



## 100TH GENERAL ASSEMBLY

### State of Illinois

2017 and 2018

SB2650

Introduced 2/8/2018, by Sen. Terry Link

#### SYNOPSIS AS INTRODUCED:

See Index

Amends State Employee Article of the Illinois Pension Code. Requires the System to implement a defined contribution plan for employees of the Illinois State Board of Elections who are not covered by a collective bargaining agreement. Provides that the defined contribution plan shall aggregate State and employee contributions in individual participant accounts which are used for payouts after retirement. Authorizes an eligible employee of the Illinois State Board of Elections to elect to participate in the defined contribution plan instead of the defined benefit plan and to also elect to terminate all participation in the defined benefit plan and to have a specified amount credited to his or her account. Provides that State contributions shall be paid into the accounts of participants in the defined contribution plan at a rate of 3% of compensation and that State contributions, and the earnings thereon, shall vest when those contributions are paid into the participant's account. Provides that employee contributions shall be paid at a rate of 3% of compensation. Contains provisions concerning investment options; defined disability benefits; notice to eligible employees; plan sponsor; reporting; and the intent of the amendatory Act. Excludes the defined contribution plan from the definition of "new benefit increase". Makes related changes in the Retirement Systems Reciprocal Act (Article 20 of the Code) and the State Employees Group Insurance Act of 1971. Effective immediately.

LRB100 17073 RPS 32224 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

1 AN ACT concerning public employee benefits.

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

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

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

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

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

18 (b) "Annuitant" means (1) an employee who retires, or has  
19 retired, on or after January 1, 1966 on an immediate annuity  
20 under the provisions of Articles 2, 14 (including an employee  
21 who has elected to receive an alternative retirement  
22 cancellation payment under Section 14-108.5 of the Illinois  
23 Pension Code in lieu of an annuity or an employee who, in lieu

1 of receiving an annuity under that Article, has retired under  
2 the defined contribution plan established under Section  
3 14-155.5 of that Article), or 15 (including an employee who has  
4 retired under the optional retirement program established  
5 under Section 15-158.2), paragraphs (2), (3), or (5) of Section  
6 16-106, or Article 18 of the Illinois Pension Code; (2) any  
7 person who was receiving group insurance coverage under this  
8 Act as of March 31, 1978 by reason of his status as an  
9 annuitant, even though the annuity in relation to which such  
10 coverage was provided is a proportional annuity based on less  
11 than the minimum period of service required for a retirement  
12 annuity in the system involved; (3) any person not otherwise  
13 covered by this Act who has retired as a participating member  
14 under Article 2 of the Illinois Pension Code but is ineligible  
15 for the retirement annuity under Section 2-119 of the Illinois  
16 Pension Code; (4) the spouse of any person who is receiving a  
17 retirement annuity under Article 18 of the Illinois Pension  
18 Code and who is covered under a group health insurance program  
19 sponsored by a governmental employer other than the State of  
20 Illinois and who has irrevocably elected to waive his or her  
21 coverage under this Act and to have his or her spouse  
22 considered as the "annuitant" under this Act and not as a  
23 "dependent"; or (5) an employee who retires, or has retired,  
24 from a qualified position, as determined according to rules  
25 promulgated by the Director, under a qualified local  
26 government, a qualified rehabilitation facility, a qualified

1 domestic violence shelter or service, or a qualified child  
2 advocacy center. (For definition of "retired employee", see (p)  
3 post).

4 (b-5) (Blank).

5 (b-6) (Blank).

6 (b-7) (Blank).

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

13 (d) "Compensation" means salary or wages payable on a  
14 regular payroll by the State Treasurer on a warrant of the  
15 State Comptroller out of any State, trust or federal fund, or  
16 by the Governor of the State through a disbursing officer of  
17 the State out of a trust or out of federal funds, or by any  
18 Department out of State, trust, federal or other funds held by  
19 the State Treasurer or the Department, to any person for  
20 personal services currently performed, and ordinary or  
21 accidental disability benefits under Articles 2, 14, 15  
22 (including ordinary or accidental disability benefits under  
23 the optional retirement program established under Section  
24 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or  
25 Article 18 of the Illinois Pension Code, for disability  
26 incurred after January 1, 1966, or benefits payable under the

1 Workers' Compensation or Occupational Diseases Act or benefits  
2 payable under a sick pay plan established in accordance with  
3 Section 36 of the State Finance Act. "Compensation" also means  
4 salary or wages paid to an employee of any qualified local  
5 government, qualified rehabilitation facility, qualified  
6 domestic violence shelter or service, or qualified child  
7 advocacy center.

8 (e) "Commission" means the State Employees Group Insurance  
9 Advisory Commission authorized by this Act. Commencing July 1,  
10 1984, "Commission" as used in this Act means the Commission on  
11 Government Forecasting and Accountability as established by  
12 the Legislative Commission Reorganization Act of 1984.

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

21 (g) "Department" means any department, institution, board,  
22 commission, officer, court or any agency of the State  
23 government receiving appropriations and having power to  
24 certify payrolls to the Comptroller authorizing payments of  
25 salary and wages against such appropriations as are made by the  
26 General Assembly from any State fund, or against trust funds

1 held by the State Treasurer and includes boards of trustees of  
2 the retirement systems created by Articles 2, 14, 15, 16 and 18  
3 of the Illinois Pension Code. "Department" also includes the  
4 Illinois Comprehensive Health Insurance Board, the Board of  
5 Examiners established under the Illinois Public Accounting  
6 Act, and the Illinois Finance Authority.

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

1 Department.

2 (i) "Director" means the Director of the Illinois  
3 Department of Central Management Services.

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

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

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



1 Illinois Pension Code is also an "employee" for the purposes of  
2 this Act. "Employee" also includes any person receiving or  
3 eligible for benefits under a sick pay plan established in  
4 accordance with Section 36 of the State Finance Act. "Employee"  
5 also includes (i) each officer or employee in the service of a  
6 qualified local government, including persons appointed as  
7 trustees of sanitary districts regardless of hours devoted to  
8 the service of the sanitary district, (ii) each employee in the  
9 service of a qualified rehabilitation facility, (iii) each  
10 full-time employee in the service of a qualified domestic  
11 violence shelter or service, and (iv) each full-time employee  
12 in the service of a qualified child advocacy center, as  
13 determined according to rules promulgated by the Director.

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

1 eligible for group insurance benefits under that system.

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

5 (n) "Program" means the group life insurance, health  
6 benefits and other employee benefits designed and contracted  
7 for by the Director under this Act.

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

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

19 (q) "Survivor" means a person receiving an annuity as a  
20 survivor of an employee or of an annuitant. "Survivor" also  
21 includes: (1) the surviving dependent of a person who satisfies  
22 the definition of "employee" except that such person is made  
23 ineligible to participate in the State Universities Retirement  
24 System by clause (4) of subsection (a) of Section 15-107 of the  
25 Illinois Pension Code; (2) the surviving dependent of any  
26 person formerly employed by the University of Illinois in the

1 Cooperative Extension Service who would be an annuitant except  
2 for the fact that such person was made ineligible to  
3 participate in the State Universities Retirement System by  
4 clause (4) of subsection (a) of Section 15-107 of the Illinois  
5 Pension Code; and (3) the surviving dependent of a person who  
6 was an annuitant under this Act by virtue of receiving an  
7 alternative retirement cancellation payment under Section  
8 14-108.5 of the Illinois Pension Code.

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

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

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

17 (q-5) (Blank).

18 (q-6) (Blank).

19 (q-7) (Blank).

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

23 (s) "Unit of local government" means any county,  
24 municipality, township, school district (including a  
25 combination of school districts under the Intergovernmental  
26 Cooperation Act), special district or other unit, designated as

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

24 (t) "Qualified rehabilitation facility" means any  
25 not-for-profit organization that is accredited by the  
26 Commission on Accreditation of Rehabilitation Facilities or

1 certified by the Department of Human Services (as successor to  
2 the Department of Mental Health and Developmental  
3 Disabilities) to provide services to persons with disabilities  
4 and which receives funds from the State of Illinois for  
5 providing those services, approved by the Director and  
6 participating in a program created under subsection (j) of  
7 Section 10 of this Act.

8 (u) "Qualified domestic violence shelter or service" means  
9 any Illinois domestic violence shelter or service and its  
10 administrative offices funded by the Department of Human  
11 Services (as successor to the Illinois Department of Public  
12 Aid), approved by the Director and participating in a program  
13 created under subsection (k) of Section 10.

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

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

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

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

1 of a recipient of a disability benefit under Article 16 of  
2 the Illinois Pension Code.

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

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

6 (2) is a TRS benefit recipient's: (A) spouse, (B)  
7 dependent parent who is receiving at least half of his or  
8 her support from the TRS benefit recipient, or (C) natural,  
9 step, adjudicated, or adopted child who is (i) under age  
10 26, (ii) was, on January 1, 1996, participating as a  
11 dependent beneficiary in the health insurance program  
12 offered under Article 16 of the Illinois Pension Code, or  
13 (iii) age 19 or over who has a mental or physical  
14 disability from a cause originating prior to the age of 19  
15 (age 26 if enrolled as an adult child).

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

24 (x) "Military leave" refers to individuals in basic  
25 training for reserves, special/advanced training, annual  
26 training, emergency call up, activation by the President of the

1 United States, or any other training or duty in service to the  
2 United States Armed Forces.

3 (y) (Blank).

4 (z) "Community college benefit recipient" means a person  
5 who:

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

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

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

23 (aa) "Community college dependent beneficiary" means a  
24 person who:

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

1           (2) is a community college benefit recipient's: (A)  
2 spouse, (B) dependent parent who is receiving at least half  
3 of his or her support from the community college benefit  
4 recipient, or (C) natural, step, adjudicated, or adopted  
5 child who is (i) under age 26, or (ii) age 19 or over and  
6 has a mental or physical disability from a cause  
7 originating prior to the age of 19 (age 26 if enrolled as  
8 an adult child).

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

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

24           (cc) "Placement for adoption" means the assumption and  
25 retention by a member of a legal obligation for total or  
26 partial support of a child in anticipation of adoption of the



1 child. The child's placement with the member terminates upon  
2 the termination of such legal obligation.

3 (Source: P.A. 99-143, eff. 7-27-15; 100-355, eff. 1-1-18.)

4 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

6 (a) The State shall pay the cost of basic non-contributory  
7 group life insurance and, subject to member paid contributions  
8 set by the Department or required by this Section and except as  
9 provided in this Section, the basic program of group health  
10 benefits on each eligible member, except a member, not  
11 otherwise covered by this Act, who has retired as a  
12 participating member under Article 2 of the Illinois Pension  
13 Code but is ineligible for the retirement annuity under Section  
14 2-119 of the Illinois Pension Code, and part of each eligible  
15 member's and retired member's premiums for health insurance  
16 coverage for enrolled dependents as provided by Section 9. The  
17 State shall pay the cost of the basic program of group health  
18 benefits only after benefits are reduced by the amount of  
19 benefits covered by Medicare for all members and dependents who  
20 are eligible for benefits under Social Security or the Railroad  
21 Retirement system or who had sufficient Medicare-covered  
22 government employment, except that such reduction in benefits  
23 shall apply only to those members and dependents who (1) first  
24 become eligible for such Medicare coverage on or after July 1,  
25 1992; or (2) are Medicare-eligible members or dependents of a

1 local government unit which began participation in the program  
2 on or after July 1, 1992; or (3) remain eligible for, but no  
3 longer receive Medicare coverage which they had been receiving  
4 on or after July 1, 1992. The Department may determine the  
5 aggregate level of the State's contribution on the basis of  
6 actual cost of medical services adjusted for age, sex or  
7 geographic or other demographic characteristics which affect  
8 the costs of such programs.

9 The cost of participation in the basic program of group  
10 health benefits for the dependent or survivor of a living or  
11 deceased retired employee who was formerly employed by the  
12 University of Illinois in the Cooperative Extension Service and  
13 would be an annuitant but for the fact that he or she was made  
14 ineligible to participate in the State Universities Retirement  
15 System by clause (4) of subsection (a) of Section 15-107 of the  
16 Illinois Pension Code shall not be greater than the cost of  
17 participation that would otherwise apply to that dependent or  
18 survivor if he or she were the dependent or survivor of an  
19 annuitant under the State Universities Retirement System.

20 (a-1) (Blank).

21 (a-2) (Blank).

22 (a-3) (Blank).

23 (a-4) (Blank).

24 (a-5) (Blank).

25 (a-6) (Blank).

26 (a-7) (Blank).

1 (a-8) Any annuitant, survivor, or retired employee may  
2 waive or terminate coverage in the program of group health  
3 benefits. Any such annuitant, survivor, or retired employee who  
4 has waived or terminated coverage may enroll or re-enroll in  
5 the program of group health benefits only during the annual  
6 benefit choice period, as determined by the Director; except  
7 that in the event of termination of coverage due to nonpayment  
8 of premiums, the annuitant, survivor, or retired employee may  
9 not re-enroll in the program.

10 (a-8.5) Beginning on the effective date of this amendatory  
11 Act of the 97th General Assembly, the Director of Central  
12 Management Services shall, on an annual basis, determine the  
13 amount that the State shall contribute toward the basic program  
14 of group health benefits on behalf of annuitants (including  
15 individuals who (i) participated in the General Assembly  
16 Retirement System, the State Employees' Retirement System of  
17 Illinois, the State Universities Retirement System, the  
18 Teachers' Retirement System of the State of Illinois, or the  
19 Judges Retirement System of Illinois and (ii) qualify as  
20 annuitants under subsection (b) of Section 3 of this Act),  
21 survivors (including individuals who (i) receive an annuity as  
22 a survivor of an individual who participated in the General  
23 Assembly Retirement System, the State Employees' Retirement  
24 System of Illinois, the State Universities Retirement System,  
25 the Teachers' Retirement System of the State of Illinois, or  
26 the Judges Retirement System of Illinois and (ii) qualify as

1 survivors under subsection (q) of Section 3 of this Act), and  
2 retired employees (as defined in subsection (p) of Section 3 of  
3 this Act). The remainder of the cost of coverage for each  
4 annuitant, survivor, or retired employee, as determined by the  
5 Director of Central Management Services, shall be the  
6 responsibility of that annuitant, survivor, or retired  
7 employee.

8 Contributions required of annuitants, survivors, and  
9 retired employees shall be the same for all retirement systems  
10 and shall also be based on whether an individual has made an  
11 election under Section 15-135.1 of the Illinois Pension Code.  
12 Contributions may be based on annuitants', survivors', or  
13 retired employees' Medicare eligibility, but may not be based  
14 on Social Security eligibility.

15 (a-9) No later than May 1 of each calendar year, the  
16 Director of Central Management Services shall certify in  
17 writing to the Executive Secretary of the State Employees'  
18 Retirement System of Illinois the amounts of the Medicare  
19 supplement health care premiums and the amounts of the health  
20 care premiums for all other retirees who are not Medicare  
21 eligible.

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

24 The Director of Central Management Services shall provide  
25 to the Executive Secretary of the State Employees' Retirement  
26 System of Illinois such information, statistics, and other data

1 as he or she may require to review the premium amounts  
2 certified by the Director of Central Management Services.

3 The Department of Central Management Services, or any  
4 successor agency designated to procure healthcare contracts  
5 pursuant to this Act, is authorized to establish funds,  
6 separate accounts provided by any bank or banks as defined by  
7 the Illinois Banking Act, or separate accounts provided by any  
8 savings and loan association or associations as defined by the  
9 Illinois Savings and Loan Act of 1985 to be held by the  
10 Director, outside the State treasury, for the purpose of  
11 receiving the transfer of moneys from the Local Government  
12 Health Insurance Reserve Fund. The Department may promulgate  
13 rules further defining the methodology for the transfers. Any  
14 interest earned by moneys in the funds or accounts shall inure  
15 to the Local Government Health Insurance Reserve Fund. The  
16 transferred moneys, and interest accrued thereon, shall be used  
17 exclusively for transfers to administrative service  
18 organizations or their financial institutions for payments of  
19 claims to claimants and providers under the self-insurance  
20 health plan. The transferred moneys, and interest accrued  
21 thereon, shall not be used for any other purpose including, but  
22 not limited to, reimbursement of administration fees due the  
23 administrative service organization pursuant to its contract  
24 or contracts with the Department.

25 (a-10) For purposes of determining State contributions  
26 under this Section, service established under a defined

1 contribution plan under Section 14-155.5 of the Illinois  
2 Pension Code shall be included in determining an employee's  
3 creditable service. Any credit terminated as part of a transfer  
4 of contributions to a defined contribution plan under Section  
5 14-155.5 of the Illinois Pension Code shall also be included in  
6 determining an employee's creditable service.

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

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

1 accidental disability benefits or retirement benefits through  
2 the appropriate State retirement system or benefits under the  
3 Workers' Compensation or Occupational Disease Act.

4 (d) The basic group life insurance coverage shall continue,  
5 with full State contribution, where such person is (1) absent  
6 from active service by reason of disability arising from any  
7 cause other than self-inflicted, (2) on authorized educational  
8 leave of absence or sabbatical leave, or (3) on military leave.

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

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

23 (g) The State shall not pay the cost of the basic  
24 non-contributory group life insurance, program of health  
25 benefits and other employee benefits for members who are  
26 survivors as defined by paragraphs (1) and (2) of subsection

1 (q) of Section 3 of this Act. The costs of benefits for these  
2 survivors shall be paid by the survivors or by the University  
3 of Illinois Cooperative Extension Service, or any combination  
4 thereof. However, the State shall pay the amount of the  
5 reduction in the cost of participation, if any, resulting from  
6 the amendment to subsection (a) made by this amendatory Act of  
7 the 91st General Assembly.

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

20 (i) Any unit of local government within the State of  
21 Illinois may apply to the Director to have its employees,  
22 annuitants, and their dependents provided group health  
23 coverage under this Act on a non-insured basis. To participate,  
24 a unit of local government must agree to enroll all of its  
25 employees, who may select coverage under either the State group  
26 health benefits plan or a health maintenance organization that



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

1 this subsection, "participating school district" includes a  
2 unit of local government whose primary purpose is education as  
3 defined by the Department's rules.

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

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

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

1 additional administrative costs of providing coverage to  
2 employees of the unit of local government and their  
3 dependents.

4 (2) In subsequent years, a further adjustment shall be  
5 made to reflect the actual prior years' claims experience  
6 of the employees of the unit of local government.

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

18 Monthly payments by the unit of local government or its  
19 employees for group health benefits plan or health maintenance  
20 organization coverage shall be deposited in the Local  
21 Government Health Insurance Reserve Fund.

22 The Local Government Health Insurance Reserve Fund is  
23 hereby created as a nonappropriated trust fund to be held  
24 outside the State Treasury, with the State Treasurer as  
25 custodian. The Local Government Health Insurance Reserve Fund  
26 shall be a continuing fund not subject to fiscal year

1 limitations. The Local Government Health Insurance Reserve  
2 Fund is not subject to administrative charges or charge-backs,  
3 including but not limited to those authorized under Section 8h  
4 of the State Finance Act. All revenues arising from the  
5 administration of the health benefits program established  
6 under this Section shall be deposited into the Local Government  
7 Health Insurance Reserve Fund. Any interest earned on moneys in  
8 the Local Government Health Insurance Reserve Fund shall be  
9 deposited into the Fund. All expenditures from this Fund shall  
10 be used for payments for health care benefits for local  
11 government and rehabilitation facility employees, annuitants,  
12 and dependents, and to reimburse the Department or its  
13 administrative service organization for all expenses incurred  
14 in the administration of benefits. No other State funds may be  
15 used for these purposes.

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

21 (j) Any rehabilitation facility within the State of  
22 Illinois may apply to the Director to have its employees,  
23 annuitants, and their eligible dependents provided group  
24 health coverage under this Act on a non-insured basis. To  
25 participate, a rehabilitation facility must agree to enroll all  
26 of its employees and remit the entire cost of providing such

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

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

24 (1) In the first year of coverage, the rates shall be  
25 equal to the amount normally charged to State employees for  
26 elected optional coverages or for enrolled dependents

1 coverages or other contributory coverages on behalf of its  
2 employees, adjusted for differences between State  
3 employees and employees of the rehabilitation facility in  
4 age, sex, geographic location or other relevant  
5 demographic variables, plus an amount sufficient to pay for  
6 the additional administrative costs of providing coverage  
7 to employees of the rehabilitation facility and their  
8 dependents.

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

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

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

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

16 The Director shall annually determine rates of payment,  
17 subject to the following constraints:

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

1 to employees of the domestic violence shelter or service  
2 and their dependents.

3 (2) In subsequent years, a further adjustment shall be  
4 made to reflect the actual prior years' claims experience  
5 of the employees of the domestic violence shelter or  
6 service.

7 Monthly payments by the domestic violence shelter or  
8 service or its employees for group health insurance shall be  
9 deposited in the Local Government Health Insurance Reserve  
10 Fund.

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

21 The Director shall annually determine monthly rates of  
22 payment subject to the following constraints: for those  
23 community colleges with annuitants only enrolled, first year  
24 rates shall be equal to the average cost to cover claims for a  
25 State member adjusted for demographics, Medicare  
26 participation, and other factors; and in the second year, a



1 further adjustment of rates shall be made to reflect the actual  
2 first year's claims experience of the covered annuitants.

3 (l-5) The provisions of subsection (l) become inoperative  
4 on July 1, 1999.

5 (m) The Director shall adopt any rules deemed necessary for  
6 implementation of this amendatory Act of 1989 (Public Act  
7 86-978).

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

1 Benefit Choice Period. A participating child advocacy center  
2 may also elect to cover its annuitants. Dependent coverage  
3 shall be offered on an optional basis, with the costs paid by  
4 the child advocacy center, its employees, or some combination  
5 of the 2 as determined by the child advocacy center. The child  
6 advocacy center shall be responsible for timely collection and  
7 transmission of dependent premiums.

8 The Director shall annually determine rates of payment,  
9 subject to the following constraints:

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

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

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

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

2 Section 10. The Illinois Pension Code is amended by  
3 changing Sections 14-152.1, 20-121, 20-123, 20-124, and 20-125  
4 and by adding Section 14-155.5 as follows:

5 (40 ILCS 5/14-152.1)

6 Sec. 14-152.1. 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 Article 1 or this Article by Public Act  
16 96-37, Public Act 100-23, or this amendatory Act of the 100th  
17 General Assembly ~~or by this amendatory Act of the 100th General~~  
18 ~~Assembly.~~

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

24 (c) The Public Act enacting a new benefit increase must

1 identify and provide for payment to the System of additional  
2 funding at least sufficient to fund the resulting annual  
3 increase in cost to the System as it accrues.

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

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

26 (e) Except as otherwise provided in the language creating

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

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

11 (40 ILCS 5/14-155.5 new)

12 Sec. 14-155.5. Defined contribution plan for certain  
13 employees of the Illinois State Board of Elections.

14 (a) As used in this Section:

15 "Defined benefit plan" means the retirement plan available  
16 under this Article to members who have not made the election  
17 authorized under this Section.

18 "Eligible employee" means an employee of the Illinois State  
19 Board of Elections who is not covered by a collective  
20 bargaining agreement.

21 (b) By July 1, 2019, the System shall prepare and implement  
22 a defined contribution plan for eligible employees. The defined  
23 contribution plan developed under this Section shall be a plan  
24 that aggregates State and employee contributions in individual  
25 participant accounts which, after meeting any other

1 requirements, are used for payouts after retirement in  
2 accordance with this Section and any other applicable laws.

3 (1) With respect to service as an eligible employee, a  
4 person who first becomes an eligible employee on or after  
5 July 1, 2019 may elect, in writing, to participate in the  
6 defined contribution plan instead of the defined benefit  
7 plan. This election is voluntary and irrevocable.

8 (2) A participant in the defined contribution plan  
9 shall pay employee contributions at a rate of 3% of  
10 compensation.

11 (3) State contributions shall be paid into the accounts  
12 of all participants in the defined contribution plan at a  
13 rate of 3% of compensation. State contributions, and the  
14 earnings thereon, shall vest when the State contributions  
15 are paid into the participant's account.

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

23 (5) The defined contribution plan shall provide a  
24 variety of options for investments. These options shall  
25 include investments handled by the Illinois State Board of  
26 Investment as well as private sector investment options.

1           (6) The defined contribution plan shall provide a  
2           variety of options for payouts to participants in the  
3           defined contribution plan who are no longer active in the  
4           System and their survivors.

5           (7) To the extent authorized under federal law and as  
6           authorized by the System, the plan shall allow former  
7           participants in the plan to transfer or roll over employee  
8           and State contributions, and the earnings thereon, from the  
9           defined contribution plan into other qualified retirement  
10          plans.

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

16          (c) Under the defined contribution plan, with respect to  
17          service as an eligible employee, an eligible employee may  
18          elect, in writing, to cease accruing benefits in the defined  
19          benefit plan and begin accruing benefits for future service in  
20          the defined contribution plan. The election to participate in  
21          the defined contribution plan with respect to service as an  
22          eligible employee is voluntary and irrevocable.

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

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

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

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

24 (d) An eligible employee who participated in the defined  
25 benefit plan before electing to participate in the defined  
26 contribution plan may irrevocably elect to terminate all



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

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

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

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

1 Assembly on or before January 15, 2019.

2 (h) The Illinois State Board of Investment shall be the  
3 plan sponsor for the defined contribution plan established  
4 under this Section.

5 (i) The intent of this amendatory Act of the 100th General  
6 Assembly is to ensure that the State's normal cost of  
7 participation in the defined contribution plan is similar, and  
8 if possible equal, to the State's normal cost of participation  
9 in the defined benefit plan, unless a lower State's normal cost  
10 is necessary to ensure cost neutrality.

11 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

14 Sec. 20-121. Calculation of proportional retirement  
15 annuities.

16 (a) Upon retirement of the employee, a proportional  
17 retirement annuity shall be computed by each participating  
18 system in which pension credit has been established on the  
19 basis of pension credits under each system. The computation  
20 shall be in accordance with the formula or method prescribed by  
21 each participating system which is in effect at the date of the  
22 employee's latest withdrawal from service covered by any of the  
23 systems in which he has pension credits which he elects to have  
24 considered under this Article. However, the amount of any  
25 retirement annuity payable under the self-managed plan

1 established under Section 15-158.2 of this Code depends solely  
2 on the value of the participant's vested account balances and  
3 is not subject to any proportional adjustment under this  
4 Section.

5 (a-5) For persons who participate in a defined contribution  
6 plan established under Section 14-155.5 of this Code to whom  
7 the provisions of this Article apply, the pension credits  
8 established under the defined contribution plan may be  
9 considered in determining eligibility for or the amount of the  
10 defined benefit retirement annuity that is payable by any other  
11 participating system.

12 (b) Combined pension credit under all retirement systems  
13 subject to this Article shall be considered in determining  
14 whether the minimum qualification has been met and the formula  
15 or method of computation which shall be applied, except as may  
16 be otherwise provided with respect to vesting in State or  
17 employer contributions in a defined contribution plan  
18 established under Section 14-155.5 of this Code. If a system  
19 has a step-rate formula for calculation of the retirement  
20 annuity, pension credits covering previous service which have  
21 been established under another system shall be considered in  
22 determining which range or ranges of the step-rate formula are  
23 to be applicable to the employee.

24 (c) Interest on pension credit shall continue to accumulate  
25 in accordance with the provisions of the law governing the  
26 retirement system in which the same has been established during

1 the time an employee is in the service of another employer, on  
2 the assumption such employee, for interest purposes for pension  
3 credit, is continuing in the service covered by such retirement  
4 system.

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

6 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

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

21 For persons who participate in the self-managed plan  
22 established under Section 15-158.2 or the portable benefit  
23 package established under Section 15-136.4, pension credit  
24 established under Article 15 may be considered in determining  
25 eligibility for or the amount of the survivor's annuity that is

1 payable by any other participating system, but pension credit  
2 established in any other system shall not result in any right  
3 to a survivor's annuity under the Article 15 system.

4 For persons who participate in a defined contribution plan  
5 established under Section 14-155.5 of this Code to whom the  
6 provisions of this Article apply, the pension credits  
7 established under the defined contribution plan may be  
8 considered in determining eligibility for or the amount of the  
9 defined benefit survivor's annuity that is payable by any other  
10 participating system, but pension credits established in any  
11 other system shall not result in any right to or increase in  
12 the value of a survivor's annuity under the defined  
13 contribution plan, which depends solely on the options chosen  
14 and the value of the participant's vested account balances and  
15 is not subject to any proportional adjustment under this  
16 Section.

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

18 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

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

21 Sec. 20-124. Maximum benefits.

22 (a) In no event shall the combined retirement or survivors  
23 annuities exceed the highest annuity which would have been  
24 payable by any participating system in which the employee has  
25 pension credits, if all of his pension credits had been

1 validated in that system.

2 If the combined annuities should exceed the highest maximum  
3 as determined in accordance with this Section, the respective  
4 annuities shall be reduced proportionately according to the  
5 ratio which the amount of each proportional annuity bears to  
6 the aggregate of all such annuities.

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

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

19 (ii) For purposes of calculating the combined  
20 survivor's annuity and the proportionate reduction, if  
21 any, in a survivor's annuity other than one payable under  
22 the self-managed plan, the amount of the Article 15  
23 survivor's annuity shall be deemed to be the highest  
24 survivor's annuity to which the survivor would have been  
25 entitled if the deceased employee had participated in the  
26 traditional benefit package as defined in Section 15-103.1

1           rather than the self-managed plan.

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

4           (c) In the case of a participant in a defined contribution  
5           plan established under Section 14-155.5 of this Code to whom  
6           the provisions of this Article apply:

7           (i) For purposes of calculating the combined  
8           retirement annuity and the proportionate reduction, if  
9           any, in a defined benefit retirement annuity, any benefit  
10           payable under the defined contribution plan shall not be  
11           considered.

12           (ii) For purposes of calculating the combined  
13           survivor's annuity and the proportionate reduction, if  
14           any, in a defined benefit survivor's annuity, any benefit  
15           payable under the defined contribution plan shall not be  
16           considered.

17           (iii) Benefits payable under a defined contribution  
18           plan established under Section 14-155.5 of this Code are  
19           not subject to proportionate reduction under this Section.

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

21           (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

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

24           Sec. 20-125. Return to employment - suspension of benefits.

25           If a retired employee returns to employment which is covered by

1 a system from which he is receiving a proportional annuity  
2 under this Article, his proportional annuity from all  
3 participating systems shall be suspended during the period of  
4 re-employment, except that this suspension does not apply to  
5 any distributions payable under the self-managed plan  
6 established under Section 15-158.2 of this Code or under a  
7 defined contribution plan established under Section 14-155.5  
8 of this Code.

9 The provisions of the Article under which such employment  
10 would be covered shall govern the determination of whether the  
11 employee has returned to employment, and if applicable the  
12 exemption of temporary employment or employment not exceeding a  
13 specified duration or frequency, for all participating systems  
14 from which the retired employee is receiving a proportional  
15 annuity under this Article, notwithstanding any contrary  
16 provisions in the other Articles governing such systems.

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

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



1 INDEX

2 Statutes amended in order of appearance

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

4 5 ILCS 375/10 from Ch. 127, par. 530

5 40 ILCS 5/14-152.1

6 40 ILCS 5/14-155.5 new

7 40 ILCS 5/20-121 from Ch. 108 1/2, par. 20-121

8 40 ILCS 5/20-123 from Ch. 108 1/2, par. 20-123

9 40 ILCS 5/20-124 from Ch. 108 1/2, par. 20-124

10 40 ILCS 5/20-125 from Ch. 108 1/2, par. 20-125