in income" means an increase to a Tier 1 employee's
4 base pay that is offered by a department to the Tier 1 employee
5 for service under this Article after June 30, 2019 that
6 qualifies as "compensation", as defined in Section 14-103.10,
7 or would qualify as "compensation" but for the fact that it was
8 offered to and accepted by the Tier 1 employee under the
9 condition set forth in subsection (c) of Section 14-106.5. The
10 term "future increase in income" includes an increase to a Tier
11 1 employee's base pay that is paid to the Tier 1 employee
12 pursuant to an extension, amendment, or renewal of any
13 employment contract or collective bargaining agreement after
14 the effective date of this Section.

15 (40 ILCS 5/14-103.43 new)

16 Sec. 14-103.43. Base pay. As used in Section 14-103.42 of
17 this Code, "base pay" means the greater of either (i) the Tier
18 1 employee's annualized rate of compensation as of June 30,
19 2019, or (ii) the Tier 1 employee's annualized rate of
20 compensation immediately preceding the expiration, renewal, or
21 amendment of an employment contract or collective bargaining
22 agreement in effect on the effective date of this Section. For
23 a person returning to active service as a Tier 1 employee after
24 June 30, 2019, however, "base pay" means the employee's
25 annualized rate of compensation as of the employee's last date

1 of service prior to July 1, 2019. The System shall calculate
2 the base pay of each Tier 1 employee pursuant to this Section.

3 (40 ILCS 5/14-106.5 new)

4 Sec. 14-106.5. Election by Tier 1 employees.

5 (a) Each active Tier 1 employee shall make an irrevocable
6 election either:

7 (1) to agree to delay his or her eligibility for
8 automatic annual increases in retirement annuity as
9 provided in subsection (a-1) of Section 14-114 and to have
10 the amount of the automatic annual increases in his or her
11 retirement annuity and survivors or widow's annuity that
12 are otherwise provided for in this Article calculated,
13 instead, as provided in subsection (a-1) of Section 14-114;
14 or

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

16 The election required under this subsection (a) shall be
17 made by each active Tier 1 employee no earlier than January 1,
18 2019 and no later than March 31, 2019, except that:

19 (i) a person who becomes a Tier 1 employee under this
20 Article on or after January 1, 2019 must make the election
21 under this subsection (a) within 60 days after becoming a
22 Tier 1 employee; and

23 (ii) a person who returns to active service as a Tier 1
24 employee under this Article on or after January 1, 2019 and
25 has not yet made an election under this Section must make

1 the election under this subsection (a) within 60 days after
2 returning to active service as a Tier 1 employee.

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

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

17 (a-10) All elections under subsection (a) that are made or
18 deemed to be made before July 1, 2019 shall take effect on July
19 1, 2019. Elections that are made or deemed to be made on or
20 after July 1, 2019 shall take effect on the first day of the
21 month following the month in which the election is made or
22 deemed to be made.

23 (b) As adequate and legal consideration provided under this
24 amendatory Act of the 100th General Assembly for making an
25 election under paragraph (1) of subsection (a) of this Section,
26 the department shall be expressly and irrevocably prohibited

1 from offering any future increases in income to a Tier 1
2 employee who has made an election under paragraph (1) of
3 subsection (a) of this Section on the condition of not
4 constituting compensation under Section 14-103.10.

5 As adequate and legal consideration provided under this
6 amendatory Act of the 100th General Assembly for making an
7 election under paragraph (1) of subsection (a) of this Section,
8 each Tier 1 employee who has made an election under paragraph
9 (1) of subsection (a) of this Section shall receive a
10 consideration payment equal to 10% of the contributions made by
11 or on behalf of the employee before the effective date of that
12 election. The State Comptroller shall pay the consideration
13 payment to the Tier 1 employee out of funds appropriated for
14 that purpose under Section 1.9 of the State Pension Funds
15 Continuing Appropriation Act. The System shall calculate the
16 amount of each consideration payment and, by July 1, 2019,
17 shall certify to the State Comptroller the amount of the
18 consideration payment, together with the name, address, and any
19 other available payment information of the Tier 1 employee as
20 found in the records of the System. The System shall make
21 additional calculations and certifications of consideration
22 payments to the State Comptroller as it deems necessary.

23 (c) A Tier 1 employee who makes the election under
24 paragraph (2) of subsection (a) of this Section shall not be
25 subject to paragraph (1) of subsection (a) of this Section.
26 However, each future increase in income offered by a department

1 under this Article to a Tier 1 employee who has made the
2 election under paragraph (2) of subsection (a) of this Section
3 shall be offered by the department expressly and irrevocably on
4 the condition of not constituting compensation under Section
5 14-103.10 and that the Tier 1 employee's acceptance of the
6 offered future increase in income shall constitute his or her
7 agreement to that condition.

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

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

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

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

11 In no event shall the System, its staff, or the Board be
12 held liable for any information given to a member regarding the
13 elections under this Section. The System shall coordinate with
14 the Illinois Department of Central Management Services and each
15 other retirement system administering an election in
16 accordance with this amendatory Act of the 100th General
17 Assembly to provide information concerning the impact of the
18 election set forth in this Section.

19 (e) Notwithstanding any other provision of law, a
20 department under this Article is required to offer each future
21 increase in income expressly and irrevocably on the condition
22 of not constituting "compensation" under Section 14-103.10 to
23 any Tier 1 employee who has made an election under paragraph
24 (2) of subsection (a) of this Section. The offer shall also
25 provide that the Tier 1 employee's acceptance of the offered
26 future increase in income shall constitute his or her agreement

1 to the condition set forth in this subsection.

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

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

9 (g) No provision of this Section shall be interpreted in a
10 way that would cause the System to cease to be a qualified plan
11 under Section 401(a) of the Internal Revenue Code of 1986. The
12 provisions of this Section shall be subject to and implemented
13 in a manner that complies with Section 21 of Article V of the
14 Illinois Constitution.

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

23 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

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

1 Sec. 14-114. Automatic increase in retirement annuity.

2 (a) Subject to the provisions of subsections (a-1), any ~~Any~~
3 person receiving a retirement annuity under this Article who
4 retires having attained age 60, or who retires before age 60
5 having at least 35 years of creditable service, or who retires
6 on or after January 1, 2001 at an age which, when added to the
7 number of years of his or her creditable service, equals at
8 least 85, shall, on January 1 next following the first full
9 year of retirement, have the amount of the then fixed and
10 payable monthly retirement annuity increased 3%. Any person
11 receiving a retirement annuity under this Article who retires
12 before attainment of age 60 and with less than (i) 35 years of
13 creditable service if retirement is before January 1, 2001, or
14 (ii) the number of years of creditable service which, when
15 added to the member's age, would equal 85, if retirement is on
16 or after January 1, 2001, shall have the amount of the fixed
17 and payable retirement annuity increased by 3% on the January 1
18 occurring on or next following (1) attainment of age 60, or (2)
19 the first anniversary of retirement, whichever occurs later.
20 However, for persons who receive the alternative retirement
21 annuity under Section 14-110, references in this subsection (a)
22 to attainment of age 60 shall be deemed to refer to attainment
23 of age 55. For a person receiving early retirement incentives
24 under Section 14-108.3 whose retirement annuity began after
25 January 1, 1992 pursuant to an extension granted under
26 subsection (e) of that Section, the first anniversary of

1 retirement shall be deemed to be January 1, 1993. For a person
2 who retires on or after June 28, 2001 and on or before October
3 1, 2001, and whose retirement annuity is calculated, in whole
4 or in part, under Section 14-110 or subsection (g) or (h) of
5 Section 14-108, the first anniversary of retirement shall be
6 deemed to be January 1, 2002.

7 On each January 1 following the date of the initial
8 increase under this subsection, the employee's monthly
9 retirement annuity shall be increased by an additional 3%.

10 Beginning January 1, 1990, and except as provided in
11 subsection (a-1), all automatic annual increases payable under
12 this Section shall be calculated as a percentage of the total
13 annuity payable at the time of the increase, including previous
14 increases granted under this Article.

15 (a-1) Notwithstanding any other provision of this Article,
16 for a Tier 1 employee who made the election under paragraph (1)
17 of subsection (a) of Section 14-106.5:

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

23 (2) The amount of each automatic annual increase in
24 retirement annuity or survivors or widow's annuity
25 occurring on or after the effective date of that election
26 shall be calculated as a percentage of the originally

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

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

19 (b) The provisions of subsection (a) of this Section shall
20 be applicable to an employee only if the employee makes the
21 additional contributions required after December 31, 1969 for
22 the purpose of the automatic increases for not less than the
23 equivalent of one full year. If an employee becomes an
24 annuitant before his additional contributions equal one full
25 year's contributions based on his salary at the date of
26 retirement, the employee may pay the necessary balance of the

1 contributions to the system, without interest, and be eligible
2 for the increasing annuity authorized by this Section.

3 (c) The provisions of subsection (a) of this Section shall
4 not be applicable to any annuitant who is on retirement on
5 December 31, 1969, and thereafter returns to State service,
6 unless the member has established at least one year of
7 additional creditable service following reentry into service.

8 (d) In addition to other increases which may be provided by
9 this Section, on January 1, 1981 any annuitant who was
10 receiving a retirement annuity on or before January 1, 1971
11 shall have his retirement annuity then being paid increased \$1
12 per month for each year of creditable service. On January 1,
13 1982, any annuitant who began receiving a retirement annuity on
14 or before January 1, 1977, shall have his retirement annuity
15 then being paid increased \$1 per month for each year of
16 creditable service.

17 On January 1, 1987, any annuitant who began receiving a
18 retirement annuity on or before January 1, 1977, shall have the
19 monthly retirement annuity increased by an amount equal to 8¢
20 per year of creditable service times the number of years that
21 have elapsed since the annuity began.

22 (e) Every person who receives the alternative retirement
23 annuity under Section 14-110 and who is eligible to receive the
24 3% increase under subsection (a) on January 1, 1986, shall also
25 receive on that date a one-time increase in retirement annuity
26 equal to the difference between (1) his actual retirement

1 annuity on that date, including any increases received under
2 subsection (a), and (2) the amount of retirement annuity he
3 would have received on that date if the amendments to
4 subsection (a) made by Public Act 84-162 had been in effect
5 since the date of his retirement.

6 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
7 92-651, eff. 7-11-02.)

8 (40 ILCS 5/14-131)

9 Sec. 14-131. Contributions by State.

10 (a) The State shall make contributions to the System by
11 appropriations of amounts which, together with other employer
12 contributions from trust, federal, and other funds, employee
13 contributions, investment income, and other income, will be
14 sufficient to meet the cost of maintaining and administering
15 the System on a 90% funded basis in accordance with actuarial
16 recommendations.

17 For the purposes of this Section and Section 14-135.08,
18 references to State contributions refer only to employer
19 contributions and do not include employee contributions that
20 are picked up or otherwise paid by the State or a department on
21 behalf of the employee.

22 (b) The Board shall determine the total amount of State
23 contributions required for each fiscal year on the basis of the
24 actuarial tables and other assumptions adopted by the Board,
25 using the formula in subsection (e).

1 The Board shall also determine a State contribution rate
2 for each fiscal year, expressed as a percentage of payroll,
3 based on the total required State contribution for that fiscal
4 year (less the amount received by the System from
5 appropriations under Section 8.12 of the State Finance Act and
6 Section 1 of the State Pension Funds Continuing Appropriation
7 Act, if any, for the fiscal year ending on the June 30
8 immediately preceding the applicable November 15 certification
9 deadline), the estimated payroll (including all forms of
10 compensation) for personal services rendered by eligible
11 employees, and the recommendations of the actuary.

12 For the purposes of this Section and Section 14.1 of the
13 State Finance Act, the term "eligible employees" includes
14 employees who participate in the System, persons who may elect
15 to participate in the System but have not so elected, persons
16 who are serving a qualifying period that is required for
17 participation, and annuitants employed by a department as
18 described in subdivision (a) (1) or (a) (2) of Section 14-111.

19 (c) Contributions shall be made by the several departments
20 for each pay period by warrants drawn by the State Comptroller
21 against their respective funds or appropriations based upon
22 vouchers stating the amount to be so contributed. These amounts
23 shall be based on the full rate certified by the Board under
24 Section 14-135.08 for that fiscal year. From the effective date
25 of this amendatory Act of the 93rd General Assembly through the
26 payment of the final payroll from fiscal year 2004

1 appropriations, the several departments shall not make
2 contributions for the remainder of fiscal year 2004 but shall
3 instead make payments as required under subsection (a-1) of
4 Section 14.1 of the State Finance Act. The several departments
5 shall resume those contributions at the commencement of fiscal
6 year 2005.

7 (c-1) Notwithstanding subsection (c) of this Section, for
8 fiscal years 2010, 2012, 2013, 2014, 2015, 2016, and 2017 only,
9 contributions by the several departments are not required to be
10 made for General Revenue Funds payrolls processed by the
11 Comptroller. Payrolls paid by the several departments from all
12 other State funds must continue to be processed pursuant to
13 subsection (c) of this Section.

14 (c-2) For State fiscal years 2010, 2012, 2013, 2014, 2015,
15 2016, and 2017 only, on or as soon as possible after the 15th
16 day of each month, the Board shall submit vouchers for payment
17 of State contributions to the System, in a total monthly amount
18 of one-twelfth of the fiscal year General Revenue Fund
19 contribution as certified by the System pursuant to Section
20 14-135.08 of the Illinois Pension Code.

21 (d) If an employee is paid from trust funds or federal
22 funds, the department or other employer shall pay employer
23 contributions from those funds to the System at the certified
24 rate, unless the terms of the trust or the federal-State
25 agreement preclude the use of the funds for that purpose, in
26 which case the required employer contributions shall be paid by

1 the State. From the effective date of this amendatory Act of
2 the 93rd General Assembly through the payment of the final
3 payroll from fiscal year 2004 appropriations, the department or
4 other employer shall not pay contributions for the remainder of
5 fiscal year 2004 but shall instead make payments as required
6 under subsection (a-1) of Section 14.1 of the State Finance
7 Act. The department or other employer shall resume payment of
8 contributions at the commencement of fiscal year 2005.

9 (e) For State fiscal years 2012 through 2045 (except as
10 otherwise provided for fiscal year 2020), the minimum
11 contribution to the System to be made by the State for each
12 fiscal year shall be an amount determined by the System to be
13 sufficient to bring the total assets of the System up to 90% of
14 the total actuarial liabilities of the System by the end of
15 State fiscal year 2045. In making these determinations, the
16 required State contribution shall be calculated each year as a
17 level percentage of payroll over the years remaining to and
18 including fiscal year 2045 and shall be determined under the
19 projected unit credit actuarial cost method.

20 For State fiscal year 2020:

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

23 (2) For purposes of the recertification due on or
24 before May 1, 2019, the recalculation of the required State
25 contribution for fiscal year 2020 shall take into account
26 the effect on the System's liabilities of the elections

1 made under Section 14-106.5.

2 (3) For purposes of the recertification due on or
3 before October 1, 2019, the total required State
4 contribution for fiscal year 2020 shall be reduced by the
5 amount of the consideration payments made to Tier 1
6 employees who made the election under paragraph (1) of
7 subsection (a) of Section 14-106.5.

8 For State fiscal years 1996 through 2005, the State
9 contribution to the System, as a percentage of the applicable
10 employee payroll, shall be increased in equal annual increments
11 so that by State fiscal year 2011, the State is contributing at
12 the rate required under this Section; except that (i) for State
13 fiscal year 1998, for all purposes of this Code and any other
14 law of this State, the certified percentage of the applicable
15 employee payroll shall be 5.052% for employees earning eligible
16 creditable service under Section 14-110 and 6.500% for all
17 other employees, notwithstanding any contrary certification
18 made under Section 14-135.08 before the effective date of this
19 amendatory Act of 1997, and (ii) in the following specified
20 State fiscal years, the State contribution to the System shall
21 not be less than the following indicated percentages of the
22 applicable employee payroll, even if the indicated percentage
23 will produce a State contribution in excess of the amount
24 otherwise required under this subsection and subsection (a):
25 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
26 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

1 Notwithstanding any other provision of this Article, the
2 total required State contribution to the System for State
3 fiscal year 2006 is \$203,783,900.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution to the System for State
6 fiscal year 2007 is \$344,164,400.

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 General Revenue Fund contribution for
15 State fiscal year 2010 is \$723,703,100 and shall be made from
16 the proceeds of bonds sold in fiscal year 2010 pursuant to
17 Section 7.2 of the General Obligation Bond Act, less (i) the
18 pro rata share of bond sale expenses determined by the System's
19 share of total bond proceeds, (ii) any amounts received from
20 the General Revenue Fund in fiscal year 2010, and (iii) any
21 reduction in bond proceeds due to the issuance of discounted
22 bonds, if applicable.

23 Notwithstanding any other provision of this Article, the
24 total required State General Revenue Fund contribution for
25 State fiscal year 2011 is the amount recertified by the System
26 on or before April 1, 2011 pursuant to Section 14-135.08 and

1 shall be made from the proceeds of bonds sold in fiscal year
2 2011 pursuant to Section 7.2 of the General Obligation Bond
3 Act, less (i) the pro rata share of bond sale expenses
4 determined by the System's share of total bond proceeds, (ii)
5 any amounts received from the General Revenue Fund in fiscal
6 year 2011, and (iii) any reduction in bond proceeds due to the
7 issuance of discounted bonds, if 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 14-135.08, shall
2 not exceed an amount equal to (i) the amount of the required
3 State contribution that would have been calculated under this
4 Section 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 (f) After the submission of all payments for eligible
24 employees from personal services line items in fiscal year 2004
25 have been made, the Comptroller shall provide to the System a
26 certification of the sum of all fiscal year 2004 expenditures

1 for personal services that would have been covered by payments
2 to the System under this Section if the provisions of this
3 amendatory Act of the 93rd General Assembly had not been
4 enacted. Upon receipt of the certification, the System shall
5 determine the amount due to the System based on the full rate
6 certified by the Board under Section 14-135.08 for fiscal year
7 2004 in order to meet the State's obligation under this
8 Section. The System shall compare this amount due to the amount
9 received by the System in fiscal year 2004 through payments
10 under this Section and under Section 6z-61 of the State Finance
11 Act. If the amount due is more than the amount received, the
12 difference shall be termed the "Fiscal Year 2004 Shortfall" for
13 purposes of this Section, and the Fiscal Year 2004 Shortfall
14 shall be satisfied under Section 1.2 of the State Pension Funds
15 Continuing Appropriation Act. If the amount due is less than
16 the amount received, the difference shall be termed the "Fiscal
17 Year 2004 Overpayment" for purposes of this Section, and the
18 Fiscal Year 2004 Overpayment shall be repaid by the System to
19 the Pension Contribution Fund as soon as practicable after the
20 certification.

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

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

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

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

10 (i) After the submission of all payments for eligible
11 employees from personal services line items paid from the
12 General Revenue Fund in fiscal year 2010 have been made, the
13 Comptroller shall provide to the System a certification of the
14 sum of all fiscal year 2010 expenditures for personal services
15 that would have been covered by payments to the System under
16 this Section if the provisions of this amendatory Act of the
17 96th General Assembly had not been enacted. Upon receipt of the
18 certification, the System shall determine the amount due to the
19 System based on the full rate certified by the Board under
20 Section 14-135.08 for fiscal year 2010 in order to meet the
21 State's obligation under this Section. The System shall compare
22 this amount due to the amount received by the System in fiscal
23 year 2010 through payments under this Section. If the amount
24 due is more than the amount received, the difference shall be
25 termed the "Fiscal Year 2010 Shortfall" for purposes of this
26 Section, and the Fiscal Year 2010 Shortfall shall be satisfied

1 under Section 1.2 of the State Pension Funds Continuing
2 Appropriation Act. If the amount due is less than the amount
3 received, the difference shall be termed the "Fiscal Year 2010
4 Overpayment" for purposes of this Section, and the Fiscal Year
5 2010 Overpayment shall be repaid by the System to the General
6 Revenue Fund as soon as practicable after the certification.

7 (j) After the submission of all payments for eligible
8 employees from personal services line items paid from the
9 General Revenue Fund in fiscal year 2011 have been made, the
10 Comptroller shall provide to the System a certification of the
11 sum of all fiscal year 2011 expenditures for personal services
12 that would have been covered by payments to the System under
13 this Section if the provisions of this amendatory Act of the
14 96th General Assembly had not been enacted. Upon receipt of the
15 certification, the System shall determine the amount due to the
16 System based on the full rate certified by the Board under
17 Section 14-135.08 for fiscal year 2011 in order to meet the
18 State's obligation under this Section. The System shall compare
19 this amount due to the amount received by the System in fiscal
20 year 2011 through payments under this Section. If the amount
21 due is more than the amount received, the difference shall be
22 termed the "Fiscal Year 2011 Shortfall" for purposes of this
23 Section, and the Fiscal Year 2011 Shortfall shall be satisfied
24 under Section 1.2 of the State Pension Funds Continuing
25 Appropriation Act. If the amount due is less than the amount
26 received, the difference shall be termed the "Fiscal Year 2011

1 Overpayment" for purposes of this Section, and the Fiscal Year
2 2011 Overpayment shall be repaid by the System to the General
3 Revenue Fund as soon as practicable after the certification.

4 (k) For fiscal years 2012 through 2017 only, after the
5 submission of all payments for eligible employees from personal
6 services line items paid from the General Revenue Fund in the
7 fiscal year have been made, the Comptroller shall provide to
8 the System a certification of the sum of all expenditures in
9 the fiscal year for personal services. Upon receipt of the
10 certification, the System shall determine the amount due to the
11 System based on the full rate certified by the Board under
12 Section 14-135.08 for the fiscal year in order to meet the
13 State's obligation under this Section. The System shall compare
14 this amount due to the amount received by the System for the
15 fiscal year. If the amount due is more than the amount
16 received, the difference shall be termed the "Prior Fiscal Year
17 Shortfall" for purposes of this Section, and the Prior Fiscal
18 Year Shortfall shall be satisfied under Section 1.2 of the
19 State Pension Funds Continuing Appropriation Act. If the amount
20 due is less than the amount received, the difference shall be
21 termed the "Prior Fiscal Year Overpayment" for purposes of this
22 Section, and the Prior Fiscal Year Overpayment shall be repaid
23 by the System to the General Revenue Fund as soon as
24 practicable after the certification.

25 (Source: P.A. 98-24, eff. 6-19-13; 98-674, eff. 6-30-14; 99-8,
26 eff. 7-9-15; 99-523, eff. 6-30-16.)

1 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

4 Sec. 14-133. Contributions on behalf of members.

5 (a) Except as provided in subsection (a-5), each ~~Each~~
6 participating employee shall make contributions to the System,
7 based on the employee's compensation, as follows:

8 (1) Covered employees, except as indicated below, 3.5%
9 for retirement annuity, and 0.5% for a widow or survivors
10 annuity;

11 (2) Noncovered employees, except as indicated below,
12 7% for retirement annuity and 1% for a widow or survivors
13 annuity;

14 (3) Noncovered employees serving in a position in which
15 "eligible creditable service" as defined in Section 14-110
16 may be earned, 1% for a widow or survivors annuity plus the
17 following amount for retirement annuity: 8.5% through
18 December 31, 2001; 9.5% in 2002; 10.5% in 2003; and 11.5%
19 in 2004 and thereafter;

20 (4) Covered employees serving in a position in which
21 "eligible creditable service" as defined in Section 14-110
22 may be earned, 0.5% for a widow or survivors annuity plus
23 the following amount for retirement annuity: 5% through
24 December 31, 2001; 6% in 2002; 7% in 2003; and 8% in 2004
25 and thereafter;

1 (5) Each security employee of the Department of
2 Corrections or of the Department of Human Services who is a
3 covered employee, 0.5% for a widow or survivors annuity
4 plus the following amount for retirement annuity: 5%
5 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%
6 in 2004 and thereafter;

7 (6) Each security employee of the Department of
8 Corrections or of the Department of Human Services who is
9 not a covered employee, 1% for a widow or survivors annuity
10 plus the following amount for retirement annuity: 8.5%
11 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and
12 11.5% in 2004 and thereafter.

13 (a-5) Beginning July 1, 2019 or the effective date of the
14 Tier 1 employee's election under paragraph (1) of subsection
15 (a) of Section 14-106.5, whichever is later, in lieu of the
16 contributions otherwise required under subsection (a), each
17 Tier 1 employee who made the election under paragraph (1) of
18 subsection (a) of Section 14-106.5 who is a participating
19 employee shall make contributions to the System, based on his
20 or her compensation, as follows:

21 (1) Covered employees, except as indicated below,
22 3.15% for retirement annuity, and 0.45% for a widow or
23 survivors annuity;

24 (2) Noncovered employees, except as indicated below,
25 6.3% for retirement annuity and 0.9% for a widow or
26 survivors annuity;

1 (3) Noncovered employees serving in a position in which
2 "eligible creditable service" as defined in Section 14-110
3 may be earned, 10.35% for retirement annuity and 0.9% for a
4 widow or survivors annuity;

5 (4) Covered employees serving in a position in which
6 "eligible creditable service" as defined in Section 14-110
7 may be earned, 7.2% for retirement annuity and 0.45% for a
8 widow or survivors annuity;

9 (5) Each security employee of the Department of
10 Corrections or of the Department of Human Services who is a
11 covered employee, 10.8% for retirement annuity and 0.45%
12 for a widow or survivors annuity;

13 (6) Each security employee of the Department of
14 Corrections or of the Department of Human Services who is
15 not a covered employee, 10.35% for retirement annuity and
16 0.9% for a widow or survivors annuity.

17 (b) Contributions shall be in the form of a deduction from
18 compensation and shall be made notwithstanding that the
19 compensation paid in cash to the employee shall be reduced
20 thereby below the minimum prescribed by law or regulation. Each
21 member is deemed to consent and agree to the deductions from
22 compensation provided for in this Article, and shall receipt in
23 full for salary or compensation.

24 (Source: P.A. 92-14, eff. 6-28-01.)

25 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

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

3 Sec. 14-135.08. To certify required State contributions.

4 (a) To certify to the Governor and to each department, on
5 or before November 15 of each year until November 15, 2011, the
6 required rate for State contributions to the System for the
7 next State fiscal year, as determined under subsection (b) of
8 Section 14-131. The certification to the Governor under this
9 subsection (a) shall include a copy of the actuarial
10 recommendations upon which the rate is based and shall
11 specifically identify the System's projected State normal cost
12 for that fiscal year.

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

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

7 (b) The certifications under subsections (a) and (a-5)
8 shall include an additional amount necessary to pay all
9 principal of and interest on those general obligation bonds due
10 the next fiscal year authorized by Section 7.2(a) of the
11 General Obligation Bond Act and issued to provide the proceeds
12 deposited by the State with the System in July 2003,
13 representing deposits other than amounts reserved under
14 Section 7.2(c) of the General Obligation Bond Act. For State
15 fiscal year 2005, the Board shall make a supplemental
16 certification of the additional amount necessary to pay all
17 principal of and interest on those general obligation bonds due
18 in State fiscal years 2004 and 2005 authorized by Section
19 7.2(a) of the General Obligation Bond Act and issued to provide
20 the proceeds deposited by the State with the System in July
21 2003, representing deposits other than amounts reserved under
22 Section 7.2(c) of the General Obligation Bond Act, as soon as
23 practical after the effective date of this amendatory Act of
24 the 93rd General Assembly.

25 On or before May 1, 2004, the Board shall recalculate and
26 recertify to the Governor and to each department the amount of

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

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

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

19 On or before May 1, 2019, the Board shall recalculate and
20 recertify to the Governor and the General Assembly the amount
21 of the required State contribution to the System for State
22 fiscal year 2020, taking into account the effect on the
23 System's liabilities of the elections made under Section
24 14-106.5.

25 On or before October 1, 2019, the Board shall recalculate
26 and recertify to the Governor and the General Assembly the

1 amount of the required State contribution to the System for
2 State fiscal year 2020, taking into account the reduction
3 specified under item (3) of subsection (e) of Section 14-131.

4 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
5 97-694, eff. 6-18-12.)

6 (40 ILCS 5/14-152.1)

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

9 Sec. 14-152.1. Application and expiration of new benefit
10 increases.

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

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

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

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

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

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

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

12 (40 ILCS 5/15-108.1)

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

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

25 "Tier 1 employee": A Tier 1 member who is a participating

1 employee, unless he or she is a disability benefit recipient
2 under Section 15-150. However, for the purposes of the election
3 under Section 15-132.9, "Tier 1 employee" does not include an
4 individual who has made an irrevocable election on or before
5 June 1, 2017 to retire from service pursuant to the terms of an
6 employment contract or a collective bargaining agreement in
7 effect on June 1, 2017, excluding any extension, amendment, or
8 renewal of that agreement on or after that date, and has
9 notified the System of that election.

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

11 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

12 Sec. 15-111. Earnings.

13 (a) "Earnings": Subject to Section 15-111.5, an amount paid
14 for personal services equal to the sum of the basic
15 compensation plus extra compensation for summer teaching,
16 overtime or other extra service. For periods for which an
17 employee receives service credit under subsection (c) of
18 Section 15-113.1 or Section 15-113.2, earnings are equal to the
19 basic compensation on which contributions are paid by the
20 employee during such periods. Compensation for employment
21 which is irregular, intermittent and temporary shall not be
22 considered earnings, unless the participant is also receiving
23 earnings from the employer as an employee under Section 15-107.

24 With respect to transition pay paid by the University of
25 Illinois to a person who was a participating employee employed

1 in the fire department of the University of Illinois's
2 Champaign-Urbana campus immediately prior to the elimination
3 of that fire department:

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

7 (2) "Earnings" includes transition pay paid to the
8 employee before the effective date of this amendatory Act
9 of the 91st General Assembly only if (i) employee
10 contributions under Section 15-157 have been withheld from
11 that transition pay or (ii) the employee pays to the System
12 before January 1, 2001 an amount representing employee
13 contributions under Section 15-157 on that transition pay.
14 Employee contributions under item (ii) may be paid in a
15 lump sum, by withholding from additional transition pay
16 accruing before January 1, 2001, or in any other manner
17 approved by the System. Upon payment of the employee
18 contributions on transition pay, the corresponding
19 employer contributions become an obligation of the State.

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

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

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

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

21 (c) With each submission of payroll information in the
22 manner prescribed by the System, the employer shall certify
23 that the payroll information is correct and complies with all
24 applicable State and federal laws.

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

1 (40 ILCS 5/15-112.1 new)

2 Sec. 15-112.1. Future increase in income. "Future increase
3 in income" means an increase to a Tier 1 employee's base pay
4 that is offered by an employer to the Tier 1 employee for
5 service under this Article after June 30, 2018 that qualifies
6 as "earnings", as defined in Section 15-111, or would qualify
7 as "earnings" but for the fact that it was offered to and
8 accepted by the Tier 1 employee under the condition set forth
9 in subsection (c) of Section 15-132.9. The term "future
10 increase in income" includes an increase to a Tier 1 employee's
11 base pay that is paid to the Tier 1 employee pursuant to an
12 extension, amendment, or renewal of any such employment
13 contract or collective bargaining agreement after the
14 effective date of this Section.

15 (40 ILCS 5/15-112.2 new)

16 Sec. 15-112.2. Base pay. As used in Section 15-112.1 of
17 this Code, "base pay" means the greater of either (i) the Tier
18 1 employee's annualized rate of earnings as of June 30, 2018,
19 or (ii) the Tier 1 employee's annualized rate of earnings
20 immediately preceding the expiration, renewal, or amendment of
21 an employment contract or collective bargaining agreement in
22 effect on the effective date of this Section. For a person
23 returning to participating employee status as a Tier 1 employee
24 after June 30, 2018, however, "base pay" means the employee's
25 annualized rate of earnings as of the employee's last date of

1 service prior to July 1, 2018. The System shall calculate the
2 base pay of each Tier 1 employee pursuant to this Section.

3 (40 ILCS 5/15-132.9 new)

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

5 (a) Each Tier 1 employee shall make an irrevocable election
6 either:

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

14 (2) to not agree to the provisions of paragraph (1) of
15 this subsection.

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

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

23 (ii) a person who returns to participating employee
24 status as a Tier 1 employee under this Article on or after
25 January 1, 2018 and has not yet made an election under this

1 Section must make the election under this subsection (a)
2 within 60 days after returning to participating employee
3 status as a Tier 1 employee; and

4 (iii) a person who returns to participating employee
5 status as a Tier 1 employee under this Article but who has
6 not made an election under Section 15-134.5 must make the
7 election under this subsection (a) at the same time as the
8 election under Section 15-134.5 and within the timeframes
9 required by that Section.

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

14 (a-5) If this Section is enjoined or stayed by an Illinois
15 court or a court of competent jurisdiction pending the entry of
16 a final and unappealable decision, and this Section is
17 determined to be constitutional or otherwise valid by a final
18 unappealable decision of an Illinois court or a court of
19 competent jurisdiction, then the election procedure set forth
20 in subsection (a) of this Section shall commence on the 180th
21 calendar day after the date of the issuance of the final
22 unappealable decision and shall conclude at the end of the
23 270th calendar day after that date.

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

1 after July 1, 2018 shall take effect on the first day of the
2 month following the month in which the election is made or
3 deemed to be made.

4 (b) As adequate and legal consideration provided under this
5 amendatory Act of the 100th General Assembly for making an
6 election under paragraph (1) of subsection (a) of this Section,
7 the employer shall be expressly and irrevocably prohibited from
8 offering any future increases in income to a Tier 1 employee
9 who has made an election under paragraph (1) of subsection (a)
10 of this Section on the condition of not constituting earnings
11 under Section 15-111.

12 As adequate and legal consideration provided under this
13 amendatory Act of the 100th General Assembly for making an
14 election under paragraph (1) of subsection (a) of this Section,
15 each Tier 1 employee who has made an election under paragraph
16 (1) of subsection (a) of this Section shall receive a
17 consideration payment equal to 10% of the contributions made by
18 or on behalf of the employee under Section 15-157 before the
19 effective date of that election. The State Comptroller shall
20 pay the consideration payment to the Tier 1 employee out of
21 funds appropriated for that purpose under Section 1.9 of the
22 State Pension Funds Continuing Appropriation Act. The System
23 shall calculate the amount of each consideration payment and,
24 by July 1, 2018, shall certify to the State Comptroller the
25 amount of the consideration payment, together with the name,
26 address, and any other available payment information of the

1 Tier 1 employee as found in the records of the System. The
2 System shall make additional calculations and certifications
3 of consideration payments to the State Comptroller as the
4 System deems necessary.

5 (c) A Tier 1 employee who makes the election under
6 paragraph (2) of subsection (a) of this Section shall not be
7 subject to paragraph (1) of subsection (a) of this Section.
8 However, each future increase in income offered by an employer
9 under this Article to a Tier 1 employee who has made the
10 election under paragraph (2) of subsection (a) of this Section
11 shall be offered by the employer expressly and irrevocably on
12 the condition of not constituting earnings under Section 15-111
13 and that the Tier 1 employee's acceptance of the offered future
14 increase in income shall constitute his or her agreement to
15 that condition.

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

26 Tier 1 employees who are subject to this Section shall be

1 provided with an election packet containing information
2 regarding their options, as well as the forms necessary to make
3 the required election. Upon request, the System shall offer
4 Tier 1 employees an opportunity to receive information from the
5 System before making the required election. The information may
6 consist of video materials, benefit estimators, group
7 presentations, individual consultation with a member or
8 authorized representative of the System in person or by
9 telephone or other electronic means, or any combination of
10 these methods. The System shall not provide advice or
11 counseling with respect to which election a Tier 1 employee
12 should make or specific to the legal or tax circumstances of or
13 consequences to the Tier 1 employee.

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

20 In no event shall the System, its staff, or the Board be
21 held liable for any information given to a member regarding the
22 elections under this Section. The System shall coordinate with
23 the Illinois Department of Central Management Services and each
24 other retirement system administering an election in
25 accordance with this amendatory Act of the 100th General
26 Assembly to provide information concerning the impact of the

1 election set forth in this Section.

2 (e) Notwithstanding any other provision of law, an employer
3 under this Article is required to offer each future increase in
4 income expressly and irrevocably on the condition of not
5 constituting "earnings" under Section 15-111 to any Tier 1
6 employee who has made an election under paragraph (2) of
7 subsection (a) of this Section. The offer shall also provide
8 that the Tier 1 employee's acceptance of the offered future
9 increase in income shall constitute his or her agreement to the
10 condition set forth in this subsection.

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

15 (f) A member's election under this Section is not a
16 prohibited election under subdivision (j)(1) of Section 1-119
17 of this Code.

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

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

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

3 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

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

6 Sec. 15-136. Retirement annuities - Amount. The provisions
7 of this Section 15-136 apply only to those participants who are
8 participating in the traditional benefit package or the
9 portable benefit package and do not apply to participants who
10 are participating in the self-managed plan.

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

15 Rule 1: The retirement annuity shall be 1.67% of final rate
16 of earnings for each of the first 10 years of service, 1.90%
17 for each of the next 10 years of service, 2.10% for each year
18 of service in excess of 20 but not exceeding 30, and 2.30% for
19 each year in excess of 30; or for persons who retire on or
20 after January 1, 1998, 2.2% of the final rate of earnings for
21 each year of service.

22 Rule 2: The retirement annuity shall be the sum of the
23 following, determined from amounts credited to the participant
24 in accordance with the actuarial tables and the effective rate
25 of interest in effect at the time the retirement annuity

1 begins:

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

5 (ii) an annuity from employer contributions of an
6 amount equal to that which can be provided on an
7 actuarially equivalent basis from the accumulated normal
8 contributions made by the participant under Section
9 15-113.6 and Section 15-113.7 plus 1.4 times all other
10 accumulated normal contributions made by the participant;
11 and

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

15 With respect to a police officer or firefighter who retires
16 on or after August 14, 1998, the accumulated normal
17 contributions taken into account under clauses (i) and (ii) of
18 this Rule 2 shall include the additional normal contributions
19 made by the police officer or firefighter under Section
20 15-157(a).

21 The amount of a retirement annuity calculated under this
22 Rule 2 shall be computed solely on the basis of the
23 participant's accumulated normal contributions, as specified
24 in this Rule and defined in Section 15-116. Neither an employee
25 or employer contribution for early retirement under Section
26 15-136.2 nor any other employer contribution shall be used in

1 the calculation of the amount of a retirement annuity under
2 this Rule 2.

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

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

9 Rule 3: The retirement annuity of a participant who is
10 employed at least one-half time during the period on which his
11 or her final rate of earnings is based, shall be equal to the
12 participant's years of service not to exceed 30, multiplied by
13 (1) \$96 if the participant's final rate of earnings is less
14 than \$3,500, (2) \$108 if the final rate of earnings is at least
15 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
16 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
17 the final rate of earnings is at least \$5,500 but less than
18 \$6,500, (5) \$144 if the final rate of earnings is at least
19 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
20 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
21 the final rate of earnings is at least \$8,500 but less than
22 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
23 more, except that the annuity for those persons having made an
24 election under Section 15-154(a-1) shall be calculated and
25 payable under the portable retirement benefit program pursuant
26 to the provisions of Section 15-136.4.

1 Rule 4: A participant who is at least age 50 and has 25 or
2 more years of service as a police officer or firefighter, and a
3 participant who is age 55 or over and has at least 20 but less
4 than 25 years of service as a police officer or firefighter,
5 shall be entitled to a retirement annuity of 2 1/4% of the
6 final rate of earnings for each of the first 10 years of
7 service as a police officer or firefighter, 2 1/2% for each of
8 the next 10 years of service as a police officer or
9 firefighter, and 2 3/4% for each year of service as a police
10 officer or firefighter in excess of 20. The retirement annuity
11 for all other service shall be computed under Rule 1. A Tier 2
12 member is eligible for a retirement annuity calculated under
13 Rule 4 only if that Tier 2 member meets the service
14 requirements for that benefit calculation as prescribed under
15 this Rule 4 in addition to the applicable age requirement under
16 subsection (a-5) of Section 15-135.

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

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

21 (ii) in the case of an individual who was a
22 participating employee employed in the fire department of
23 the University of Illinois's Champaign-Urbana campus
24 immediately prior to the elimination of that fire
25 department and who immediately after the elimination of
26 that fire department transferred to another job with the

1 University of Illinois, service performed as an employee of
2 the University of Illinois in a position other than police
3 officer or firefighter, from the date of that transfer
4 until the employee's next termination of service with the
5 University of Illinois.

6 (b) For a Tier 1 member, the retirement annuity provided
7 under Rules 1 and 3 above shall be reduced by 1/2 of 1% for each
8 month the participant is under age 60 at the time of
9 retirement. However, this reduction shall not apply in the
10 following cases:

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

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

18 (3) For that portion of a retirement annuity which has
19 been provided on account of service of the participant
20 during periods when he or she performed the duties of a
21 police officer or firefighter, if these duties were
22 performed for at least 5 years immediately preceding the
23 date the retirement annuity is to begin.

24 (b-5) The retirement annuity of a Tier 2 member who is
25 retiring after attaining age 62 with at least 10 years of
26 service credit shall be reduced by 1/2 of 1% for each full

1 month that the member's age is under age 67.

2 (c) The maximum retirement annuity provided under Rules 1,
3 2, 4, and 5 shall be the lesser of (1) the annual limit of
4 benefits as specified in Section 415 of the Internal Revenue
5 Code of 1986, as such Section may be amended from time to time
6 and as such benefit limits shall be adjusted by the
7 Commissioner of Internal Revenue, and (2) 80% of final rate of
8 earnings.

9 (d) Subject to the provisions of subsection (d-1), a ~~A~~ Tier
10 1 member whose status as an employee terminates after August
11 14, 1969 shall receive automatic increases in his or her
12 retirement annuity as follows:

13 Effective January 1 immediately following the date the
14 retirement annuity begins, the annuitant shall receive an
15 increase in his or her monthly retirement annuity of 0.125% of
16 the monthly retirement annuity provided under Rule 1, Rule 2,
17 Rule 3, or Rule 4 contained in this Section, multiplied by the
18 number of full months which elapsed from the date the
19 retirement annuity payments began to January 1, 1972, plus
20 0.1667% of such annuity, multiplied by the number of full
21 months which elapsed from January 1, 1972, or the date the
22 retirement annuity payments began, whichever is later, to
23 January 1, 1978, plus 0.25% of such annuity multiplied by the
24 number of full months which elapsed from January 1, 1978, or
25 the date the retirement annuity payments began, whichever is
26 later, to the effective date of the increase.

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

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

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

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

20 (1) The initial increase in retirement annuity under
21 this Section shall occur on the January 1 occurring either
22 on or after the attainment of age 67 or the fifth
23 anniversary of the annuity start date, whichever is
24 earlier.

25 (2) The amount of each automatic annual increase in
26 retirement annuity or survivor annuity occurring on or

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

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

21 (d-5) A retirement annuity of a Tier 2 member shall receive
22 annual increases on the January 1 occurring either on or after
23 the attainment of age 67 or the first anniversary of the
24 annuity start date, whichever is later. Each annual increase
25 shall be calculated at 3% or one half the annual unadjusted
26 percentage increase (but not less than zero) in the consumer

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

8 (e) If, on January 1, 1987, or the date the retirement
9 annuity payment period begins, whichever is later, the sum of
10 the retirement annuity provided under Rule 1 or Rule 2 of this
11 Section and the automatic annual increases provided under the
12 preceding subsection or Section 15-136.1, amounts to less than
13 the retirement annuity which would be provided by Rule 3, the
14 retirement annuity shall be increased as of January 1, 1987, or
15 the date the retirement annuity payment period begins,
16 whichever is later, to the amount which would be provided by
17 Rule 3 of this Section. Such increased amount shall be
18 considered as the retirement annuity in determining benefits
19 provided under other Sections of this Article. This paragraph
20 applies without regard to whether status as an employee
21 terminated before the effective date of this amendatory Act of
22 1987, provided that the annuitant was employed at least
23 one-half time during the period on which the final rate of
24 earnings was based.

25 (f) A participant is entitled to such additional annuity as
26 may be provided on an actuarially equivalent basis, by any

1 accumulated additional contributions to his or her credit.
2 However, the additional contributions made by the participant
3 toward the automatic increases in annuity provided under this
4 Section shall not be taken into account in determining the
5 amount of such additional annuity.

6 (g) If, (1) by law, a function of a governmental unit, as
7 defined by Section 20-107 of this Code, is transferred in whole
8 or in part to an employer, and (2) a participant transfers
9 employment from such governmental unit to such employer within
10 6 months after the transfer of the function, and (3) the sum of
11 (A) the annuity payable to the participant under Rule 1, 2, or
12 3 of this Section (B) all proportional annuities payable to the
13 participant by all other retirement systems covered by Article
14 20, and (C) the initial primary insurance amount to which the
15 participant is entitled under the Social Security Act, is less
16 than the retirement annuity which would have been payable if
17 all of the participant's pension credits validated under
18 Section 20-109 had been validated under this system, a
19 supplemental annuity equal to the difference in such amounts
20 shall be payable to the participant.

21 (h) On January 1, 1981, an annuitant who was receiving a
22 retirement annuity on or before January 1, 1971 shall have his
23 or her retirement annuity then being paid increased \$1 per
24 month for each year of creditable service. On January 1, 1982,
25 an annuitant whose retirement annuity began on or before
26 January 1, 1977, shall have his or her retirement annuity then

1 being paid increased \$1 per month for each year of creditable
2 service.

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

8 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12;
9 98-92, eff. 7-16-13.)

10 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

11 Sec. 15-155. Employer contributions.

12 (a) The State of Illinois shall make contributions by
13 appropriations of amounts which, together with the other
14 employer contributions from trust, federal, and other funds,
15 employee contributions, income from investments, and other
16 income of this System, will be sufficient to meet the cost of
17 maintaining and administering the System on a 90% funded basis
18 in accordance with actuarial recommendations.

19 The Board shall determine the amount of State contributions
20 required for each fiscal year on the basis of the actuarial
21 tables and other assumptions adopted by the Board and the
22 recommendations of the actuary, using the formula in subsection
23 (a-1).

24 (a-1) For State fiscal years 2012 through 2045 (except as
25 otherwise provided for fiscal year 2019), the minimum

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

10 For State fiscal year 2019:

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

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

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

24 For State fiscal years 1996 through 2005, the State
25 contribution to the System, as a percentage of the applicable
26 employee payroll, shall be increased in equal annual increments

1 so that by State fiscal year 2011, the State is contributing at
2 the rate required under this Section.

3 Notwithstanding any other provision of this Article, the
4 total required State contribution for State fiscal year 2006 is
5 \$166,641,900.

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2007 is
8 \$252,064,100.

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

15 Notwithstanding any other provision of this Article, the
16 total required State contribution for State fiscal year 2010 is
17 \$702,514,000 and shall be made from the State Pensions Fund and
18 proceeds of bonds sold in fiscal year 2010 pursuant to Section
19 7.2 of the General Obligation Bond Act, less (i) the pro rata
20 share of bond sale expenses determined by the System's share of
21 total bond proceeds, (ii) any amounts received from the General
22 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
23 proceeds due to the issuance of discounted bonds, if
24 applicable.

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2011 is

1 the amount recertified by the System on or before April 1, 2011
2 pursuant to Section 15-165 and shall be made from the State
3 Pensions Fund and proceeds of bonds sold in fiscal year 2011
4 pursuant to Section 7.2 of the General Obligation Bond Act,
5 less (i) the pro rata share of bond sale expenses determined by
6 the System's share of total bond proceeds, (ii) any amounts
7 received from the General Revenue Fund in fiscal year 2011, and
8 (iii) any reduction in bond proceeds due to the issuance of
9 discounted bonds, if applicable.

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

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

26 Notwithstanding any other provision of this Section, the

1 required State contribution for State fiscal year 2005 and for
2 fiscal year 2008 and each fiscal year thereafter, as calculated
3 under this Section and certified under Section 15-165, shall
4 not exceed an amount equal to (i) the amount of the required
5 State contribution that would have been calculated under this
6 Section for that fiscal year if the System had not received any
7 payments under subsection (d) of Section 7.2 of the General
8 Obligation Bond Act, minus (ii) the portion of the State's
9 total debt service payments for that fiscal year on the bonds
10 issued in fiscal year 2003 for the purposes of that Section
11 7.2, as determined and certified by the Comptroller, that is
12 the same as the System's portion of the total moneys
13 distributed under subsection (d) of Section 7.2 of the General
14 Obligation Bond Act. In determining this maximum for State
15 fiscal years 2008 through 2010, however, the amount referred to
16 in item (i) shall be increased, as a percentage of the
17 applicable employee payroll, in equal increments calculated
18 from the sum of the required State contribution for State
19 fiscal year 2007 plus the applicable portion of the State's
20 total debt service payments for fiscal year 2007 on the bonds
21 issued in fiscal year 2003 for the purposes of Section 7.2 of
22 the General Obligation Bond Act, so that, by State fiscal year
23 2011, the State is contributing at the rate otherwise required
24 under this Section.

25 (b) If an employee is paid from trust or federal funds, the
26 employer shall pay to the Board contributions from those funds

1 which are sufficient to cover the accruing normal costs on
2 behalf of the employee. However, universities having employees
3 who are compensated out of local auxiliary funds, income funds,
4 or service enterprise funds are not required to pay such
5 contributions on behalf of those employees. The local auxiliary
6 funds, income funds, and service enterprise funds of
7 universities shall not be considered trust funds for the
8 purpose of this Article, but funds of alumni associations,
9 foundations, and athletic associations which are affiliated
10 with the universities included as employers under this Article
11 and other employers which do not receive State appropriations
12 are considered to be trust funds for the purpose of this
13 Article.

14 (b-1) The City of Urbana and the City of Champaign shall
15 each make employer contributions to this System for their
16 respective firefighter employees who participate in this
17 System pursuant to subsection (h) of Section 15-107. The rate
18 of contributions to be made by those municipalities shall be
19 determined annually by the Board on the basis of the actuarial
20 assumptions adopted by the Board and the recommendations of the
21 actuary, and shall be expressed as a percentage of salary for
22 each such employee. The Board shall certify the rate to the
23 affected municipalities as soon as may be practical. The
24 employer contributions required under this subsection shall be
25 remitted by the municipality to the System at the same time and
26 in the same manner as employee contributions.

1 (c) Through State fiscal year 1995: The total employer
2 contribution shall be apportioned among the various funds of
3 the State and other employers, whether trust, federal, or other
4 funds, in accordance with actuarial procedures approved by the
5 Board. State of Illinois contributions for employers receiving
6 State appropriations for personal services shall be payable
7 from appropriations made to the employers or to the System. The
8 contributions for Class I community colleges covering earnings
9 other than those paid from trust and federal funds, shall be
10 payable solely from appropriations to the Illinois Community
11 College Board or the System for employer contributions.

12 (d) Beginning in State fiscal year 1996, the required State
13 contributions to the System shall be appropriated directly to
14 the System and shall be payable through vouchers issued in
15 accordance with subsection (c) of Section 15-165, except as
16 provided in subsection (g).

17 (e) The State Comptroller shall draw warrants payable to
18 the System upon proper certification by the System or by the
19 employer in accordance with the appropriation laws and this
20 Code.

21 (f) Normal costs under this Section means liability for
22 pensions and other benefits which accrues to the System because
23 of the credits earned for service rendered by the participants
24 during the fiscal year and expenses of administering the
25 System, but shall not include the principal of or any
26 redemption premium or interest on any bonds issued by the Board

1 or any expenses incurred or deposits required in connection
2 therewith.

3 (g) If the amount of a participant's earnings for any
4 academic year used to determine the final rate of earnings,
5 determined on a full-time equivalent basis, exceeds the amount
6 of his or her earnings with the same employer for the previous
7 academic year, determined on a full-time equivalent basis, by
8 more than 6%, the participant's employer shall pay to the
9 System, in addition to all other payments required under this
10 Section and in accordance with guidelines established by the
11 System, the present value of the increase in benefits resulting
12 from the portion of the increase in earnings that is in excess
13 of 6%. This present value shall be computed by the System on
14 the basis of the actuarial assumptions and tables used in the
15 most recent actuarial valuation of the System that is available
16 at the time of the computation. The System may require the
17 employer to provide any pertinent information or
18 documentation.

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

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

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

17 When assessing payment for any amount due under this
18 subsection (g), the System shall include earnings, to the
19 extent not established by a participant under Section 15-113.11
20 or 15-113.12, that would have been paid to the participant had
21 the participant not taken (i) periods of voluntary or
22 involuntary furlough occurring on or after July 1, 2015 and on
23 or before June 30, 2017 or (ii) periods of voluntary pay
24 reduction in lieu of furlough occurring on or after July 1,
25 2015 and on or before June 30, 2017. Determining earnings that
26 would have been paid to a participant had the participant not

1 taken periods of voluntary or involuntary furlough or periods
2 of voluntary pay reduction shall be the responsibility of the
3 employer, and shall be reported in a manner prescribed by the
4 System.

5 (h) This subsection (h) applies only to payments made or
6 salary increases given on or after June 1, 2005 but before July
7 1, 2011. The changes made by Public Act 94-1057 shall not
8 require the System to refund any payments received before July
9 31, 2006 (the effective date of Public Act 94-1057).

10 When assessing payment for any amount due under subsection
11 (g), the System shall exclude earnings increases paid to
12 participants under contracts or collective bargaining
13 agreements entered into, amended, or renewed before June 1,
14 2005.

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

19 When assessing payment for any amount due under subsection
20 (g), the System shall exclude earnings increases resulting from
21 overload work, including a contract for summer teaching, or
22 overtime when the employer has certified to the System, and the
23 System has approved the certification, that: (i) in the case of
24 overloads (A) the overload work is for the sole purpose of
25 academic instruction in excess of the standard number of
26 instruction hours for a full-time employee occurring during the

1 academic year that the overload is paid and (B) the earnings
2 increases are equal to or less than the rate of pay for
3 academic instruction computed using the participant's current
4 salary rate and work schedule; and (ii) in the case of
5 overtime, the overtime was necessary for the educational
6 mission.

7 When assessing payment for any amount due under subsection
8 (g), the System shall exclude any earnings increase resulting
9 from (i) a promotion for which the employee moves from one
10 classification to a higher classification under the State
11 Universities Civil Service System, (ii) a promotion in academic
12 rank for a tenured or tenure-track faculty position, or (iii) a
13 promotion that the Illinois Community College Board has
14 recommended in accordance with subsection (k) of this Section.
15 These earnings increases shall be excluded only if the
16 promotion is to a position that has existed and been filled by
17 a member for no less than one complete academic year and the
18 earnings increase as a result of the promotion is an increase
19 that results in an amount no greater than the average salary
20 paid for other similar positions.

21 (i) When assessing payment for any amount due under
22 subsection (g), the System shall exclude any salary increase
23 described in subsection (h) of this Section given on or after
24 July 1, 2011 but before July 1, 2014 under a contract or
25 collective bargaining agreement entered into, amended, or
26 renewed on or after June 1, 2005 but before July 1, 2011.

1 Notwithstanding any other provision of this Section, any
2 payments made or salary increases given after June 30, 2014
3 shall be used in assessing payment for any amount due under
4 subsection (g) of this Section.

5 (j) The System shall prepare a report and file copies of
6 the report with the Governor and the General Assembly by
7 January 1, 2007 that contains all of the following information:

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

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

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

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

20 (k) The Illinois Community College Board shall adopt rules
21 for recommending lists of promotional positions submitted to
22 the Board by community colleges and for reviewing the
23 promotional lists on an annual basis. When recommending
24 promotional lists, the Board shall consider the similarity of
25 the positions submitted to those positions recognized for State
26 universities by the State Universities Civil Service System.

1 The Illinois Community College Board shall file a copy of its
2 findings with the System. The System shall consider the
3 findings of the Illinois Community College Board when making
4 determinations under this Section. The System shall not exclude
5 any earnings increases resulting from a promotion when the
6 promotion was not submitted by a community college. Nothing in
7 this subsection (k) shall require any community college to
8 submit any information to the Community College Board.

9 (l) For purposes of determining the required State
10 contribution to the System, the value of the System's assets
11 shall be equal to the actuarial value of the System's assets,
12 which shall be calculated as follows:

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

20 (m) For purposes of determining the required State
21 contribution to the system for a particular year, the actuarial
22 value of assets shall be assumed to earn a rate of return equal
23 to the system's actuarially assumed rate of return.

24 (n) If Section 15-132.9 is determined to be
25 unconstitutional or otherwise invalid by a final unappealable
26 decision of an Illinois court or a court of competent

1 jurisdiction, then the changes made to this Section by this
2 amendatory Act of the 100th General Assembly shall not take
3 effect and are repealed by operation of law.

4 (Source: P.A. 98-92, eff. 7-16-13; 98-463, eff. 8-16-13;
5 99-897, eff. 1-1-17.)

6 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

7 Sec. 15-157. Employee Contributions.

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

18 Each participant who is a police officer or firefighter
19 shall make normal contributions of 8% of each payment of
20 earnings applicable to employment as a police officer or
21 firefighter under this system on or after September 1, 1981,
22 unless he or she files with the board within 60 days after the
23 effective date of this amendatory Act of 1991 or 60 days after
24 the board receives notice that he or she is employed as a
25 police officer or firefighter, whichever is later, a written

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

16 (b) Starting September 1, 1969, each participating
17 employee shall make additional contributions of 1/2 of 1% of
18 earnings to finance a portion of the cost of the annual
19 increases in retirement annuity provided under Section 15-136,
20 except that with respect to participants in the self-managed
21 plan this additional contribution shall be used to finance the
22 benefits obtained under that retirement program. Beginning
23 July 1, 2018 or the effective date of the Tier 1 employee's
24 election under paragraph (1) of subsection (a) of Section
25 15-132.9, whichever is later, each Tier 1 employee who made the
26 election under paragraph (1) of subsection (a) of Section

1 15-132.9 is no longer required to make contributions under this
2 subsection.

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

20 (c-5) Beginning July 1, 2018 or the effective date of the
21 Tier 1 employee's election under paragraph (1) of subsection
22 (a) of Section 15-132.9, whichever is later, in lieu of the
23 contributions otherwise required under subsection (c), each
24 Tier 1 employee who made the election under paragraph (1) of
25 subsection (a) of Section 15-132.9 shall make contributions of
26 0.7% of earnings applicable under this System and each Tier 1

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

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

19 (e) That fraction of a participant's total accumulated
20 normal contributions, the numerator of which is equal to the
21 number of years of service in excess of that which is required
22 to qualify for the maximum retirement annuity, and the
23 denominator of which is equal to the total service of the
24 participant, shall be considered as accumulated additional
25 contributions. The determination of the applicable maximum
26 annuity and the adjustment in contributions required by this

1 provision shall be made as of the date of the participant's
2 retirement.

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

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

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

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

17 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

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

21 (a) The Board shall certify to the Governor on or before
22 November 15 of each year until November 15, 2011 the
23 appropriation required from State funds for the purposes of
24 this System for the following fiscal year. The certification
25 under this subsection (a) shall include a copy of the actuarial

1 recommendations upon which it is based and shall specifically
2 identify the System's projected State normal cost for that
3 fiscal year and the projected State cost for the self-managed
4 plan for that fiscal year.

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

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

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

22 (a-5) On or before November 1 of each year, beginning
23 November 1, 2012, the Board shall submit to the State Actuary,
24 the Governor, and the General Assembly a proposed certification
25 of the amount of the required State contribution to the System
26 for the next fiscal year, along with all of the actuarial

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

17 (a-10) On or before May 1, 2018, the Board shall
18 recalculate and recertify to the Governor and the General
19 Assembly the amount of the required State contribution to the
20 System for State fiscal year 2019, taking into account the
21 effect on the System's liabilities of the elections made under
22 Section 15-132.9.

23 On or before October 1, 2018, the Board shall recalculate
24 and recertify to the Governor and the General Assembly the
25 amount of the required State contribution to the System for
26 State fiscal year 2019, taking into account the reduction

1 specified under item (3) of subsection (a-1) of Section 15-155.

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

6 (c) Beginning in State fiscal year 1996, on or as soon as
7 possible after the 15th day of each month the Board shall
8 submit vouchers for payment of State contributions to the
9 System, in a total monthly amount of one-twelfth of the
10 required annual State contribution certified under subsection
11 (a). From the effective date of this amendatory Act of the 93rd
12 General Assembly through June 30, 2004, the Board shall not
13 submit vouchers for the remainder of fiscal year 2004 in excess
14 of the fiscal year 2004 certified contribution amount
15 determined under this Section after taking into consideration
16 the transfer to the System under subsection (b) of Section
17 6z-61 of the State Finance Act. These vouchers shall be paid by
18 the State Comptroller and Treasurer by warrants drawn on the
19 funds appropriated to the System for that fiscal year.

20 If in any month the amount remaining unexpended from all
21 other appropriations to the System for the applicable fiscal
22 year (including the appropriations to the System under Section
23 8.12 of the State Finance Act and Section 1 of the State
24 Pension Funds Continuing Appropriation Act) is less than the
25 amount lawfully vouchered under this Section, the difference
26 shall be paid from the General Revenue Fund under the

1 continuing appropriation authority provided in Section 1.1 of
2 the State Pension Funds Continuing Appropriation Act.

3 (d) So long as the payments received are the full amount
4 lawfully vouchered under this Section, payments received by the
5 System under this Section shall be applied first toward the
6 employer contribution to the self-managed plan established
7 under Section 15-158.2. Payments shall be applied second toward
8 the employer's portion of the normal costs of the System, as
9 defined in subsection (f) of Section 15-155. The balance shall
10 be applied toward the unfunded actuarial liabilities of the
11 System.

12 (e) In the event that the System does not receive, as a
13 result of legislative enactment or otherwise, payments
14 sufficient to fully fund the employer contribution to the
15 self-managed plan established under Section 15-158.2 and to
16 fully fund that portion of the employer's portion of the normal
17 costs of the System, as calculated in accordance with Section
18 15-155(a-1), then any payments received shall be applied
19 proportionately to the optional retirement program established
20 under Section 15-158.2 and to the employer's portion of the
21 normal costs of the System, as calculated in accordance with
22 Section 15-155(a-1).

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

24 (40 ILCS 5/15-198)

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

1 which has been held unconstitutional)

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

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

3 A new benefit increase created by a Public Act that does not
4 include the additional funding required under this subsection
5 is null and void. If the Public Pension Division determines
6 that the additional funding provided for a new benefit increase
7 under this subsection is or has become inadequate, it may so
8 certify to the Governor and the State Comptroller and, in the
9 absence of corrective action by the General Assembly, the new
10 benefit increase shall expire at the end of the fiscal year in
11 which 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 5/16-107.1 new)

4 Sec. 16-107.1. Tier 1 employee. "Tier 1 employee": A
5 teacher under this Article who first became a member or
6 participant before January 1, 2011 under any reciprocal
7 retirement system or pension fund established under this Code
8 other than a retirement system or pension fund established
9 under Article 2, 3, 4, 5, 6, or 18 of this Code. However, for
10 the purposes of the election under Section 16-122.9, "Tier 1
11 employee" does not include a teacher under this Article who
12 would qualify as a Tier 1 employee but who has made an
13 irrevocable election on or before June 1, 2017 to retire from
14 service pursuant to the terms of an employment contract or a
15 collective bargaining agreement in effect on June 1, 2017,
16 excluding any extension, amendment, or renewal of that
17 agreement after that date, and has notified the System of that
18 election.

19 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

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

22 Sec. 16-121. Salary. "Salary": The actual compensation
23 received by a teacher during any school year and recognized by
24 the system in accordance with rules of the board. For purposes

1 of this Section, "school year" includes the regular school term
2 plus any additional period for which a teacher is compensated
3 and such compensation is recognized by the rules of the board.

4 Notwithstanding any other provision of this Section,
5 "salary" does not include any future increase in income that is
6 offered by an employer for service as a Tier 1 employee under
7 this Article pursuant to the condition set forth in subsection
8 (c) of Section 16-122.9 and accepted under that condition by a
9 Tier 1 employee who has made the election under paragraph (2)
10 of subsection (a) of Section 16-122.9.

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

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

15 (40 ILCS 5/16-121.1 new)

16 Sec. 16-121.1. Future increase in income. "Future increase
17 in income" means an increase to a Tier 1 employee's base pay
18 that is offered by an employer to the Tier 1 employee for
19 service under this Article after June 30, 2018 that qualifies
20 as "salary", as defined in Section 16-121, or would qualify as
21 "salary" but for the fact that it was offered to and accepted
22 by the Tier 1 employee under the condition set forth in
23 subsection (c) of Section 16-122.9. The term "future increase
24 in income" includes an increase to a Tier 1 employee's base pay
25 that is paid to the Tier 1 employee pursuant to an extension,

1 amendment, or renewal of any such employment contract or
2 collective bargaining agreement after the effective date of
3 this Section.

4 (40 ILCS 5/16-121.2 new)

5 Sec. 16-121.2. Base pay. As used in Section 16-121.1 of
6 this Code, "base pay" means the greater of either (i) the Tier
7 1 employee's annualized rate of salary as of June 30, 2018, or
8 (ii) the Tier 1 employee's annualized rate of salary
9 immediately preceding the expiration, renewal, or amendment of
10 an employment contract or collective bargaining agreement in
11 effect on the effective date of this Section. For a person
12 returning to active service as a Tier 1 employee after June 30,
13 2018, however, "base pay" means the employee's annualized rate
14 of salary as of the employee's last date of service prior to
15 July 1, 2018. The System shall calculate the base pay of each
16 Tier 1 employee pursuant to this Section.

17 (40 ILCS 5/16-122.9 new)

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

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

21 (1) to agree to delay his or her eligibility for
22 automatic annual increases in retirement annuity as
23 provided in subsection (a-1) of Section 16-133.1 or
24 subsection (b-1) of Section 16-136.1, whichever is

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

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

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

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

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

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

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

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

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

14 (b) As adequate and legal consideration provided under this
15 amendatory Act of the 100th General Assembly for making an
16 election under paragraph (1) of subsection (a) of this Section,
17 an employer shall be expressly and irrevocably prohibited from
18 offering any future increases in income to a Tier 1 employee
19 who has made an election under paragraph (1) of subsection (a)
20 of this Section on the condition of not constituting salary
21 under Section 16-121.

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

1 consideration payment equal to 10% of the contributions made by
2 or on behalf of the employee under paragraphs (1), (2), and (3)
3 of subsection (a) of Section 16-152 before the effective date
4 of that election. The State Comptroller shall pay the
5 consideration payment to the Tier 1 employee out of funds
6 appropriated for that purpose under Section 1.9 of the State
7 Pension Funds Continuing Appropriation Act. The System shall
8 calculate the amount of each consideration payment and, by July
9 1, 2018, shall certify to the State Comptroller the amount of
10 the consideration payment, together with the name, address, and
11 any other available payment information of the Tier 1 employee
12 as found in the records of the System. The System shall make
13 additional calculations and certifications of consideration
14 payments to the State Comptroller as the System deems
15 necessary.

16 (c) A Tier 1 employee who makes the election under
17 paragraph (2) of subsection (a) of this Section shall not be
18 subject to paragraph (1) of subsection (a) of this Section.
19 However, each future increase in income offered by an employer
20 under this Article to a Tier 1 employee who has made the
21 election under paragraph (2) of subsection (a) of this Section
22 shall be offered by the employer expressly and irrevocably on
23 the condition of not constituting salary under Section 16-121
24 and that the Tier 1 employee's acceptance of the offered future
25 increase in income shall constitute his or her agreement to
26 that condition.

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

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

24 The System shall inform Tier 1 employees in the election
25 packet required under this subsection that the Tier 1 employee
26 may also wish to obtain information and counsel relating to the

1 election required under this Section from any other available
2 source, including, but not limited to, labor organizations and
3 private counsel.

4 In no event shall the System, its staff, or the Board be
5 held liable for any information given to a member regarding the
6 elections under this Section. The System shall coordinate with
7 the Illinois Department of Central Management Services and each
8 other retirement system administering an election in
9 accordance with this amendatory Act of the 100th General
10 Assembly to provide information concerning the impact of the
11 election set forth in this Section.

12 (e) Notwithstanding any other provision of law, an employer
13 under this Article is required to offer each future increase in
14 income expressly and irrevocably on the condition of not
15 constituting "salary" under Section 16-121 to any Tier 1
16 employee who has made an election under paragraph (2) of
17 subsection (a) of this Section. The offer shall also provide
18 that the Tier 1 employee's acceptance of the offered future
19 increase in income shall constitute his or her agreement to the
20 condition set forth in this subsection.

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

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

1 of this Code.

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

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

13 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

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

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

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

22 Except as otherwise provided in subsection (a-1), an ~~An~~
23 annuitant shall first be entitled to an initial increase under
24 this Section on the January 1 next following the first
25 anniversary of retirement, or January 1 of the year next

1 following attainment of age 61, whichever is later. At such
2 time, the system shall pay an initial increase determined as
3 follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (d) An annuitant receiving a retirement annuity or
26 disability retirement annuity on July 1, 1969, who subsequently

1 re-enters service as a teacher is eligible for the automatic
2 annual increases in annuity provided under this Section if he
3 or she renders at least one year of creditable service
4 following the latest re-entry.

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

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

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

22 (40 ILCS 5/16-136.1) (from Ch. 108 1/2, par. 16-136.1)

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

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

1 (a) Any annuitant receiving a retirement annuity on June
2 30, 1969 and any member retiring after June 30, 1969 shall be
3 eligible for the annual increases provided under this Section
4 provided the annuitant is ineligible for the automatic annual
5 increase in annuity provided under Section 16-133.1, and
6 provided further that (1) retirement occurred at age 55 or over
7 and was based on 5 or more years of creditable service or (2)
8 if retirement occurred prior to age 55, the retirement annuity
9 was based on 20 or more years of creditable service.

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

25 Except as otherwise provided in subsection (b-1), if
26 applicable, an ~~An~~ annuitant who has received an initial

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

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

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

22 (2) The amount of each automatic annual increase in
23 retirement annuity or survivor benefit occurring on or
24 after the effective date of that election shall be
25 calculated as a percentage of the originally granted
26 retirement annuity or survivor benefit, equal to 3% or

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

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

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

26 (d) In addition to other increases which may be provided by

1 this Section, regardless of creditable service, annuitants not
2 meeting the service requirements of Section 16-133.1 and whose
3 retirement annuity began on or before January 1, 1971 shall
4 receive, on January 1, 1981, an increase in the retirement
5 annuity then being paid of one dollar per month for each year
6 of creditable service forming the basis of the retirement
7 allowance. On January 1, 1982, annuitants whose retirement
8 annuity began on or before January 1, 1977, shall receive an
9 increase in the retirement annuity then being paid of one
10 dollar per month for each year of creditable service.

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

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

17 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

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

20 Sec. 16-152. Contributions by members.

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

24 (1) Effective July 1, 1998, contributions of 7.50% of
25 salary towards the cost of the retirement annuity. Such

1 contributions shall be deemed "normal contributions".

2 (2) Effective July 1, 1969, contributions of 1/2 of 1%
3 of salary toward the cost of the automatic annual increase
4 in retirement annuity provided under Section 16-133.1.

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

10 (4) Effective July 1, 2005, contributions of 0.40% of
11 salary toward the cost of the early retirement without
12 discount option provided under Section 16-133.2. This
13 contribution shall cease upon termination of the early
14 retirement without discount option as provided in Section
15 16-133.2.

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

23 (1) Contributions of 7.50% of salary towards the cost
24 of the retirement annuity. Such contributions shall be
25 deemed "normal contributions".

26 (2) Contributions of 0.60% towards the cost of survivor

1 benefits. Such contributions shall not be credited to the
2 individual account of the member and shall not be subject
3 to refund except as provided in Section 16-143.2.

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

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

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

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

23 (e) A member's contributions toward the cost of early
24 retirement without discount made under item (a)(4) of this
25 Section shall not be refunded if the member has elected early
26 retirement without discount under Section 16-133.2 and has

1 begun to receive a retirement annuity under this Article
2 calculated in accordance with that election. Otherwise, a
3 member's contributions toward the cost of early retirement
4 without discount made under item (a)(4) of this Section shall
5 be refunded according to whichever one of the following
6 circumstances occurs first:

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

11 (2) The contributions shall be included, without
12 interest, in any refund claimed by the member under Section
13 16-151.

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

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

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

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

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

4 Sec. 16-158. Contributions by State and other employing
5 units.

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

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

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

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

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

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

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

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

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

11 (a-10) On or before May 1, 2018, the Board shall
12 recalculate and recertify to the Governor and the General
13 Assembly the amount of the required State contribution to the
14 System for State fiscal year 2019, taking into account the
15 effect on the System's liabilities of the elections made under
16 Section 16-122.9.

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

22 (b) Through State fiscal year 1995, the State contributions
23 shall be paid to the System in accordance with Section 18-7 of
24 the School Code.

25 (b-1) Beginning in State fiscal year 1996, on the 15th day
26 of each month, or as soon thereafter as may be practicable, the

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

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

22 (b-2) Allocations from the Common School Fund apportioned
23 to school districts not coming under this System shall not be
24 diminished or affected by the provisions of this Article.

25 (b-3) For State fiscal years 2012 through 2045 (except as
26 otherwise provided for fiscal year 2019), the minimum

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

10 For State fiscal year 2019:

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

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

18 (3) For purposes of the recertification due on or
19 before October 1, 2018, the total required State
20 contribution for fiscal year 2019 shall be reduced by the
21 amount of the consideration payments made to Tier 1
22 employees who made the election under paragraph (1) of
23 subsection (a) of Section 16-122.9.

24 For State fiscal years 1996 through 2005, the State
25 contribution to the System, as a percentage of the applicable
26 employee payroll, shall be increased in equal annual increments

1 so that by State fiscal year 2011, the State is contributing at
2 the rate required under this Section; except that in the
3 following specified State fiscal years, the State contribution
4 to the System shall not be less than the following indicated
5 percentages of the applicable employee payroll, even if the
6 indicated percentage will produce a State contribution in
7 excess of the amount otherwise required under this subsection
8 and subsection (a), and notwithstanding any contrary
9 certification made under subsection (a-1) before the effective
10 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
11 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
12 2003; and 13.56% in FY 2004.

13 Notwithstanding any other provision of this Article, the
14 total required State contribution for State fiscal year 2006 is
15 \$534,627,700.

16 Notwithstanding any other provision of this Article, the
17 total required State contribution for State fiscal year 2007 is
18 \$738,014,500.

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

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2010 is

1 \$2,089,268,000 and shall be made from the proceeds of bonds
2 sold in fiscal year 2010 pursuant to Section 7.2 of the General
3 Obligation Bond Act, less (i) the pro rata share of bond sale
4 expenses determined by the System's share of total bond
5 proceeds, (ii) any amounts received from the Common School Fund
6 in fiscal year 2010, and (iii) any reduction in bond proceeds
7 due to the issuance of discounted bonds, if applicable.

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

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

1 actuarial liabilities of the System.

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

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

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

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

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

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

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

18 However, with respect to benefits granted under Section
19 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
20 of Section 16-106, the employer's contribution shall be 12%
21 (rather than 20%) of the member's highest annual salary rate
22 for each year of creditable service granted, and the employer
23 shall also pay the required employee contribution on behalf of
24 the teacher. For the purposes of Sections 16-133.4 and
25 16-133.5, a teacher as defined in paragraph (8) of Section
26 16-106 who is serving in that capacity while on leave of

1 absence from another employer under this Article shall not be
2 considered an employee of the employer from which the teacher
3 is on leave.

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

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

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

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

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

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

1 paid to teachers for that period.

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

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

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

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

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

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

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

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

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

24 When assessing payment for any amount due under subsection
25 (f), the System shall exclude salary increases paid to a
26 teacher at a time when the teacher is 10 or more years from

1 retirement eligibility under Section 16-132 or 16-133.2.

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

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

26 When assessing payment for any amount due under subsection

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

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

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

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

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

25 (3) The total amount the System received from each
26 employer as a result of the changes made to this Section by

1 Public Act 94-4.

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

5 (j) For purposes of determining the required State
6 contribution to the System, the value of the System's assets
7 shall be equal to the actuarial value of the System's assets,
8 which shall be calculated as follows:

9 As of June 30, 2008, the actuarial value of the System's
10 assets shall be equal to the market value of the assets as of
11 that date. In determining the actuarial value of the System's
12 assets for fiscal years after June 30, 2008, any actuarial
13 gains or losses from investment return incurred in a fiscal
14 year shall be recognized in equal annual amounts over the
15 5-year period following that fiscal year.

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

20 (l) If Section 16-122.9 is determined to be
21 unconstitutional or otherwise invalid by a final unappealable
22 decision of an Illinois court or a court of competent
23 jurisdiction, then the changes made to this Section by this
24 amendatory Act of the 100th General Assembly shall not take
25 effect and are repealed by operation of law.

26 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;

1 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
2 6-18-12; 97-813, eff. 7-13-12; 98-674, eff. 6-30-14.)

3 (40 ILCS 5/16-203)

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

6 Sec. 16-203. 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 June 1, 2005 (the
13 effective date of Public Act 94-4). "New benefit increase",
14 however, does not include any benefit increase resulting from
15 the changes made to this Article by Public Act 95-910 or this
16 amendatory Act of the 100th General Assembly ~~this amendatory~~
17 ~~Act of the 95th General Assembly.~~

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

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

1 increase in cost to the System as it accrues.

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

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

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

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

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

9 (40 ILCS 5/17-106.05 new)

10 Sec. 17-106.05. Tier 1 employee. "Tier 1 employee": A
11 teacher under this Article who first became a member or
12 participant before January 1, 2011 under any reciprocal
13 retirement system or pension fund established under this Code
14 other than a retirement system or pension fund established
15 under Article 2, 3, 4, 5, 6, or 18 of this Code. However, for
16 the purposes of the election under Section 17-115.5, "Tier 1
17 employee" does not include a teacher under this Article who
18 would qualify as a Tier 1 employee but who has made an
19 irrevocable election on or before June 1, 2017 to retire from
20 service pursuant to the terms of an employment contract or a
21 collective bargaining agreement in effect on June 1, 2017,
22 excluding any extension, amendment, or renewal of that
23 agreement after that date, and has notified the Fund of that
24 election.

1 (40 ILCS 5/17-113.4 new)

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

7 Notwithstanding any other provision of this Section,
8 "salary" does not include any future increase in income that is
9 offered by an employer for service as a Tier 1 employee under
10 this Article pursuant to the condition set forth in subsection
11 (c) of Section 17-115.5 and accepted under that condition by a
12 Tier 1 employee who has made the election under paragraph (2)
13 of subsection (a) of Section 17-115.5.

14 (40 ILCS 5/17-113.5 new)

15 Sec. 17-113.5. Future increase in income. "Future increase
16 in income" means an increase to a Tier 1 employee's base pay
17 that is offered by an employer to the Tier 1 employee for
18 service under this Article after June 30, 2018 that qualifies
19 as "salary", as defined in Section 17-113.4, or would qualify
20 as "salary" but for the fact that it was offered to and
21 accepted by the Tier 1 employee under the condition set forth
22 in subsection (c) of Section 17-115.5. The term "future
23 increase in income" includes an increase to a Tier 1 employee's
24 base pay that is paid to the Tier 1 employee pursuant to an
25 extension, amendment, or renewal of any employment contract or

1 collective bargaining agreement after the effective date of
2 this Section.

3 (40 ILCS 5/17-113.6 new)

4 Sec. 17-113.6. Base pay. As used in Section 17-113.5 of
5 this Code, "base pay" means the greater of either (i) the Tier
6 1 employee's annualized rate of salary as of June 30, 2018, or
7 (ii) the Tier 1 employee's annualized rate of salary
8 immediately preceding the expiration, renewal, or amendment of
9 an employment contract or collective bargaining agreement in
10 effect on the effective date of this Section. For a person
11 returning to active service as a Tier 1 employee after June 30,
12 2018, however, "base pay" means the employee's annualized rate
13 of salary as of the employee's last date of service prior to
14 July 1, 2018. The Fund shall calculate the base pay of each
15 Tier 1 employee pursuant to this Section.

16 (40 ILCS 5/17-115.5 new)

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

18 (a) Each active Tier 1 employee shall make an irrevocable
19 election either:

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

1 otherwise provided for in this Article calculated,
2 instead, as provided in Section 17-119.2; or

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

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

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

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

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

20 (a-5) If this Section is enjoined or stayed by an Illinois
21 court or a court of competent jurisdiction pending the entry of
22 a final and unappealable decision, and this Section is
23 determined to be constitutional or otherwise valid by a final
24 unappealable decision of an Illinois court or a court of
25 competent jurisdiction, then the election procedure set forth
26 in subsection (a) of this Section shall commence on the 180th

1 calendar day after the date of the issuance of the final
2 unappealable decision and shall conclude at the end of the
3 270th calendar day after that date.

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

10 (b) As adequate and legal consideration provided under this
11 amendatory Act of the 100th General Assembly for making an
12 election under paragraph (1) of subsection (a) of this Section,
13 an employer shall be expressly and irrevocably prohibited from
14 offering any future increases in income to a Tier 1 employee
15 who has made an election under paragraph (1) of subsection (a)
16 of this Section on the condition of not constituting salary
17 under Section 17-113.4.

18 As adequate and legal consideration provided under this
19 amendatory Act of the 100th General Assembly for making an
20 election under paragraph (1) of subsection (a) of this Section,
21 each Tier 1 employee who has made an election under paragraph
22 (1) of subsection (a) of this Section shall receive a
23 consideration payment equal to 10% of the contributions made by
24 or on behalf of the employee under Section 17-130 before the
25 effective date of that election. The State Comptroller shall
26 pay the consideration payment to the Tier 1 employee out of

1 funds appropriated for that purpose under Section 1.9 of the
2 State Pension Funds Continuing Appropriation Act. The Fund
3 shall calculate the amount of each consideration payment and,
4 by July 1, 2018, shall certify to the State Comptroller the
5 amount of the consideration payment, together with the name,
6 address, and any other available payment information of the
7 Tier 1 employee as found in the records of the Fund. The Fund
8 shall make additional calculations and certifications of
9 consideration payments to the State Comptroller as the Fund
10 deems necessary.

11 (c) A Tier 1 employee who makes the election under
12 paragraph (2) of subsection (a) of this Section shall not be
13 subject to paragraph (1) of subsection (a) of this Section.
14 However, each future increase in income offered by an employer
15 under this Article to a Tier 1 employee who has made the
16 election under paragraph (2) of subsection (a) of this Section
17 shall be offered by the employer expressly and irrevocably on
18 the condition of not constituting salary under Section 17-113.4
19 and that the Tier 1 employee's acceptance of the offered future
20 increase in income shall constitute his or her agreement to
21 that condition.

22 (d) The Fund shall make a good faith effort to contact each
23 Tier 1 employee subject to this Section. The Fund shall mail
24 information describing the required election to each Tier 1
25 employee by United States Postal Service mail to his or her
26 last known address on file with the Fund. If the Tier 1

1 employee is not responsive to other means of contact, it is
2 sufficient for the Fund to publish the details of any required
3 elections on its website or to publish those details in a
4 regularly published newsletter or other existing public forum.

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

18 The Fund shall inform Tier 1 employees in the election
19 packet required under this subsection that the Tier 1 employee
20 may also wish to obtain information and counsel relating to the
21 election required under this Section from any other available
22 source, including, but not limited to, labor organizations and
23 private counsel.

24 In no event shall the Fund, its staff, or the Board be held
25 liable for any information given to a member regarding the
26 elections under this Section. The Fund shall coordinate with

1 the Illinois Department of Central Management Services and each
2 other retirement system administering an election in
3 accordance with this amendatory Act of the 100th General
4 Assembly to provide information concerning the impact of the
5 election set forth in this Section.

6 (e) Notwithstanding any other provision of law, an employer
7 under this Article is required to offer each future increase in
8 income expressly and irrevocably on the condition of not
9 constituting "salary" under Section 17-113.4 to any Tier 1
10 employee who has made an election under paragraph (2) of
11 subsection (a) of this Section. The offer shall also provide
12 that the Tier 1 employee's acceptance of the offered future
13 increase in income shall constitute his or her agreement to the
14 condition set forth in this subsection.

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

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

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

25 (h) If an election created by this amendatory Act in any
26 other Article of this Code or any change deriving from that

1 election is determined to be unconstitutional or otherwise
2 invalid by a final unappealable decision of an Illinois court
3 or a court of competent jurisdiction, the invalidity of that
4 provision shall not in any way affect the validity of this
5 Section or the changes deriving from the election required
6 under this Section.

7 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)

8 Sec. 17-116. Service retirement pension.

9 (a) Each teacher having 20 years of service upon attainment
10 of age 55, or who thereafter attains age 55 shall be entitled
11 to a service retirement pension upon or after attainment of age
12 55; and each teacher in service on or after July 1, 1971, with
13 5 or more but less than 20 years of service shall be entitled
14 to receive a service retirement pension upon or after
15 attainment of age 62.

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

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

1 (2) For creditable service earned on or after July 1,
2 1998 by a member who has at least 30 years of creditable
3 service on July 1, 1998 and who does not elect to augment
4 service under Section 17-119.1: 2.3% of average salary for
5 each year of creditable service earned on or after July 1,
6 1998.

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

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

11 1. Average salary shall consist of the average annual
12 rate of salary for the 4 consecutive years of validated
13 service within the last 10 years of service when such
14 average annual rate was highest. In the determination of
15 average salary for retirement allowance purposes, for
16 members who commenced employment after August 31, 1979,
17 that part of the salary for any year shall be excluded
18 which exceeds the annual full-time salary rate for the
19 preceding year by more than 20%. In the case of a member
20 who commenced employment before August 31, 1979 and who
21 receives salary during any year after September 1, 1983
22 which exceeds the annual full time salary rate for the
23 preceding year by more than 20%, an Employer and other
24 employers of eligible contributors as defined in Section
25 17-106 shall pay to the Fund an amount equal to the present
26 value of the additional service retirement pension

1 resulting from such excess salary. The present value of the
2 additional service retirement pension shall be computed by
3 the Board on the basis of actuarial tables adopted by the
4 Board. If a member elects to receive a pension from this
5 Fund provided by Section 20-121, his salary under the State
6 Universities Retirement System and the Teachers'
7 Retirement System of the State of Illinois shall be
8 considered in determining such average salary. Amounts
9 paid after the effective date of this amendatory Act of
10 1991 for unused vacation time earned after that effective
11 date shall not under any circumstances be included in the
12 calculation of average salary or the annual rate of salary
13 for the purposes of this Article.

14 2. Proportionate credit shall be given for validated
15 service of less than one year.

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

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

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

5 6. Service retirement pensions shall begin on the
6 effective date of resignation, retirement, the day
7 following the close of the payroll period for which service
8 credit was validated, or the time the person resigning or
9 retiring attains age 55, or on a date elected by the
10 teacher, whichever shall be latest; provided that, for a
11 person who first becomes a member after the effective date
12 of this amendatory Act of the 99th General Assembly, the
13 benefit shall not commence more than one year prior to the
14 date of the Fund's receipt of an application for the
15 benefit.

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

21 8. A member retiring after the effective date of this
22 amendatory Act of 1998 shall receive a pension equal to 75%
23 of average salary if the member is qualified to receive a
24 retirement pension equal to at least 74.6% of average
25 salary under this Article or as proportional annuities
26 under Article 20 of this Code.

1 (d) Notwithstanding any other provision of this Section,
2 annual salary does not include any future increase in income
3 that is offered for service to a Tier 1 employee under this
4 Article pursuant to the condition set forth in subsection (c)
5 of Section 17-115.5 and accepted under that condition by a Tier
6 1 employee who has made the election under paragraph (2) of
7 subsection (a) of Section 17-115.5.

8 Notwithstanding any other provision of this Section,
9 annual salary does not include any consideration payment made
10 to a Tier 1 employee.

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

12 (40 ILCS 5/17-119.2 new)

13 Sec. 17-119.2. Automatic annual increases in service
14 retirement pension and survivor's pension for certain Tier 1
15 employees. Notwithstanding any other provision of this
16 Article, for a Tier 1 employee who made the election under
17 paragraph (1) of subsection (a) of Section 17-115.5:

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

22 (2) The amount of each automatic annual increase in
23 service retirement pension or survivor's pension occurring
24 on or after the effective date of that election shall be
25 calculated as a percentage of the originally granted

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

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

19 (40 ILCS 5/17-129) (from Ch. 108 1/2, par. 17-129)

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

21 (a) If in any fiscal year of the Board of Education ending
22 prior to 1997 the total amounts paid to the Fund from the Board
23 of Education (other than under this subsection, and other than
24 amounts used for making or "picking up" contributions on behalf
25 of teachers) and from the State do not equal the total

1 contributions made by or on behalf of the teachers for such
2 year, or if the total income of the Fund in any such fiscal
3 year of the Board of Education from all sources is less than
4 the total such expenditures by the Fund for such year, the
5 Board of Education shall, in the next succeeding year, in
6 addition to any other payment to the Fund set apart and
7 appropriate from moneys from its tax levy for educational
8 purposes, a sum sufficient to remove such deficiency or
9 deficiencies, and promptly pay such sum into the Fund in order
10 to restore any of the reserves of the Fund that may have been
11 so temporarily applied. Any amounts received by the Fund after
12 December 4, 1997 from State appropriations, including under
13 Section 17-127, shall be a credit against and shall fully
14 satisfy any obligation that may have arisen, or be claimed to
15 have arisen, under this subsection (a) as a result of any
16 deficiency or deficiencies in the fiscal year of the Board of
17 Education ending in calendar year 1997.

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

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

26 (iii) Notwithstanding any other provision of this Section,

1 the Board of Education's total required contribution to the
2 Fund for fiscal year 2013 under this Section is \$196,000,000.

3 (iv) For fiscal years 2014 through 2059, the minimum
4 contribution to the Fund to be made by the Board of Education
5 in each fiscal year shall be an amount determined by the Fund
6 to be sufficient to bring the total assets of the Fund up to
7 90% of the total actuarial liabilities of the Fund by the end
8 of fiscal year 2059. In making these determinations, the
9 required Board of Education contribution shall be calculated
10 each year as a level percentage of the applicable employee
11 payrolls over the years remaining to and including fiscal year
12 2059 and shall be determined under the projected unit credit
13 actuarial cost method.

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

18 (vi) Notwithstanding any other provision of this
19 subsection (b), for any fiscal year, the contribution to the
20 Fund from the Board of Education shall not be required to be in
21 excess of the amount calculated as needed to maintain the
22 assets (or cause the assets to be) at the 90% level by the end
23 of the fiscal year.

24 (vii) Any contribution by the State to or for the benefit
25 of the Fund, including, without limitation, as referred to
26 under Section 17-127, shall be a credit against any

1 contribution required to be made by the Board of Education
2 under this subsection (b).

3 (c) The Board shall determine the amount of Board of
4 Education contributions required for each fiscal year on the
5 basis of the actuarial tables and other assumptions adopted by
6 the Board and the recommendations of the actuary, in order to
7 meet the minimum contribution requirements of subsections (a)
8 and (b). Annually, on or before February 28, the Board shall
9 certify to the Board of Education the amount of the required
10 Board of Education contribution for the coming fiscal year. The
11 certification shall include a copy of the actuarial
12 recommendations upon which it is based.

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

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

19 (40 ILCS 5/17-130) (from Ch. 108 1/2, par. 17-130)

20 Sec. 17-130. Participants' contributions by payroll
21 deductions.

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

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

4 (a-5) Beginning on July 1, 2018 or the effective date of
5 the Tier 1 employee's election under paragraph (1) of Section
6 17-115.5, whichever is later, in lieu of the contributions
7 otherwise required under subsection (a), each Tier 1 employee
8 who made the election under paragraph (1) of Section 17-115.5
9 shall make contributions of 7.50% of salary for service or
10 disability retirement pension and 0.6% of salary for survivors'
11 and children's pensions.

12 (b) An Employer and any employer of eligible contributors
13 as defined in Section 17-106 is authorized to make the
14 necessary deductions from the salaries of its teachers. Such
15 amounts shall be included as a part of the Fund. An Employer
16 and any employer of eligible contributors as defined in Section
17 17-106 shall formulate such rules and regulations as may be
18 necessary to give effect to the provisions of this Section.

19 (c) All persons employed as teachers shall, by such
20 employment, accept the provisions of this Article and of
21 Sections 34-83 to 34-85, inclusive, of "The School Code",
22 approved March 18, 1961, as amended, and thereupon become
23 contributors to the Fund in accordance with the terms thereof.
24 The provisions of this Article and of those Sections shall
25 become a part of the contract of employment.

26 (d) A person who (i) was a member before July 1, 1998, (ii)

1 retires with more than 34 years of creditable service, and
2 (iii) does not elect to qualify for the augmented rate under
3 Section 17-119.1 shall be entitled, at the time of retirement,
4 to receive a partial refund of contributions made under this
5 Section for service occurring after the later of June 30, 1998
6 or attainment of 34 years of creditable service, in an amount
7 equal to 1.00% of the salary upon which those contributions
8 were based.

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

10 Section 40. The State Pension Funds Continuing
11 Appropriation Act is amended by adding Section 1.9 as follows:

12 (40 ILCS 15/1.9 new)

13 Sec. 1.9. Appropriation for consideration payment. There
14 is hereby appropriated from the General Revenue Fund to the
15 State Comptroller, on a continuing basis, all amounts necessary
16 for the payment of consideration payments under subsection (b)
17 of Sections 14-106.5, 15-132.9, 16-122.9, and 17-115.5 of the
18 Illinois Pension Code, in the amounts certified to the State
19 Comptroller by the respective retirement system or pension
20 fund.

21 Section 45. The School Code is amended by changing Sections
22 24-1, 24-8, and 34-18.53 as follows:

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

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

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

19 (105 ILCS 5/24-8) (from Ch. 122, par. 24-8)

20 Sec. 24-8. Minimum salary. In fixing the salaries of
21 teachers, school boards shall pay those who serve on a
22 full-time basis not less than a rate for the school year that
23 is based upon training completed in a recognized institution of
24 higher learning, as follows: for the school year beginning July
25 1, 1980 and thereafter, less than a bachelor's degree, \$9,000;

1 120 semester hours or more and a bachelor's degree, \$10,000;
2 150 semester hours or more and a master's degree, \$11,000.

3 Based upon previous public school experience in this State
4 or any other State, territory, dependency or possession of the
5 United States, or in schools operated by or under the auspices
6 of the United States, teachers who serve on a full-time basis
7 shall have their salaries increased to at least the following
8 amounts above the starting salary for a teacher in such
9 district in the same classification: with less than a
10 bachelor's degree, \$750 after 5 years; with 120 semester hours
11 or more and a bachelor's degree, \$1,000 after 5 years and
12 \$1,600 after 8 years; with 150 semester hours or more and a
13 master's degree, \$1,250 after 5 years, \$2,000 after 8 years and
14 \$2,750 after 13 years. However, any salary increase is subject
15 to any applicable restrictions in Section 16-122.9 of the
16 Illinois Pension Code.

17 For the purpose of this Section a teacher's salary shall
18 include any amount paid by the school district on behalf of the
19 teacher, as teacher contributions, to the Teachers' Retirement
20 System of the State of Illinois.

21 If a school board establishes a schedule for teachers'
22 salaries based on education and experience, not inconsistent
23 with this Section, all certificated nurses employed by that
24 board shall be paid in accordance with the provisions of such
25 schedule (subject to any applicable restrictions in Section
26 16-122.9 of the Illinois Pension Code).

1 For purposes of this Section, a teacher who submits a
2 certificate of completion to the school office prior to the
3 first day of the school term shall be considered to have the
4 degree stated in such certificate.

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

6 (105 ILCS 5/34-18.53 new)

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

12 Section 50. The State Universities Civil Service Act is
13 amended by changing Section 36d as follows:

14 (110 ILCS 70/36d) (from Ch. 24 1/2, par. 38b3)

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

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

1 (2) To prescribe the duties of each class of positions
2 and the qualifications required by employment in that
3 class.

4 (3) To prescribe the range of compensation for each
5 class or to fix a single rate of compensation for employees
6 in a particular class; and to establish other conditions of
7 employment which an employer and employee representatives
8 have agreed upon as fair and equitable. The Merit Board
9 shall direct the payment of the "prevailing rate of wages"
10 in those classifications in which, on January 1, 1952, any
11 employer is paying such prevailing rate and in such other
12 classes as the Merit Board may thereafter determine.
13 "Prevailing rate of wages" as used herein shall be the
14 wages paid generally in the locality in which the work is
15 being performed to employees engaged in work of a similar
16 character. Subject to any applicable restrictions in
17 Section 14-106.5, 15-132.9, or 16-122.9 of the Illinois
18 Pension Code, each ~~Each~~ employer covered by the University
19 System shall be authorized to negotiate with
20 representatives of employees to determine appropriate
21 ranges or rates of compensation or other conditions of
22 employment and may recommend to the Merit Board for
23 establishment the rates or ranges or other conditions of
24 employment which the employer and employee representatives
25 have agreed upon as fair and equitable, but excluding the
26 changes, the impact of changes, and the implementation of

1 the changes set forth in this amendatory Act of the 100th
2 General Assembly. Any rates or ranges established prior to
3 January 1, 1952, and hereafter, shall not be changed except
4 in accordance with the procedures herein provided.

5 (4) To recommend to the institutions and agencies
6 specified in Section 36e standards for hours of work,
7 holidays, sick leave, overtime compensation and vacation
8 for the purpose of improving conditions of employment
9 covered therein and for the purpose of insuring conformity
10 with the prevailing rate principal.

11 (5) To prescribe standards of examination for each
12 class, the examinations to be related to the duties of such
13 class. The Merit Board shall have power to delegate to the
14 Director and his staff the preparation, conduct and grading
15 of examinations. Examinations may be written, oral, by
16 statement of training and experience, in the form of tests
17 of knowledge, skill, capacity, intellect, aptitude; or, by
18 any other method, which in the judgment of the Merit Board
19 is reasonable and practical for any particular
20 classification. Different examining procedures may be
21 determined for the examinations in different
22 classifications but all examinations in the same
23 classification shall be uniform.

24 (6) To authorize the continuous recruitment of
25 personnel and to that end, to delegate to the Director and
26 his staff the power and the duty to conduct open and

1 continuous competitive examinations for all
2 classifications of employment.

3 (7) To cause to be established from the results of
4 examinations registers for each class of positions in the
5 classified service of the State Universities Civil Service
6 System, of the persons who shall attain the minimum mark
7 fixed by the Merit Board for the examination; and such
8 persons shall take rank upon the registers as candidates in
9 the order of their relative excellence as determined by
10 examination, without reference to priority of time of
11 examination.

12 (8) To provide by its rules for promotions in the
13 classified service. Vacancies shall be filled by promotion
14 whenever practicable. For the purpose of this paragraph, an
15 advancement in class shall constitute a promotion.

16 (9) To set a probationary period of employment of no
17 less than 6 months and no longer than 12 months for each
18 class of positions in the classification plan, the length
19 of the probationary period for each class to be determined
20 by the Director.

21 (10) To provide by its rules for employment at regular
22 rates of compensation of persons with physical
23 disabilities in positions in which the disability does not
24 prevent the individual from furnishing satisfactory
25 service.

26 (11) To make and publish rules, to carry out the

1 purpose of the State Universities Civil Service System and
2 for examination, appointments, transfers and removals and
3 for maintaining and keeping records of the efficiency of
4 officers and employees and groups of officers and employees
5 in accordance with the provisions of Sections 36b to 36q,
6 inclusive, and said Merit Board may from time to time make
7 changes in such rules.

8 (12) To appoint a Director and such assistants and
9 other clerical and technical help as may be necessary
10 efficiently to administer Sections 36b to 36q, inclusive.
11 To authorize the Director to appoint an assistant resident
12 at the place of employment of each employer specified in
13 Section 36e and this assistant may be authorized to give
14 examinations and to certify names from the regional
15 registers provided in Section 36k.

16 (13) To submit to the Governor of this state on or
17 before November 1 of each year prior to the regular session
18 of the General Assembly a report of the University System's
19 business and an estimate of the amount of appropriation
20 from state funds required for the purpose of administering
21 the University System.

22 (Source: P.A. 99-143, eff. 7-27-15.)

23 Section 55. The University of Illinois Act is amended by
24 adding Section 100 as follows:

1 (110 ILCS 305/100 new)

2 Sec. 100. Future increases in income. The University of
3 Illinois must not pay, offer, or agree to pay any future
4 increase in income, as that term is defined in Section
5 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,
6 to any person in a manner that violates Section 14-106.5,
7 15-132.9, or 16-122.9 of the Illinois Pension Code.

8 Section 65. The Southern Illinois University Management
9 Act is amended by adding Section 85 as follows:

10 (110 ILCS 520/85 new)

11 Sec. 85. Future increases in income. Southern Illinois
12 University must not pay, offer, or agree to pay any future
13 increase in income, as that term is defined in Section
14 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,
15 to any person in a manner that violates Section 14-106.5,
16 15-132.9, or 16-122.9 of the Illinois Pension Code.

17 Section 70. The Chicago State University Law is amended by
18 adding Section 5-195 as follows:

19 (110 ILCS 660/5-195 new)

20 Sec. 5-195. Future increases in income. Chicago State
21 University must not pay, offer, or agree to pay any future
22 increase in income, as that term is defined in Section

1 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,
2 to any person in a manner that violates Section 14-106.5,
3 15-132.9, or 16-122.9 of the Illinois Pension Code.

4 Section 75. The Eastern Illinois University Law is amended
5 by adding Section 10-195 as follows:

6 (110 ILCS 665/10-195 new)

7 Sec. 10-195. Future increases in income. Eastern Illinois
8 University must not pay, offer, or agree to pay any future
9 increase in income, as that term is defined in Section
10 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,
11 to any person in a manner that violates Section 14-106.5,
12 15-132.9, or 16-122.9 of the Illinois Pension Code.

13 Section 80. The Governors State University Law is amended
14 by adding Section 15-195 as follows:

15 (110 ILCS 670/15-195 new)

16 Sec. 15-195. Future increases in income. Governors State
17 University must not pay, offer, or agree to pay any future
18 increase in income, as that term is defined in Section
19 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,
20 to any person in a manner that violates Section 14-106.5,
21 15-132.9, or 16-122.9 of the Illinois Pension Code.

1 Section 85. The Illinois State University Law is amended by
2 adding Section 20-200 as follows:

3 (110 ILCS 675/20-200 new)

4 Sec. 20-200. Future increases in income. Illinois State
5 University must not pay, offer, or agree to pay any future
6 increase in income, as that term is defined in Section
7 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,
8 to any person in a manner that violates Section 14-106.5,
9 15-132.9, or 16-122.9 of the Illinois Pension Code.

10 Section 90. The Northeastern Illinois University Law is
11 amended by adding Section 25-195 as follows:

12 (110 ILCS 680/25-195 new)

13 Sec. 25-195. Future increases in income. Northeastern
14 Illinois University must not pay, offer, or agree to pay any
15 future increase in income, as that term is defined in Section
16 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,
17 to any person in a manner that violates Section 14-106.5,
18 15-132.9, or 16-122.9 of the Illinois Pension Code.

19 Section 95. The Northern Illinois University Law is amended
20 by adding Section 30-205 as follows:

21 (110 ILCS 685/30-205 new)

1 Sec. 30-205. Future increases in income. Northern Illinois
2 University must not pay, offer, or agree to pay any future
3 increase in income, as that term is defined in Section
4 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,
5 to any person in a manner that violates Section 14-106.5,
6 15-132.9, or 16-122.9 of the Illinois Pension Code.

7 Section 100. The Western Illinois University Law is amended
8 by adding Section 35-200 as follows:

9 (110 ILCS 690/35-200 new)

10 Sec. 35-200. Future increases in income. Western Illinois
11 University must not pay, offer, or agree to pay any future
12 increase in income, as that term is defined in Section
13 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,
14 to any person in a manner that violates Section 14-106.5,
15 15-132.9, or 16-122.9 of the Illinois Pension Code.

16 Section 105. The Public Community College Act is amended by
17 changing Sections 3-26 and 3-42 as follows:

18 (110 ILCS 805/3-26) (from Ch. 122, par. 103-26)

19 Sec. 3-26. (a) To make appointments and fix the salaries of
20 a chief administrative officer, who shall be the executive
21 officer of the board, other administrative personnel, and all
22 teachers, but subject to any applicable restrictions in Section

1 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code.

2 In making these appointments and fixing the salaries, the board
3 may make no discrimination on account of sex, race, creed,
4 color or national origin.

5 (b) Upon the written request of an employee, to withhold
6 from the compensation of that employee the membership dues of
7 such employee payable to any specified labor organization as
8 defined in the Illinois Educational Labor Relations Act. Under
9 such arrangement, an amount shall be withheld for each regular
10 payroll period which is equal to the prorata share of the
11 annual membership dues plus any payments or contributions and
12 the board shall pay such withholding to the specified labor
13 organization within 10 working days from the time of the
14 withholding.

15 (Source: P.A. 83-1014.)

16 (110 ILCS 805/3-42) (from Ch. 122, par. 103-42)

17 Sec. 3-42. To employ such personnel as may be needed, to
18 establish policies governing their employment and dismissal,
19 and to fix the amount of their compensation, subject to any
20 applicable restrictions in Section 14-106.5, 15-132.9, or
21 16-122.9 of the Illinois Pension Code. In the employment,
22 establishment of policies and fixing of compensation the board
23 may make no discrimination on account of sex, race, creed,
24 color or national origin.

25 Residence within any community college district or outside

1 any community college district shall not be considered:

2 (a) in determining whether to retain or not retain any
3 employee of a community college employed prior to July 1,
4 1977 or prior to the adoption by the community college
5 board of a resolution making residency within the community
6 college district of some or all employees a condition of
7 employment, whichever is later;

8 (b) in assigning, promoting or transferring any
9 employee of a community college to an office or position
10 employed prior to July 1, 1977 or prior to the adoption by
11 the community college board of a resolution making
12 residency within the community college district of some or
13 all employees a condition of employment, whichever is
14 later; or

15 (c) in determining the salary or other compensation of
16 any employee of a community college.

17 (Source: P.A. 80-248.)

18 Section 110. The Illinois Educational Labor Relations Act
19 is amended by changing Sections 4, 14, and 17 and by adding
20 Section 10.6 as follows:

21 (115 ILCS 5/4) (from Ch. 48, par. 1704)

22 Sec. 4. Employer rights. Employers shall not be required to
23 bargain over matters of inherent managerial policy, which shall
24 include such areas of discretion or policy as the functions of

1 the employer, standards of services, its overall budget, the
2 organizational structure and selection of new employees and
3 direction of employees. Employers, however, shall be required
4 to bargain collectively with regard to policy matters directly
5 affecting wages (but subject to any applicable restrictions in
6 Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the
7 Illinois Pension Code), hours and terms and conditions of
8 employment as well as the impact thereon upon request by
9 employee representatives, but excluding the changes, the
10 impact of changes, and the implementation of the changes set
11 forth in Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of
12 the Illinois Pension Code. To preserve the rights of employers
13 and exclusive representatives which have established
14 collective bargaining relationships or negotiated collective
15 bargaining agreements prior to the effective date of this Act,
16 employers shall be required to bargain collectively with regard
17 to any matter concerning wages (but subject to any applicable
18 restrictions in Section 14-106.5, 15-132.9, 16-122.9, or
19 17-115.5 of the Illinois Pension Code), hours or conditions of
20 employment about which they have bargained for and agreed to in
21 a collective bargaining agreement prior to the effective date
22 of this Act, but excluding the changes, the impact of changes,
23 and the implementation of the changes set forth in Section
24 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the Illinois
25 Pension Code.

26 (Source: P.A. 83-1014.)

1 (115 ILCS 5/10.6 new)

2 Sec. 10.6. No collective bargaining or interest
3 arbitration regarding certain changes to the Illinois Pension
4 Code.

5 (a) Notwithstanding any other provision of this Act,
6 employers shall not be required to bargain over matters
7 affected by the changes, the impact of the changes, and the
8 implementation of the changes to Article 14, 15, 16, or 17 of
9 the Illinois Pension Code made by the addition of Section
10 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the Illinois
11 Pension Code, which are deemed to be prohibited subjects of
12 bargaining. Notwithstanding any provision of this Act, the
13 changes, impact of the changes, or implementation of the
14 changes to Article 14, 15, 16, or 17 of the Illinois Pension
15 Code made by the addition of Section 14-106.5, 15-132.9,
16 16-122.9, or 17-115.5 of the Illinois Pension Code shall not be
17 subject to interest arbitration or any award issued pursuant to
18 interest arbitration. The provisions of this Section shall not
19 apply to an employment contract or collective bargaining
20 agreement that is in effect on the effective date of this
21 amendatory Act of the 100th General Assembly. However, any such
22 contract or agreement that is modified, amended, renewed, or
23 superseded after the effective date of this amendatory Act of
24 the 100th General Assembly shall be subject to the provisions
25 of this Section. The provisions of this Section shall not apply

1 to the ability of any employer and employee representative to
2 bargain collectively with regard to the pick up of employee
3 contributions pursuant to Section 14-133.1, 15-157.1,
4 16-152.1, 17-130.1, or 17-130.2 of the Illinois Pension Code.

5 (b) Nothing in this Section shall be construed as otherwise
6 limiting any of the obligations and requirements applicable to
7 employers under any of the provisions of this Act, including,
8 but not limited to, the requirement to bargain collectively
9 with regard to policy matters directly affecting wages, hours,
10 and terms and conditions of employment as well as the impact
11 thereon upon request by employee representatives, except for
12 the matters set forth in subsection (a) of this Section that
13 are deemed prohibited subjects of bargaining. Nothing in this
14 Section shall be construed as otherwise limiting any of the
15 rights of employees or employee representatives under the
16 provisions of this Act, except for the matters set forth in
17 subsection (a) of this Section that are deemed prohibited
18 subjects of bargaining.

19 (c) In case of any conflict between this Section and any
20 other provisions of this Act or any other law, the provisions
21 of this Section shall control.

22 (115 ILCS 5/14) (from Ch. 48, par. 1714)

23 Sec. 14. Unfair labor practices.

24 (a) Educational employers, their agents or representatives
25 are prohibited from:

1 (1) Interfering, restraining or coercing employees in
2 the exercise of the rights guaranteed under this Act.

3 (2) Dominating or interfering with the formation,
4 existence or administration of any employee organization.

5 (3) Discriminating in regard to hire or tenure of
6 employment or any term or condition of employment to
7 encourage or discourage membership in any employee
8 organization.

9 (4) Discharging or otherwise discriminating against an
10 employee because he or she has signed or filed an
11 affidavit, authorization card, petition or complaint or
12 given any information or testimony under this Act.

13 (5) Subject to and except as provided in Section 10.6,
14 refusing ~~Refusing~~ to bargain collectively in good faith
15 with an employee representative which is the exclusive
16 representative of employees in an appropriate unit,
17 including but not limited to the discussing of grievances
18 with the exclusive representative; provided, however, that
19 if an alleged unfair labor practice involves
20 interpretation or application of the terms of a collective
21 bargaining agreement and said agreement contains a
22 grievance and arbitration procedure, the Board may defer
23 the resolution of such dispute to the grievance and
24 arbitration procedure contained in said agreement.
25 However, no actions of the employer taken to implement or
26 otherwise comply with the provisions of subsection (a) of

1 Section 10.6 shall constitute or give rise to an unfair
2 labor practice under this Act.

3 (6) Refusing to reduce a collective bargaining
4 agreement to writing and signing such agreement.

5 (7) Violating any of the rules and regulations
6 promulgated by the Board regulating the conduct of
7 representation elections.

8 (8) Refusing to comply with the provisions of a binding
9 arbitration award.

10 (9) Expending or causing the expenditure of public
11 funds to any external agent, individual, firm, agency,
12 partnership or association in any attempt to influence the
13 outcome of representational elections held pursuant to
14 paragraph (c) of Section 7 of this Act; provided, that
15 nothing in this subsection shall be construed to limit an
16 employer's right to be represented on any matter pertaining
17 to unit determinations, unfair labor practice charges or
18 pre-election conferences in any formal or informal
19 proceeding before the Board, or to seek or obtain advice
20 from legal counsel. Nothing in this paragraph shall be
21 construed to prohibit an employer from expending or causing
22 the expenditure of public funds on, or seeking or obtaining
23 services or advice from, any organization, group or
24 association established by, and including educational or
25 public employers, whether or not covered by this Act, the
26 Illinois Public Labor Relations Act or the public

1 employment labor relations law of any other state or the
2 federal government, provided that such services or advice
3 are generally available to the membership of the
4 organization, group, or association, and are not offered
5 solely in an attempt to influence the outcome of a
6 particular representational election.

7 (b) Employee organizations, their agents or
8 representatives or educational employees are prohibited from:

9 (1) Restraining or coercing employees in the exercise
10 of the rights guaranteed under this Act, provided that a
11 labor organization or its agents shall commit an unfair
12 labor practice under this paragraph in duty of fair
13 representation cases only by intentional misconduct in
14 representing employees under this Act.

15 (2) Restraining or coercing an educational employer in
16 the selection of his representative for the purposes of
17 collective bargaining or the adjustment of grievances.

18 (3) Refusing to bargain collectively in good faith with
19 an educational employer, if they have been designated in
20 accordance with the provisions of this Act as the exclusive
21 representative of employees in an appropriate unit.

22 (4) Violating any of the rules and regulations
23 promulgated by the Board regulating the conduct of
24 representation elections.

25 (5) Refusing to reduce a collective bargaining
26 agreement to writing and signing such agreement.

1 (6) Refusing to comply with the provisions of a binding
2 arbitration award.

3 (c) The expressing of any views, argument, opinion or the
4 dissemination thereof, whether in written, printed, graphic or
5 visual form, shall not constitute or be evidence of an unfair
6 labor practice under any of the provisions of this Act, if such
7 expression contains no threat of reprisal or force or promise
8 of benefit.

9 (d) The actions of a Financial Oversight Panel created
10 pursuant to Section 1A-8 of the School Code due to a district
11 violating a financial plan shall not constitute or be evidence
12 of an unfair labor practice under any of the provisions of this
13 Act. Such actions include, but are not limited to, reviewing,
14 approving, or rejecting a school district budget or a
15 collective bargaining agreement.

16 (Source: P.A. 89-572, eff. 7-30-96.)

17 (115 ILCS 5/17) (from Ch. 48, par. 1717)

18 Sec. 17. Effect on other laws. In case of any conflict
19 between the provisions of this Act and any other law (other
20 than Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the
21 Illinois Pension Code), executive order or administrative
22 regulation, the provisions of this Act shall prevail and
23 control. The provisions of this Act are subject to any
24 applicable restrictions in Section 14-106.5, 15-132.9,
25 16-122.9, or 17-115.5 of the Illinois Pension Code, as well as

1 the changes, impact of changes, and implementation of changes
2 set forth in Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5
3 of the Illinois Pension Code. Nothing in this Act shall be
4 construed to replace or diminish the rights of employees
5 established by Section 36d of "An Act to create the State
6 Universities Civil Service System", approved May 11, 1905, as
7 amended or modified.

8 (Source: P.A. 83-1014.)

9 Section 900. The State Mandates Act is amended by adding
10 Section 8.41 as follows:

11 (30 ILCS 805/8.41 new)

12 Sec. 8.41. Exempt mandate. Notwithstanding Sections 6 and 8
13 of this Act, no reimbursement by the State is required for the
14 implementation of any mandate created by this amendatory Act of
15 the 100th General Assembly.

16 Section 970. Severability. Except as otherwise provided in
17 this Act, the provisions of this Act are severable under
18 Section 1.31 of the Statute on Statutes.

19 Section 999. Effective date. This Act takes effect upon
20 becoming law.

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5 ILCS 315/15

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6

15 ILCS 205/5 new

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15 ILCS 310/13a new

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15 ILCS 410/13a new

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15 ILCS 510/12a new

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20 ILCS 5/5-647 new

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40 ILCS 5/14-103.10

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40 ILCS 5/14-103.41 new

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40 ILCS 5/14-103.42 new

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40 ILCS 5/14-103.43 new

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40 ILCS 5/14-106.5 new

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40 ILCS 5/14-133

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40 ILCS 5/14-135.08

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