



Rep. Tom Cross

Filed: 11/7/2011

09700SB0512ham002

LRB097 06621 JDS 59545 a

1 AMENDMENT TO SENATE BILL 512

2 AMENDMENT NO. _____. Amend Senate Bill 512, AS AMENDED, by
3 replacing everything after the enacting clause with the
4 following:

5 "Section 5. The Illinois Public Labor Relations Act is
6 amended by changing Section 15 as follows:

7 (5 ILCS 315/15) (from Ch. 48, par. 1615)

8 Sec. 15. Act Takes Precedence.

9 (a) In case of any conflict between the provisions of this
10 Act and any other law (other than Section 5 of the State
11 Employees Group Insurance Act of 1971 and other than the
12 changes made to the Illinois Pension Code by Public Act 96-889
13 or this amendatory Act of the 97th General Assembly ~~this~~
14 ~~amendatory Act of the 96th General Assembly~~), executive order,
15 or administrative regulation relating to wages, hours and
16 conditions of employment and employment relations, the

1 provisions of this Act or any collective bargaining agreement
2 negotiated thereunder shall prevail and control. Nothing in
3 this Act shall be construed to replace or diminish the rights
4 of employees established by Sections 28 and 28a of the
5 Metropolitan Transit Authority Act, Sections 2.15 through 2.19
6 of the Regional Transportation Authority Act. The provisions of
7 this Act are subject to Section 5 of the State Employees Group
8 Insurance Act of 1971. Nothing in this Act shall be construed
9 to replace the necessity of complaints against a sworn peace
10 officer, as defined in Section 2(a) of the Uniform Peace
11 Officer Disciplinary Act, from having a complaint supported by
12 a sworn affidavit.

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

22 (c) It is the public policy of this State, pursuant to
23 paragraphs (h) and (i) of Section 6 of Article VII of the
24 Illinois Constitution, that the provisions of this Act are the
25 exclusive exercise by the State of powers and functions which
26 might otherwise be exercised by home rule units. Such powers

1 and functions may not be exercised concurrently, either
2 directly or indirectly, by any unit of local government,
3 including any home rule unit, except as otherwise authorized by
4 this Act.

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

6 Section 10. The Illinois Pension Code is amended by
7 changing Sections 1-160, 2-108.1, 2-124, 2-126, 8-125, 8-173,
8 8-251, 9-128.1, 9-133, 9-160, 9-164, 9-170, 9-174, 9-176,
9 9-219, 9-220, 9-235, 10-103, 10-109, 11-124, 11-169, 11-170,
10 11-230, 12-116, 12-149, 12-150, 12-167, 12-168, 12-169,
11 12-183, 12-190.3, 14-103.10, 14-131, 14-133, 15-113.6, 15-134,
12 15-134.5, 15-136, 15-136.3, 15-136.4, 15-141, 15-146, 15-154,
13 15-155, 15-157, 15-158.2, 16-133, 16-136.2, 16-152, 16-158,
14 17-116, 17-130, 17-149.1, 20-121, 20-123, 20-124, 20-125, and
15 20-131 and by adding Sections 1-166, 1-167, 2-119.02, 2-119.03,
16 2-119.04, 2-124.1, 2-126.2, 2-163, 8-103.1, 8-103.2, 8-103.3,
17 8-174.2, 8-190.1, 8-190.2, 8-190.3, 8-190.4, 8-255, 9-103.1,
18 9-103.2, 9-103.3, 9-170.3, 9-170.4, 9-170.5, 9-170.6, 9-170.7,
19 9-240, 10-110, 10-111, 11-123.1, 11-123.2, 11-123.3, 11-131.1,
20 11-131.2, 11-131.3, 11-131.4, 11-235, 12-125.2, 12-125.3,
21 12-125.4, 12-128.1, 12-128.2, 12-128.3, 12-151.3, 12-193.5,
22 14-108.2d, 14-108.2e, 14-108.2f, 14-109.1, 14-131.1, 14-133.2,
23 14-202, 15-103.4, 15-134.6, 15-134.7, 15-136.5, 15-155.1,
24 15-157.2, 15-158.5, 15-199, 16-133.6, 16-133.7, 16-133.8,
25 16-152.2, 16-158.2, 16-204, 17-109.3, 17-109.4, 17-109.5,

1 17-130.4, 17-130.5, 17-130.6, 17-130.7, 17-160, and 17-165 as
2 follows:

3 (40 ILCS 5/1-160)

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

5 (a) The provisions of this Section apply to a person who,
6 on or after January 1, 2011, first becomes a member or a
7 participant under any reciprocal retirement system or pension
8 fund established under this Code, other than a retirement
9 system or pension fund established under Article 2, 3, 4, 5, 6,
10 or 18 of this Code or, beginning on the effective date of this
11 amendatory Act of the 97th General Assembly, a retirement
12 system under Article 14, 15, or 16 of this Code,
13 notwithstanding any other provision of this Code to the
14 contrary, but do not apply to any self-managed plan established
15 under this Code, to any person with respect to service as a
16 sheriff's law enforcement employee under Article 7, or to any
17 participant of the retirement plan established under Section
18 22-101.

19 (b) "Final average salary" means the average monthly (or
20 annual) salary obtained by dividing the total salary or
21 earnings calculated under the Article applicable to the member
22 or participant during the 96 consecutive months (or 8
23 consecutive years) of service within the last 120 months (or 10
24 years) of service in which the total salary or earnings
25 calculated under the applicable Article was the highest by the

1 number of months (or years) of service in that period. For the
2 purposes of a person who first becomes a member or participant
3 of any retirement system or pension fund to which this Section
4 applies on or after January 1, 2011, in this Code, "final
5 average salary" shall be substituted for the following:

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

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

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

14 (4) (Blank) ~~In Article 14,~~ ~~"final average~~
15 ~~compensation"~~.

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

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

19 (b-5) Beginning on January 1, 2011, for all purposes under
20 this Code (including without limitation the calculation of
21 benefits and employee contributions), the annual earnings,
22 salary, or wages (based on the plan year) of a member or
23 participant to whom this Section applies shall not exceed
24 \$106,800; however, that amount shall annually thereafter be
25 increased by the lesser of (i) 3% of that amount, including all
26 previous adjustments, or (ii) one-half the annual unadjusted

1 percentage increase (but not less than zero) in the consumer
2 price index-u for the 12 months ending with the September
3 preceding each November 1, including all previous adjustments.

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

13 (c) A member or participant is entitled to a retirement
14 annuity upon written application if he or she has attained age
15 67 and has at least 10 years of service credit and is otherwise
16 eligible under the requirements of the applicable Article.

17 A member or participant who has attained age 62 and has at
18 least 10 years of service credit and is otherwise eligible
19 under the requirements of the applicable Article may elect to
20 receive the lower retirement annuity provided in subsection (d)
21 of this Section.

22 (d) The retirement annuity of a member or participant who
23 is retiring after attaining age 62 with at least 10 years of
24 service credit shall be reduced by one-half of 1% for each full
25 month that the member's age is under age 67.

26 (e) Any retirement annuity or supplemental annuity shall be

1 subject to annual increases on the January 1 occurring either
2 on or after the attainment of age 67 or the first anniversary
3 of the annuity start date, whichever is later. Each annual
4 increase shall be calculated at 3% or one-half the annual
5 unadjusted percentage increase (but not less than zero) in the
6 consumer price index-u for the 12 months ending with the
7 September preceding each November 1, whichever is less, of the
8 originally granted retirement annuity. If the annual
9 unadjusted percentage change in the consumer price index-u for
10 the 12 months ending with the September preceding each November
11 1 is zero or there is a decrease, then the annuity shall not be
12 increased.

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

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

14 (g) (Blank). ~~The benefits in Section 14 110 apply only if~~
15 ~~the person is a State policeman, a fire fighter in the fire~~
16 ~~protection service of a department, or a security employee of~~
17 ~~the Department of Corrections or the Department of Juvenile~~
18 ~~Justice, as those terms are defined in subsection (b) of~~
19 ~~Section 14 110. A person who meets the requirements of this~~
20 ~~Section is entitled to an annuity calculated under the~~
21 ~~provisions of Section 14 110, in lieu of the regular or minimum~~
22 ~~retirement annuity, only if the person has withdrawn from~~
23 ~~service with not less than 20 years of eligible creditable~~
24 ~~service and has attained age 60, regardless of whether the~~
25 ~~attainment of age 60 occurs while the person is still in~~
26 ~~service.~~

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

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

1 contractual employer, of his or her retirement status before
2 accepting contractual employment. A person who fails to submit
3 such notification shall be guilty of a Class A misdemeanor and
4 required to pay a fine of \$1,000. Upon termination of that
5 contractual employment, the person's retirement annuity or
6 retirement pension payments shall resume and, if appropriate,
7 be recalculated under the applicable provisions of this Code.

8 (i) (Blank). ~~Notwithstanding any other provision of this~~
9 ~~Section, a person who first becomes a participant of the~~
10 ~~retirement system established under Article 15 on or after~~
11 ~~January 1, 2011 shall have the option to enroll in the~~
12 ~~self-managed plan created under Section 15-158.2 of this Code.~~

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

16 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11;
17 97-609, eff. 1-1-12.)

18 (40 ILCS 5/1-166 new)

19 Sec. 1-166. Actuarial review. The Commission on Government
20 Forecasting and Accountability shall retain an independent
21 actuarial firm that does not provide valuation services to any
22 of the State-funded retirement systems, and that firm shall
23 review and comment on the assumptions and methodologies used by
24 those systems in determining liabilities and contributions.
25 The actuarial firm shall report to the Commission before July

1 1, 2013 and every 3 years thereafter. The report shall include,
2 but need not be limited to: an evaluation of the sustainability
3 of long-term funding schedules as compared to anticipated State
4 revenues over the same projection period; a comparison of
5 expected rates of asset return among the various systems,
6 including comments on the rationale for any differences in such
7 rates of return; and an evaluation of long-term payroll
8 projections compared with anticipated individual salary growth
9 and the revenue sources supporting such payrolls.

10 (40 ILCS 5/1-167 new)

11 Sec. 1-167. Maximum benefit limitation. In no circumstance
12 shall the changes made to this Code by this amendatory Act of
13 the 97th General Assembly result in a defined benefit pension
14 or annuity based on a combination of the traditional benefit
15 package and the revised benefit package or reformed benefit
16 package, as applicable, that would be greater than what the
17 participant would have received by remaining in the traditional
18 benefit package.

19 (40 ILCS 5/2-108.1) (from Ch. 108 1/2, par. 2-108.1)

20 Sec. 2-108.1. Highest salary for annuity purposes.

21 (a) "Highest salary for annuity purposes" means whichever
22 of the following is applicable to the participant:

23 For a participant who first becomes a participant of this
24 System before August 10, 2009 (the effective date of Public Act

1 96-207):

2 (1) For a participant who is a member of the General
3 Assembly on his or her last day of service: the highest
4 salary that is prescribed by law, on the participant's last
5 day of service, for a member of the General Assembly who is
6 not an officer; plus, if the participant was elected or
7 appointed to serve as an officer of the General Assembly
8 for 2 or more years and has made contributions as required
9 under subsection (d) of Section 2-126, the highest
10 additional amount of compensation prescribed by law, at the
11 time of the participant's service as an officer, for
12 members of the General Assembly who serve in that office.

13 (2) For a participant who holds one of the State
14 executive offices specified in Section 2-105 on his or her
15 last day of service: the highest salary prescribed by law
16 for service in that office on the participant's last day of
17 service.

18 (3) For a participant who is Clerk or Assistant Clerk
19 of the House of Representatives or Secretary or Assistant
20 Secretary of the Senate on his or her last day of service:
21 the salary received for service in that capacity on the
22 last day of service, but not to exceed the highest salary
23 (including additional compensation for service as an
24 officer) that is prescribed by law on the participant's
25 last day of service for the highest paid officer of the
26 General Assembly.

1 (4) For a participant who is a continuing participant
2 under Section 2-117.1 on his or her last day of service:
3 the salary received for service in that capacity on the
4 last day of service, but not to exceed the highest salary
5 (including additional compensation for service as an
6 officer) that is prescribed by law on the participant's
7 last day of service for the highest paid officer of the
8 General Assembly.

9 For a participant who first becomes a participant of this
10 System on or after August 10, 2009 (the effective date of
11 Public Act 96-207) and before January 1, 2011 (the effective
12 date of Public Act 96-889), the average monthly salary obtained
13 by dividing the total salary of the participant during the
14 period of: (1) the 48 consecutive months of service within the
15 last 120 months of service in which the total compensation was
16 the highest, or (2) the total period of service, if less than
17 48 months, by the number of months of service in that period.

18 For a participant who first becomes a participant of this
19 System on or after January 1, 2011 (the effective date of
20 Public Act 96-889), the average monthly salary obtained by
21 dividing the total salary of the participant during the 96
22 consecutive months of service within the last 120 months of
23 service in which the total compensation was the highest by the
24 number of months of service in that period; however, beginning
25 January 1, 2011, the highest salary for annuity purposes may
26 not exceed \$106,800, except that that amount shall annually

1 thereafter be increased by the lesser of (i) 3% of that amount,
2 including all previous adjustments, or (ii) the annual
3 unadjusted 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. "Consumer price index-u"
6 means the index published by the Bureau of Labor Statistics of
7 the United States Department of Labor that measures the average
8 change in prices of goods and services purchased by all urban
9 consumers, United States city average, all items, 1982-84 =
10 100. The new amount resulting from each annual adjustment shall
11 be determined by the Public Pension Division of the Department
12 of Insurance and made available to the Board by November 1 of
13 each year.

14 On and after January 9, 2013, for a participant who first
15 becomes a participant of this System on or after January 1,
16 2011 or elects the revised benefit package under subdivision
17 (a) (2) of Section 2-119.02, the maximum highest annual salary
18 amount shall be adjusted to \$110,100, as adjusted for periods
19 after 2012 based on the methodology and formula used to
20 calculate annual increases in wages under 42 U.S.C. Section
21 415(a) for purposes of computing benefits and adjusting wages
22 under the federal Social Security program. Each year thereafter
23 on January 1, this amount shall be adjusted based on the
24 methodology and formula used to calculate annual increases in
25 wages under 42 U.S.C. Section 415(a) for purposes of computing
26 benefits and adjusting wages under the federal Social Security

1 program.

2 (b) The earnings limitations of subsection (a) apply to
3 earnings under any other participating system under the
4 Retirement Systems Reciprocal Act that are considered in
5 calculating a proportional annuity under this Article, except
6 in the case of a person who first became a member of this
7 System before August 22, 1994.

8 (c) In calculating the subsection (a) earnings limitation
9 to be applied to earnings under any other participating system
10 under the Retirement Systems Reciprocal Act for the purpose of
11 calculating a proportional annuity under this Article, the
12 participant's last day of service shall be deemed to mean the
13 last day of service in any participating system from which the
14 person has applied for a proportional annuity under the
15 Retirement Systems Reciprocal Act.

16 (Source: P.A. 96-207, eff. 8-10-09; 96-889, eff. 1-1-11;
17 96-1490, eff. 1-1-11.)

18 (40 ILCS 5/2-119.02 new)

19 Sec. 2-119.02. Benefit accruals on and after January 9,
20 2013.

21 (a) Each participant under this Article, other than a
22 person who first becomes a participant on or after January 1,
23 2011, shall elect which retirement program he or she wishes to
24 participate in with respect to all periods of service occurring
25 on and after January 9, 2013. The retirement program election

1 made by the participant must be made (i) by January 9, 2013,
2 and (ii) if applicable, every 3 years thereafter. The
3 participant shall elect one of the following retirement
4 programs:

5 (1) the traditional benefit package provided by the
6 System prior to Public Act 96-889;

7 (2) the revised benefit package provided by the System
8 to new participants under Public Act 96-889, Public Act
9 96-1490, and this amendatory Act of the 97th General
10 Assembly; or

11 (3) the self-managed plan provided by the System under
12 Section 2-119.03.

13 (b) A person who first becomes a participant of the System
14 on or after January 1, 2011, shall elect which retirement
15 program he or she wishes to participate in with respect to all
16 periods of service occurring on and after January 9, 2013. The
17 participant shall elect one of the retirement programs provided
18 in paragraph (2) or (3) of subsection (a) of this Section. The
19 participant must make that election (i) by January 9, 2013 or
20 within 6 months after the participant's first day of service,
21 whichever is later, and (ii) if applicable, every 3 years
22 thereafter.

23 (c) The participant election authorized by this Section is
24 an irrevocable election, except that an individual making an
25 election for the retirement program described under paragraph
26 (1) or (2) of subsection (a) shall make an election for the

1 period of 3 years, and shall make subsequent elections during a
2 6-month period prescribed by the System. The election shall be
3 made in the manner prescribed by the System. Any participant
4 who fails to make the initial election shall, by default,
5 participate in the revised benefit package provided under
6 paragraph (2) of subsection (a) of this Section.

7 (d) Participants who have already made an election pursuant
8 to subsection (a) or (b) shall be given the opportunity to make
9 a new election as follows:

10 (1) each participant in the traditional benefit
11 package provided under paragraph (1) of subsection (a) of
12 this Section shall have the opportunity to elect to
13 terminate participation in the traditional benefit package
14 and to elect to have retirement benefits for future service
15 provided under either the revised benefit package provided
16 under paragraph (2) of subsection (a) of this Section or
17 the self-managed plan provided under paragraph (3) of
18 subsection (a) of this Section;

19 (2) each participant in the revised benefit package
20 provided under paragraph (2) of subsection (a) of this
21 Section shall have the opportunity to elect to terminate
22 participation in the revised benefit package and to elect
23 to have retirement benefits for future service provided
24 under the self-managed plan provided under paragraph (3) of
25 subsection (a) of this Section; and

26 (3) the elections permitted under paragraphs (1) and

1 (2) must be made during a 6-month period in the manner
2 prescribed by the System.

3 (e) If a participant with an accrued benefit under the
4 traditional benefit package provided by the System prior to
5 Public Act 96-889 elects the revised benefit package provided
6 under paragraph (2) of subsection (a) of this Section, the
7 participant's total accrued benefit for purposes of
8 determining an annuity shall be the sum of (i) the
9 participant's benefit accruals before the effective date of the
10 election, based on the participant's highest salary for annuity
11 purposes and service as of the effective date of the election
12 and frozen on such date, and (ii) the participant's benefit
13 accruals based on the participant's highest salary for annuity
14 purposes and service on and after the effective date of the
15 election, as modified by the Public Act 96-889, Public Act
16 96-1490, and this amendatory Act of the 97th General Assembly.
17 All rights and features provided under the traditional benefit
18 package will be preserved with respect to benefits earned under
19 such package with respect to service completed prior to the
20 election to participate in the revised benefit package.
21 Furthermore, the participant shall be entitled to the benefit
22 of the survivor's annuity provided under Public Act 96-889 and
23 Public Act 96-1490. All service completed under the System
24 shall count for purposes of determining retirement eligibility
25 and vesting under both the traditional benefit package and the
26 revised benefit package.

1 (f) If a participant with an accrued benefit under the
2 traditional benefit package or the revised benefit package
3 elects the self-managed plan provided under paragraph (3) of
4 subsection (a) of this Section, the participant's total accrued
5 benefit for purposes of determining an annuity shall be the
6 participant's benefit accruals before the effective date of the
7 election, based on the participant's highest salary for annuity
8 purposes and service as of the effective date of the election
9 and frozen on such date. However, the participant shall also
10 have an accrued self-managed plan benefit as specified in
11 subsection (g) of Section 2-119.03, for periods of service on
12 or after the effective date of the election. All rights and
13 features provided under the traditional benefit package will be
14 preserved with respect to benefits earned under such package
15 with respect to service completed prior to the election to
16 participate in the self-managed plan. All service completed
17 under the System shall count for purposes of determining
18 retirement eligibility and vesting under the traditional
19 benefit package, the revised benefit package, and the
20 self-managed plan.

21 (g) An individual who is a participant in the System, but
22 is not a member of the General Assembly on January 9, 2013,
23 shall elect, based on the eligibility criteria specified in
24 this Article, one of the 3 retirement programs provided under
25 paragraphs (1), (2), or (3) of subsection (a) of this Section
26 within 6 months after becoming a member of the General

1 Assembly.

2 (40 ILCS 5/2-119.03 new)

3 Sec. 2-119.03. Self-managed plan.

4 (a) The Illinois State Board of Investment created under
5 Article 22A of this Code shall establish and administer a
6 self-managed plan on behalf of the retirement system
7 established under this Article. The plan shall offer
8 participants the opportunity to accumulate assets for
9 retirement through a combination of participant and employer
10 contributions that may be invested in mutual funds, collective
11 investment funds, or other investment products and may be used
12 to purchase annuity contracts that are fixed, variable, or a
13 combination thereof. The plan must be qualified under the
14 Internal Revenue Code of 1986. The plan shall not include the
15 retirement annuities, survivors annuities, death benefits, or
16 refunds provided under this Article.

17 (b) The Illinois State Board of Investment shall be the
18 plan sponsor for the self-managed plan and shall prepare a plan
19 document and prescribe the rules and procedures that are
20 necessary or desirable for the administration of the
21 self-managed plan.

22 (c) A member eligible to participate in the self-managed
23 plan must make a written election in accordance with the
24 provisions of Section 2-119.02 and the procedures established
25 by the retirement system. Participation in the self-managed

1 plan by an electing member shall begin on the first of the
2 month following the date the member's election is filed with
3 the retirement system, but in no case prior to January 9, 2013.

4 (d) Members who are participating in the program must be
5 allowed to direct the transfer of their account balances among
6 the various investment options offered, subject to applicable
7 contractual provisions. The participant shall not be deemed a
8 fiduciary by reason of providing investment direction. A person
9 who is a fiduciary, including the plan sponsor, shall not be
10 liable for any loss resulting from the investment direction of
11 the participant and shall not be deemed to have breached any
12 fiduciary duty by acting in accordance with that direction. The
13 System, the Illinois State Board of Investment, and the
14 employer do not guarantee any of the investments in the
15 participant's account balances.

16 (e) The self-managed plan shall be funded by contributions
17 pursuant to salary reduction agreements for participants in the
18 self-managed plan and employer contributions as provided in
19 Section 2-124.1 of this Code. Participants may make additional
20 contributions to the self-managed plan in accordance with the
21 procedures prescribed by the plan sponsor, to the extent
22 permitted under rules prescribed by the plan sponsor.
23 Participant and employer contributions shall be paid into the
24 participants' self-managed plan accounts in a manner to be
25 prescribed by the plan sponsor.

26 (f) A participant in the self-managed plan becomes vested

1 in the employer contributions credited to his or her accounts
2 in the self-managed plan on the earliest to occur of the
3 following: (1) completion of 5 years of service with the System
4 or (2) if the participant has completed at least 1 1/2 years of
5 service, the death of the participant.

6 (g) If a participant who is vested in employer
7 contributions terminates employment, the participant shall be
8 entitled to a benefit that is based on the account values
9 attributable to both employer and participant contributions
10 and any investment return on those contributions. If a
11 participant who is not vested in employer contributions
12 terminates employment, the participant shall be entitled to a
13 benefit based solely on the account values attributable to the
14 participant's contributions and any investment return on those
15 contributions, and the employer contributions and any
16 investment return on those contributions shall be forfeited.
17 Any employer contributions that are forfeited shall be held in
18 escrow by the company investing those contributions and shall
19 be used as directed by the System for future allocations of
20 employer contributions.

21 The self-managed plan shall be funded by contributions
22 pursuant to salary reduction agreements for participants in the
23 self-managed plan and employer contributions as provided in
24 this Section.

25 The participant contribution shall be made as an "employer
26 pick up" under Section 414(h) of the Internal Revenue Code of

1 1986 or any successor Section thereof. In no event shall a
2 participant have an option of receiving these amounts in cash,
3 and payment of the participant contribution shall be a
4 condition of employment. The participant contribution shall be
5 deducted from the participant's salary in the amount specified
6 by Paragraph 3 of subsection (e) of Section 2-126, unless the
7 employer agrees to pick up and pay the participant contribution
8 in addition to the participant's salary, pursuant to Section
9 2-126.1.

10 The program shall provide for employer contributions to be
11 credited to each self-managed plan participant at a rate of 6%
12 of the participant's salary. The amounts so credited shall be
13 paid into the participants' self-managed plan accounts in a
14 manner to be prescribed by the System. The program shall also
15 provide for employer contributions to be used by the System to
16 provide disability benefits for the participant. Prior to the
17 beginning of each plan year under the self-managed plan, the
18 Board of Trustees shall determine, as a percentage of salary,
19 the amount of employer contributions to be allocated during
20 that plan year for providing disability benefits for
21 participants in the self-managed plan.

22 The State of Illinois shall make contributions by
23 appropriations to the System of the employer contributions
24 required for members who participate in the self-managed plan
25 under this Section. The amount required shall be certified by
26 the Board of Trustees of the System and paid by the State in

1 accordance with Section 2-124. The System shall not be
2 obligated to remit the required State contributions to any
3 person or entity until it has received the required
4 contributions from the State.

5 A participant under this Section shall be entitled to the
6 benefits of Article 20 of this Code.

7 (40 ILCS 5/2-119.04 new)

8 Sec. 2-119.04. Minimum benefit and allocation provisions.
9 Each participant in the System shall receive a minimum benefit
10 or allocation for service on and after January 9, 2013,
11 determined as follows:

12 (1) If the participant is participating in the
13 traditional benefit package provided under paragraph (1)
14 of subsection (a) of Section 2-119.02 of this Code or the
15 revised benefit package provided under paragraph (2) of
16 subsection (a) of Section 2-119.02 of this Code, the
17 participant shall receive a minimum benefit (commencing on
18 his or her Social Security retirement age) for the
19 participant's period of service covered by each such
20 defined benefit package that is equal to the annual primary
21 insurance amount the participant would have under Social
22 Security for such period of service. For the purposes of
23 this item (1), the primary insurance amount a participant
24 would have under Social Security shall be calculated so
25 that the System meets the requirements necessary to be

1 considered a retirement system under Section 3121(b)(7)(F)
2 of the Internal Revenue Code and the regulations in effect
3 thereunder.

4 (2) If the participant is participating in the
5 self-managed plan provided under Section 2-119.03 of this
6 Code, the member shall receive a minimum allocation equal
7 to 7.5% of the participant's salary for service during the
8 period. All contributions shall be taken into account for
9 this purpose. For the purposes of this paragraph (2), the
10 minimum allocation shall be calculated so that the System
11 meets the requirements necessary to be considered a
12 retirement system under Section 3121(b)(7)(F) of the
13 Internal Revenue Code and the regulations in effect
14 thereunder.

15 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)
16 Sec. 2-124. Contributions by State.

17 (a) The State shall make contributions to the System by
18 appropriations of amounts which, together with the
19 contributions of participants, interest earned on investments,
20 and other income will meet the cost of maintaining and
21 administering the System on a 90% funded basis in accordance
22 with actuarial recommendations.

23 (b) The Board shall determine the amount of State
24 contributions required for each fiscal year on the basis of the
25 actuarial tables and other assumptions adopted by the Board and

1 the prescribed rate of interest, using the formula in
2 subsection (c).

3 (c) For State fiscal years 2014 ~~2012~~ through 2045, the
4 minimum contribution to the System to be made by the State for
5 each fiscal year shall be an amount equal to the sum of (i) the
6 contribution determined under Section 2-124.1, plus (ii) an
7 amount determined by the System to be sufficient to bring the
8 total assets of the System up to 90% of the total actuarial
9 liabilities of the System by the end of State fiscal year 2045.
10 In making the ~~these~~ determinations under item (ii) of this
11 subsection (c), for State fiscal years 2017 through 2045, the
12 required State contribution shall be calculated each year as a
13 level percentage of revenue provided by the individual income
14 tax, sales tax, and corporate income tax assuming a 2.3%
15 average annual growth rate in these revenues based on the most
16 recent fiscal year's actual revenues as reported by the
17 Commission on Government Forecasting and Accountability
18 ~~payroll~~ over the years remaining to and including fiscal year
19 2045 and shall be determined under the projected unit credit
20 actuarial cost method.

21 Notwithstanding any other provision of this Article, for
22 ~~For~~ State fiscal years 2014 ~~1996~~ through 2016 ~~2005~~, the State
23 contribution to the System under item (ii) of this subsection
24 (c), as a percentage of State revenue from the individual
25 income tax, sales tax, and corporate income tax ~~the applicable~~
26 ~~employee payroll~~, shall be increased in equal annual increments

1 so that by State fiscal year 2017 ~~2011~~, the State is
2 contributing at the rate required under this Section.

3 For State fiscal years 2014 through 2045, the total State
4 contribution required in each fiscal year under this subsection
5 (c) must not be less than 100% of the prior fiscal year's
6 actual or required contribution, whichever is greater.

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for this System for State
9 fiscal year 2013 shall be \$14,466,286.

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2006 is
12 \$4,157,000.

13 Notwithstanding any other provision of this Article, the
14 total required State contribution for State fiscal year 2007 is
15 \$5,220,300.

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

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2010 is
24 \$10,454,000 and shall be made from the proceeds of bonds sold
25 in fiscal year 2010 pursuant to Section 7.2 of the General
26 Obligation Bond Act, less (i) the pro rata share of bond sale

1 expenses determined by the System's share of total bond
2 proceeds, (ii) any amounts received from the General Revenue
3 Fund in fiscal year 2010, and (iii) any reduction in bond
4 proceeds due to the issuance of discounted bonds, if
5 applicable.

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2011 is
8 the amount recertified by the System on or before April 1, 2011
9 pursuant to Section 2-134 and shall be made from the proceeds
10 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
11 the General Obligation Bond Act, less (i) the pro rata share of
12 bond sale expenses determined by the System's share of total
13 bond proceeds, (ii) any amounts received from the General
14 Revenue Fund in fiscal year 2011, and (iii) any reduction in
15 bond proceeds due to the issuance of discounted bonds, if
16 applicable.

17 Beginning in State fiscal year 2046, the minimum State
18 contribution shall be an amount equal to the contribution
19 determined under Section 2-124.1, plus an amount sufficient for
20 ~~each fiscal year shall be the amount needed~~ to maintain the
21 total assets of the System at 90% of the total actuarial
22 liabilities of the System.

23 Amounts received by the System pursuant to Section 25 of
24 the Budget Stabilization Act or Section 8.12 of the State
25 Finance Act in any fiscal year do not reduce and do not
26 constitute payment of any portion of the minimum State

1 contribution required under this Article in that fiscal year.
2 Such amounts shall not reduce, and shall not be included in the
3 calculation of, the required State contributions under this
4 Article in any future year until the System has reached a
5 funding ratio of at least 90%. A reference in this Article to
6 the "required State contribution" or any substantially similar
7 term does not include or apply to any amounts payable to the
8 System under Section 25 of the Budget Stabilization Act.

9 Notwithstanding any other provision of this Section, the
10 required State contribution for State fiscal year 2005 and for
11 fiscal year 2008 and each fiscal year thereafter until fiscal
12 year 2013, as calculated under this Section and certified under
13 Section 2-134, shall not exceed an amount equal to (i) the
14 amount of the required State contribution that would have been
15 calculated under this Section for that fiscal year if the
16 System had not received any payments under subsection (d) of
17 Section 7.2 of the General Obligation Bond Act, minus (ii) the
18 portion of the State's total debt service payments for that
19 fiscal year on the bonds issued in fiscal year 2003 for the
20 purposes of that Section 7.2, as determined and certified by
21 the Comptroller, that is the same as the System's portion of
22 the total moneys distributed under subsection (d) of Section
23 7.2 of the General Obligation Bond Act. In determining this
24 maximum for State fiscal years 2008 through 2010, however, the
25 amount referred to in item (i) shall be increased, as a
26 percentage of the applicable employee payroll, in equal

1 increments calculated from the sum of the required State
2 contribution for State fiscal year 2007 plus the applicable
3 portion of the State's total debt service payments for fiscal
4 year 2007 on the bonds issued in fiscal year 2003 for the
5 purposes of Section 7.2 of the General Obligation Bond Act, so
6 that, by State fiscal year 2011, the State is contributing at
7 the rate otherwise required under this Section.

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

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

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

23 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09;
24 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11; 96-1554, eff.
25 3-18-11; revised 4-6-11.)

1 (40 ILCS 5/2-124.1 new)

2 Sec. 2-124.1. Additional State contribution. The following
3 rules apply in determining the additional contribution by the
4 State of Illinois in State fiscal year 2014 and each fiscal
5 year thereafter.

6 (1) With respect to participants who elect the traditional
7 benefit package provided under paragraph (1) of subsection (a)
8 of Section 2-119.02 of this Code, an amount equal to the 6% of
9 the salary of the participant group.

10 (2) With respect to participants who elect the revised
11 benefit package provided under paragraph (2) of subsection (a)
12 of Section 2-119.02 of this Code, an amount equal to 6% of the
13 pensionable salary of the participant group.

14 (3) With respect to participants who elect the self-managed
15 plan provided under paragraph (3) of subsection (a) of Section
16 2-119.02 of this Code, an amount equal to (i) 6% of the salary
17 of the participant group and (ii) an amount determined by the
18 System that is necessary to finance the disability plan
19 provided for that group under this Article.

20 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

21 Sec. 2-126. Contributions by participants.

22 (a) Each participant shall contribute toward the cost of
23 his or her retirement annuity a percentage of each payment of
24 salary received by him or her for service as a member as
25 follows: for service between October 31, 1947 and January 1,

1 1959, 5%; for service between January 1, 1959 and June 30,
2 1969, 6%; for service between July 1, 1969 and January 10,
3 1973, 6 1/2%; for service after January 10, 1973, 7%; for
4 service after December 31, 1981, 8 1/2%.

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

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

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

23 (d) In addition, each participant serving as an officer of
24 the General Assembly shall contribute, for the same purposes
25 and at the same rates as are required of a regular participant,
26 on each additional payment received as an officer. If the

1 participant serves as an officer for at least 2 but less than 4
2 years, he or she shall contribute an amount equal to the amount
3 that would have been contributed had the participant served as
4 an officer for 4 years. Persons who serve as officers in the
5 87th General Assembly but cannot receive the additional payment
6 to officers because of the ban on increases in salary during
7 their terms may nonetheless make contributions based on those
8 additional payments for the purpose of having the additional
9 payments included in their highest salary for annuity purposes;
10 however, persons electing to make these additional
11 contributions must also pay an amount representing the
12 corresponding employer contributions, as calculated by the
13 System.

14 (e) Notwithstanding any other provision of this Article,
15 the required contribution of a participant who first becomes a
16 participant on or after January 1, 2011 shall not exceed the
17 contribution that would be due under this Article if that
18 participant's highest salary for annuity purposes were
19 \$106,800, plus any increases in that amount under Section
20 2-108.1.

21 (f) Notwithstanding anything in this Section to the
22 contrary, beginning with terms of office that begin on and
23 after January 9, 2013, all participants shall be required to
24 make the following contributions:

25 (1) Participants who elect the traditional benefit
26 package provided under paragraph (1) of subsection (a) of

1 Section 2-119.02 of this Code shall contribute:

2 (A) In fiscal year 2014, fiscal year 2015, and
3 fiscal year 2016, an amount equal to 24.89% of salary.

4 (B) In fiscal year 2017 and in each fiscal year
5 thereafter, a percentage of salary equal to the
6 actuarially determined fiscal year 2017 normal cost of
7 the traditional benefit package, minus 6%, provided
8 that no participant's contribution shall be less than
9 6% or more than 26.89% of salary. The System shall
10 certify the actuarially determined fiscal year 2017
11 normal cost of the traditional benefit package and the
12 amount of the required participant contribution.

13 (2) In fiscal year 2014 and in each fiscal year
14 thereafter, participants who elect the revised benefit
15 package provided under paragraph (2) of subsection (a) of
16 Section 2-119.02 of this Code shall contribute an amount
17 equal to the greater of the actuarially determined long
18 term normal cost of the revised benefit package as
19 calculated in fiscal year 2014 or 12%, minus contributions
20 by the State of Illinois in fiscal year 2014 under
21 paragraph (2) of subsection (a) of Section 2-124.1,
22 provided that no participant's contribution shall be less
23 than 6% of salary. The System shall certify the actuarially
24 determined long term normal cost of such revised benefit
25 package and the amount of the required participant
26 contribution. For purposes of this paragraph (2), long term

1 normal cost shall be defined as the normal cost of the
2 revised benefit package assuming that all active
3 participants are covered under the revised benefit
4 package. Contributions under this paragraph (2) shall be
5 based on pensionable salary.

6 (3) In fiscal year 2014 and in each fiscal year
7 thereafter, participants who elect the self-managed plan
8 provided under paragraph (3) of subsection (a) of Section
9 2-119.02 of this Code shall contribute a minimum amount
10 equal to 6% of salary. Participants who elect the
11 self-managed plan provided under paragraph (3) of
12 subsection (a) of Section 2-119.02 of this Code may elect
13 to increase the participant contribution in accordance
14 with rules prescribed by the Board and the plan sponsor.

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

16 (40 ILCS 5/2-126.2 new)

17 Sec. 2-126.2. Increases in participant contributions. If
18 the participant contribution required under Section 2-126
19 increases for any participant pursuant to this amendatory Act
20 of the 97th General Assembly, the additional participant
21 contribution in excess of the prior participant contribution
22 shall be deducted from the participant's salary unless the
23 participant's employer agrees pursuant to Section 414(h) of the
24 Internal Revenue Code to pick up and pay part or all of such
25 increased contribution in addition to the participant's

1 salary.

2 (40 ILCS 5/2-163 new)

3 Sec. 2-163. Qualified plan status. No provision of this
4 Article shall be interpreted in a way that would cause the
5 System to cease to be a qualified plan under Section 401(a) of
6 the Internal Revenue Code.

7 (40 ILCS 5/8-103.1 new)

8 Sec. 8-103.1. Reformed benefit package. "Reformed benefit
9 package": The defined benefit retirement program maintained
10 under the Fund for employees who first become participants in
11 the Fund on or after January 1, 2011.

12 (40 ILCS 5/8-103.2 new)

13 Sec. 8-103.2. Self-managed plan. "Self-managed plan": The
14 defined contribution retirement program maintained under the
15 Fund as described in Section 8-190.2. The self-managed plan
16 shall not include retirement annuities or survivor's,
17 disability, or insurance benefits payable directly from the
18 Fund as provided by this Article.

19 (40 ILCS 5/8-103.3 new)

20 Sec. 8-103.3. Traditional benefit package. "Traditional
21 benefit package": The defined benefit retirement program
22 maintained under the Fund for employees who first became

1 participants in the Fund before January 1, 2011.

2 (40 ILCS 5/8-125) (from Ch. 108 1/2, par. 8-125)

3 Sec. 8-125. Annuity.

4 "Annuity": Equal monthly payments for life, unless
5 otherwise specified.

6 For annuities taking effect before January 1, 1998, the
7 first payment shall be due and payable one month after the
8 occurrence of the event upon which payment of the annuity
9 depends, and the last payment shall be due and payable as of
10 the date of the annuitant's death and shall be prorated from
11 the date of the last preceding payment to the date of death for
12 deaths that occur on or before March 31, 2000. All payments
13 made on or after April 1, 2000 shall be made on the first day of
14 the calendar month and the last payment shall be made on the
15 first day of the calendar month in which the annuity payment
16 period ends. All payments for months beginning with April of
17 2000 shall be for the entire calendar month, without proration.
18 A pro rata amount shall be paid for that part of the month from
19 the March 2000 annuity payment date through March 31, 2000.

20 For annuities taking effect on or after January 1, 1998,
21 payments shall be made as of the first day of the calendar
22 month, with the first payment to be made as of the first day of
23 the calendar month coincidental with or next following the
24 first day of the annuity payment period, and the last payment
25 to be made as of the first day of the calendar month in which

1 the annuity payment period ends. For annuities taking effect on
2 or after January 1, 1998, all payments shall be for the entire
3 calendar month, without proration.

4 For the purposes of this Section, the "annuity payment
5 period" means the period beginning on the day after the
6 occurrence of the event upon which payment of the annuity
7 depends, and ending on the day upon which the death of the
8 annuitant or other event terminating the annuity occurs.

9 The provisions of this Section do not apply to participants
10 who are participating in the self-managed plan.

11 (Source: P.A. 90-31, eff. 6-27-97; 91-887, eff. 7-6-00.)

12 (40 ILCS 5/8-173) (from Ch. 108 1/2, par. 8-173)

13 Sec. 8-173. Financing; tax levy.

14 (a) Except as provided in subsection (f) of this Section,
15 the city council of the city shall levy a tax annually upon all
16 taxable property in the city at a rate that will produce a sum
17 which, when added to the amounts deducted from the salaries of
18 the employees or otherwise contributed by them and the amounts
19 deposited under subsection (f), will be sufficient for the
20 requirements of this Article, but which when extended will
21 produce an amount not to exceed the greater of the following:

22 (a) the sum obtained by the levy of a tax of .1093% of the
23 value, as equalized or assessed by the Department of Revenue,
24 of all taxable property within such city, or (b) the sum of
25 \$12,000,000. However any city in which a Fund has been

1 established and in operation under this Article for more than 3
2 years prior to 1970 shall levy for the year 1970 a tax at a rate
3 on the dollar of assessed valuation of all taxable property
4 that will produce, when extended, an amount not to exceed 1.2
5 times the total amount of contributions made by employees to
6 the Fund for annuity purposes in the calendar year 1968, and,
7 for the year 1971 and 1972 such levy that will produce, when
8 extended, an amount not to exceed 1.3 times the total amount of
9 contributions made by employees to the Fund for annuity
10 purposes in the calendar years 1969 and 1970, respectively; and
11 for the year 1973 an amount not to exceed 1.365 times such
12 total amount of contributions made by employees for annuity
13 purposes in the calendar year 1971; and for the year 1974 an
14 amount not to exceed 1.430 times such total amount of
15 contributions made by employees for annuity purposes in the
16 calendar year 1972; and for the year 1975 an amount not to
17 exceed 1.495 times such total amount of contributions made by
18 employees for annuity purposes in the calendar year 1973; and
19 for the year 1976 an amount not to exceed 1.560 times such
20 total amount of contributions made by employees for annuity
21 purposes in the calendar year 1974; and for the year 1977 an
22 amount not to exceed 1.625 times such total amount of
23 contributions made by employees for annuity purposes in the
24 calendar year 1975; and for the year 1978 and each year
25 thereafter, such levy as will produce, when extended, an amount
26 not to exceed the total amount of contributions made by or on

1 behalf of employees to the Fund for annuity purposes in the
2 calendar year 2 years prior to the year for which the annual
3 applicable tax is levied, multiplied by 1.690 for the years
4 1978 through 1998 and by 1.250 for the years ~~year~~ 1999 through
5 2012. For 2013 and for each year thereafter, the amount levied
6 shall be equal to the amount levied in 2010.

7 The tax shall be levied and collected in like manner with
8 the general taxes of the city, and shall be exclusive of and in
9 addition to the amount of tax the city is now or may hereafter
10 be authorized to levy for general purposes under any laws which
11 may limit the amount of tax which the city may levy for general
12 purposes. The county clerk of the county in which the city is
13 located, in reducing tax levies under the provisions of any Act
14 concerning the levy and extension of taxes, shall not consider
15 the tax herein provided for as a part of the general tax levy
16 for city purposes, and shall not include the same within any
17 limitation of the percent of the assessed valuation upon which
18 taxes are required to be extended for such city.

19 Revenues derived from such tax shall be paid to the city
20 treasurer of the city as collected and held by him for the
21 benefit of the fund.

22 If the payments on account of taxes are insufficient during
23 any year to meet the requirements of this Article, the city may
24 issue tax anticipation warrants against the current tax levy.

25 (b) On or before January 10, annually, the board shall
26 notify the city council of the requirements of this Article

1 that the tax herein provided shall be levied for that current
2 year. The board shall compute the amounts necessary to be
3 credited to the reserves established and maintained as herein
4 provided, and shall make an annual determination of the amount
5 of the required city contributions, and certify the results
6 thereof to the city council.

7 (c) In respect to employees of the city who are transferred
8 to the employment of a park district by virtue of the "Exchange
9 of Functions Act of 1957", the corporate authorities of the
10 park district shall annually levy a tax upon all the taxable
11 property in the park district at such rate per cent of the
12 value of such property, as equalized or assessed by the
13 Department of Revenue, as shall be sufficient, when added to
14 the amounts deducted from their salaries and otherwise
15 contributed by them to provide the benefits to which they and
16 their dependents and beneficiaries are entitled under this
17 Article. The city shall not levy a tax hereunder in respect to
18 such employees.

19 The tax so levied by the park district shall be in addition
20 to and exclusive of all other taxes authorized to be levied by
21 the park district for corporate, annuity fund, or other
22 purposes. The county clerk of the county in which the park
23 district is located, in reducing any tax levied under the
24 provisions of any act concerning the levy and extension of
25 taxes shall not consider such tax as part of the general tax
26 levy for park purposes, and shall not include the same in any

1 limitation of the per cent of the assessed valuation upon which
2 taxes are required to be extended for the park district. The
3 proceeds of the tax levied by the park district, upon receipt
4 by the district, shall be immediately paid over to the city
5 treasurer of the city for the uses and purposes of the fund.

6 The various sums to be contributed by the city and park
7 district and allocated for the purposes of this Article, and
8 any interest to be contributed by the city, shall be derived
9 from the revenue from the taxes authorized in this Section or
10 otherwise as expressly provided in this Section.

11 If it is not possible or practicable for the city to make
12 contributions for age and service annuity and widow's annuity
13 at the same time that employee contributions are made for such
14 purposes, such city contributions shall be construed to be due
15 and payable as of the end of the fiscal year for which the tax
16 is levied and shall accrue thereafter with interest at the
17 effective rate until paid.

18 (d) With respect to employees whose wages are funded as
19 participants under the Comprehensive Employment and Training
20 Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L.
21 93-567, 88 Stat. 1845), hereinafter referred to as CETA,
22 subsequent to October 1, 1978, and in instances where the board
23 has elected to establish a manpower program reserve, the board
24 shall compute the amounts necessary to be credited to the
25 manpower program reserves established and maintained as herein
26 provided, and shall make a periodic determination of the amount

1 of required contributions from the City to the reserve to be
2 reimbursed by the federal government in accordance with rules
3 and regulations established by the Secretary of the United
4 States Department of Labor or his designee, and certify the
5 results thereof to the City Council. Any such amounts shall
6 become a credit to the City and will be used to reduce the
7 amount which the City would otherwise contribute during
8 succeeding years for all employees.

9 (e) In lieu of establishing a manpower program reserve with
10 respect to employees whose wages are funded as participants
11 under the Comprehensive Employment and Training Act of 1973, as
12 authorized by subsection (d), the board may elect to establish
13 a special municipality contribution rate for all such
14 employees. If this option is elected, the City shall contribute
15 to the Fund from federal funds provided under the Comprehensive
16 Employment and Training Act program at the special rate so
17 established and such contributions shall become a credit to the
18 City and be used to reduce the amount which the City would
19 otherwise contribute during succeeding years for all
20 employees.

21 (f) In lieu of levying all or a portion of the tax required
22 under this Section in any year, the city may deposit with the
23 city treasurer no later than March 1 of that year for the
24 benefit of the fund, to be held in accordance with this
25 Article, an amount that, together with the taxes levied under
26 this Section for that year, is not less than the amount of the

1 city contributions for that year as certified by the board to
2 the city council. The deposit may be derived from any source
3 legally available for that purpose, including, but not limited
4 to, the proceeds of city borrowings. The making of a deposit
5 shall satisfy fully the requirements of this Section for that
6 year to the extent of the amounts so deposited. Amounts
7 deposited under this subsection may be used by the fund for any
8 of the purposes for which the proceeds of the tax levied by the
9 city under this Section may be used, including the payment of
10 any amount that is otherwise required by this Article to be
11 paid from the proceeds of that tax.

12 (Source: P.A. 90-31, eff. 6-27-97; 90-655, eff. 7-30-98;
13 90-766, eff. 8-14-98.)

14 (40 ILCS 5/8-174.2 new)

15 Sec. 8-174.2. Employee contributions beginning July 1,
16 2013. Notwithstanding any other provision of this Article,
17 beginning July 1, 2013, all participants shall be required to
18 make the following contributions:

19 (1) Participants who elect the traditional benefit
20 package under paragraph (1) of subsection (a) of Section
21 8-190.1 of this Code shall contribute:

22 (A) In fiscal year 2014, fiscal year 2015, and
23 fiscal year 2016, an amount equal to 12.75% of salary.

24 (B) In fiscal year 2017 and in each fiscal year
25 thereafter, a percentage of salary equal to the

1 actuarially determined normal cost of the traditional
2 benefit package, minus an amount equal to 6% of total
3 pensionable salary. The Fund shall certify the
4 actuarially determined normal cost of the traditional
5 benefit package and the amount of required participant
6 contributions by July 1, 2016 and every 3 years
7 thereafter.

8 (2) Participants who elect the reformed benefit
9 package under paragraph (2) of subsection (a) of Section
10 8-190.1 of this Code shall contribute:

11 (A) In fiscal year 2014, fiscal year 2015, and
12 fiscal year 2016, an amount equal to 7% of salary.

13 (B) In fiscal year 2017 and in each fiscal year
14 thereafter, a percentage of salary equal to the
15 actuarially determined normal cost of the reformed
16 benefit package, minus an amount equal to 6% of total
17 pensionable salary. The Fund shall certify the
18 actuarially determined normal cost of the reformed
19 benefit package and the amount of required participant
20 contributions by July 1, 2016 and every 3 years
21 thereafter.

22 (3) Participants who elect the self-managed plan under
23 paragraph (3) of subsection (a) of Section 8-190.1 of this
24 Code shall contribute a minimum of 6% of salary.
25 Participants who elect the self-managed plan provided
26 under Section 8-190.2 of this Code may elect to increase

1 their employee contributions in accordance with rules
2 prescribed by the Board.

3 No prior contribution increases or other additional
4 contributions specified by this Section shall apply to any
5 participant for service on or after July 1, 2013.

6 (40 ILCS 5/8-190.1 new)

7 Sec. 8-190.1. Benefit accruals on and after July 1, 2013.

8 (a) Each participant under this Article, other than a
9 person who first becomes an employee and a participant on or
10 after January 1, 2011, shall choose which retirement program he
11 or she wishes to participate in with respect to all periods of
12 employment occurring on and after July 1, 2013, except that
13 such participants with more than 5 years of creditable service
14 at the time of such election shall only be eligible to elect
15 one of the retirement programs in paragraphs (1) or (2) of this
16 subsection (a). The retirement program election made by the
17 participating employee must be made no later than January 1,
18 2013. The participant shall elect one of the following
19 retirement programs:

20 (1) the traditional benefit package provided by the
21 Fund;

22 (2) the reformed benefit package provided by the Fund;
23 or

24 (3) the self-managed plan provided by the Fund.

25 (b) A person who first becomes an employee and a

1 participant in the Fund on or after January 1, 2011 shall be
2 given the choice to elect which retirement program he or she
3 wishes to participate in with respect to all periods of covered
4 employment occurring on and after July 1, 2013. The participant
5 shall elect one of the retirement programs provided in
6 paragraph (2) or (3) of subsection (a) of this Section. The
7 participant must make the election (i) by January 1, 2013 or
8 within 6 months after the participant's first day of covered
9 employment, whichever is later, and (ii) if applicable, every 3
10 years thereafter.

11 (c) The member election authorized by this Section is an
12 irrevocable election, except that any individual making an
13 election for the retirement program described under paragraph
14 (1) or (2) of subsection (a) shall make an election for a
15 period of 3 years, and shall make subsequent elections every 3
16 years during a 6-month period prescribed by the Fund. The
17 election shall be made in the manner prescribed by the Fund.
18 Any member who fails to make the election shall, by default,
19 participate in the benefit program provided under paragraph (2)
20 of subsection (a) of this Section.

21 (d) Participants who have already made an election pursuant
22 to subsection (a) or (b) shall be given the opportunity to make
23 a new election as follows:

24 (1) Each participant in the traditional benefit
25 package provided under paragraph (1) of subsection (a) of
26 this Section shall have the opportunity to elect to

1 terminate participation in the traditional benefit package
2 and to elect to have retirement benefits for future service
3 provided under either the reformed benefit package
4 provided under paragraph (2) of subsection (a) of this
5 Section or the self-managed plan provided under paragraph
6 (3) of subsection (a) of this Section. However, such a
7 participant with more than 5 years of creditable service
8 shall be prohibited from electing the self-managed plan.

9 (2) Each participant that has less than 5 years of
10 creditable service and participates in the reformed
11 benefit package provided under paragraph (2) of subsection
12 (a) of this Section shall have the opportunity to elect to
13 terminate participation in the reformed benefit package
14 and to elect to have retirement benefits for future service
15 provided under the self-managed plan provided under
16 paragraph (3) of subsection (a) of this Section.

17 (3) The elections permitted under paragraphs (1) and
18 (2) must be made during a 6-month period in the manner
19 prescribed by the Fund.

20 (e) If a participant with an accrued benefit under the
21 traditional benefit package elects the reformed benefit
22 package, the participant's total accrued benefit for purposes
23 of determining an annuity shall be the sum of (i) the
24 participant's benefit accruals under the traditional benefit
25 package, based on the participant's pay and service under the
26 traditional benefit package, and frozen with respect to pay for

1 service earned subsequent to participation under the
2 traditional benefit package and (ii) the participant's benefit
3 accruals based on pay and service under the reformed benefit
4 package. All rights and features provided under the traditional
5 benefit package will be preserved with respect to benefits
6 earned under such package with respect to service completed
7 prior to the election to participate in the reformed benefit
8 package. All service completed under the Fund shall count for
9 purposes of determining retirement eligibility and vesting
10 under both the traditional benefit package and the reformed
11 benefit package, provided that the vesting requirements of the
12 traditional benefit package shall continue to govern vesting
13 for participants in the reformed benefit package.

14 (f) If a participant with an accrued benefit under the
15 traditional benefit package or the reformed benefit package
16 elects the self-managed plan provided under paragraph (3) of
17 subsection (a) of this Section, the participant's total accrued
18 benefit for purposes of determining an annuity shall be the
19 participant's benefit accruals prior to participation in the
20 self-managed plan, based on the participant's pay and service,
21 and fixed with respect to pay for service earned subsequent to
22 participation in the traditional or reformed benefit package.
23 However, the participant shall also have an accrued
24 self-managed plan balance as specified in subsection (h) of
25 Section 8-190.2, for periods of covered employment on or after
26 participation in the self-managed plan. All rights and features

1 provided under the traditional or reformed benefit package will
2 be preserved with respect to benefits earned under such package
3 with respect to service completed prior to the election to
4 participate in the self-managed plan. All service completed
5 under the traditional or reformed benefit package and the
6 self-managed plan shall count for purposes of determining
7 retirement eligibility and vesting under the traditional
8 benefit package and the self-managed plan.

9 (g) An individual with less than 5 years of creditable
10 service and who is a participant in the Fund but is not a
11 participating employee on January 1, 2013 shall be allowed to
12 elect, based on the eligibility criteria specified in this
13 Code, one of the retirement programs provided in paragraph (1),
14 (2), or (3) of subsection (a) of this Section within 6 months
15 after becoming an employee, based on eligibility.

16 An individual with 5 or more years of creditable service
17 and who is a participant in the Fund but is not a participating
18 employee on January 1, 2013 shall be allowed to elect, based on
19 the eligibility criteria specified in this Code, one of the
20 retirement programs provided in paragraph (1) or (2) of
21 subsection (a) of this Section within 6 months after becoming
22 an employee, based on eligibility.

23 (40 ILCS 5/8-190.2 new)

24 Sec. 8-190.2. Self-managed plan.

25 (a) Purpose. The Municipal Employees', Officers', and

1 Officials' Annuity and Benefit Fund shall establish and
2 administer a self-managed plan, which shall offer participants
3 the opportunity to accumulate assets for retirement through a
4 combination of employee and employer contributions that may be
5 invested in mutual funds, collective investment funds, or other
6 investment products and may be used to purchase annuity
7 contracts, either fixed or variable or a combination thereof.
8 The plan must be qualified under the Internal Revenue Code of
9 1986.

10 (b) The Municipal Employees', Officers', and Officials'
11 Annuity and Benefit Fund shall be the plan sponsor for the
12 self-managed plan and shall prepare a plan document and
13 prescribe such rules and procedures as are considered necessary
14 or desirable for the administration of the self-managed plan.
15 Consistent with its fiduciary duty to the participants and
16 beneficiaries of the self-managed plan, the Board of Trustees
17 of the Fund may delegate aspects of plan administration as it
18 sees fit to companies authorized to do business in this State.

19 (c) Selection of service providers and funding vehicles.
20 The Fund may solicit proposals to provide administrative
21 services and funding vehicles for the self-managed plan from
22 insurance and annuity companies and mutual fund companies,
23 banks, trust companies, or other financial institutions
24 authorized to do business in this State.

25 The Fund shall periodically review each approved company. A
26 company may continue to provide administrative services and

1 funding vehicles for the self-managed plan only so long as it
2 continues to be an approved company under contract with the
3 Board.

4 (d) Employee direction. Employees who are participating in
5 the program must be allowed to direct the transfer of their
6 account balances among the various investment options offered,
7 subject to applicable contractual provisions. The employee
8 shall not be deemed a fiduciary by reason of providing such
9 investment direction. A person who is a fiduciary shall not be
10 liable for any loss resulting from such investment direction
11 and shall not be deemed to have breached any fiduciary duty by
12 acting in accordance with that direction. Neither the Fund nor
13 the employer guarantees any of the investments in the
14 employee's account balances.

15 (e) Participation. An employee eligible to participate in
16 the self-managed plan must make a written election under
17 Section 8-190.1 and the procedures established by the Fund.
18 Participation in the self-managed plan by an electing employee
19 shall begin on the first day of the first pay period following
20 the later of (i) the date the employee's election is filed with
21 the Fund or (ii) July 1, 2013.

22 An employee who has elected to participate in the
23 self-managed plan under this Section must continue
24 participation while employed in an eligible position.
25 Participation in the self-managed plan under this Section shall
26 constitute membership in the Municipal Employees', Officers',

1 and Officials' Annuity and Benefit Fund.

2 An employee under this Section shall be entitled to the
3 benefits of Article 20 of this Code.

4 (f) Contributions. The self-managed plan shall be funded by
5 contributions from employees participating in the self-managed
6 plan and employer contributions as provided in this Section.

7 This required contribution shall be made as an "employer
8 pick up" under Section 414(h) of the Internal Revenue Code of
9 1986 or any successor Section thereof. In no event shall a
10 employee have an option of receiving these amounts in cash. The
11 program shall provide for employer contributions to be credited
12 to each self-managed plan participant at a rate of 6% of the
13 participant's salary. The amounts so credited shall be paid
14 into the employee's self-managed plan account in a manner to be
15 prescribed by the Fund.

16 The employer shall make contributions by appropriations to
17 the Fund of the employer contributions required for employees
18 who participate in the self-managed plan under this Section.
19 The amount required shall be certified by the Board of Trustees
20 of the Fund and paid by the employer in accordance with this
21 Article. The Fund shall not be obligated to remit the required
22 employer contributions to any person or entity until it has
23 received the required employer contributions from the
24 employer.

25 (g) Vesting; withdrawal; return to service. A participant
26 in the self-managed plan becomes vested in the employer

1 contributions credited to his or her account in the
2 self-managed plan on the earliest to occur of the following:
3 (1) completion of 5 years of creditable service; (2) the death
4 of the participant while in active service, if the participant
5 has completed at least 1 1/2 years of service; or (3) the
6 participant's election to retire and apply the reciprocal
7 provisions of Article 20 of this Code.

8 (h) Benefit amounts. If a participant who is vested in
9 employer contributions terminates employment, the participant
10 shall be entitled to a benefit which is based on the account
11 values attributable to employer and participant contributions
12 and any investment return thereon.

13 If a participant who is not vested in employer
14 contributions terminates employment, the participant shall be
15 entitled to a benefit based solely on the account values
16 attributable to the participant's contributions and any
17 investment return thereon, and the employer contributions and
18 any investment return thereon shall be forfeited. Any employer
19 contributions which are forfeited shall become part of the
20 trust.

21 (40 ILCS 5/8-190.3 new)

22 Sec. 8-190.3. Minimum benefit and allocation provisions.
23 Each participant in the Fund shall receive a minimum benefit or
24 allocation determined as follows:

25 (1) If the participant is participating in the

1 traditional benefit package provided under paragraph (1)
2 of subsection (a) of Section 8-103.3 of this Code or the
3 revised defined benefit package provided under paragraph
4 (2) of subsection (a) of Section 8-103.3 of this Code, the
5 participant shall receive a minimum benefit (commencing on
6 his or her Social Security retirement age) that is equal to
7 the annual primary insurance amount the participant would
8 have under Social Security. For the purposes of this item
9 (1), the primary insurance amount a participant would have
10 under Social Security shall be calculated so that the Fund
11 meets the requirements necessary to be considered a
12 retirement system under Section 3121(b)(7)(F) of the
13 Internal Revenue Code and the regulations in effect
14 thereunder.

15 (2) If the participant is participating in the
16 self-managed plan provided under Section 8-103.2 of this
17 Code, the member shall receive a minimum allocation equal
18 to 7.5% of the participant's compensation for service
19 during the period. All contributions shall be taken into
20 account for this purpose. For the purposes of this
21 paragraph (2), the minimum allocation shall be calculated
22 so that the Fund meets the requirements necessary to be
23 considered a retirement system under Section 3121(b)(7)(F)
24 of the Internal Revenue Code and the regulations in effect
25 thereunder.

1 (40 ILCS 5/8-190.4 new)

2 Sec. 8-190.4. Employer contributions to the self-managed
3 plan. For members electing benefits under paragraph (3) of
4 subsection (a) of Section 8-190.1, an employer contribution
5 equal to 6% of total pension payroll for the respective
6 employee group.

7 (40 ILCS 5/8-251) (from Ch. 108 1/2, par. 8-251)

8 Sec. 8-251. Felony conviction.

9 None of the benefits provided for in this Article shall be
10 paid to any person who is convicted of any felony relating to
11 or arising out of or in connection with his service as a
12 municipal employee.

13 This section shall not operate to impair any contract or
14 vested right heretofore acquired under any law or laws
15 continued in this Article, nor to preclude the right to a
16 refund.

17 All future entrants entering service subsequent to July 11,
18 1955 shall be deemed to have consented to the provisions of
19 this section as a condition of coverage.

20 No refund paid to any person who is convicted of a felony
21 relating to or arising out of or in connection with the
22 person's service as an employee shall include employer
23 contributions or interest or, in the case of the self-managed
24 plan authorized under Section 8-190.2, any employer
25 contributions or investment return on employer contributions.

1 (Source: Laws 1963, p. 161.)

2 (40 ILCS 5/8-255 new)

3 Sec. 8-255. Qualified plan status. No provision of this
4 Article shall be interpreted in a way that would cause the Fund
5 to cease to be a qualified plan under Section 401(a) of the
6 Internal Revenue Code.

7 (40 ILCS 5/9-103.1 new)

8 Sec. 9-103.1. Reformed benefit package. "Reformed benefit
9 package": The defined benefit retirement program maintained
10 under the Fund for employees who first become participants in
11 the Fund on or after January 1, 2011. The reformed benefit
12 package includes benefits as modified by the provisions of
13 Section 1-160.

14 (40 ILCS 5/9-103.2 new)

15 Sec. 9-103.2. Self-managed plan. "Self-managed plan": The
16 defined contribution retirement program maintained under the
17 Fund as described in Section 9-170.5. The self-managed plan
18 shall not include any of the following: retirement annuities
19 payable directly from the Fund as provided under Sections
20 9-121.6, 9-121.7, 9-125, 9-126, 9-127, 9-128, 9-128.1, 9-132,
21 9-134, and 9-160; automatic increase in annuities payable
22 directly from the Fund as provided under Sections 9-133 and
23 9-133.1; reversionary annuities payable directly from the Fund

1 as provided under Section 9-135; death benefits payable
2 directly from the Fund as provided under Section 9-135.1;
3 widow's and survivor's annuities payable directly from the Fund
4 as provided under Sections 9-137, 9-138, 9-139, 9-140, 9-141,
5 9-142, 9-143, 9-144, 9-145, 9-146.1, 9-146.2, 9-147, 9-148,
6 9-148.1, 9-150, 9-150.1, and 9-153; child's annuities payable
7 directly from the Fund as provided under Sections 9-154 and
8 9-155, refunds as provided under Sections 9-164 and 9-167; and
9 annuities to disabled employees whose ordinary disability
10 benefits have expired as provided under Section 9-174.

11 (40 ILCS 5/9-103.3 new)

12 Sec. 9-103.3. Traditional benefit package. "Traditional
13 benefit package": The defined benefit retirement program
14 maintained under the Fund for employees who first became
15 participants in the Fund before January 1, 2011.

16 (40 ILCS 5/9-128.1) (from Ch. 108 1/2, par. 9-128.1)

17 Sec. 9-128.1. Annuities for members of the County Police
18 Department.

19 (a) In lieu of the regular or minimum annuity or annuities
20 for any deputy sheriff who is a member of a County Police
21 Department, he may, upon withdrawal from service after not less
22 than 20 years of service in the position of deputy sheriff as
23 defined below, upon or after attainment of age 55, receive a
24 total annuity equal to 2% for each year of service based upon

1 his highest average annual salary for any 4 consecutive years
2 within the last 10 years of service immediately preceding the
3 date of withdrawal from service, subject to a maximum annuity
4 equal to 75% of such average annual salary.

5 (b) Any deputy sheriff who withdraws from the service after
6 July 1, 1979, after having attained age 53 in the service with
7 23 or more years of service credit shall be entitled to an
8 annuity computed as follows if such annuity is greater than
9 that provided in the foregoing paragraphs of this Section
10 9-128.1: An annuity equal to 50% of the average salary for the
11 4 highest consecutive years of the last 10 years of service
12 plus additional annuity equal to 2% of such average salary for
13 each completed year of service or fraction thereof rendered
14 after his attainment of age 53 and the completion of 23 years
15 of service, plus an additional annuity equal to 1% of such
16 average salary for each completed year of service or fraction
17 thereof in excess of 23 years up to age 53.

18 (c) Any deputy sheriff who withdraws from the service after
19 December 31, 1987 with 20 or more years of service credit,
20 shall be entitled, upon attainment of age 50, to an annuity
21 computed as follows if such annuity is greater than that
22 provided in the foregoing paragraphs of this Section 9-128.1:
23 An annuity equal to 50% of the average salary for the 4 highest
24 consecutive years of the last 10 years of service, plus
25 additional annuity equal to 2% of such average salary for each
26 completed year of service or fraction thereof in excess of 20

1 years.

2 (d) A deputy sheriff who reaches compulsory retirement age
3 and who has less than 23 years of service shall be entitled to
4 a minimum annuity equal to an amount determined by the product
5 of (1) his years of service and (2) 2% of his average salary
6 for the 4 consecutive highest years of salary within the last
7 10 years of service immediately prior to his reaching
8 compulsory retirement age.

9 (e) Any deputy sheriff who retires after January 1, 1984
10 and elects to receive an annuity under this Section, and who
11 has credits under this Article for service not as a deputy
12 sheriff, shall be entitled to receive, in addition to the
13 amount of annuity otherwise provided under this Section, an
14 additional amount of annuity provided from the totals
15 accumulated to his credit for prior service and age and service
16 annuities for such service not as a deputy sheriff.

17 (f) The term "deputy sheriff" means an employee charged
18 with the duty of law enforcement as a deputy sheriff as
19 specified in Section 1 of "An Act in relation to County Police
20 Departments in certain Counties, creating a County Police
21 Department Merit Board and defining its powers and duties",
22 approved August 5, 1963, who rendered service in such position
23 before and after such date.

24 The terms "deputy sheriff" and "member of a County Police
25 Department" shall also include an elected sheriff of the county
26 who has elected to become a contributor and who has submitted

1 to the board his written election to be included within the
2 provisions of this Section. With respect to any such sheriff,
3 service as the elected sheriff of the county shall be deemed to
4 be service in the position of deputy sheriff for the purposes
5 of this Section provided that the employee contributions
6 therefor are made at the rate prescribed for members of the
7 County Police Department. A sheriff electing to be included
8 under this Section may also elect to have his service as
9 sheriff of the county before the date of such election included
10 as service as a deputy sheriff for the purposes of this
11 Section, by making an additional contribution for each year of
12 such service, equal to the difference between the amount he
13 would have contributed to the Fund during such year had he been
14 contributing at the rate then in effect for members of the
15 County Police Department and the amount actually contributed,
16 plus interest thereon at the rate of 6% per annum from the end
17 of such year to the date of payment.

18 (g) In no case shall an annual annuity provided in this
19 Section 9-128.1 exceed 80% of the average annual salary for any
20 4 consecutive years within the last 10 years of service
21 immediately preceding the date of withdrawal from service.

22 A deputy sheriff may in addition, be entitled to the
23 benefits provided by Section 9-133 or 9-133.1 if he so
24 qualifies under such Sections.

25 (h) A deputy sheriff may elect, between January 1 and
26 January 15, 1983, to transfer his creditable service as a

1 member of the State Employees' Retirement System of Illinois to
2 any Fund established under this Article of which he is a
3 member, and such transferred creditable service shall be
4 included as service for the purpose of calculating his benefits
5 under this Article to the extent that the payment specified in
6 Section 14-105.3 has been received by such Fund.

7 (i) An active deputy sheriff who has at least 15 years of
8 service credit in that capacity may elect to have any or all of
9 his credits under this Article for service not as a deputy
10 sheriff deemed to be credits for service as a deputy sheriff,
11 by filing a written election with the Board, accompanied by
12 payment of an amount to be determined by the Board, equal to
13 (1) the difference between the amount of employee contributions
14 actually contributed by the applicant for such service not as a
15 deputy sheriff, and the amounts that would have been
16 contributed had such contributions been made at the rates
17 applicable to service as a deputy sheriff, plus (2) interest
18 thereon at the rate of 3% per annum, compounded annually, from
19 the date of service to the date of payment.

20 (j) Beginning on the effective date of this amendatory Act
21 of 1996, the terms "deputy sheriff" and "member of a County
22 Police Department" shall also include any chief of the County
23 Police Department or undersheriff of the County Sheriff's
24 Department who has submitted to the board his or her written
25 election to be included within the provisions of this Section.
26 With respect to any such police chief or undersheriff, service

1 as a chief of the County Police Department or an undersheriff
2 of the County Sheriff's Department shall be deemed to be
3 service in the position of deputy sheriff for the purposes of
4 this Section, provided that the employee contributions
5 therefor are made at the rate prescribed for members of the
6 County Police Department.

7 A chief of the County Police Department or undersheriff of
8 the County Sheriff's Department electing to be included under
9 this Section may also elect to have his or her service as chief
10 of the County Police Department or undersheriff of the County
11 Sheriff's Department before the date of the election included
12 as service as a deputy sheriff for the purposes of this
13 Section, by making an additional contribution for each year of
14 such service, equal to the difference between the amount that
15 he or she would have contributed to the Fund during that year
16 at the rate then in effect for members of the County Police
17 Department and the amount actually contributed, plus interest
18 thereon at the rate of 6% per year, compounded annually, from
19 the end of that year to the date of payment.

20 A chief of the County Police Department or undersheriff of
21 the County Sheriff's Department who has elected to be included
22 within the provisions of this Section may transfer to this Fund
23 credits and creditable service accumulated under any pension
24 fund or retirement system established under Article 3, 7, 8,
25 14, or 15, upon payment to the Fund of (1) the amount by which
26 the employee contributions that would have been required if he

1 or she had participated in this Fund during the period for
2 which credit is being transferred, plus interest, plus an equal
3 amount for employer contributions, exceeds the amounts
4 actually transferred from that other fund or system to this
5 Fund, plus (2) interest thereon at 6% per year, compounded
6 annually, from the date of transfer to the date of payment.

7 A chief of the County Police Department or undersheriff of
8 the County Sheriff's Department may purchase credits and
9 creditable service for up to 2 years of public employment
10 rendered to an out-of-state public agency. Payment for that
11 service shall be at the applicable rates in effect for employee
12 and employer contributions during the period for which credit
13 is being purchased, plus interest at the rate of 6% per year,
14 compounded annually, from the date of service until the date of
15 payment.

16 (k) The benefits of this Section do not apply to employees
17 that first become participants on or after July 1, 2013.

18 (Source: P.A. 89-643, eff. 8-9-96.)

19 (40 ILCS 5/9-133) (from Ch. 108 1/2, par. 9-133)

20 Sec. 9-133. Automatic increase in annuity.

21 (a) An employee who retired or retires from service after
22 December 31, 1959, having attained age 60 or more or, beginning
23 January 1, 1991, having attained 30 or more years of creditable
24 service, shall, in the month of January of the year following
25 the year in which the first anniversary of retirement occurs,

1 have his then fixed and payable monthly annuity increased by 1
2 1/2%, and such first fixed annuity as granted at retirement
3 increased by a further 1 1/2% in January of each year
4 thereafter. Beginning with January of the year 1972, such
5 increases shall be at the rate of 2% in lieu of the aforesaid
6 specified 1 1/2%. Beginning with January of the year 1982, such
7 increases shall be at the rate of 3% in lieu of the aforesaid
8 specified 2%. Beginning January 1, 1998, these increases shall
9 be at the rate of 3% of the current amount of the annuity,
10 including any previous increases received under this Article,
11 without regard to whether the annuitant is in service on or
12 after the effective date of this amendatory Act of 1997.

13 An employee who retires on annuity before age 60 and,
14 beginning January 1, 1991, with less than 30 years of
15 creditable service shall receive such increases beginning with
16 January of the year immediately following the year in which he
17 attains the age of 60 years. An employee who retires on annuity
18 before age 60 and before January 1, 1991, with at least 30
19 years of creditable service, shall be entitled to receive the
20 first increase under this subsection no later than January 1,
21 1993.

22 For an employee who, in accordance with the provisions of
23 Section 9-108.1 of this Act, shall have become a member of the
24 State System established under Article 14 on February 1, 1974,
25 the first such automatic increase shall begin in January of
26 1975.

1 (b) Subsection (a) is not applicable to an employee
2 retiring and receiving a term annuity, as defined in this Act,
3 nor to any otherwise qualified employee who retires before he
4 makes employee contributions (at the 1/2 of 1% rate as provided
5 in this Section) for this additional annuity for not less than
6 the equivalent of one full year. Such employee, however, shall
7 make arrangement to pay to the fund a balance of such
8 contributions, based on his final salary, as will bring such
9 1/2 of 1% contributions, computed without interest, to the
10 equivalent of one year's contributions.

11 Beginning with the month of January, 1960, each employee
12 shall contribute by means of salary deductions 1/2 of 1% of
13 each salary payment, concurrently with and in addition to the
14 employee contributions otherwise provided for annuity
15 purposes.

16 Beginning July 1, 2013, contributions will no longer be
17 allocated for the automatic increase.

18 Each such additional contribution shall be used, together
19 with county contributions, to defray the cost of the specified
20 annuity increments.

21 Such additional employee contributions are not refundable,
22 except to an employee who withdraws and applies for refund
23 under this Article, or applies for annuity, and also in cases
24 where a term annuity becomes payable. In such cases his
25 contributions shall be refunded, without interest.

26 (Source: P.A. 95-369, eff. 8-23-07.)

1 (40 ILCS 5/9-160) (from Ch. 108 1/2, par. 9-160)

2 Sec. 9-160. Annuity after withdrawal while disabled. An
3 employee whose disability continues after he has received
4 ordinary disability benefit for the maximum period of time
5 prescribed by this Article, ~~and who withdraws before age 60~~
6 while still so disabled, is entitled to receive the annuity
7 provided from the total sum accumulated to his credit from
8 employee contributions and county contributions to be computed
9 as of his age on the date of withdrawal.

10 The annuity to which his wife shall be entitled upon his
11 death, shall be fixed on the date of his withdrawal. It shall
12 be provided on a reversionary annuity basis from the total sum
13 accumulated to his credit for widow's annuity on the date of
14 such withdrawal.

15 Upon the death of any such employee while on annuity, if
16 his service was at least 4 years after the date of his original
17 entry, and at least 2 years after the date of his latest
18 re-entry, his unmarried child or children under age 18 shall be
19 entitled to annuity specified in this Article for children of
20 an employee who retires after age 50 (age 55 for withdrawal
21 before January 1, 1988), subject to prescribed limitations on
22 total payments to a family of an employee.

23 (Source: P.A. 85-964.)

24 (40 ILCS 5/9-164) (from Ch. 108 1/2, par. 9-164)

1 Sec. 9-164. Refunds - Withdrawal before age 55 or with less
2 than 10 years of service.

3 (1) An employee, without regard to length of service, who
4 withdraws before age 55 (age 62 for an employee that was
5 participating in the reformed benefit package ~~who first becomes~~
6 ~~a member on or after January 1, 2011~~), and any employee with
7 less than 10 years of service who withdraws before age 60, and
8 any employee that was participating in the reformed benefit
9 package ~~who first becomes a member on or after January 1, 2011~~
10 who withdraws with less than 10 years of service, shall be
11 entitled to a refund of the total sums accumulated to his
12 credit as of date of withdrawal for age and service annuity and
13 widow's annuity resulting from amounts contributed by him or by
14 the county in lieu of employee contributions during duty
15 disability. If he is a present employee he shall also be
16 entitled to a refund of the total sum accumulated from any sums
17 contributed by him and applied to any county pension fund
18 superseded by this fund. An employee withdrawing on or after
19 January 1, 1984 may receive a refund only after he has been off
20 the payroll for at least 30 days during which time he has
21 received no salary.

22 (2) Upon receipt of the refund, the employee surrenders and
23 forfeits all rights to any annuity or other benefits for
24 himself and for any other persons who might have benefited
25 through him; provided that he may have any such period of
26 service counted in computing the term of his service - for age

1 and service annuity purposes only - if he becomes an employee
2 before age 65, excepting as limited by the provisions of this
3 Article relating to the basis of computing the term of service.

4 (3) An employee who does not receive a refund shall have
5 all amounts to his credit for annuity purposes on the date of
6 his withdrawal improved by interest only until he becomes 65
7 while out of service at the effective rate for his benefit and
8 the benefit of any person who may have any right to annuity
9 through him if he re-enters service and attains a right to
10 annuity.

11 (4) Any such employee shall retain such right to a refund
12 of such amounts when he shall apply for same until he re-enters
13 the service or until the amount of annuity shall have been
14 fixed as provided in this Article. Thereafter, no such right
15 shall exist in the case of any such employee.

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

17 (40 ILCS 5/9-170) (from Ch. 108 1/2, par. 9-170)

18 Sec. 9-170. Contributions for age and service annuities for
19 present employees, future entrants and re-entrants.

20 (a) Beginning on the effective date as to a present
21 employee in paragraph (a) or (c) of Section 9-109, or as to a
22 future entrant in paragraph (a) of Section 9-110, and beginning
23 on September 1, 1935 as to a present employee in paragraph (b)
24 (1) of Section 9-109 or as to a future entrant in paragraph (b)
25 or (d) of Section 9-110, and beginning from the date of

1 becoming a contributor as to any present employee in paragraph
2 (b) (2) or (d) of Section 9-109, or any future entrant in
3 paragraph (c) or (e) of Section 9-110, there shall be deducted
4 and contributed to this fund 3 1/4% of each payment of salary
5 for age and service annuity until July 1, 1947. Beginning July
6 1, 1947 and prior to July 1, 1953, 5% and beginning July 1,
7 1953, and prior to September 1, 1971, 6%; and beginning
8 September 1, 1971, 6 1/2% of each payment of salary of such
9 employees shall be deducted and contributed for such purpose.

10 From and after January 1, 1966, each deputy sheriff as
11 defined in Section 9-128.1 who is a member of the County Police
12 Department and a participant of this fund shall contribute 7%
13 of salary for age and service annuity. At the time of
14 retirement on annuity, a deputy sheriff who is a member of the
15 County Police Department, who chooses to retire under
16 provisions of this Article other than Section 9-128.1, may
17 receive a refund of the difference between the contributions
18 made as a deputy sheriff who is a member of the County Police
19 Department and the contributions that would have been made for
20 such service not as a deputy sheriff who is a member of the
21 County Police Department, including interest earned.

22 Such deductions beginning on the effective date and prior
23 to July 1, 1947 shall be made and continued for a future
24 entrant while he is in the service until he attains age 65, and
25 beginning on the effective date and prior to July 1, 1953 for a
26 present employee while he is in the service until the amount so

1 deducted from his salary or paid by him according to law to any
2 county pension fund in force on the effective date, with
3 interest on both such amounts at 4% per annum, equals the sum
4 that would have been to his credit from sums deducted from his
5 salary if deductions at the rate herein stated had been made
6 during his entire service until he attained age 65, with
7 interest at 4% per annum for the period subsequent to his
8 attainment of age 65. Such deductions beginning July 1, 1947
9 for future entrants and beginning July 1, 1953 for present
10 employees shall be made and continued while such future entrant
11 or present employee is in the service.

12 (b) Concurrently with each employee contribution, the
13 county shall contribute beginning on the effective date and
14 prior to July 1, 1947, 5 3/4%, and beginning on July 1, 1947
15 and prior to July 1, 1953, 7%; and beginning on July 1, 1953,
16 6% of each payment of such salary until the employee attains
17 age 65.

18 (c) Each present employee contribution made prior to the
19 date the age and service annuity for such employee is fixed,
20 each future entrant contribution, and each corresponding
21 county contribution shall be allocated to the account of and
22 credited to the employee for whose benefit it is made.

23 (d) Notwithstanding any other provision of this Article,
24 beginning July 1, 2013, all participants shall be required to
25 make the following contributions:

26 (1) Participants who elect the traditional benefit

1 package under paragraph (1) of subsection (a) of Section
2 9-170.3 of this Code shall contribute a percentage of
3 salary equal to the sum of subparagraphs (A) and (B) of
4 this paragraph (1) as follows:

5 (A) An amount equal to the greater of (i) 6% of
6 salary or (ii) one-half of the actuarially determined
7 normal cost of the reformed benefit package.

8 (B) An additional percentage of salary that is
9 actuarially determined to equal the difference between
10 the normal cost of the traditional benefit package and
11 the normal cost of the reformed benefit package. That
12 additional percentage shall be based on the fiscal year
13 2011 contribution and updated every 3 years
14 thereafter. The employer shall contribute 13.09% of
15 employee salary.

16 (2) Participants who elect the reformed benefit
17 package under paragraph (2) of subsection (a) of Section
18 9-170.3 of this Code shall contribute an amount equal to
19 the greater of (i) 7% of salary or (ii) one-half of the
20 actuarially determined normal cost of the reformed benefit
21 package, including the cost of retiree health benefits as
22 determined by the fund's actuary. The actuarially
23 determined normal cost of the reformed benefit package
24 shall be based on the fiscal year 2011 contribution and
25 updated every 3 years thereafter. The employer
26 contribution amount shall be calculated as the employee

1 contribution multiplied by 1.54.

2 (3) Participants who elect the self-managed plan under
3 paragraph (3) of subsection (a) of Section 9-170.3 of this
4 Code shall contribute a minimum of 6% of salary.
5 Participants who elect the self-managed plan provided
6 under Section 9-170.3 of this Code may elect to increase
7 their employee contributions in accordance with rules
8 prescribed by the board.

9 No prior contribution increases or other additional
10 contributions specified by this Section shall apply to any
11 participant for service on or after January 1, 2013.

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

13 (40 ILCS 5/9-170.3 new)

14 Sec. 9-170.3. Benefit accruals on and after July 1, 2013.

15 (a) Each participating employee under this Article, other
16 than a person who first becomes an employee and a participant
17 on or after January 1, 2011, shall choose which retirement
18 program he or she wishes to participate in with respect to all
19 periods of employment occurring on and after July 1, 2013,
20 except that such participants with more than 5 years of
21 creditable service at the time of election shall only be
22 eligible to elect one of the retirement programs in paragraphs
23 (1) or (2) of this subsection (a). The retirement program
24 election made by the participating employee must be made no
25 later than January 1, 2013. The participating employee shall

1 elect one of the following retirement programs:

2 (1) the traditional benefit package provided by the
3 Fund;

4 (2) the reformed benefit package provided by the Fund;

5 or

6 (3) the self-managed plan provided by the Fund.

7 (b) A person who first becomes an employee and a
8 participant in the Fund on or after January 1, 2011 shall be
9 given the choice to elect which retirement program he or she
10 wishes to participate in with respect to all periods of
11 employment occurring on and after July 1, 2013. The participant
12 shall elect one of the retirement programs provided in
13 paragraph (2) or (3) of subsection (a) of this Section. The
14 participant must make the election (i) by January 1, 2013 or
15 within 6 months after the participant's first day of
16 employment, whichever is later, and (ii) if applicable, every 3
17 years thereafter.

18 (c) The participant election authorized by this Section is
19 an irrevocable election, except that any individual making an
20 election for the retirement program described under paragraph
21 (1) or (2) of subsection (a) shall make an election for a
22 period of 3 years and shall make subsequent elections every 3
23 years during a 6-month period prescribed by the Fund. The
24 election shall be made in writing, in the manner prescribed by
25 the Fund. Any participant who fails to make the election shall,
26 by default, participate in the benefit program provided under

1 paragraph (2) of subsection (a) of this Section.

2 (d) Participants who have already made an election pursuant
3 to subsection (a) shall be given the opportunity to make a new
4 election as follows:

5 (1) Each participant in the traditional benefit
6 package provided under paragraph (1) of subsection (a) of
7 this Section shall have the opportunity to elect to
8 terminate participation in the traditional benefit package
9 and to elect to have retirement benefits for future service
10 provided under the reformed benefit package provided under
11 paragraph (2) of subsection (a) of this Section or the
12 self-managed plan under paragraph (3) of subsection (a) of
13 this Section.

14 (2) Each participant in the reformed benefit package
15 provided under paragraph (2) of subsection (a) of this
16 Section shall have the opportunity to elect to terminate
17 participation in the reformed benefit package and to elect
18 to have retirement benefits for future service provided
19 under the self-managed plan provided under paragraph (3) of
20 subsection (a) of this Section.

21 (3) The elections permitted under paragraphs (1) and
22 (2) must be made during a 6-month period in the manner
23 prescribed by the Fund.

24 (e) If a participant under the traditional benefit package
25 elects the reformed benefit package, the participant's total
26 salary and service credit for purposes of determining an

1 annuity shall be the sum of (i) the participant's benefit
2 accruals under the traditional benefit package, based on the
3 participant's salary and service under the traditional benefit
4 package and frozen with respect to salary for service earned
5 subsequent to participation under the traditional benefit
6 package and (ii) the participant's benefit accruals based on
7 salary and service under the reformed benefit package. All
8 rights and features provided under the traditional benefit
9 package will be preserved with respect to benefits earned under
10 such package completed prior to the election to participate in
11 the reformed benefit package. All credited service under the
12 Fund shall count for purposes of determining retirement
13 eligibility and vesting under the both traditional benefit
14 package and the reformed benefit package, provided that the
15 vesting requirements of the traditional benefit package shall
16 continue to govern vesting for participants in the reformed
17 benefit package.

18 For a participant under the traditional benefit package who
19 elects the reformed benefit package, the combined maximum
20 benefit of the traditional benefit package plus the reformed
21 benefit package as determined in this subsection shall not
22 exceed the greater of 80% of the final average salary used to
23 calculate the reformed benefit annuity or 80% of the final
24 average salary used to calculate the traditional benefit
25 annuity.

26 (f) If a participant with an accrued benefit under the

1 traditional benefit package or the reformed benefit package
2 provided under paragraph (2) of subsection (a) of this Section
3 elects the self-managed plan provided under paragraph (3) of
4 subsection (a) of this Section, the participant's total accrued
5 benefit for purposes of determining an annuity shall be the
6 participant's benefit accruals prior to participation in the
7 self-managed plan, based on the participant's salary and
8 service and fixed with respect to salary for service earned
9 subsequent to participation in the traditional or reformed
10 benefit package. However, the participant shall also have an
11 accrued self-managed plan balance, as specified in subsection
12 (i) of Section 9-170.5, for periods of employment on or after
13 participation in the self-managed plan. All rights and features
14 provided under the traditional or reformed benefit package will
15 be preserved with respect to benefits earned under that package
16 with respect to service completed prior to the election to
17 participate in the self-managed plan. All credited service
18 under the Fund shall count for purposes of determining
19 retirement eligibility and vesting under the reformed benefit
20 package and the self-managed plan.

21 (g) An individual with less than 5 years of creditable
22 service and who is a participant in the Fund but is not a
23 participating employee on January 1, 2013 shall be allowed to
24 elect, based on the eligibility criteria specified in this
25 Code, one of the retirement programs provided in paragraph (1),
26 (2), or (3) of subsection (a) of this Section within 6 months

1 after becoming an employee, based on eligibility.

2 An individual with 5 or more years of creditable service
3 and who is a participant in the Fund but is not a participating
4 employee on January 1, 2013 shall be allowed to elect, based on
5 the eligibility criteria specified in this Code, one of the
6 retirement programs provided in paragraph (1) or (2) of
7 subsection (a) of this Section within 6 months after becoming
8 an employee, based on eligibility.

9 (40 ILCS 5/9-170.4 new)

10 Sec. 9-170.4. Minimum benefit and allocation provisions.

11 (a) If the participant is participating in the traditional
12 benefit package provided under paragraph (1) of subsection (a)
13 of Section 9-170.3 of this Code or the revised defined benefit
14 package provided under paragraph (2) of subsection (a) of
15 Section 9-170.3 of this Code, the participant shall receive a
16 minimum benefit (commencing on his or her Social Security
17 retirement age) that is equal to the annual primary insurance
18 amount the participant would have under Social Security. For
19 the purposes of this Section, the primary insurance amount a
20 participant would have under Social Security shall be
21 calculated so that the System meets the requirements necessary
22 to be considered a "retirement system" under Section
23 3121(b)(7)(F) of the Internal Revenue Code and the regulations
24 in effect thereunder.

25 (b) If the participant is participating in the self-managed

1 plan provided under Section 9-170.5 of this Code, the member
2 shall receive a minimum allocation equal to 7.5% of the
3 participant's compensation for service during the period. All
4 contributions shall be taken into account for this purpose. For
5 the purposes of this paragraph (2), the minimum allocation
6 shall be calculated so that the Fund meets the requirements
7 necessary to be considered a retirement system under Section
8 3121(b) (7) (F) of the Internal Revenue Code and the regulations
9 in effect thereunder.

10 (40 ILCS 5/9-170.5 new)

11 Sec. 9-170.5. Self-managed plan.

12 (a) Purpose. The Fund shall establish and administer a
13 self-managed plan, which shall offer participants the
14 opportunity to accumulate assets for retirement through a
15 combination of employee and employer contributions that may be
16 invested in mutual funds, collective investment funds, or other
17 investment products and may be used to purchase annuity
18 contracts, either fixed or variable or a combination thereof.
19 The plan must be qualified under the Internal Revenue Code of
20 1986.

21 (b) The Fund shall be the plan sponsor for the self-managed
22 plan and shall prepare a plan document and prescribe such rules
23 and procedures as are considered necessary or desirable for the
24 administration of the self-managed plan. Consistent with its
25 fiduciary duty to the participants and beneficiaries of the

1 self-managed plan, the Board of Trustees of the Fund may
2 delegate aspects of plan administration as it sees fit to
3 companies authorized to do business in this State.

4 (c) Selection of service providers and funding vehicles.
5 The Fund may solicit proposals to provide administrative
6 services and funding vehicles for the self-managed plan from
7 insurance and annuity companies and mutual fund companies,
8 banks, trust companies, or other financial institutions
9 authorized to do business in this State.

10 The Fund shall periodically review each approved company. A
11 company may continue to provide administrative services and
12 funding vehicles for the self-managed plan only so long as it
13 continues to be an approved company under contract with the
14 Board.

15 (d) Participant direction. Participants in the program
16 must be allowed to direct the transfer of their account
17 balances among the various investment options offered, subject
18 to applicable contractual provisions. The participants shall
19 not be deemed a fiduciary by reason of providing such
20 investment direction. A person who is a fiduciary shall not be
21 liable for any loss resulting from such investment direction
22 and shall not be deemed to have breached any fiduciary duty by
23 acting in accordance with that direction. Neither the Fund nor
24 the employer guarantees any of the investments in the
25 employee's account balances.

26 (e) Participation. A participant eligible to participate

1 in the self-managed plan must make a written election under
2 Section 9-170.3 and the procedures established by the Fund.
3 Participation in the self-managed plan by an electing employee
4 shall begin by the first day of the second pay period following
5 the later of (i) the date the participant's election is filed
6 with the Fund or (ii) July 1, 2013.

7 A participant who has elected to participate in the
8 self-managed plan under this Section must continue
9 participation while employed in a participating employment
10 position. Participation in the self-managed plan under this
11 Section shall constitute membership in the Fund.

12 A participant under this Section shall be entitled to the
13 benefits of Article 20 of this Code.

14 (f) Contributions. The self-managed plan shall be funded by
15 contributions from participants participating in the
16 self-managed plan and employer contributions as provided in
17 this Section.

18 This required contribution shall be made as an "employer
19 pick up" under Section 414(h) of the Internal Revenue Code of
20 1986 or any successor Section thereof. In no event shall a
21 participant have an option of receiving these amounts in cash.
22 The self-managed plan shall provide for employer contributions
23 to be credited to each self-managed plan participant at a rate
24 of 6% of the participant's salary. The amounts so credited
25 shall be paid into the employee's self-managed plan account in
26 a manner to be prescribed by the Fund. The employer shall

1 contribute 6% to the self-managed plan regardless of the
2 existence of the current funding mechanism.

3 Under the self-managed plan, an amount of employer
4 contributions, not exceeding 1% of the participating
5 employees' salary, shall be used for the purpose of providing
6 disability benefits of the Fund to employees. Prior to the
7 beginning of each calendar year under the self-managed plan,
8 the Board of Trustees shall determine, as a percentage of
9 salary, the amount of employer contributions to be allocated
10 during that plan year for providing disability benefits for
11 employees in the self-managed plan.

12 The employer shall make contributions to the Fund of the
13 employer contributions required for participants who
14 participate in the self-managed plan under this Section. The
15 employer amount required shall be certified by the Board of
16 Trustees of the Fund and provided to the employer on or before
17 March 1st of each year and paid by the employer on or before
18 June 1st of that year for participants in the self-managed plan
19 in accordance with this Article. The Fund shall not be
20 obligated to remit the required employer contributions to any
21 person or entity until it has received the required employer
22 contributions from the employer. The Fund shall not be liable
23 to any member participating in the self-managed plan for any
24 damages resulting from any delay in remitting employee or
25 employer contributions.

26 (g) Vesting; withdrawal; return to service. A participant

1 in the self-managed plan becomes vested in the employer
2 contributions credited to his or her account in the
3 self-managed plan on the earliest to occur of the following:
4 (1) completion of 5 years of creditable service; (2) the death
5 of the participant while in active service, if the participant
6 has completed at least 1 1/2 years of service; or (3) the
7 participant's election to retire and apply the reciprocal
8 provisions of Article 20 of this Code.

9 (h) Benefit amounts. If a participant who is vested in
10 employer contributions terminates employment, the participant
11 shall be entitled to a benefit which is based on the account
12 values attributable to employer and participant contributions
13 and any investment return thereon.

14 (i) No duplication of service credit. Notwithstanding any
15 other provision of this Article, an employee may not purchase
16 or receive service or service credit applicable to any other
17 retirement program administered by the Fund under this Article
18 for any period during which the employee was a participant in
19 the self-managed plan established under this Section.

20 If a member who is not vested in employer contributions
21 terminates employment, the member shall be entitled to a
22 benefit based solely on the account values attributable to the
23 member's contributions and any investment return thereon, and
24 the employer contributions and any investment return thereon
25 shall be forfeited. Any employer contributions that are
26 forfeited shall be held in escrow by the company investing

1 those contributions and shall be used as directed by the Fund.

2 A participant in the self-managed plan who receives a
3 distribution of his or her vested amounts from the self-managed
4 plan while not yet eligible for retirement under this Article
5 (and Article 20, if applicable) shall forfeit all service
6 credit and accrued rights in the Fund.

7 (40 ILCS 5/9-170.6 new)

8 Sec. 9-170.6. Employer contributions to the self-managed
9 plan. Beginning in fiscal year 2014, for members electing
10 benefits under paragraph (3) of subsection (a) of Section
11 9-170.5, an employer contribution shall be made each fiscal
12 year in an amount equal to 6% of total pensionable payroll for
13 the respective employee group.

14 (40 ILCS 5/9-170.7 new)

15 Sec. 9-170.7. Maximum self-managed plan participation. By
16 January 1, 2013, the Fund shall certify its total active
17 participant population. When the number of participants that
18 elect the self-managed plan is equal to 20% of the total active
19 participant population, then no participant may elect the
20 self-managed plan. Beginning in 2016 and every 3 years
21 thereafter, the Fund shall recertify its total active
22 participant population and the number of participants in the
23 self-managed plan. If the number of participants in the
24 self-managed plan is less than 20% of the recertified total

1 active participant population, then eligible participants may
2 elect to participate in the self-managed plan. However,
3 participants shall be prohibited from electing to participate
4 once the Fund determines that the number of participants in the
5 self-managed plan is equal to 20% of the number of total active
6 participants in the Fund.

7 (40 ILCS 5/9-174) (from Ch. 108 1/2, par. 9-174)

8 Sec. 9-174. Contributions by disabled employee whose
9 ordinary disability benefit has expired.

10 In the case of any disabled employee whose credit for
11 ordinary disability benefit purposes has expired and who
12 continues to be disabled such employee shall have the right to
13 contribute to the fund at the current contribution rate for the
14 member's applicable benefit package for a period not to exceed
15 a total of 12 months during his entire period of service and to
16 receive credit for all annuity purposes for any such periods
17 paid for. Such payment shall not affect the employee's
18 resignation date for purposes of annuity.

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

20 (40 ILCS 5/9-176) (from Ch. 108 1/2, par. 9-176)

21 Sec. 9-176. Contributions for widow's annuity for widows of
22 present employees, future entrants and re-entrants.

23 (a) Beginning on the effective date as to a present
24 employee in paragraph (a) or (c) of Section 9--109, or as to a

1 future entrant in paragraph (a) of Section 9--110, and
2 beginning on September 1, 1935, as to a present employee in
3 paragraph (b) (1) of section 9--109 or as to a future entrant
4 in paragraph (b) or (d) of Section 9--110, and beginning from
5 the date of becoming a contributor as to any present employee
6 in paragraph (b) (2) or (d) of Section 9--109, or any future
7 entrant in paragraph (c) or (e) of Section 9--110, there shall
8 be deducted and contributed by each male employee 1%, and from
9 ~~and after~~ January 1, 1966, and until July 1, 2013, 1 1/2%, of
10 each payment of salary for widow's annuity. Deductions shall be
11 continued during service until the employee attains age 65.

12 (b) Concurrently with each employee contribution, the
13 county shall contribute beginning on the effective date and
14 prior to July 1, 1947, 1 3/4%, and beginning on July 1, 1947,
15 2% of salary.

16 (c) Each employee contribution made prior to the date when
17 the amount of widow's annuity for an employee is fixed and each
18 concurrent County Contribution Credit shall be allocated to the
19 account of and credited to the employee for whose benefit it is
20 made.

21 (d) Beginning July 1, 2013, contributions will no longer be
22 allocated for widow's annuity.

23 (Source: Laws 1965, p. 1254.)

24 (40 ILCS 5/9-219) (from Ch. 108 1/2, par. 9-219)

25 Sec. 9-219. Computation of service.

1 (1) In computing the term of service of an employee prior
2 to the effective date, the entire period beginning on the date
3 he was first appointed and ending on the day before the
4 effective date, except any intervening period during which he
5 was separated by withdrawal from service, shall be counted for
6 all purposes of this Article.

7 (2) In computing the term of service of any employee on or
8 after the effective date, the following periods of time shall
9 be counted as periods of service for age and service, widow's
10 and child's annuity purposes:

11 (a) The time during which he performed the duties of
12 his position.

13 (b) Vacations, leaves of absence with whole or part
14 pay, and leaves of absence without pay not longer than 90
15 days.

16 (c) For an employee who is a member of a county police
17 department or a correctional officer with the county
18 department of corrections, approved leaves of absence
19 without pay during which the employee serves as a full-time
20 officer or employee of an employee association, the
21 membership of which consists of other participants in the
22 Fund, provided that the employee contributes to the Fund

23 (1) the amount that he would have contributed had he
24 remained an active employee in the position he occupied at
25 the time the leave of absence was granted, (2) an amount
26 calculated by the Board representing employer

1 contributions, and (3) regular interest thereon from the
2 date of service to the date of payment. However, if the
3 employee's application to establish credit under this
4 subsection is received by the Fund on or after July 1, 2002
5 and before July 1, 2003, the amount representing employer
6 contributions specified in item (2) shall be waived.

7 For a former member of a county police department who
8 has received a refund under Section 9-164, periods during
9 which the employee serves as head of an employee
10 association, the membership of which consists of other
11 police officers, provided that the employee contributes to
12 the Fund (1) the amount that he would have contributed had
13 he remained an active member of the county police
14 department in the position he occupied at the time he left
15 service, (2) an amount calculated by the Board representing
16 employer contributions, and (3) regular interest thereon
17 from the date of service to the date of payment. However,
18 if the former member of the county police department
19 retires on or after January 1, 1993 but no later than March
20 1, 1993, the amount representing employer contributions
21 specified in item (2) shall be waived.

22 (d) Any period of disability for which he received
23 disability benefit or whole or part pay.

24 (e) Accumulated vacation or other time for which an
25 employee who retires on or after November 1, 1990 receives
26 a lump sum payment at the time of retirement, provided that

1 contributions were made to the fund at the time such lump
2 sum payment was received. The service granted for the lump
3 sum payment shall not change the employee's date of
4 withdrawal for computing the effective date of the annuity.

5 (f) An employee may receive service credit for annuity
6 purposes for accumulated sick leave as of the date of the
7 employee's withdrawal from service, not to exceed a total
8 of 180 days, provided that the amount of such accumulated
9 sick leave is certified by the County Comptroller to the
10 Board and the employee pays an amount equal to the current
11 contribution rate for the member's applicable benefit
12 package ~~8.5% (9% for members of the County Police~~
13 ~~Department who are eligible to receive an annuity under~~
14 ~~Section 9-128.1)~~ of the amount that would have been paid
15 had such accumulated sick leave been paid at the employee's
16 final rate of salary. Such payment shall be made within 30
17 days after the date of withdrawal and prior to receipt of
18 the first annuity check. The service credit granted for
19 such accumulated sick leave shall not change the employee's
20 date of withdrawal for the purpose of computing the
21 effective date of the annuity.

22 (3) In computing the term of service of an employee on or
23 after the effective date for ordinary disability benefit
24 purposes, the following periods of time shall be counted as
25 periods of service:

26 (a) Unless otherwise specified in Section 9-157, the

1 time during which he performed the duties of his position.

2 (b) Paid vacations and leaves of absence with whole or
3 part pay.

4 (c) Any period for which he received duty disability
5 benefit.

6 (d) Any period of disability for which he received
7 whole or part pay.

8 (4) For an employee who on January 1, 1958, was transferred
9 by Act of the 70th General Assembly from his position in a
10 department of welfare of any city located in the county in
11 which this Article is in force and effect to a similar position
12 in a department of such county, service shall also be credited
13 for ordinary disability benefit and child's annuity for such
14 period of department of welfare service during which period he
15 was a contributor to a statutory annuity and benefit fund in
16 such city and for which purposes service credit would otherwise
17 not be credited by virtue of such involuntary transfer.

18 (5) An employee described in subsection (e) of Section
19 9-108 shall receive credit for child's annuity and ordinary
20 disability benefit for the period of time for which he was
21 credited with service in the fund from which he was
22 involuntarily separated through class or group transfer;
23 provided, that no such credit shall be allowed to the extent
24 that it results in a duplication of credits or benefits, and
25 neither shall such credit be allowed to the extent that it was
26 or may be forfeited by the application for and acceptance of a

1 refund from the fund from which the employee was transferred.

2 (6) Overtime or extra service shall not be included in
3 computing service. Not more than 1 year of service shall be
4 allowed for service rendered during any calendar year.

5 (Source: P.A. 92-599, eff. 6-28-02.)

6 (40 ILCS 5/9-220) (from Ch. 108 1/2, par. 9-220)

7 Sec. 9-220. Basis of service credit.

8 (a) In computing the period of service of any employee for
9 annuity purposes under Section 9-134, the following provisions
10 shall govern:

11 (1) All periods prior to the effective date shall be
12 computed in accordance with the provisions governing the
13 computation of such service.

14 (2) Service on or after the effective date shall
15 include:

16 (i) The actual period of time the employee
17 contributes or has contributed to the fund for service
18 rendered to age 65 plus the actual period of time after
19 age 65 for which the employee performs the duties of
20 his position or performs such duties and is given a
21 county contribution for age and service annuity or
22 minimum annuity purposes.

23 (ii) Leaves of absence from duty, or vacation, for
24 which an employee receives all or part of his salary.

25 (iii) Accumulated vacation or other time for which

1 an employee who retires on or after November 1, 1990
2 receives a lump sum payment at the time of retirement,
3 provided that contributions were made to the fund at
4 the time such lump sum payment was received. The
5 service granted for the lump sum payment shall not
6 change the employee's date of withdrawal for computing
7 the effective date of the annuity.

8 (iv) Accumulated sick leave as of the date of the
9 employee's withdrawal from service, not to exceed a
10 total of 180 days, provided that the amount of such
11 accumulated sick leave is certified by the County
12 Comptroller to the Board and the employee pays an
13 amount equal to the current contribution rate for the
14 member's applicable benefit package 8.5% (9% for
15 ~~members of the County Police Department who are~~
16 ~~eligible to receive an annuity under Section 9-128.1)~~
17 of the amount that would have been paid had such
18 accumulated sick leave been paid at the employee's
19 final rate of salary. Such payment shall be made within
20 30 days after the date of withdrawal and prior to
21 receipt of the first annuity check. The service credit
22 granted for such accumulated sick leave shall not
23 change the employee's date of withdrawal for the
24 purpose of computing the effective date of the annuity.

25 (v) Periods during which the employee has had
26 contributions for annuity purposes made for him in

1 accordance with law while on military leave of absence
2 during World War II.

3 (vi) Periods during which the employee receives a
4 disability benefit under this Article.

5 (vii) For any person who first becomes a member on
6 or after January 1, 2011, the actual period of time the
7 employee contributes or has contributed to the fund for
8 service rendered up to the limitation on salary in
9 subsection (b-5) of Section 1-160 plus the actual
10 period of time thereafter for which the employee
11 performs the duties of his position and ceased
12 contributing due to the salary limitation in
13 subsection (b-5) of Section 1-160.

14 (3) The right to have certain periods of time
15 considered as service as stated in paragraph (2) of Section
16 9-164 shall not apply for annuity purposes unless the
17 refunds shall have been repaid in accordance with this
18 Article.

19 (4) All service shall be computed in whole calendar
20 months, and at least 15 days of service in any one calendar
21 month shall constitute one calendar month of service, and 1
22 year of service shall be equal to the number of months,
23 days or hours for which an appropriation was made in the
24 annual appropriation ordinance for the position held by the
25 employee.

26 (b) For all other annuity purposes of this Article the

1 following schedule shall govern the computation of a year of
2 service of an employee whose salary or wages is on the basis
3 stated, and any fractional part of a year of service shall be
4 determined according to said schedule:

5 Annual or Monthly Basis: Service during 4 months in any 1
6 calendar year;

7 Weekly Basis: Service during any 17 weeks of any 1 calendar
8 year, and service during any week shall constitute a week of
9 service;

10 Daily Basis: Service during 100 days in any 1 calendar
11 year, and service during any day shall constitute a day of
12 service;

13 Hourly Basis: Service during 800 hours in any 1 calendar
14 year, and service during any hour shall constitute an hour of
15 service.

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

17 (40 ILCS 5/9-235) (from Ch. 108 1/2, par. 9-235)

18 Sec. 9-235. Felony conviction.

19 None of the benefits provided in this Article shall be paid
20 to any person who is convicted of any felony relating to or
21 arising out of or in connection with his service as an
22 employee.

23 This section shall not operate to impair any contract or
24 vested right heretofore acquired under any law or laws
25 continued in this Article, nor to preclude the right to a

1 refund.

2 All future entrants entering service after July 11, 1955,
3 shall be deemed to have consented to the provisions of this
4 section as a condition of coverage.

5 No refund paid to any person who is convicted of a felony
6 relating to or arising out of or in connection with the
7 person's service as a member shall include employer
8 contributions or interest or, in the case of the self-managed
9 plan authorized under Section 9-170.5, any employer
10 contributions or investment return on employer contributions.
11 (Source: Laws 1963, p. 161.)

12 (40 ILCS 5/9-240 new)

13 Sec. 9-240. Qualified plan status. No provision of this
14 Article shall be interpreted in a way that would cause the Fund
15 to cease to be a qualified plan under Section 401(a) of the
16 Internal Revenue Code.

17 (40 ILCS 5/10-103) (from Ch. 108 1/2, par. 10-103)

18 Sec. 10-103. Members, contributions and benefits. The
19 board shall cause the same deductions to be made from salaries
20 and, subject to Section 10-109, allow the same annuities,
21 refunds, and benefits, including, but not limited to,
22 self-managed plan benefits, for employees of the district as
23 are made and allowed for employees of the county.

24 (Source: P.A. 95-1036, eff. 2-17-09.)

1 (40 ILCS 5/10-109)

2 Sec. 10-109. Felony conviction. None of the benefits
3 provided in this Article shall be paid to any person who is
4 convicted of any felony relating to or arising out of or in
5 connection with his service as an employee.

6 This Section shall not operate to impair any contract or
7 vested right heretofore acquired under any law or laws
8 continued in this Article, nor to preclude the right to a
9 refund.

10 All future entrants entering service after the effective
11 date of this amendatory Act of the 95th General Assembly shall
12 be deemed to have consented to the provisions of this Section
13 as a condition of coverage.

14 No refund paid to any person who is convicted of a felony
15 relating to or arising out of or in connection with the
16 person's service as a member shall include employer
17 contributions or interest or, in the case of the self-managed
18 plan, any employer contributions or investment return on
19 employer contributions.

20 (Source: P.A. 95-1036, eff. 2-17-09.)

21 (40 ILCS 5/10-110 new)

22 Sec. 10-110. Maximum self-managed plan participation. By
23 January 1, 2013, the Fund shall certify the total active
24 participant population. When the number of participants that

1 elect the self-managed plan is equal to 20% of the total active
2 participant population, then no participant may elect the
3 self-managed plan. Beginning in 2016 and every 3 years
4 thereafter, the Fund shall recertify the total active
5 participant population and the number of participants in the
6 self-managed plan. If the number of participants in the
7 self-managed plan is less than 20% of the recertified total
8 active participant population, then eligible participants may
9 elect to participate in the self-managed plan. However,
10 participants shall be prohibited from electing to participate
11 once the Fund determines that the number of participants in the
12 self-managed plan is equal to 20% of the number of total active
13 participants in the Fund.

14 (40 ILCS 5/10-111 new)

15 Sec. 10-111. Employer contributions to the self-managed
16 plan. Beginning in fiscal year 2014, for participants electing
17 benefits under the self-managed plan, an employer contribution
18 shall be made each fiscal year in an amount equal to 6% of
19 total pensionable payroll for the respective employee group.

20 (40 ILCS 5/11-123.1 new)

21 Sec. 11-123.1. Reformed benefit package. "Reformed benefit
22 package": The defined benefit retirement program maintained
23 under the Fund for employees who first become participants in
24 the Fund on or after January 1, 2011.

1 (40 ILCS 5/11-123.2 new)

2 Sec. 11-123.2. Self-managed plan. "Self-managed plan": The
3 defined contribution retirement program maintained under the
4 Fund as described in Section 11-131.2. The self-managed plan
5 shall not include retirement annuities or death, survivor,
6 disability, or insurance benefits that are payable directly
7 from the Fund as provided under this Article.

8 (40 ILCS 5/11-123.3 new)

9 Sec. 11-123.3. Traditional benefit package. "Traditional
10 benefit package": The defined benefit retirement program
11 maintained under the Fund for employees who first became
12 participants in the Fund before January 1, 2011.

13 (40 ILCS 5/11-124) (from Ch. 108 1/2, par. 11-124)

14 Sec. 11-124. Annuity.

15 "Annuity": Equal monthly payments for life, unless
16 terminated earlier under Section 11-148, 11-152, 11-153, or
17 11-230.

18 For annuities taking effect before January 1, 1998, the
19 first payment shall be due and payable one month after the
20 occurrence of the event upon which payment of the annuity
21 depends. Until August 1, 1999, payment shall be made for any
22 part of a monthly period in which death of the annuitant
23 occurs. Beginning August 1, 1999, all payments shall be made on

1 the first day of the calendar month and shall be for the entire
2 calendar month, without proration. The last payment shall be
3 made on the first day of the calendar month in which the
4 annuity payment period ends. A pro rata amount shall be paid
5 for that part of the month from the July 1999 annuity payment
6 date through July 31, 1999.

7 For annuities taking effect on or after January 1, 1998,
8 payments shall be made as of the first day of the calendar
9 month, with the first payment to be made as of the first day of
10 the calendar month coincidental with or next following the
11 first day of the annuity payment period, and the last payment
12 to be made as of the first day of the calendar month in which
13 the annuity payment period ends. For annuities taking effect on
14 or after January 1, 1998, all payments shall be for the entire
15 calendar month, without proration.

16 For the purposes of this Section, the "annuity payment
17 period" means the period beginning on the day after the
18 occurrence of the event upon which payment of the annuity
19 depends, and ending on the day upon which the death of the
20 annuitant or other event terminating the annuity occurs.

21 The provisions of this Section do not apply to participants
22 who are participating in the self-managed plan.

23 (Source: P.A. 90-31, eff. 6-27-97; 91-887, eff. 7-6-00.)

24 (40 ILCS 5/11-131.1 new)

25 Sec. 11-131.1. Benefit accruals on and after July 1, 2013.

1 (a) Each participating employee under this Article, other
2 than a person who first becomes an employee and a participant
3 on or after January 1, 2011, shall choose which retirement
4 program he or she wishes to participate in with respect to all
5 periods of employment occurring on and after July 1, 2013,
6 except that such participants with more than 5 years of
7 creditable service at the time of such election shall only be
8 eligible to elect one of the retirement programs in paragraphs
9 (1) or (2) of this subsection (a). The retirement program
10 election made by the participating employee must be made no
11 later than January 1, 2013. The participating employee shall
12 elect one of the following retirement programs:

13 (1) the traditional benefit package provided by the
14 Fund;

15 (2) the reformed benefit package provided by the Fund;

16 or

17 (3) the self-managed plan provided by the Fund.

18 (b) A person who first becomes an employee and a
19 participant in the Fund on or after January 1, 2011 shall be
20 given the choice to elect which retirement program he or she
21 wishes to participate in with respect to all periods of covered
22 employment occurring on and after July 1, 2013. The participant
23 shall elect one of the retirement programs provided in
24 paragraph (2) or (3) of subsection (a) of this Section. The
25 participant must make the election (i) by January 1, 2013 or
26 within 6 months after the participant's first day of

1 employment, whichever is later, and (ii) if applicable, every 3
2 years thereafter.

3 (c) The participant election authorized by this Section is
4 a one-time, irrevocable election, except that any individual
5 making an election for the retirement program described under
6 paragraph (1) or (2) of subsection (a) shall make an election
7 for a period of 3 years and shall make subsequent elections
8 every 3 years during a 6-month period prescribed by the Fund.
9 The election shall be made in writing, in the manner prescribed
10 by the Fund. Any participant who fails to make the election
11 shall, by default, participate in the benefit program provided
12 under paragraph (2) of subsection (a) of this Section.

13 (d) Participants who have already made an election pursuant
14 to subsection (a) or (b) shall be given the opportunity to make
15 a new election as follows:

16 (1) Each participant in the traditional benefit
17 package provided under paragraph (1) of subsection (a) of
18 this Section shall have the opportunity to elect to
19 terminate participation in the traditional benefit package
20 and to elect to have retirement benefits for future service
21 provided under either the reformed benefit package
22 provided under paragraph (2) of subsection (a) of this
23 Section or the self-managed plan provided under paragraph
24 (3) of subsection (a) of this Section. However, such
25 participants with more than 5 years of creditable service
26 shall be prohibited from electing paragraph (3) of

1 subsection (a) of this Section.

2 (2) Each participant that has less than 5 years of
3 creditable service and participates in the reformed
4 benefit package provided under paragraph (2) of subsection
5 (a) of this Section shall have the opportunity to elect to
6 terminate participation in the reformed benefit package
7 and to elect to have retirement benefits for future service
8 provided under the self-managed plan provided under
9 paragraph (3) of subsection (a) of this Section.

10 (3) The elections permitted under paragraphs (1) and
11 (2) must be made during a 6-month period in the manner
12 prescribed by the Fund.

13 (e) If a participant with an accrued benefit under the
14 traditional benefit package elects the reformed benefit
15 package, the participant's total accrued benefit for purposes
16 of determining an annuity shall be the sum of (i) the
17 participant's benefit accruals under the traditional benefit
18 package, based on the participant's pay and service under the
19 traditional benefit package and frozen with respect to pay for
20 service earned subsequent to participation under the
21 traditional benefit package and (ii) the participant's benefit
22 accruals based on pay and service under the reformed benefit
23 package. All rights and features provided under the traditional
24 benefit package will be preserved with respect to benefits
25 earned under such package with respect to service completed
26 prior to the election to participate in the reformed benefit

1 package. All service completed under the Fund shall count for
2 purposes of determining retirement eligibility and vesting
3 under both the traditional benefit package and the reformed
4 benefit package, provided that the vesting requirements of the
5 traditional benefit package shall continue to govern vesting
6 for participants in the reformed benefit package.

7 (f) If a participant with an accrued benefit under the
8 traditional benefit package or the reformed benefit package
9 elects the self-managed plan provided under paragraph (3) of
10 subsection (a) of this Section, the participant's total accrued
11 benefit for purposes of determining an annuity shall be the
12 participant's benefit accruals prior to participation in the
13 self-managed plan, based on the participant's pay and service
14 and frozen with respect to pay for service earned subsequent to
15 participation in the traditional or reformed benefit package.
16 However, the participant shall also have an accrued
17 self-managed plan balance as specified in subsection (h) of
18 Section 11-131.2, for periods of covered employment on or after
19 participation in the self-managed plan. All rights and features
20 provided under the traditional or reformed benefit package will
21 be preserved with respect to benefits earned under such package
22 with respect to service completed prior to the election to
23 participate in the self-managed plan. All service completed
24 under the traditional or reformed benefit package and the
25 self-managed plan shall count for purposes of determining
26 retirement eligibility and vesting under the traditional

1 benefit package and the self-managed plan.

2 (g) An individual with less than 5 years of creditable
3 service and who is a participant in the Fund but is not a
4 participating employee on January 1, 2013 shall be allowed to
5 elect, based on the eligibility criteria specified in this
6 Code, one of the retirement programs provided in paragraph (1),
7 (2), or (3) of subsection (a) of this Section within 6 months
8 after becoming a participating employee, based on eligibility.

9 An individual with 5 or more years of creditable service
10 and who is a participant in the Fund but is not a participating
11 employee on January 1, 2013 shall be allowed to elect, based on
12 the eligibility criteria specified in this Code, one of the
13 retirement programs provided in paragraph (1) or (2) of
14 subsection (a) of this Section within 6 months after becoming a
15 participating employee, based on eligibility.

16 (40 ILCS 5/11-131.2 new)

17 Sec. 11-131.2. Self-managed plan.

18 (a) Purpose. The Laborers' and Retirement Board Employees'
19 Annuity and Benefit Fund shall establish and administer a
20 self-managed plan, which shall offer members the opportunity to
21 accumulate assets for retirement through a combination of
22 employee and employer contributions that may be invested in
23 mutual funds, collective investment funds, or other investment
24 products and may be used to purchase annuity contracts, either
25 fixed or variable or a combination thereof. The plan must be

1 qualified under the Internal Revenue Code of 1986.

2 (b) The Laborers' and Retirement Board Employees' Annuity
3 and Benefit Fund shall be the plan sponsor for the self-managed
4 plan and shall prepare a plan document and prescribe such rules
5 and procedures as are considered necessary or desirable for the
6 administration of the self-managed plan. Consistent with its
7 fiduciary duty to the participants and beneficiaries of the
8 self-managed plan, the Board may delegate aspects of plan
9 administration as it sees fit to companies authorized to do
10 business in this State.

11 (c) Selection of service providers and funding vehicles.
12 The Fund may solicit proposals to provide administrative
13 services and funding vehicles for the self-managed plan from
14 insurance and annuity companies and mutual fund companies,
15 banks, trust companies, or other financial institutions
16 authorized to do business in this State.

17 The Fund shall periodically review each approved company. A
18 company may continue to provide administrative services and
19 funding vehicles for the self-managed plan only so long as it
20 continues to be an approved company under contract with the
21 Board.

22 (d) Employee direction. Employees who are participating in
23 the program must be allowed to direct the transfer of their
24 account balances among the various investment options offered,
25 subject to applicable contractual provisions. The employee
26 shall not be deemed a fiduciary by reason of providing such

1 investment direction. A person who is a fiduciary shall not be
2 liable for any loss resulting from such investment direction
3 and shall not be deemed to have breached any fiduciary duty by
4 acting in accordance with that direction. Neither the Fund nor
5 the employer guarantees any of the investments in the
6 employee's account balances.

7 (e) Participation. An employee eligible to participate in
8 the self-managed plan must make a written election under
9 Section 11-131.1 and the procedures established by the Fund.
10 Participation in the self-managed plan by an electing employee
11 shall begin on the first day of the first pay period following
12 the later of (i) the date the employee's election is filed with
13 the Fund or (ii) July 1, 2013.

14 An employee who has elected to participate in the
15 self-managed plan under this Section must continue
16 participation while employed in an eligible position.
17 Participation in the self-managed plan under this Section shall
18 constitute membership in the Laborers' and Retirement Board
19 Employees' Annuity and Benefit Fund.

20 An employee under this Section shall be entitled to the
21 benefits of Article 20 of this Code.

22 (f) Contributions. The self-managed plan shall be funded by
23 contributions from employees participating in the self-managed
24 plan and employer contributions as provided in this Section.

25 This required contribution shall be made as an "employer
26 pick up" under Section 414(h) of the Internal Revenue Code of

1 1986 or any successor Section thereof. In no event shall an
2 employee have an option of receiving these amounts in cash. The
3 program shall provide for employer contributions to be credited
4 to each self-managed plan participant at a rate of 6% of the
5 participating member's salary. The amounts so credited shall be
6 paid into the employee's self-managed plan account in a manner
7 to be prescribed by the Fund.

8 The employer shall make contributions by the
9 appropriations to the Fund of the employer contributions
10 required for employees who participate in the self-managed plan
11 under this Section. The amount required shall be certified by
12 the Board and paid by the employer in accordance with this
13 Article. The Fund shall not be obligated to remit the required
14 employer contributions to any person or entity until it has
15 received the required employer contributions from the
16 employer.

17 (g) Vesting; withdrawal; return to service. A participant
18 in the self-managed plan becomes vested in the employer
19 contributions credited to his or her account in the
20 self-managed plan on the earliest to occur of the following:
21 (1) completion of 5 years of creditable service; (2) the death
22 of the participant while in active service, if the participant
23 has completed at least 1 1/2 years of service; or (3) the
24 participant's election to retire and apply the reciprocal
25 provisions of Article 20 of this Code.

26 (h) Benefit amounts. If a participant who is vested in

1 employer contributions terminates employment, the employee
2 shall be entitled to a benefit which is based on the account
3 values attributable to the employer and member contributions
4 and any investment return thereon.

5 If a participant who is not vested in employer
6 contributions terminates employment, the participant shall be
7 entitled to a benefit based solely on the account values
8 attributable to the participant's contributions and any
9 investment return thereon, and the employer contributions and
10 any investment return thereon shall be forfeited. Any employer
11 contributions which are forfeited shall become part of the
12 trust.

13 (40 ILCS 5/11-131.3 new)

14 Sec. 11-131.3. Minimum benefit and allocation provisions.
15 Each participant in the System shall receive a minimum benefit
16 or allocation determined as follows:

17 (1) If the participant is participating in the
18 traditional benefit package provided under paragraph (1)
19 of subsection (a) of Section 11-131.1 of this Code or the
20 revised defined benefit package provided under paragraph
21 (2) of subsection (a) of Section 11-131.1 of this Code, the
22 participant shall receive a minimum benefit (commencing on
23 his or her Social Security retirement age) that is equal to
24 the annual primary insurance amount the participant would
25 have under Social Security. For the purposes of this item

1 (1), the primary insurance amount a participant would have
2 under Social Security shall be calculated so that the
3 System meets the requirements necessary to be considered a
4 retirement system under Section 3121(b)(7)(F) of the
5 Internal Revenue Code and the regulations in effect
6 thereunder.

7 (2) If the participant is participating in the
8 self-managed plan provided under Section 11-131.2 of this
9 Code, the member shall receive a minimum allocation equal
10 to 7.5% of the participant's compensation for service
11 during the period. All contributions shall be taken into
12 account for this purpose. For the purposes of this
13 paragraph (2), the minimum allocation shall be calculated
14 so that the System meets the requirements necessary to be
15 considered a retirement system under Section 3121(b)(7)(F)
16 of the Internal Revenue Code and the regulations in effect
17 thereunder.

18 (40 ILCS 5/11-131.4 new)

19 Sec. 11-131.4. Employer contributions to the self-managed
20 plan. Beginning in fiscal year 2013, for members electing
21 benefits under paragraph (3) of subsection (a) of Section
22 11-131.1, an employer contribution shall be made each fiscal
23 year in an amount equal to 6% of total pensionable payroll for
24 the respective employee group.

1 (40 ILCS 5/11-169) (from Ch. 108 1/2, par. 11-169)

2 Sec. 11-169. Financing; tax levy.

3 (a) Except as provided in subsection (f) of this Section,
4 the city council of the city shall levy a tax annually upon all
5 taxable property in the city at the rate that will produce a
6 sum which, when added to the amounts deducted from the salaries
7 of the employees or otherwise contributed by them and the
8 amounts deposited under subsection (f), will be sufficient for
9 the requirements of this Article. For the years prior to the
10 year 1950 the tax rate shall be as provided for under "The 1935
11 Act". Beginning with the year 1950 to and including the year
12 1969 such tax shall be not more than .036% annually of the
13 value, as equalized or assessed by the Department of Revenue,
14 of all taxable property within such city. Beginning with the
15 year 1970 and each year thereafter the city shall levy a tax
16 annually at a rate on the dollar of the value, as equalized or
17 assessed by the Department of Revenue of all taxable property
18 within such city that will produce, when extended, not to
19 exceed an amount equal to the total amount of contributions by
20 the employees to the fund made in the calendar year 2 years
21 prior to the year for which the annual applicable tax is
22 levied, multiplied by 1.1 for the years 1970, 1971 and 1972;
23 1.145 for the year 1973; 1.19 for the year 1974; 1.235 for the
24 year 1975; 1.280 for the year 1976; 1.325 for the year 1977;
25 1.370 for the years 1978 through 1998; and 1.000 for the years
26 ~~year~~ 1999 through 2012. For 2013 and for each year thereafter,

1 the amount levied shall be equal to the amount levied in 2010.

2 The tax shall be levied and collected in like manner with
3 the general taxes of the city, and shall be exclusive of and in
4 addition to the amount of tax the city is now or may hereafter
5 be authorized to levy for general purposes under any laws which
6 may limit the amount of tax which the city may levy for general
7 purposes. The county clerk of the county in which the city is
8 located, in reducing tax levies under the provisions of any Act
9 concerning the levy and extension of taxes, shall not consider
10 the tax herein provided for as a part of the general tax levy
11 for city purposes, and shall not include the same within any
12 limitation of the per cent of the assessed valuation upon which
13 taxes are required to be extended for such city.

14 Revenues derived from such tax shall be paid to the city
15 treasurer of the city as collected and held by him for the
16 benefit of the fund.

17 If the payments on account of taxes are insufficient during
18 any year to meet the requirements of this Article, the city may
19 issue tax anticipation warrants against the current tax levy.

20 (b) On or before January 10, annually, the board shall
21 notify the city council of the requirement of this Article that
22 the tax herein provided shall be levied for that current year.
23 The board shall compute the amounts necessary for the purposes
24 of this fund to be credited to the reserves established and
25 maintained as herein provided, and shall make an annual
26 determination of the amount of the required city contributions;

1 and certify the results thereof to the city council.

2 (c) In respect to employees of the city who are transferred
3 to the employment of a park district by virtue of "Exchange of
4 Functions Act of 1957" the corporate authorities of the park
5 district shall annually levy a tax upon all the taxable
6 property in the park district at such rate per cent of the
7 value of such property, as equalized or assessed by the
8 Department of Revenue, as shall be sufficient, when added to
9 the amounts deducted from their salaries and otherwise
10 contributed by them, to provide the benefits to which they and
11 their dependents and beneficiaries are entitled under this
12 Article. The city shall not levy a tax hereunder in respect to
13 such employees.

14 The tax so levied by the park district shall be in addition
15 to and exclusive of all other taxes authorized to be levied by
16 the park district for corporate, annuity fund, or other
17 purposes. The county clerk of the county in which the park
18 district is located, in reducing any tax levied under the
19 provisions of any Act concerning the levy and extension of
20 taxes shall not consider such tax as part of the general tax
21 levy for park purposes, and shall not include the same in any
22 limitation of the per cent of the assessed valuation upon which
23 taxes are required to be extended for the park district. The
24 proceeds of the tax levied by the park district, upon receipt
25 by the district, shall be immediately paid over to the city
26 treasurer of the city for the uses and purposes of the fund.

1 The various sums to be contributed by the city and
2 allocated for the purposes of this Article, and any interest to
3 be contributed by the city, shall be taken from the revenue
4 derived from the taxes authorized in this Section, and no money
5 of such city derived from any source other than the levy and
6 collection of those taxes or the sale of tax anticipation
7 warrants in accordance with the provisions of this Article
8 shall be used to provide revenue for this Article, except as
9 expressly provided in this Section.

10 If it is not possible for the city to make contributions
11 for age and service annuity and widow's annuity concurrently
12 with the employee's contributions made for such purposes, such
13 city shall make such contributions as soon as possible and
14 practicable thereafter with interest thereon at the effective
15 rate to the time they shall be made.

16 (d) With respect to employees whose wages are funded as
17 participants under the Comprehensive Employment and Training
18 Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L.
19 93-567, 88 Stat. 1845), hereinafter referred to as CETA,
20 subsequent to October 1, 1978, and in instances where the board
21 has elected to establish a manpower program reserve, the board
22 shall compute the amounts necessary to be credited to the
23 manpower program reserves established and maintained as herein
24 provided, and shall make a periodic determination of the amount
25 of required contributions from the City to the reserve to be
26 reimbursed by the federal government in accordance with rules

1 and regulations established by the Secretary of the United
2 States Department of Labor or his designee, and certify the
3 results thereof to the City Council. Any such amounts shall
4 become a credit to the City and will be used to reduce the
5 amount which the City would otherwise contribute during
6 succeeding years for all employees.

7 (e) In lieu of establishing a manpower program reserve with
8 respect to employees whose wages are funded as participants
9 under the Comprehensive Employment and Training Act of 1973, as
10 authorized by subsection (d), the board may elect to establish
11 a special municipality contribution rate for all such
12 employees. If this option is elected, the City shall contribute
13 to the Fund from federal funds provided under the Comprehensive
14 Employment and Training Act program at the special rate so
15 established and such contributions shall become a credit to the
16 City and be used to reduce the amount which the City would
17 otherwise contribute during succeeding years for all
18 employees.

19 (f) In lieu of levying all or a portion of the tax required
20 under this Section in any year, the city may deposit with the
21 city treasurer no later than March 1 of that year for the
22 benefit of the fund, to be held in accordance with this
23 Article, an amount that, together with the taxes levied under
24 this Section for that year, is not less than the amount of the
25 city contributions for that year as certified by the board to
26 the city council. The deposit may be derived from any source

1 legally available for that purpose, including, but not limited
2 to, the proceeds of city borrowings. The making of a deposit
3 shall satisfy fully the requirements of this Section for that
4 year to the extent of the amounts so deposited. Amounts
5 deposited under this subsection may be used by the fund for any
6 of the purposes for which the proceeds of the tax levied by the
7 city under this Section may be used, including the payment of
8 any amount that is otherwise required by this Article to be
9 paid from the proceeds of that tax.

10 (Source: P.A. 90-31, eff. 6-27-97; 90-766, eff. 8-14-98.)

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

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

14 (a) Beginning on the effective date and prior to July 1,
15 1947, 3 1/4%; and beginning on July 1, 1947 and prior to July
16 1, 1953, 5%; and beginning July 1, 1953 and prior to January 1,
17 1972, 6%; and beginning January 1, 1972, 6 1/2% of each payment
18 of the salary of each present employee, future entrant and
19 re-entrant shall be contributed to the fund as a deduction from
20 salary for age and service annuity. Such deductions beginning
21 on the effective date and prior to June 30, 1947, inclusive
22 shall be made for a future entrant while he is in service until
23 he attains age 65, and for a present employee while he is in
24 service until the amount so deducted from his salary with
25 interest at the rate of 4% per annum shall be equal to the sum

1 which would have accumulated to his credit from sums deducted
2 from his salary if deductions at the rate herein stated had
3 been made during his entire service until he attained age 65
4 with interest at 4% per annum for the period subsequent to his
5 attainment of age 65. Such deductions beginning July 1, 1947
6 shall be made and continued for employees while in the service.

7 (b) Concurrently with each employee contribution, the city
8 shall contribute beginning on the effective date and prior to
9 July 1, 1947, 5 3/4%; and beginning July 1, 1947 and prior to
10 July 1, 1953, 7%; and beginning July 1, 1953, 6% of each
11 payment of such salary until the employee attains age 65.

12 (c) Each employee contribution made prior to the date age
13 and service annuity for an employee is fixed and each
14 corresponding city contribution shall be allocated to the
15 account of and credited to the employee for whose benefit it is
16 made.

17 (d) Notwithstanding any other provision of this Article,
18 beginning July 1, 2013, all participants shall be required to
19 make the following contributions:

20 (1) Participants who elect the traditional benefit
21 package under paragraph (1) of subsection (a) of Section
22 11-131.1 of this Code shall contribute:

23 (A) In fiscal year 2014, fiscal year 2015, and
24 fiscal year 2016, an amount equal to 12.75% of salary.

25 (B) In fiscal year 2017 and in each fiscal year
26 thereafter, a percentage of salary equal to the

1 actuarially determined normal cost of the traditional
2 benefit package, minus an amount equal to 6% of total
3 pensionable salary. The Fund shall certify the
4 actuarially determined normal cost of the traditional
5 benefit package and the amount of required participant
6 contributions by July 1, 2016 and every 3 years
7 thereafter.

8 (2) Participants who elect the reformed benefit
9 package under paragraph (2) of subsection (a) of Section
10 11-131.1 of this Code shall contribute:

11 (A) In fiscal year 2014, fiscal year 2015, and
12 fiscal year 2016, an amount equal to 7% of salary.

13 (B) In fiscal year 2017 and in each fiscal year
14 thereafter, a percentage of salary equal to the
15 actuarially determined normal cost of the reformed
16 benefit package, minus an amount equal to 6% of total
17 pensionable salary. The Fund shall certify the
18 actuarially determined normal cost of the reformed
19 benefit package and the amount of required participant
20 contributions by July 1, 2016 and every 3 years
21 thereafter.

22 (3) Participants who elect the self-managed plan under
23 paragraph (3) of subsection (a) of Section 11-131.1 of this
24 Code shall contribute a minimum of 6% of salary.
25 Participants who elect the self-managed plan provided
26 under Section 11-131.2 of this Code may elect to increase

1 their employee contributions in accordance with rules
2 prescribed by the Board.

3 No prior contribution increases or other additional
4 contributions specified by this Section shall apply to any
5 participant for service on or after July 1, 2013.

6 (Source: P.A. 81-1536.)

7 (40 ILCS 5/11-230) (from Ch. 108 1/2, par. 11-230)

8 Sec. 11-230. Felony conviction.

9 None of the benefits provided in this Article shall be paid
10 to any person who is convicted of any felony relating to or
11 arising out of or in connection with his service as employee.

12 This section shall not operate to impair any contract or
13 vested right heretofore acquired under any law or laws
14 continued in this Article, nor to preclude the right to a
15 refund.

16 All future entrants entering service after July 11, 1955,
17 shall be deemed to have consented to the provisions of this
18 section as a condition of coverage.

19 No refund paid to any person who is convicted of a felony
20 relating to or arising out of or in connection with the
21 person's service as an employee shall include employer
22 contributions or interest or, in the case of the self-managed
23 plan authorized under Section 11-131.2, any employer
24 contributions or investment return on employer contributions.

25 (Source: Laws 1963, p. 161.)

1 (40 ILCS 5/11-235 new)

2 Sec. 11-235. Qualified plan status. No provision of this
3 Article shall be interpreted in a way that would cause the Fund
4 to cease to be a qualified plan under Section 401(a) of the
5 Internal Revenue Code.

6 (40 ILCS 5/12-116) (from Ch. 108 1/2, par. 12-116)

7 Sec. 12-116. Fiscal year.

8 "Fiscal year": For periods prior to July 1, 2011, the ~~The~~
9 year commencing with July 1st and ending with June 30th next
10 following. Beginning January 1, 2013, the year commencing
11 January 1 and ending December 31. The fiscal year which begins
12 July 1, 2012 shall end December 31, 2012.

13 (Source: Laws 1963, p. 161.)

14 (40 ILCS 5/12-125.2 new)

15 Sec. 12-125.2. Reformed benefit package. "Reformed benefit
16 package": The defined benefit retirement program maintained
17 under the Fund for employees who first become employees in the
18 Fund on or after January 1, 2011.

19 (40 ILCS 5/12-125.3 new)

20 Sec. 12-125.3. Self-managed plan. "Self-managed plan": The
21 defined contribution retirement program maintained under the
22 Fund as described in Section 12-128.2.

1 (40 ILCS 5/12-125.4 new)

2 Sec. 12-125.4. Traditional benefit package. "Traditional
3 benefit package": The defined benefit retirement program
4 maintained under the Fund for employees who first became
5 employees in the Fund before January 1, 2011.

6 (40 ILCS 5/12-128.1 new)

7 Sec. 12-128.1. Benefit accruals on and after July 1, 2013.

8 (a) Each employee under this Article, other than a person
9 who first becomes an employee on or after January 1, 2011,
10 shall choose which retirement program he or she wishes to
11 participate in with respect to all periods of covered
12 employment occurring on and after July 1, 2013, except that
13 such employees with more than 5 years of creditable service at
14 the time of such election shall only be eligible to elect one
15 of the of the retirement programs in paragraphs (1) or (2) of
16 this subsection (a). The retirement program election made by
17 the employee must be made no later than January 1, 2013. The
18 employee shall elect one of the following retirement programs:

19 (1) the traditional benefit package provided by the
20 Fund;

21 (2) the reformed benefit package provided by the Fund;

22 or

23 (3) the self-managed plan provided by the Fund.

24 (b) A person who first becomes an employee in the Fund on

1 or after January 1, 2011 shall be given the choice to elect
2 which retirement program he or she wishes to participate in
3 with respect to all periods of employment occurring on and
4 after July 1, 2013. The employee shall elect one of the
5 retirement programs provided in paragraph (2) or (3) of
6 subsection (a) of this Section. The participant must make the
7 election (i) by January 1, 2013 or within 6 months after the
8 employee's first day of covered employment, whichever is later,
9 and (ii) if applicable, every 3 years thereafter.

10 (c) The employee election authorized by this Section is an
11 irrevocable election, except that any individual making an
12 election for the retirement program described under paragraph
13 (1) or (2) of subsection (a) shall make an election for a
14 period of 3 years and shall make subsequent elections every 3
15 years during a 6-month period prescribed by the Fund. The
16 election shall be made in writing, in the manner prescribed by
17 the Fund. Any participant who fails to make the election shall,
18 by default, participate in the benefit program provided under
19 paragraph (2) of subsection (a) of this Section.

20 (d) Employees who have already made an election pursuant to
21 subsection (a) or (b) shall be given the opportunity to make a
22 new election as follows:

23 (1) Each employee in the traditional benefit package
24 provided under paragraph (1) of subsection (a) of this
25 Section shall have the opportunity to elect to terminate
26 participation in the traditional benefit package and to

1 elect to have retirement benefits for future service
2 provided under either the reformed benefit package
3 provided under paragraph (2) of subsection (a) of this
4 Section or the self-managed plan provided under paragraph
5 (3) of subsection (a) of this Section. However, such
6 participants with more than 5 years of creditable service
7 shall be prohibited from electing paragraph (3) of
8 subsection (a) of this Section.

9 (2) Each employee that has less than 5 years of
10 creditable service and participates in the reformed
11 benefit package provided under paragraph (2) of subsection
12 (a) of this Section shall have the opportunity to elect to
13 terminate participation in the reformed benefit package
14 and to elect to have retirement benefits for future service
15 provided under the self-managed plan provided under
16 paragraph (3) of subsection (a) of this Section.

17 (3) The elections permitted under paragraphs (1) and
18 (2) must be made during a 6-month period in the manner
19 prescribed by the Fund.

20 (e) If an employee with an accrued benefit under the
21 traditional benefit package elects the reformed benefit
22 package, the employee's total accrued benefit for purposes of
23 determining an annuity shall be the sum of (i) the employee's
24 benefit accruals under the traditional benefit package, based
25 on the employee's pay and service under the traditional benefit
26 package and frozen with respect to pay for service earned

1 subsequent to participation under the traditional benefit
2 package and (ii) the employee's benefit accruals based on pay
3 and service under the reformed benefit package. All rights and
4 features provided under the traditional benefit package will be
5 preserved with respect to benefits earned under such package
6 with respect to service completed prior to the election to
7 participate in the reformed benefit package. All service
8 completed under the Fund shall count for purposes of
9 determining retirement eligibility and vesting under both the
10 traditional benefit package and the reformed benefit package,
11 provided that the vesting requirements of the traditional
12 benefit package shall continue to govern vesting for employees
13 in the reformed benefit package.

14 (f) If an employee with an accrued benefit under the
15 traditional benefit package or the reformed benefit package
16 elects the self-managed plan provided under paragraph (3) of
17 subsection (a) of this Section, the employee's total accrued
18 benefit for purposes of determining an annuity shall be the
19 employee's benefit accruals prior to participation in the
20 self-managed plan, based on the employee's pay and service and
21 frozen with respect to pay for service earned subsequent to
22 participation in the traditional or reformed benefit package.
23 However, the employee shall also have an accrued self-managed
24 plan balance as specified in subsection (h) of Section
25 12-128.2, for periods of covered employment on or after
26 participation in the self-managed plan. All rights and features

1 provided under the traditional benefit package must be
2 preserved with respect to benefits earned under that package
3 with respect to service completed prior to the election to
4 participate in the self-managed plan. All service completed
5 under the traditional benefit package and the self-managed plan
6 shall count for purposes of determining retirement eligibility
7 and vesting under the traditional benefit package and the
8 self-managed plan.

9 (g) An individual with less than 5 years of creditable
10 service and who is a participant in the Fund but is not a
11 participating employee on January 1, 2013 shall be allowed to
12 elect, based on the eligibility criteria specified in this
13 Code, one of the retirement programs provided in paragraph (1),
14 (2), or (3) of subsection (a) of this Section within 6 months
15 after becoming an employee, based on eligibility.

16 An individual with 5 or more years of creditable service
17 and who is a participant in the Fund but is not a participating
18 employee on January 1, 2013 shall be allowed to elect, based on
19 the eligibility criteria specified in this Code, one of the
20 retirement programs provided in paragraph (1) or (2) of
21 subsection (a) of this Section within 6 months after becoming
22 an employee, based on eligibility.

23 (40 ILCS 5/12-128.2 new)

24 Sec. 12-128.2. Self-managed plan.

25 (a) Purpose. The Park Employees' and Retirement Board

1 Employees' Annuity and Benefit Fund shall establish and
2 administer a self-managed plan, which shall offer employees the
3 opportunity to accumulate assets for retirement through a
4 combination of employee and employer contributions that may be
5 invested in mutual funds, collective investment funds, or other
6 investment products and may be used to purchase annuity
7 contracts, either fixed or variable or a combination thereof.
8 The plan must be qualified under the Internal Revenue Code of
9 1986.

10 (b) The Park Employees' and Retirement Board Employees'
11 Annuity and Benefit Fund shall be the plan sponsor for the
12 self-managed plan and shall prepare a plan document and
13 prescribe such rules and procedures as are considered necessary
14 or desirable for the administration of the self-managed plan.
15 Consistent with its fiduciary duty to the participants and
16 beneficiaries of the self-managed plan, the Board of Trustees
17 of the Fund may delegate aspects of plan administration as it
18 sees fit to companies authorized to do business in this State.

19 (c) Selection of service providers and funding vehicles.
20 The Fund may solicit proposals to provide administrative
21 services and funding vehicles for the self-managed plan from
22 insurance and annuity companies and mutual fund companies,
23 banks, trust companies, or other financial institutions
24 authorized to do business in this State.

25 The Fund shall periodically review each approved company. A
26 company may continue to provide administrative services and

1 funding vehicles for the self-managed plan only so long as it
2 continues to be an approved company under contract with the
3 Board.

4 (d) Employee direction. Employees who are participating in
5 the program must be allowed to direct the transfer of their
6 account balances among the various investment options offered,
7 subject to applicable contractual provisions. The employee
8 shall not be deemed a fiduciary by reason of providing such
9 investment direction. A person who is a fiduciary shall not be
10 liable for any loss resulting from such investment direction
11 and shall not be deemed to have breached any fiduciary duty by
12 acting in accordance with that direction. Neither the Fund nor
13 the employer guarantees any of the investments in the
14 employee's account balances.

15 (e) Participation. An employee eligible to participate in
16 the self-managed plan must make a written election under
17 Section 12-128.1 and the procedures established by the Fund.
18 Participation in the self-managed plan by an electing employee
19 shall begin on the first day of the first pay period following
20 the date the employee's election is filed with the Fund.

21 An employee who has elected to participate in the
22 self-managed plan under this Section must continue
23 participation while employed in an eligible position.
24 Participation in the self-managed plan under this Section shall
25 constitute membership in the Park Employees' and Retirement
26 Board Employees' Annuity and Benefit Fund.

1 An employee under this Section shall be entitled to the
2 benefits of Article 20 of this Code.

3 (f) Contributions. The self-managed plan shall be funded by
4 contributions from employees participating in the self-managed
5 plan and employer contributions as provided in this Section.

6 This required contribution shall be made as an "employer
7 pick up" under Section 414(h) of the Internal Revenue Code of
8 1986 or any successor Section thereof. In no event shall a
9 employee have an option of receiving these amounts in cash. The
10 program shall provide for employer contributions to be credited
11 to each self-managed plan participant at a rate of 6% of the
12 participating employee's salary, less the amount used by the
13 Fund to provide disability benefits for the employee. The
14 amounts so credited shall be paid into the employee's
15 self-managed plan account in a manner to be prescribed by the
16 Fund.

17 The required amount of employer contributions shall be used
18 for the purpose of providing the disability benefits of the
19 Fund to the employee. Prior to the beginning of each plan year
20 under the self-managed plan, the Board of Trustees shall
21 determine, as a percentage of salary, the amount of employer
22 contributions to be allocated during that plan year for
23 providing disability benefits for employees in the
24 self-managed plan.

25 The employer shall make contributions to the Fund of the
26 employer contributions required for employees who participate

1 in the self-managed plan under this Section. The amount
2 required shall be certified by the Board and paid by the
3 employer in accordance with this Article. The Fund shall not be
4 obligated to remit the required employer contributions to any
5 person or entity until it has received the required employer
6 contributions from the employer.

7 (g) Vesting; withdrawal; return to service. An employee in
8 the self-managed plan becomes vested in the employer
9 contributions credited to his or her account in the
10 self-managed plan on the earliest to occur of the following:
11 (1) completion of 5 years of creditable service; (2) the death
12 of the employee while in active service, if the employee has
13 completed at least 1 1/2 years of service; or (3) the
14 employee's election to retire and apply the reciprocal
15 provisions of Article 20 of this Code.

16 (h) Benefit amounts. If an employee who is vested in
17 employer contributions terminates employment, the employee
18 shall be entitled to a benefit which is based on the account
19 values attributable to employer and employee contributions and
20 any investment return thereon.

21 If an employee who is not vested in employer contributions
22 terminates employment, the employee shall be entitled to a
23 benefit based solely on the account values attributable to the
24 employee's contributions and any investment return thereon,
25 and the employer contributions and any investment return
26 thereon shall be forfeited. Any employer contributions which

1 are forfeited shall become part of the trust.

2 (40 ILCS 5/12-128.3 new)

3 Sec. 12-128.3. Employer contributions to the self-managed
4 plan. Beginning in fiscal year 2014, for members electing
5 benefits under paragraph (3) of subsection (a) of Section
6 12-128.1, an employer contribution shall be made each fiscal
7 year in an amount equal to (i) 6% of total pension payroll for
8 the respective employee group and (ii) an amount determined by
9 the Fund to be sufficient to fund the disability plan provided
10 in this Article.

11 (40 ILCS 5/12-149) (from Ch. 108 1/2, par. 12-149)

12 Sec. 12-149. Financing. The board of park commissioners of
13 any such park district shall annually levy a tax (in addition
14 to the taxes now authorized by law) upon all taxable property
15 embraced in the district, at the rate which, when added to the
16 employee contributions under this Article and applied to the
17 fund created hereunder, shall be sufficient to provide for the
18 purposes of this Article in accordance with the provisions
19 thereof. Such tax shall be levied and collected with and in
20 like manner as the general taxes of such district, and shall
21 not in any event be included within any limitations of rate for
22 general park purposes as now or hereafter provided by law, but
23 shall be excluded therefrom and be in addition thereto. The
24 amount of such annual tax to and including the year 1977 shall

1 not exceed .0275% of the value, as equalized or assessed by the
2 Department of Revenue, of all taxable property embraced within
3 the park district, provided that for the year 1978, and for
4 each year thereafter, the amount of such annual tax shall be at
5 a rate on the dollar of assessed valuation of all taxable
6 property that will produce, when extended, for the year 1978
7 the following sum: 0.825 times the amount of employee
8 contributions during the fiscal year 1976; for the year 1979,
9 0.85 times the amount of employee contributions during the
10 fiscal year 1977; for the year 1980, 0.90 times the amount of
11 employee contributions during the fiscal year 1978; for the
12 year 1981, 0.95 times the amount of employee contributions
13 during the fiscal year 1979; for the year 1982, 1.00 times the
14 amount of employee contributions during the fiscal year 1980;
15 for the year 1983, 1.05 times the amount of contributions made
16 on behalf of employees during the fiscal year 1981; and for the
17 years year 1984 through 2012 ~~and each year thereafter~~, an
18 amount equal to 1.10 times the employee contributions during
19 the fiscal year 2-years prior to the year for which the
20 applicable tax is levied. Beginning in 2012 and in each fiscal
21 year thereafter, the amount levied shall be equal to the amount
22 levied in 2010. As used in this Section, the term "employee
23 contributions" means contributions by employees for retirement
24 annuity, spouse's annuity, automatic increase in retirement
25 annuity, and death benefit.

26 In respect to park district employees, other than

1 policemen, who are transferred to the employment of a city by
2 virtue of the "Exchange of Functions Act of 1957", the
3 corporate authorities of the city shall annually levy a tax
4 upon all taxable property embraced in the city, as equalized or
5 assessed by the Department of Revenue, at such rate per cent of
6 the value of such property as shall be sufficient, when added
7 to the amounts deducted from the salary or wages of such
8 employees, to provide the benefits to which such employees,
9 their dependents and beneficiaries are entitled under the
10 provisions of this Article. The park district shall not levy a
11 tax hereunder in respect to such employees. The tax levied by
12 the city under authority of this Article shall be in addition
13 to and exclusive of all other taxes authorized by law to be
14 levied by the city for corporate, annuity fund or other
15 purposes.

16 All moneys accruing from the levy and collection of taxes,
17 pursuant to this section, shall be remitted to the board by the
18 employers as soon as they are received. Where a city has levied
19 a tax pursuant to this Section in respect to park district
20 employees transferred to the employment of a city, the
21 treasurer of such city or other authorized officer shall remit
22 the moneys accruing from the levy and collection of such tax as
23 soon as they are received. Such remittances shall be made upon
24 a pro rata share basis, whereby each employer shall pay to the
25 board such employer's proportionate percentage of each payment
26 of taxes received by it, according to the ratio which its tax

1 levy for this fund bears to the total tax levy of such
2 employer.

3 Should any board of park commissioners included under the
4 provisions of this Article be without authority to levy the tax
5 provided in this Section the corporation authorities (meaning
6 the supervisor, clerk and assessor) of the town or towns for
7 which such board shall be the board of park commissioners shall
8 levy such tax.

9 Employer contributions to the Fund may be reduced by
10 \$5,000,000 for calendar years 2004 and 2005.

11 (Source: P.A. 93-654, eff. 1-16-04.)

12 (40 ILCS 5/12-150) (from Ch. 108 1/2, par. 12-150)

13 Sec. 12-150. Contributions by employees for service
14 annuity.

15 (a) From each payment of salary to a present employee
16 beginning August 4, 1961, and prior to September 1, 1971, there
17 shall be deducted as contributions for service annuity 6% of
18 such payment. Beginning September 1, 1971, the deduction shall
19 be 6 1/2% of salary. These contributions shall continue until
20 the amounts thus deducted will provide an accumulation, at
21 regular interest, at least equal to the amount that would be
22 provided on such date from employee contributions, assuming
23 regular interest to such date, if such employee had been
24 contributing in accordance with the provisions of "The 1919
25 Act" and this Article from the beginning of his service and the

1 salary of the employee during his prior service was the same as
2 it was on July 1, 1919, or on July 1, 1937 in the case of an
3 employee of the board.

4 (b) From each payment of salary to a future entrant
5 beginning August 4, 1961, and prior to September 1, 1971, there
6 shall be deducted as contributions for service annuity 6% of
7 such payment. Beginning September 1, 1971, the deduction shall
8 be 6 1/2% of salary. Beginning January 1, 1990, the deduction
9 shall be 7% of salary.

10 (c) For service rendered prior to August 4, 1961, the rates
11 of contribution by employees for service annuity shall be as
12 follows: July 1, 1919 to July 20, 1947, inclusive, 4% of
13 salary; July 21, 1947 to August 3, 1961, inclusive, 5% of
14 salary.

15 For the period from July 1, 1919, to August 4, 1961 such
16 deductions for a present employee shall continue until such
17 date as the amounts deducted will provide an accumulation at
18 least equal to that which would be provided on such date,
19 assuming regular interest to such date, from deductions from
20 salary of such employee if such employee had been under the
21 provisions of "The 1919 Act" and this Article from the
22 beginning of his service and the salary of such employee during
23 his period of prior service was the same as it was on July 1,
24 1919 or on July 1, 1937 in the case of an employee of the board.

25 (d) Any employee shall have the option to contribute for
26 service annuity an amount, together with regular interest,

1 equal to the difference between the amount he had accumulated
2 in the fund on June 30, 1947, from contributions at the rate of
3 4% of salary, together with regular interest, and the amount he
4 would have accumulated, together with regular interest, if he
5 had made contributions at the rate of 5% of salary. All such
6 contributions shall be subject to salary limitations and other
7 conditions in effect prior to July 1, 1947. Upon making such
8 contribution the employer of such employee shall contribute in
9 the ratio of 2 to 1 with such employee.

10 (e) Notwithstanding any other provision of this Article,
11 beginning July 1, 2013, all employees shall be required to make
12 the following contributions:

13 (1) Employees who elect the traditional benefit
14 package under paragraph (1) of subsection (a) of Section
15 12-128.1 of this Code shall contribute:

16 (A) In fiscal year 2014, fiscal year 2015, and
17 fiscal year 2016, an amount equal to 12.75% of salary.

18 (B) In fiscal year 2017 and in each fiscal year
19 thereafter, a percentage of salary equal to the
20 actuarially determined normal cost of the traditional
21 benefit package, minus an amount equal to 6% of total
22 pensionable salary. The Fund shall certify the
23 actuarially determined normal cost of the traditional
24 benefit package and the amount of required participant
25 contributions by July 1, 2016 and every 3 years
26 thereafter.

1 (2) Employees who elect the reformed benefit package
2 under paragraph (2) of subsection (a) of Section 12-128.1
3 of this Code shall contribute:

4 (A) In fiscal year 2014, fiscal year 2015, and
5 fiscal year 2016, an amount equal to 7% of salary.

6 (B) In fiscal year 2017 and in each fiscal year
7 thereafter, a percentage of salary equal to the
8 actuarially determined normal cost of the reformed
9 benefit package, minus an amount equal to 6% of total
10 pensionable salary. The Fund shall certify the
11 actuarially determined normal cost of the reformed
12 benefit package and the amount of required participant
13 contributions by July 1, 2016 and every 3 years
14 thereafter.

15 (3) Employees who elect the self-managed plan under
16 paragraph (3) of subsection (a) of Section 12-128.1 of this
17 Code shall contribute a minimum of 6% of salary.
18 Participants who elect the self-managed plan provided
19 under Section 12-128.2 of this Code may elect to increase
20 their employee contributions in accordance with rules
21 prescribed by the Board.

22 No prior contribution increases or other additional
23 contributions specified by this Section shall apply to any
24 employee for service on or after July 1, 2013.

25 (Source: P.A. 86-272.)

1 (40 ILCS 5/12-151.3 new)

2 Sec. 12-151.3. Minimum benefit and allocation provisions.
3 Each participant in the System shall receive a minimum benefit
4 or allocation determined as follows:

5 (1) If the participant is participating in the
6 traditional benefit package provided under paragraph (1)
7 of subsection (a) of Section 12-128.1 of this Code or the
8 revised defined benefit package provided under paragraph
9 (2) of subsection (a) of Section 12-128.1 of this Code, the
10 participant shall receive a minimum benefit (commencing on
11 his or her Social Security retirement age) that is equal to
12 the annual primary insurance amount the participant would
13 have under Social Security. For the purposes of this item
14 (1), the primary insurance amount a participant would have
15 under Social Security shall be calculated so that the
16 System meets the requirements necessary to be considered a
17 retirement system under Section 3121(b)(7)(F) of the
18 Internal Revenue Code and the regulations in effect
19 thereunder.

20 (2) If the participant is participating in the
21 self-managed plan provided under Section 12-128.2 of this
22 Code, the member shall receive a minimum allocation equal
23 to 7.5% of the participant's compensation for service
24 during the period. All contributions shall be taken into
25 account for this purpose. For the purposes of this
26 paragraph (2), the minimum allocation shall be calculated

1 so that the System meets the requirements necessary to be
2 considered a retirement system under Section 3121(b) (7) (F)
3 of the Internal Revenue Code and the regulations in effect
4 thereunder.

5 (40 ILCS 5/12-167) (from Ch. 108 1/2, par. 12-167)

6 Sec. 12-167. To keep records, books and prepare reports.

7 To keep a record of all its proceedings which shall be open
8 to inspection by the public; to keep such books and records as
9 are necessary for the transaction of its business; and to
10 prepare a report, as of the last day ~~June 30~~ of each fiscal
11 year, setting forth the income and disbursements of the fund
12 for the year, and the amount of its assets and liabilities at
13 the close of the year. Such statement shall include, among
14 other things, the following information:

15 (a) the total of the reserves on all annuities being paid
16 and to be paid from the fund to employees and widows whose
17 annuities are determined but not entered upon, calculating such
18 reserves as if the annuities were actually entered upon;

19 (b) the total of the liabilities of the employer for prior
20 service annuities and widow's prior service annuities,
21 including the present values of such annuities that are entered
22 upon.

23 (Source: Laws 1963, p. 161.)

24 (40 ILCS 5/12-168) (from Ch. 108 1/2, par. 12-168)

1 Sec. 12-168. To have an audit.

2 To have an annual audit of the books, records and reserves
3 of the fund as of the last day of each fiscal ~~June 30th, in each~~
4 year, by a certified public accountant. A copy of the report of
5 such audit shall be filed with the board of park commissioners,
6 and a synopsis thereof shall be prepared for public
7 distribution.

8 (Source: Laws 1963, p. 161.)

9 (40 ILCS 5/12-169) (from Ch. 108 1/2, par. 12-169)

10 Sec. 12-169. To appoint employees.

11 To appoint such actuarial, legal, medical, clerical and
12 other employees as may be necessary in the administration of
13 the fund and fix their compensation.

14 One or more actuaries shall be employed with duty to
15 determine the amount of money necessary to be provided under
16 this Article, and to assist the board in preparing the annual
17 statement as of the last day ~~June 30~~ of each fiscal year, and
18 to certify to the correctness thereof.

19 (Source: Laws 1963, p. 161.)

20 (40 ILCS 5/12-183) (from Ch. 108 1/2, par. 12-183)

21 Sec. 12-183. Annual actuarial valuation.

22 An actuarial valuation shall be made annually of the
23 liabilities and reserves for present and prospective annuities
24 and benefits, and beginning January 1, 2013 ~~July 1, 1973~~ a

1 general investigation shall be made and shall be completed
2 every 5 years thereafter of the operating experience of the
3 fund as to mortality, disability, retirement, marital status of
4 employees, withdrawal from service without right to annuity,
5 investment earnings and other factors of actuarial criteria.

6 Upon the basis of the annual actuarial valuation and
7 quinquennial actuarial investigations, the actuary shall
8 recommend the tables to be used in the annual valuations and in
9 current operations including the prescribed rate of interest,
10 and shall advise the board on any matters of actuarial
11 character affecting the financial condition of the fund and its
12 operations.

13 (Source: P.A. 78-266.)

14 (40 ILCS 5/12-190.3) (from Ch. 108 1/2, par. 12-190.3)

15 Sec. 12-190.3. Fraud. Any person who knowingly makes any
16 false statement or falsifies or permits to be falsified any
17 record of this Fund in any attempt to defraud the Fund is
18 guilty of a Class A misdemeanor.

19 None of the benefits provided for in this Article shall be
20 paid to any person who is convicted of any misdemeanor or
21 felony relating to or arising out of or in connection with any
22 attempt to defraud the Fund.

23 This Section shall not operate to impair any contract or
24 vested right previously acquired under any law or laws
25 continued in this Article, nor to preclude the right to a

1 refund.

2 No refund paid to any person who is convicted of a felony
3 relating to or arising out of or in connection with the
4 person's service as an employee shall include employer
5 contributions or interest or, in the case of the self-managed
6 plan authorized under Section 12-128.2, any employer
7 contributions or investment return on employer contributions.

8 (Source: P.A. 96-1466, eff. 8-20-10.)

9 (40 ILCS 5/12-193.5 new)

10 Sec. 12-193.5. Qualified plan status. No provision of this
11 Article shall be interpreted in a way that would cause the Fund
12 to cease to be a qualified plan under Section 401(a) of the
13 Internal Revenue Code.

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

15 Sec. 14-103.10. Compensation.

16 (a) For periods of service prior to January 1, 1978, the
17 full rate of salary or wages payable to an employee for
18 personal services performed if he worked the full normal
19 working period for his position, subject to the following
20 maximum amounts: (1) prior to July 1, 1951, \$400 per month or
21 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957
22 inclusive, \$625 per month or \$7,500 per year; (3) beginning
23 July 1, 1957, no limitation.

24 In the case of service of an employee in a position

1 involving part-time employment, compensation shall be
2 determined according to the employees' earnings record.

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

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

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

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

25 (e) For members for which Section 14-108.2f ~~1-160~~ applies
26 for periods of service on and after January 1, 2011, all

1 remuneration for personal services performed defined as
2 "wages" under the Social Security Enabling Act, excluding
3 remuneration that is in excess of the annual earnings, salary,
4 or wages of a member or participant, as provided in subsection
5 (b-5) of Section 1-160, but including any benefits received by
6 an employee under a sick pay plan in effect before January 1,
7 1981. Compensation shall exclude lump sum salary payments:

8 (1) for vacation;

9 (2) for accumulated unused sick leave;

10 (3) upon discharge or dismissal; and

11 (4) for approved holidays.

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

13 (40 ILCS 5/14-108.2d new)

14 Sec. 14-108.2d. Benefit accruals on and after July 1, 2013.

15 (a) Except for members covered under paragraphs (1), (2),
16 (6), (9), and (16) of subsection (b) of Section 14-110 and
17 members covered under paragraph (5) of Section 14-110 who are
18 sworn police officers, each member under this Article, other
19 than a person who first becomes an employee and a member on or
20 after January 1, 2011, shall elect which retirement program he
21 or she wishes to participate in with respect to all periods of
22 membership service occurring on and after July 1, 2013. The
23 retirement program election made by the member must be made (i)
24 no later than July 1, 2013 in accordance with rules prescribed
25 by the Board, and (ii) if applicable, every 3 years thereafter.

1 The member shall elect one of the following retirement
2 programs:

3 (1) the traditional benefit package provided by the
4 System prior to Public Act 96-889;

5 (2) the revised benefit package provided by the System
6 under Section 14-108.2f; or

7 (3) the self-managed plan provided by the System under
8 Section 14-108.2e.

9 (b) A person who first becomes a member of the System on or
10 after January 1, 2011 shall elect which retirement program he
11 or she wishes to participate in with respect to all periods of
12 membership service occurring on and after July 1, 2013. The
13 member shall elect one of the retirement programs provided in
14 paragraph (2) or (3) of subsection (a) of this Section. The
15 member must make that election (i) by July 1, 2013 or within 6
16 months after the member's first day of employment, whichever is
17 later, and (ii) if applicable, every 3 years thereafter.

18 (c) The member election authorized by this Section is an
19 irrevocable election, except that any individual making an
20 election for the retirement program described under paragraph
21 (1) or (2) of subsection (a) shall make an election for a
22 period of 3 years and shall make subsequent elections during a
23 6-month period prescribed by the System. The election shall be
24 made in the manner prescribed by the System. Any member who
25 fails to make the initial election shall, by default,
26 participate in the revised benefit package provided under

1 paragraph (2) of subsection (a) of this Section.

2 (d) Members who have already made an election pursuant to
3 subsection (a) or (b) shall be given the opportunity to make a
4 new election as follows:

5 (1) each member in the traditional benefit package
6 provided under paragraph (1) of subsection (a) of this
7 Section shall have the opportunity to elect to terminate
8 participation in the traditional benefit package and to
9 elect to have retirement benefits for future service
10 provided under either the revised benefit package provided
11 under paragraph (2) of subsection (a) of this Section or
12 the self-managed plan provided under paragraph (3) of
13 subsection (a) of this Section;

14 (2) each member in the revised benefit package provided
15 under paragraph (2) of subsection (a) of this Section shall
16 have the opportunity to elect to terminate participation in
17 the revised benefit package and to elect to have retirement
18 benefits for future service provided under the
19 self-managed plan provided under paragraph (3) of
20 subsection (a) of this Section; and

21 (3) the elections permitted under paragraphs (1) and
22 (2) must be made during a 6-month period in the manner
23 prescribed by the system.

24 (e) If a member with an accrued benefit under the
25 traditional benefit package provided by the System prior to
26 Public Act 96-889 elects the revised benefit package provided

1 under paragraph (2) of subsection (a) of this Section, the
2 member's total accrued benefit for purposes of determining an
3 annuity shall be the sum of (i) the member's benefit accruals
4 before the effective date of the election, based on the
5 member's final average compensation and service as of the
6 effective date of the election and frozen on such date, and
7 (ii) the member's benefit accruals based on final average
8 compensation and service on or after the effective date of the
9 election, as modified by the rules provided in Section
10 14-108.2f. All rights and features provided under the
11 traditional benefit package will be preserved with respect to
12 benefits earned under such package with respect to service
13 completed prior to the election to participate in the revised
14 benefit package. Furthermore, the member shall be entitled to
15 the benefit of the survivor's annuity provided under Section
16 14-108.2f. All service completed under the System shall count
17 for purposes of determining retirement eligibility and vesting
18 under both the traditional benefit package and the revised
19 benefit package.

20 (f) If a member with an accrued benefit under the
21 traditional benefit package or revised benefit package elects
22 the self-managed plan provided under paragraph (3) of
23 subsection (a) of this Section, the member's total accrued
24 benefit for purposes of determining an annuity shall be the
25 member's benefit accruals before the effective date of the
26 election, based on the member's final average compensation and

1 service as of the effective date of the election and frozen on
2 such date. However, the member shall also have an accrued
3 self-managed plan benefit as specified in subsection (g) of
4 Section 14-108.2e, for periods of service on or after the
5 effective date of the election. All rights and features
6 provided under the traditional benefit package will be
7 preserved with respect to benefits earned under such package
8 with respect to service completed prior to the election to
9 participate in the self-managed plan. All service completed
10 under the System shall count for purposes of determining
11 retirement eligibility and vesting under the traditional
12 benefit package, the revised benefit package, and the
13 self-managed plan.

14 (g) An individual who is a member in the System, but is not
15 an employee as of July 1, 2013, shall elect, based on the
16 eligibility criteria specified in this Article, one of the 3
17 retirement programs provided under paragraphs (1), (2), or (3)
18 of subsection (a) of this Section within 6 months after
19 becoming an employee.

20 (40 ILCS 5/14-108.2e new)

21 Sec. 14-108.2e. Self-managed plan.

22 (a) The Illinois State Board of Investment created under
23 Article 22A of this Code shall establish and administer a
24 self-managed plan on behalf of the retirement system
25 established under this Article. The plan shall offer

1 participating employees the opportunity to accumulate assets
2 for retirement through a combination of employee and employer
3 contributions that may be invested in mutual funds, collective
4 investment funds, or other investment products and may be used
5 to purchase annuity contracts that are fixed, variable, or a
6 combination thereof. The plan must be qualified under the
7 Internal Revenue Code of 1986. The plan shall not include the
8 retirement annuities, widows annuities, survivors annuities,
9 death benefits, or refunds provided under this Article.

10 (b) The Illinois State Board of Investment shall be the
11 plan sponsor for the self-managed plan and shall prepare a plan
12 document and prescribe the rules and procedures that are
13 necessary or desirable for the administration of the
14 self-managed plan.

15 (c) An employee eligible to participate in the self-managed
16 plan must make a written election in accordance with the by the
17 retirement system. Participation in the self-managed plan by an
18 electing employee shall begin on the beginning of the month
19 following the date the employee's election is filed with the
20 retirement system, but in no case prior to July 1, 2013.

21 (d) Employees who are participating in the program must be
22 allowed to direct the transfer of their account balances among
23 the various investment options offered, subject to applicable
24 contractual provisions. The participant shall not be deemed a
25 fiduciary by reason of providing investment direction. A person
26 who is a fiduciary, including the plan sponsor, shall not be

1 liable for any loss resulting from the investment direction of
2 the employee and shall not be deemed to have breached any
3 fiduciary duty by acting in accordance with that direction. The
4 retirement system, the Illinois State Board of Investment, and
5 the employer do not guarantee any of the investments in the
6 employee's account balances.

7 (e) The self-managed plan shall be funded by contributions
8 pursuant to salary reduction agreements for employees
9 participating in the self-managed plan and employer
10 contributions as provided in Section 14-131.1 of this Code.
11 Employees may make additional contributions to the
12 self-managed plan in accordance with the procedures prescribed
13 by the plan sponsor, to the extent permitted under rules
14 prescribed by the plan sponsor. Employee and employer
15 contributions shall be paid into the participants'
16 self-managed plan accounts in a manner to be prescribed by the
17 plan sponsor.

18 (f) A participant in the self-managed plan becomes vested
19 in the employer contributions credited to his or her accounts
20 in the self-managed plan on the earliest to occur of the
21 following: (1) completion of 5 years of service with an
22 employer covered by Article 14 of this Code or (2) if the
23 participant has completed at least 1 1/2 years of service, the
24 death of the participating employee while employed by an
25 employer covered by Article 14 of this Code.

26 (g) If an employee who is vested in employer contributions

1 terminates employment, the employee shall be entitled to a
2 benefit that is based on the account values attributable to
3 both employer and employee contributions and any investment
4 return on those contributions. If an employee who is not vested
5 in employer contributions terminates employment, the employee
6 shall be entitled to a benefit based solely on the account
7 values attributable to the employee's contributions and any
8 investment return on those contributions, and the employer
9 contributions and any investment return on those contributions
10 shall be forfeited. Any employer contributions that are
11 forfeited shall be held in escrow by the company investing
12 those contributions and shall be used as directed by the System
13 for future allocations of employer contributions.

14 The employee contribution shall be made as an "employer
15 pick up" under Section 414(h) of the Internal Revenue Code of
16 1986 or any successor Section thereof. In no event shall an
17 employee have an option of receiving these amounts in cash, and
18 payment of the employee contribution shall be a condition of
19 employment. The employee contribution shall be deducted from
20 the employee's compensation in the amount specified by
21 subparagraph (F) of paragraph (7) of subsection (a) of Section
22 14-133, unless the employer agrees to pick up and pay the
23 employee contribution in addition to the employee's
24 compensation, pursuant to Section 14-133.1.

25 The program shall provide for employer contributions to be
26 credited to each self-managed plan participant at a rate of 6%

1 of the participating member's compensation. The amounts so
2 credited shall be paid into the member's self-managed plan
3 account in a manner to be prescribed by the System. The program
4 shall also provide for employer contributions to be used by the
5 System to provide disability benefits for the participant.
6 Prior to the beginning of each plan year under the self-managed
7 plan, the Board of Trustees shall determine, as a percentage of
8 compensation, the amount of employer contributions to be
9 allocated during that plan year for providing disability
10 benefits for members in the self-managed plan.

11 The State of Illinois shall make contributions by
12 appropriations to the System of the employer contributions
13 required for employees who participate in the self-managed plan
14 under this Section. The amount required shall be certified by
15 the Board of Trustees of the System and paid by the State in
16 accordance with Section 14-131. The System shall not be
17 obligated to remit the required employer contributions to any
18 person or entity until it has received the required employer
19 contributions from the State.

20 A member under this Section shall be entitled to the
21 benefits of Article 20 of this Code.

22 (40 ILCS 5/14-108.2f new)

23 Sec. 14-108.2f. Revised benefit package.

24 (a) The provisions of this Section apply to a person who,
25 on or after January 1, 2011, first becomes an employee under

1 this Article, and any member who elects this benefit package
2 pursuant to Section 14-108.2d, but do not apply to the
3 self-managed plan established under this Article.

4 (b) "Final average compensation" means the average annual
5 compensation obtained by dividing the total compensation
6 calculated under the Article applicable to the member during
7 the 8 consecutive years of service within the last 10 years of
8 service in which the total compensation calculated under this
9 Article was the highest by the number of years of service in
10 that period.

11 (b-5) For all purposes under this Article (including
12 without limitation the calculation of benefits and employee
13 contributions and contributions by the State of Illinois under
14 subsection (a) of Section 14-131.1 with respect to the revised
15 benefit package), the annual compensation of a member shall not
16 exceed \$106,800; however, that amount shall annually
17 thereafter be increased by the lesser of (i) 3% of that amount,
18 including all previous adjustments, or (ii) one-half the annual
19 unadjusted percentage increase (but not less than zero) in the
20 consumer price index-u for the 12 months ending with the
21 September preceding each November 1, including all previous
22 adjustments.

23 For the purposes of this Section, "consumer price index-u"
24 means the index published by the Bureau of Labor Statistics of
25 the United States Department of Labor that measures the average
26 change in prices of goods and services purchased by all urban

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

6 Beginning on July 1, 2013, the maximum annual compensation
7 amount shall be adjusted to \$110,100, as adjusted for periods
8 after 2012 based on the methodology and formula used to
9 calculate annual increases in wages under 42 U.S.C. Section
10 415(a) for purposes of computing benefits and adjusting wages
11 under the federal Social Security program. Each year thereafter
12 on January 1, this amount shall be adjusted based on the
13 methodology and formula used to calculate annual increases in
14 wages under 42 U.S.C. Section 415(a) for purposes of computing
15 benefits and adjusting wages under the federal Social Security
16 program.

17 (c) A member is entitled to a retirement annuity upon
18 written application if he or she has attained age 67 and has at
19 least 10 years of service credit and is otherwise eligible
20 under the requirements of this Article. A member who has
21 attained age 62 and has at least 10 years of service credit and
22 is otherwise eligible under the requirements of this Article
23 may elect to receive the lower retirement annuity provided in
24 subsection (d) of this Section.

25 (d) The retirement annuity of a member who is retiring
26 after attaining age 62 with at least 10 years of service credit

1 shall be reduced by one-half of 1% for each full month that the
2 member's age is under age 67.

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

15 (f) The initial survivor's annuity of an otherwise eligible
16 survivor of a retired member shall be in the amount of 66 2/3%
17 of the retired member's retirement annuity at the date of
18 death. In the case of the death of a member who has not retired
19 and, eligibility for a survivor's or widow's annuity shall be
20 determined by this Article. The initial benefit shall be 66
21 2/3% of the earned annuity without a reduction due to age. Any
22 survivor's annuity shall be increased (1) on each January 1
23 occurring on or after the commencement of the annuity if the
24 deceased member died while receiving a retirement annuity or
25 (2) in other cases, on each January 1 occurring after the first
26 anniversary of the commencement of the annuity. Each annual

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

10 (g) If a person who first becomes an employee on or after
11 January 1, 2011 is receiving a retirement annuity and becomes a
12 member or participant under any other system or fund created by
13 this Code and is employed on a full-time basis, then the
14 person's retirement annuity shall be suspended during that
15 employment. Upon termination of that employment, the person's
16 retirement annuity payments shall resume and be recalculated.

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

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

4 (i) Notwithstanding any other provision of this Section, a
5 participant in the revised benefit package provided by this
6 Section shall have the option to enroll in the self-managed
7 plan created under Section 14-108.2e.

8 (40 ILCS 5/14-109.1 new)

9 Sec. 14-109.1. Minimum benefit and allocation provisions.
10 Each noncovered member participating in the System shall
11 receive a minimum benefit or allocation for service on or after
12 July 1, 2013 determined as follows:

13 (1) If the noncovered member is participating in the
14 traditional benefit package provided under paragraph (1) of
15 subsection (a) of Section 14-108.2d of this Code or the revised
16 benefit package provided under paragraph (2) of subsection (a)
17 of Section 14-108.2d of this Code, the employee shall receive a
18 minimum benefit (commencing on his or her Social Security
19 retirement age) for the employee's period of service covered by
20 each such defined benefit package that is equal to the annual
21 primary insurance amount the employee would have under Social
22 Security for such period of service. For the purposes of this
23 item (1), the primary insurance amount an individual would have
24 under Social Security shall be calculated so that the System
25 meets the requirements necessary to be considered a retirement

1 system under Section 3121(b) (7) (F) of the Internal Revenue Code
2 and the regulations in effect thereunder.

3 (2) If the noncovered member is participating in the
4 self-managed plan provided under Section 14-108.2e of this
5 Code, the member shall receive a minimum allocation equal to
6 7.5% of the member's compensation for service during the
7 period. All contributions shall be taken into account for this
8 purpose. For the purposes of this paragraph (2), the minimum
9 allocation shall be calculated so that the System meets the
10 requirements necessary to be considered a retirement system
11 under Section 3121(b) (7) (F) of the Internal Revenue Code and
12 the regulations in effect thereunder.

13 (40 ILCS 5/14-131)

14 Sec. 14-131. Contributions by State.

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

22 For the purposes of this Section and Section 14-135.08,
23 references to State contributions refer only to employer
24 contributions and do not include employee contributions that
25 are picked up or otherwise paid by the State or a department on

1 behalf of the employee.

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

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

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

24 (c) Contributions shall be made by the several departments
25 for each pay period by warrants drawn by the State Comptroller
26 against their respective funds or appropriations based upon

1 vouchers stating the amount to be so contributed. These amounts
2 shall be based on the full rate certified by the Board under
3 Section 14-135.08 for that fiscal year. From the effective date
4 of this amendatory Act of the 93rd General Assembly through the
5 payment of the final payroll from fiscal year 2004
6 appropriations, the several departments shall not make
7 contributions for the remainder of fiscal year 2004 but shall
8 instead make payments as required under subsection (a-1) of
9 Section 14.1 of the State Finance Act. The several departments
10 shall resume those contributions at the commencement of fiscal
11 year 2005.

12 (c-1) Notwithstanding subsection (c) of this Section, for
13 fiscal years 2010 and 2012 only, contributions by the several
14 departments are not required to be made for General Revenue
15 Funds payrolls processed by the Comptroller. Payrolls paid by
16 the several departments from all other State funds must
17 continue to be processed pursuant to subsection (c) of this
18 Section.

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

26 (d) If an employee is paid from trust funds or federal

1 funds, the department or other employer shall pay employer
2 contributions from those funds to the System at the certified
3 rate, unless the terms of the trust or the federal-State
4 agreement preclude the use of the funds for that purpose, in
5 which case the required employer contributions shall be paid by
6 the State. From the effective date of this amendatory Act of
7 the 93rd General Assembly through the payment of the final
8 payroll from fiscal year 2004 appropriations, the department or
9 other employer shall not pay contributions for the remainder of
10 fiscal year 2004 but shall instead make payments as required
11 under subsection (a-1) of Section 14.1 of the State Finance
12 Act. The department or other employer shall resume payment of
13 contributions at the commencement of fiscal year 2005.

14 (e) For State fiscal years 2014 ~~2012~~ through 2045, the
15 minimum contribution to the System to be made by the State for
16 each fiscal year shall be an amount equal to the sum of (i) the
17 contribution determined under Section 14-131.1, plus (ii) an
18 amount determined by the System to be sufficient to bring the
19 total assets of the System up to 90% of the total actuarial
20 liabilities of the System by the end of State fiscal year 2045.
21 In making the ~~these~~ determinations under item (ii) of this
22 subsection (e), for State fiscal years 2017 through 2045, the
23 required State contribution shall be calculated each year as a
24 level percentage of revenue provided by the individual income
25 tax, sales tax, and corporate income tax assuming a 2.3%
26 average annual growth rate in these revenues based on the most

1 recent fiscal year's actual revenues as reported by the
2 Commission on Government Forecasting and Accountability
3 ~~payroll~~ over the years remaining to and including fiscal year
4 2045 and shall be determined under the projected unit credit
5 actuarial cost method.

6 Notwithstanding any other provision of this Article, for
7 ~~For~~ State fiscal years 2014 ~~1996~~ through 2016 ~~2005~~, the State
8 contribution to the System under item (ii) of this subsection
9 (e), as a percentage of State revenue from the individual
10 income tax, sales tax, and corporate income tax ~~the applicable~~
11 ~~employee payroll~~, shall be increased in equal annual increments
12 so that by State fiscal year 2017 ~~2011~~, the State is
13 contributing at the rate required under this Section.

14 For State fiscal years 2014 through 2045, the total State
15 contribution required in each fiscal year under this subsection
16 (e) must not be less than 100% of the prior fiscal year's
17 actual or required contribution, whichever is greater.

18 Notwithstanding any other provision of this Article, the
19 total required State contribution for this System for State
20 fiscal year 2013 shall be \$1,697,411,761.

21 ~~For, except that (i) for~~ State fiscal year 1998, for all
22 purposes of this Code and any other law of this State, the
23 certified percentage of the applicable employee payroll shall
24 be 5.052% for employees earning eligible creditable service
25 under Section 14-110 and 6.500% for all other employees,
26 notwithstanding any contrary certification made under Section

1 14-135.08 before the effective date of this amendatory Act of
2 1997. ~~In, and (ii) in~~ the following specified State fiscal
3 years, the State contribution to the System shall not be less
4 than the following indicated percentages of the applicable
5 employee payroll, even if the indicated percentage will produce
6 a State contribution in excess of the amount otherwise required
7 under this subsection and subsection (a): 9.8% in FY 1999;
8 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY 2002; 10.6% in
9 FY 2003; and 10.8% in FY 2004.

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

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

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

22 Notwithstanding any other provision of this Article, the
23 total required State General Revenue Fund contribution for
24 State fiscal year 2010 is \$723,703,100 and shall be made from
25 the proceeds of bonds sold in fiscal year 2010 pursuant to
26 Section 7.2 of the General Obligation Bond Act, less (i) the

1 pro rata share of bond sale expenses determined by the System's
2 share of total bond proceeds, (ii) any amounts received from
3 the General Revenue Fund in fiscal year 2010, and (iii) any
4 reduction in bond proceeds due to the issuance of discounted
5 bonds, if applicable.

6 Notwithstanding any other provision of this Article, the
7 total required State General Revenue Fund contribution for
8 State fiscal year 2011 is the amount recertified by the System
9 on or before April 1, 2011 pursuant to Section 14-135.08 and
10 shall be made from the proceeds of bonds sold in fiscal year
11 2011 pursuant to Section 7.2 of the General Obligation Bond
12 Act, less (i) the pro rata share of bond sale expenses
13 determined by the System's share of total bond proceeds, (ii)
14 any amounts received from the General Revenue Fund in fiscal
15 year 2011, and (iii) any reduction in bond proceeds due to the
16 issuance of discounted bonds, if applicable.

17 Beginning in State fiscal year 2046, the minimum State
18 contribution shall be an amount equal to the contribution
19 determined under Section 14-131.1, plus an amount sufficient
20 ~~for each fiscal year shall be the amount needed~~ to maintain the
21 total assets of the System at 90% of the total actuarial
22 liabilities of the System.

23 Amounts received by the System pursuant to Section 25 of
24 the Budget Stabilization Act or Section 8.12 of the State
25 Finance Act in any fiscal year do not reduce and do not
26 constitute payment of any portion of the minimum State

1 contribution required under this Article in that fiscal year.
2 Such amounts shall not reduce, and shall not be included in the
3 calculation of, the required State contributions under this
4 Article in any future year until the System has reached a
5 funding ratio of at least 90%. A reference in this Article to
6 the "required State contribution" or any substantially similar
7 term does not include or apply to any amounts payable to the
8 System under Section 25 of the Budget Stabilization Act.

9 Notwithstanding any other provision of this Section, the
10 required State contribution for State fiscal year 2005 and for
11 fiscal year 2008 and each fiscal year thereafter until fiscal
12 year 2013, as calculated under this Section and certified under
13 Section 14-135.08, shall not exceed an amount equal to (i) the
14 amount of the required State contribution that would have been
15 calculated under this Section for that fiscal year if the
16 System had not received any payments under subsection (d) of
17 Section 7.2 of the General Obligation Bond Act, minus (ii) the
18 portion of the State's total debt service payments for that
19 fiscal year on the bonds issued in fiscal year 2003 for the
20 purposes of that Section 7.2, as determined and certified by
21 the Comptroller, that is the same as the System's portion of
22 the total moneys distributed under subsection (d) of Section
23 7.2 of the General Obligation Bond Act. In determining this
24 maximum for State fiscal years 2008 through 2010, however, the
25 amount referred to in item (i) shall be increased, as a
26 percentage of the applicable employee payroll, in equal

1 increments calculated from the sum of the required State
2 contribution for State fiscal year 2007 plus the applicable
3 portion of the State's total debt service payments for fiscal
4 year 2007 on the bonds issued in fiscal year 2003 for the
5 purposes of Section 7.2 of the General Obligation Bond Act, so
6 that, by State fiscal year 2011, the State is contributing at
7 the rate otherwise required under this Section.

8 (f) After the submission of all payments for eligible
9 employees from personal services line items in fiscal year 2004
10 have been made, the Comptroller shall provide to the System a
11 certification of the sum of all fiscal year 2004 expenditures
12 for personal services that would have been covered by payments
13 to the System under this Section if the provisions of this
14 amendatory Act of the 93rd General Assembly had not been
15 enacted. Upon receipt of the certification, the System shall
16 determine the amount due to the System based on the full rate
17 certified by the Board under Section 14-135.08 for fiscal year
18 2004 in order to meet the State's obligation under this
19 Section. The System shall compare this amount due to the amount
20 received by the System in fiscal year 2004 through payments
21 under this Section and under Section 6z-61 of the State Finance
22 Act. If the amount due is more than the amount received, the
23 difference shall be termed the "Fiscal Year 2004 Shortfall" for
24 purposes of this Section, and the Fiscal Year 2004 Shortfall
25 shall be satisfied under Section 1.2 of the State Pension Funds
26 Continuing Appropriation Act. If the amount due is less than

1 the amount received, the difference shall be termed the "Fiscal
2 Year 2004 Overpayment" for purposes of this Section, and the
3 Fiscal Year 2004 Overpayment shall be repaid by the System to
4 the Pension Contribution Fund as soon as practicable after the
5 certification.

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

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

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

21 (i) After the submission of all payments for eligible
22 employees from personal services line items paid from the
23 General Revenue Fund in fiscal year 2010 have been made, the
24 Comptroller shall provide to the System a certification of the
25 sum of all fiscal year 2010 expenditures for personal services
26 that would have been covered by payments to the System under

1 this Section if the provisions of this amendatory Act of the
2 96th General Assembly had not been enacted. Upon receipt of the
3 certification, the System shall determine the amount due to the
4 System based on the full rate certified by the Board under
5 Section 14-135.08 for fiscal year 2010 in order to meet the
6 State's obligation under this Section. The System shall compare
7 this amount due to the amount received by the System in fiscal
8 year 2010 through payments under this Section. If the amount
9 due is more than the amount received, the difference shall be
10 termed the "Fiscal Year 2010 Shortfall" for purposes of this
11 Section, and the Fiscal Year 2010 Shortfall shall be satisfied
12 under Section 1.2 of the State Pension Funds Continuing
13 Appropriation Act. If the amount due is less than the amount
14 received, the difference shall be termed the "Fiscal Year 2010
15 Overpayment" for purposes of this Section, and the Fiscal Year
16 2010 Overpayment shall be repaid by the System to the General
17 Revenue Fund as soon as practicable after the certification.

18 (j) After the submission of all payments for eligible
19 employees from personal services line items paid from the
20 General Revenue Fund in fiscal year 2011 have been made, the
21 Comptroller shall provide to the System a certification of the
22 sum of all fiscal year 2011 expenditures for personal services
23 that would have been covered by payments to the System under
24 this Section if the provisions of this amendatory Act of the
25 96th General Assembly had not been enacted. Upon receipt of the
26 certification, the System shall determine the amount due to the

1 System based on the full rate certified by the Board under
2 Section 14-135.08 for fiscal year 2011 in order to meet the
3 State's obligation under this Section. The System shall compare
4 this amount due to the amount received by the System in fiscal
5 year 2011 through payments under this Section. If the amount
6 due is more than the amount received, the difference shall be
7 termed the "Fiscal Year 2011 Shortfall" for purposes of this
8 Section, and the Fiscal Year 2011 Shortfall shall be satisfied
9 under Section 1.2 of the State Pension Funds Continuing
10 Appropriation Act. If the amount due is less than the amount
11 received, the difference shall be termed the "Fiscal Year 2011
12 Overpayment" for purposes of this Section, and the Fiscal Year
13 2011 Overpayment shall be repaid by the System to the General
14 Revenue Fund as soon as practicable after the certification.

15 (k) For fiscal year 2012 only, after the submission of all
16 payments for eligible employees from personal services line
17 items paid from the General Revenue Fund in the fiscal year
18 have been made, the Comptroller shall provide to the System a
19 certification of the sum of all expenditures in the fiscal year
20 for personal services. Upon receipt of the certification, the
21 System shall determine the amount due to the System based on
22 the full rate certified by the Board under Section 14-135.08
23 for the fiscal year in order to meet the State's obligation
24 under this Section. The System shall compare this amount due to
25 the amount received by the System for the fiscal year. If the
26 amount due is more than the amount received, the difference

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

9 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;
10 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.
11 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11.)

12 (40 ILCS 5/14-131.1 new)

13 Sec. 14-131.1. Additional State contributions.

14 (a) In fiscal year 2014, 2015, and 2016, the following
15 rules apply in determining the additional contributions by the
16 State of Illinois:

17 (1) With respect to covered employees who (i)
18 participate in the traditional or revised benefit package
19 or the self-managed plan and (ii) are subject to paragraph
20 (1) of subsection (a) of Section 14-133, 4.04% of
21 pensionable payroll.

22 (2) With respect to noncovered employees who (i)
23 participate in the traditional or revised benefit package
24 or the self-managed plan and (ii) are subject to paragraph
25 (2), (3), or (6) of subsection (a) of Section 14-133, 6.00%

1 of pensionable payroll.

2 (3) With respect to covered employees who (i)
3 participate in the traditional or revised benefit package
4 or the self-managed plan and (ii) are subject to paragraph
5 (4) or (5) of subsection (a) of Section 14-133, 4.46% of
6 pensionable payroll.

7 (b) In fiscal year 2017 and in each fiscal year thereafter,
8 the following rules apply in determining the additional
9 contributions by the State of Illinois:

10 (1) With respect to covered employees who (i)
11 participate in the traditional or revised benefit package
12 or the self-managed plan and (ii) are subject to paragraph
13 (1) of subsection (a) of Section 14-133, one half of the
14 actuarially determined long term normal cost of the revised
15 benefit package as calculated in fiscal year 2014.

16 (2) With respect to noncovered employees who (i)
17 participate in the traditional or revised benefit package
18 or the self-managed plan and (ii) are subject to paragraph
19 (2), (3), or (6) of subsection (a) of Section 14-133, 6.00%
20 of total compensation for the employee group.

21 (3) With respect to covered employees who (i)
22 participate in the traditional or revised benefit package
23 or the self-managed plan and (ii) are subject to paragraph
24 (4) or (5) of subsection (a) of Section 14-133, one half of
25 the actuarially determined long term normal cost of the
26 revised benefit package as calculated in fiscal year 2014.

1 For purposes of this subsection (b), long term normal cost
2 shall be defined as the normal cost of the revised benefit
3 package assuming that all employees are covered under the
4 revised benefit package.

5 (c) For all employees covered under the self-managed plan,
6 the State of Illinois shall contribute an amount determined by
7 the System to be sufficient to fund the disability benefits
8 provided under this Article.

9 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

11 (a) Each participating employee shall make contributions
12 to the System, based on the employee's compensation, as
13 follows:

14 (1) Covered employees, except as indicated below, 3.5%
15 for retirement annuity, and 0.5% for a widow or survivors
16 annuity;

17 (2) Noncovered employees, except as indicated below,
18 7% for retirement annuity and 1% for a widow or survivors
19 annuity;

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

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

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

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, 1% for a widow or survivors annuity
16 plus the following amount for retirement annuity: 8.5%
17 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and
18 11.5% in 2004 and thereafter.

19 (7) Notwithstanding anything in this Section to the
20 contrary, beginning July 1, 2013, all participating
21 employees shall be required to make the following
22 contributions:

23 (A) Covered employees who elect the traditional
24 benefit package provided under paragraph (1) of
25 subsection (a) of Section 14-108.2d of this Code and
26 who are subject to paragraph (1) of subsection (a) of

1 Section 14-133 shall contribute:

2 (I) In fiscal year 2014, fiscal year 2015, and
3 fiscal year 2016, 9.29%.

4 (II) In fiscal year 2017 and in each fiscal
5 year thereafter, a percentage of compensation
6 equal to the actuarially determined fiscal year
7 2017 normal cost of the traditional benefit
8 package, minus contributions by the State of
9 Illinois in fiscal year 2017 under paragraph (1) of
10 subsection (a) of Section 14-131.1, provided that
11 no employee's contribution shall be more than 2%
12 greater than the employee contribution certified
13 for fiscal year 2014.

14 (B) Noncovered employees who elect the traditional
15 benefit package provided under paragraph (1) of
16 subsection (a) of Section 14-108.2d of this Code and
17 who are subject to either paragraph (3) or (6) of
18 subsection (a) of Section 14-133 shall contribute:

19 (I) In fiscal year 2014, fiscal year 2015, and
20 fiscal year 2016, an amount equal to 18.91% of
21 compensation.

22 (II) In fiscal year 2017 and in each fiscal
23 year thereafter, a percentage of compensation
24 equal to the actuarially determined fiscal year
25 2017 normal cost of the traditional benefit
26 package, minus contributions by the State of

1 Illinois in fiscal year 2017 under paragraph (2) of
2 subsection (a) of Section 14-131.1, provided that
3 no employee's contribution shall be less than 6% or
4 more than 20.91% of compensation.

5 (C) Covered employees who elect the traditional
6 benefit package provided under paragraph (1) of
7 subsection (a) of Section 14-108.2d of this Code and
8 who are subject to either paragraph (4) or (5) of
9 subsection (a) of Section 14-133 shall contribute:

10 (I) In fiscal year 2014, fiscal year 2015, and
11 fiscal year 2016, 16.65%.

12 (II) In fiscal year 2017 and in each fiscal
13 year thereafter, a percentage of compensation
14 equal to the actuarially determined fiscal year
15 2017 normal cost of the traditional benefit
16 package, minus contributions by the State of
17 Illinois in fiscal year 2017 under paragraph (3) of
18 subsection (a) of Section 14-131.1, provided that
19 no employee's contribution shall be more than 2%
20 greater than the employee contribution certified
21 for fiscal year 2014.

22 (D) Noncovered employees who elect the traditional
23 benefit package provided under paragraph (1) of
24 subsection (a) of Section 14-108.2d of this Code and
25 who are subject to paragraph (2) of subsection (a) of
26 Section 14-133 shall contribute:

1 (I) In fiscal year 2014, fiscal year 2015, and
2 fiscal year 2016, an amount equal to 9.29% of
3 compensation.

4 (II) In fiscal year 2017 and in each fiscal
5 year thereafter, a percentage of compensation
6 equal to the actuarially determined fiscal year
7 2017 normal cost of the traditional benefit
8 package, minus contributions by the State of
9 Illinois in fiscal year 2017 under paragraph (2) of
10 subsection (a) of Section 14-131.1, provided that
11 no employee's contribution shall be less than 6% or
12 more than 2% greater than the employee's
13 contribution certified for fiscal year 2014.

14 (E) Employees who elect the revised benefit
15 package provided under paragraph (2) of subsection (a)
16 of Section 14-108.2d of this Code shall contribute a
17 percentage of compensation determined as follows:

18 (I) In fiscal year 2014 and in each fiscal year
19 thereafter, covered employees who are subject to
20 paragraph (1) of subsection (a) of Section 14-133
21 shall contribute one half of the actuarially
22 determined long term normal cost of the revised
23 benefit package as calculated in fiscal year 2014.

24 (II) In fiscal year 2014 and in each fiscal
25 year thereafter, covered employees who are subject
26 to either paragraph (4) or (5) of subsection (a) of

1 Section 14-133 shall contribute one half of the
2 actuarially determined long term normal cost of
3 the revised benefit package as calculated in
4 fiscal year 2014.

5 (III) In fiscal year 2014 and in each fiscal
6 year thereafter, noncovered employees who are
7 subject to either paragraph (2), (3), or (6) of
8 subsection (a) of Section 14-133 shall contribute
9 an amount equal to the greater of the actuarially
10 determined long term normal cost of the revised
11 benefit package as calculated in fiscal year 2014
12 or 12%, minus contributions by the State of
13 Illinois in fiscal year 2014 under paragraph (2) of
14 subsection (a) of Section 14-131.1.

15 Contributions under this subparagraph (E) shall be
16 based on pensionable payroll.

17 (F) In fiscal year 2014 and in each fiscal year
18 thereafter, employees who elect the self-managed plan
19 provided under paragraph (3) of subsection (a) of
20 Section 14-108.2d of this Code shall contribute a
21 minimum percentage of compensation determined as
22 follows:

23 (I) Covered employees who are subject to
24 paragraph (1) of subsection (a) of Section 14-133
25 shall contribute one half of the actuarially
26 determined long term normal cost of the revised

1 benefit package as calculated in fiscal year 2014.

2 (II) Covered employees who are subject to
3 either paragraph (4) or (5) of subsection (a) of
4 Section 14-133 shall contribute one half of the
5 actuarially determined long term normal cost of
6 the revised benefit package as calculated in
7 fiscal year 2014.

8 (III) Noncovered employees who are subject to
9 either paragraph (2), (3) or (6) of subsection (a)
10 of Section 14-133 shall contribute 6% of
11 compensation.

12 Employees who elect the self-managed plan provided
13 under paragraph (3) of subsection (a) of Section
14 14-108.2d of this Code may elect to increase the
15 employee contribution in accordance with rules
16 prescribed by the Board.

17 The System shall certify the actuarially determined
18 normal cost and long term normal cost amounts, and the
19 amount of the required employee contribution, as provided
20 above. For purposes of this paragraph (7), long term normal
21 cost shall be defined as the normal cost of the revised
22 benefit package assuming that all employees are
23 participants under the revised benefit package.

24 (b) Contributions shall be in the form of a deduction from
25 compensation and shall be made notwithstanding that the
26 compensation paid in cash to the employee shall be reduced

1 thereby below the minimum prescribed by law or regulation. Each
2 member is deemed to consent and agree to the deductions from
3 compensation provided for in this Article, and shall receipt in
4 full for salary or compensation.

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

6 (40 ILCS 5/14-133.2 new)

7 Sec. 14-133.2. Increases in participant contributions. If
8 the employee contribution required under Section 14-133
9 increases for any employee pursuant to this amendatory Act of
10 the 97th General Assembly, the additional employee
11 contribution in excess of the prior employee contribution shall
12 be deducted from the employee's compensation unless the
13 department that employs such employee agrees pursuant to
14 Section 414(h) of the Internal Revenue Code to pick up and pay
15 part or all of such increased contribution in addition to the
16 employee's compensation.

17 (40 ILCS 5/14-202 new)

18 Sec. 14-202. Qualified plan status. No provision of this
19 Article shall be interpreted in a way that would cause the
20 System to cease to be a qualified plan under Section 401(a) of
21 the Internal Revenue Code.

22 (40 ILCS 5/15-103.4 new)

23 Sec. 15-103.4. Revised benefit package. "Revised benefit

1 package": The defined benefit retirement program maintained
2 under the System as provided by Public Act 96-889 and described
3 in Section 15-134.6.

4 (40 ILCS 5/15-113.6) (from Ch. 108 1/2, par. 15-113.6)

5 Sec. 15-113.6. Service for employment in public schools.
6 "Service for employment in public schools": Includes those
7 periods not exceeding the lesser of 10 years or 2/3 of the
8 service granted under other Sections of this Article dealing
9 with service credit, during which a person who entered the
10 system after September 1, 1974 was employed full time by a
11 public common school, public college and public university, or
12 by an agency or instrumentality of any of the foregoing, of any
13 state, territory, dependency or possession of the United States
14 of America, including the Philippine Islands, or a school
15 operated by or under the auspices of any agency or department
16 of any other state, if the person (1) cannot qualify for a
17 retirement pension or other benefit based upon employer
18 contributions from another retirement system, exclusive of
19 federal social security, based in whole or in part upon this
20 employment, and (2) pays the lesser of (A) an amount equal to
21 8% of his or her annual basic compensation on the date of
22 becoming a participating employee subsequent to this service
23 multiplied by the number of years of such service, together
24 with compound interest from the date participation begins to
25 the date payment is received by the board at the rate of 6% per

1 annum through August 31, 1982, and at the effective rates after
2 that date, and (B) 50% of the actuarial value of the increase
3 in the retirement annuity provided by this service, and (3)
4 contributes for at least 5 years subsequent to this employment
5 to one or more of the following systems: the State Universities
6 Retirement System, the Teachers' Retirement System of the State
7 of Illinois, and the Public School Teachers' Pension and
8 Retirement Fund of Chicago.

9 The service granted under this Section shall not be
10 considered in determining whether the person has the minimum of
11 8 years of service required to qualify for a retirement annuity
12 at age 55 or the 5 years of service required to qualify for a
13 retirement annuity at age 62, as provided in Section 15-135, or
14 the 10 years required by subsection (c) of Section 15-134.6
15 ~~1-160~~ for a person who first becomes a participant on or after
16 January 1, 2011. The maximum allowable service of 10 years for
17 this governmental employment shall be reduced by the service
18 credit which is validated under paragraph (2) of subsection (b)
19 of Section 16-127 and paragraph 1 of Section 17-133.

20 (Source: P.A. 95-83, eff. 8-13-07; 96-1490, eff. 1-1-11.)

21 (40 ILCS 5/15-134) (from Ch. 108 1/2, par. 15-134)

22 Sec. 15-134. Participant.

23 (a) Each person shall, as a condition of employment, become
24 a participant and be subject to this Article on the date that
25 he or she becomes an employee, makes an election to participate

1 in, or otherwise becomes a participant in one of the retirement
2 programs offered under this Article, whichever date is later.

3 An employee who becomes a participant shall continue to be
4 a participant until he or she becomes an annuitant, dies or
5 accepts a refund of contributions. For purposes of subsection
6 (f) of Section 15-134.6 ~~1-160~~, the term "participant" shall
7 include a person receiving a retirement annuity.

8 (b) A person employed concurrently by 2 or more employers
9 is eligible to participate in the system on compensation
10 received from all employers.

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

12 (40 ILCS 5/15-134.5)

13 Sec. 15-134.5. Retirement program elections.

14 (a) All participating employees are participants under the
15 traditional benefit package prior to January 1, 1998.

16 Effective as of the date that an employer elects, as
17 described in Section 15-158.2, to offer to its employees the
18 portable benefit package and the self-managed plan as
19 alternatives to the traditional benefit package, each of that
20 employer's eligible employees (as defined in subsection (b))
21 shall be given the choice to elect which retirement program he
22 or she wishes to participate in with respect to all periods of
23 covered employment occurring on and after the effective date of
24 the employee's election. The retirement program election made
25 by an eligible employee must be made in writing, in the manner

1 prescribed by the System, and within the time period described
2 in subsection (d) or (d-1).

3 The employee election authorized by this Section is a
4 one-time, irrevocable election. If an employee terminates
5 employment after making the election provided under this
6 subsection (a), then upon his or her subsequent re-employment
7 with an employer the original election shall automatically
8 apply to him or her, provided that the employer is then a
9 participating employer as described in Section 15-158.2.

10 An eligible employee who fails to make this election shall,
11 by default, participate in the traditional benefit package.
12 Beginning on July 1, 2013, all participating employees who are
13 not participants in the self-managed plan, except persons who
14 qualify as employees under subsection (h) of Section 15-107 and
15 police officers, shall be required to make the election
16 provided under Section 15-134.7, and a participating employee
17 who fails to make such an election shall, by default,
18 participate in the revised benefit package.

19 (b) "Eligible employee" means an employee (as defined in
20 Section 15-107) who is either a currently eligible employee or
21 a newly eligible employee. For purposes of this Section, a
22 "currently eligible employee" is an employee who is employed by
23 an employer on the effective date on which the employer offers
24 to its employees the portable benefit package and the
25 self-managed plan as alternatives to the traditional benefit
26 package. A "newly eligible employee" is an employee who first

1 becomes employed by an employer after the effective date on
2 which the employer offers its employees the portable benefit
3 package and the self-managed plan as alternatives to the
4 traditional benefit package. A newly eligible employee
5 participates in the traditional benefit package until he or she
6 makes an election to participate in the portable benefit
7 package or the self-managed plan. If an employee does not elect
8 to participate in the portable benefit package or the
9 self-managed plan, he or she shall continue to participate in
10 the traditional benefit package by default.

11 (c) An eligible employee who at the time he or she is first
12 eligible to make the election described in subsection (a) does
13 not have sufficient age and service to qualify for a retirement
14 annuity under Section 15-135 may elect to participate in the
15 traditional benefit package, the portable benefit package, or
16 the self-managed plan. An eligible employee who has sufficient
17 age and service to qualify for a retirement annuity under
18 Section 15-135 at the time he or she is first eligible to make
19 the election described in subsection (a) may elect to
20 participate in the traditional benefit package or the portable
21 benefit package, but may not elect to participate in the
22 self-managed plan.

23 (d) A currently eligible employee must make this election
24 within one year after the effective date of the employer's
25 adoption of the self-managed plan.

26 A newly eligible employee must make this election within 6

1 months after the date on which the System receives the report
2 of status certification from the employer. If an employee
3 elects to participate in the self-managed plan, no employer
4 contributions shall be remitted to the self-managed plan when
5 the employee's account balance transfer is made. Employer
6 contributions to the self-managed plan shall commence as of the
7 first pay period that begins after the System receives the
8 employee's election.

9 (d-1) A newly eligible employee who, prior to the effective
10 date of this amendatory Act of the 91st General Assembly, fails
11 to make the election within the period provided under
12 subsection (d) and participates by default in the traditional
13 benefit package may make a late election to participate in the
14 portable benefit package or the self-managed plan instead of
15 the traditional benefit package at any time within 6 months
16 after the effective date of this amendatory Act of the 91st
17 General Assembly.

18 (e) If a currently eligible employee elects the portable
19 benefit package, that election shall not become effective until
20 the one-year anniversary of the date on which the election is
21 filed with the System, provided the employee remains
22 continuously employed by the employer throughout the one-year
23 waiting period, and any benefits payable to or on account of
24 the employee before such one-year waiting period has ended
25 shall not be determined under the provisions applicable to the
26 portable benefit package but shall instead be determined in

1 accordance with the traditional benefit package. If a currently
2 eligible employee who has elected the portable benefit package
3 terminates employment covered by the System before the one-year
4 waiting period has ended, then no benefits shall be determined
5 under the portable benefit package provisions while he or she
6 is inactive in the System and upon re-employment with an
7 employer covered by the System he or she shall begin a new
8 one-year waiting period before the provisions of the portable
9 benefit package become effective.

10 (f) An eligible employee shall be provided with written
11 information prepared or prescribed by the System which
12 describes the employee's retirement program choices. The
13 eligible employee shall be offered an opportunity to receive
14 counseling from the System prior to making his or her election.
15 This counseling may consist of videotaped materials, group
16 presentations, individual consultation with an employee or
17 authorized representative of the System in person or by
18 telephone or other electronic means, or any combination of
19 these methods.

20 (Source: P.A. 90-766, eff. 8-14-98; 91-887, eff. 7-6-00.)

21 (40 ILCS 5/15-134.6 new)

22 Sec. 15-134.6. Revised benefit package.

23 (a) The provisions of this Section apply to a person who,
24 on or after January 1, 2011, first becomes a participant under
25 this Article, and any person who elects this benefit package

1 pursuant to Section 15-134.7, but do not apply to the
2 self-managed plan established under this Article.

3 (b) "Final rate of earnings" means the average monthly (or
4 annual) earnings obtained by dividing the total earnings or
5 earnings calculated under this Article applicable to the
6 participant during the 96 consecutive months (or 8 consecutive
7 years) of service within the last 120 months (or 10 years) of
8 service in which the total earnings calculated under this
9 Article was the highest by the number of months (or years) of
10 service in that period.

11 (b-5) For all purposes under this Article (including
12 without limitation the calculation of benefits and employee
13 contributions and contributions by the State of Illinois under
14 paragraph (2) of Section 15-155.1 with respect to the revised
15 benefit package), the annual earnings of a participant to whom
16 this Section applies shall not exceed \$106,800; however, that
17 amount shall annually thereafter be increased by the lesser of
18 (i) 3% of that amount, including all previous adjustments, or
19 (ii) one half the annual unadjusted percentage increase (but
20 not less than zero) in the consumer price index-u for the 12
21 months ending with the September preceding each November 1,
22 including all previous adjustments.

23 For the purposes of this Section, "consumer price index-u"
24 means the index published by the Bureau of Labor Statistics of
25 the United States Department of Labor that measures the average
26 change in prices of goods and services purchased by all urban

1 consumers, United States city average, all items, 1982 84 =100.
2 The new amount resulting from each annual adjustment shall be
3 determined by the Public Pension Division of the Department of
4 Insurance and made available to the boards of the retirement
5 systems and pension funds by November 1 of each year.

6 Beginning on July 1, 2013, the maximum annual earnings
7 amount shall be adjusted to \$110,100, as adjusted for periods
8 after 2012 based on the methodology and formula used to
9 calculate annual increases in wages under 42 U.S.C. Section
10 415(a) for purposes of computing benefits and adjusting wages
11 under the federal Social Security program. Each year thereafter
12 on January 1, this amount shall be adjusted based on the
13 methodology and formula used to calculate annual increases in
14 wages under 42 U.S.C. Section 415(a) for purposes of computing
15 benefits and adjusting wages under the federal Social Security
16 program.

17 (c) A participant is entitled to a retirement annuity upon
18 written application if he or she has attained age 67 and has at
19 least 10 years of service credit and is otherwise eligible
20 under the requirements of this Article. A participant who has
21 attained age 62 and has at least 10 years of service credit and
22 is otherwise eligible under the requirements of this Article
23 may elect to receive the lower retirement annuity provided in
24 subsection (d) of this Section.

25 (d) The retirement annuity of a participant who is retiring
26 after attaining age 62 with at least 10 years of service credit

1 shall be reduced by one half of 1% for each full month that the
2 member's age is under age 67.

3 (e) Any retirement annuity or supplemental annuity shall be
4 subject to annual increases on the January 1 occurring either
5 on or after the attainment of age 67 or the first anniversary
6 of the annuity start date, whichever is later. Each annual
7 increase shall be calculated at 3% or 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, whichever is less, of the
11 originally granted retirement annuity. If the annual
12 unadjusted percentage change in the consumer price index-u for
13 the 12 months ending with the September preceding each November
14 1 is zero or there is a decrease, then the annuity shall not be
15 increased.

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

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

14 (g) If a person who first becomes a participant on or after
15 January 1, 2011 is receiving a retirement annuity under this
16 system and becomes a member or participant under any other
17 system or fund created by this Code and is employed on a
18 full-time basis, except for those members or participants
19 exempted from the provisions of this Section under subsection
20 (a) of this Section, then the person's retirement annuity shall
21 be suspended during that employment. Upon termination of that
22 employment, the person's retirement annuity shall resume and be
23 recalculated if recalculation is provided for under this
24 Article.

25 (h) Notwithstanding any other provision of this Section, a
26 participant in the revised benefit package provided by this

1 Section shall have the option to enroll in the self-managed
2 plan created under Section 15-158.2.

3 (i) In the case of a conflict between the provisions of
4 this Section and any other provision of this Code, the
5 provisions of this Section shall control.

6 (40 ILCS 5/15-134.7 new)

7 Sec. 15-134.7. Benefits accruals on and after July 1, 2013.

8 (a) Each participating employee under this Article, other
9 than a person who first becomes an employee and a participant
10 on or after January 1, 2011, a person who qualifies as an
11 employee under subsection (h) of Section 15-107, a person who
12 qualifies as a police officer, or a person who becomes an
13 employee and a participant before July 1, 2013 and who elects
14 the self-managed plan provided under Section 15-158.2, shall
15 elect which retirement program he or she wishes to participate
16 in with respect to all periods of service occurring on and
17 after July 1, 2013. The retirement program election made by the
18 participating employee must be made (i) no later than July 1,
19 2013 in the manner prescribed by the System, and (ii) if
20 applicable, every 3 years thereafter. The participating
21 employee shall elect one of the following retirement programs:

22 (1) the traditional or portable benefit package;

23 (2) the revised benefit package; or

24 (3) the self-managed plan provided by the System.

25 (b) A person who first becomes an employee and a

1 participant in the System, on or after January 1, 2011, shall
2 elect which retirement program he or she wishes to participate
3 in with respect to all periods of service occurring on and
4 after July 1, 2013. The participant shall elect one of the
5 retirement programs provided in paragraph (2) or (3) of
6 subsection (a) of this Section. The participant must make that
7 election (i) by June 30, 2013 or within 6 months after the
8 participant's first day of employment, whichever is later, and
9 (ii) if applicable, ever 3 years thereafter.

10 (c) The participant election authorized by this Section is
11 an irrevocable election, except that any individual making an
12 election for the benefit described in paragraph (1) or (2) of
13 subsection (a) shall make an election for a period of 3 years
14 and shall make a subsequent election during the benefit
15 recalculation period in the manner prescribed by the System.
16 The election shall be made in the manner prescribed by the
17 System. Any participant who fails to make the initial election
18 shall, by default, participate in the revised benefit package
19 provided under paragraph (2) of subsection (a) of this Section.

20 (d) Participants who have already made an election pursuant
21 to subsection (a) or (b) shall be given the opportunity to make
22 a new election as follows:

23 (1) each participant in the traditional benefit
24 package provided under paragraph (1) of subsection (a) of
25 this Section shall have the opportunity to elect to
26 terminate participation in the traditional benefit package

1 and to elect to have retirement benefits for future service
2 provided under either the revised benefit package provided
3 under paragraph (2) of subsection (a) of this Section or
4 the self-managed plan provided under paragraph (3) of
5 subsection (a) of this Section;

6 (2) each participant in the revised benefit package
7 provided under paragraph (2) of subsection (a) of this
8 Section shall have the opportunity to elect to terminate
9 participation in the revised benefit package and to elect
10 to have retirement benefits for future service provided
11 under the self-managed plan provided under paragraph (3) of
12 subsection (a) of this Section; and

13 (3) the elections permitted under paragraphs (1) and
14 (2) must be made during a 6-month period in a manner
15 prescribed by the System.

16 (e) If a participant with an accrued benefit under the
17 traditional or portable benefit package elects to participate
18 under the revised benefit package, the participant's total
19 accrued benefit for purposes of determining an annuity shall be
20 the sum of (i) the participant's benefit accruals under the
21 traditional or portable benefit package before the effective
22 date of the election, based on the participant's final rate of
23 earnings and service under the traditional or portable benefit
24 package as of the effective date of the election and frozen on
25 such date, and (ii) the participant's benefit accruals based on
26 the participant's final rate of earnings and service on and

1 after the effective date of the election under the revised
2 benefit package. All rights and features provided under the
3 traditional or portable benefit package will be preserved with
4 respect to benefits earned under such package with respect to
5 service completed prior to participation in the revised benefit
6 package. Participants who elect to participate under the
7 revised benefit package shall be entitled to the benefit of the
8 survivor's annuity provided under the revised benefit package
9 based upon all service completed under the System. All service
10 completed under the System shall count for purposes of
11 determining retirement eligibility and vesting under both the
12 traditional or portable defined benefit package and the revised
13 benefit package.

14 (f) If a participant with an accrued benefit under the
15 traditional, portable, or revised benefit package elects to
16 participate under the self-managed plan, the participant's
17 total accrued benefit for purposes of determining an annuity
18 shall be the participant's benefit accruals prior to the
19 effective date of the election, based on the participant's
20 final rate of earnings and service as of the effective date of
21 the election, and frozen on such date. However, the participant
22 shall also have an accrued self-managed plan benefit as
23 specified in subsection (k) of Section 15-158.2, for periods of
24 service on or after the effective date of the election. All
25 rights and features provided under the traditional, portable,
26 or revised benefit package will be preserved with respect to

1 benefits earned under such package with respect to service
2 completed prior to the election to participate in the
3 self-managed plan. All service completed with the System shall
4 count for purposes of determining retirement eligibility and
5 vesting under the traditional or portable benefit package, the
6 revised benefit package, and the self-managed plan.

7 (g) An individual who is a in the System, but is not a
8 participating employee as of July 1, 2013, shall, based on the
9 eligibility criteria specified in this Article, elect one of
10 the 3 retirement programs provided under paragraphs (1), (2),
11 or (3) of subsection (a) of this Section within 6 months after
12 becoming a participating employee, provided that a participant
13 who previously elected the self-managed plan provided under
14 Section 15-158.2 may not make a subsequent election of a
15 different retirement program.

16 (h) This Section does not apply to persons who qualify as
17 employees under subsection (h) of Section 15-107.

18 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

19 Sec. 15-136. Retirement annuities - Amount. The provisions
20 of this Section 15-136 apply only to those participants who are
21 participating in the traditional benefit package or the
22 portable benefit package and do not apply to participants who
23 are participating in the self-managed plan.

24 (a) The amount of a participant's retirement annuity,
25 expressed in the form of a single-life annuity, shall be

1 determined by whichever of the following rules is applicable
2 and provides the largest annuity:

3 Rule 1: The retirement annuity shall be 1.67% of final rate
4 of earnings for each of the first 10 years of service, 1.90%
5 for each of the next 10 years of service, 2.10% for each year
6 of service in excess of 20 but not exceeding 30, and 2.30% for
7 each year in excess of 30; or for persons who retire on or
8 after January 1, 1998, 2.2% of the final rate of earnings for
9 each year of service.

10 Rule 2: The retirement annuity shall be the sum of the
11 following, determined from amounts credited to the participant
12 in accordance with the actuarial tables and the prescribed rate
13 of interest in effect at the time the retirement annuity
14 begins:

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

18 (ii) an annuity from employer contributions of an
19 amount equal to that which can be provided on an
20 actuarially equivalent basis from the accumulated normal
21 contributions made by the participant under Section
22 15-113.6 and Section 15-113.7 plus 1.4 times all other
23 accumulated normal contributions made by the participant;
24 and

25 (iii) the annuity that can be provided on an
26 actuarially equivalent basis from the entire contribution

1 made by the participant under Section 15-113.3.

2 With respect to a police officer or firefighter who retires
3 on or after August 14, 1998, the accumulated normal
4 contributions taken into account under clauses (i) and (ii) of
5 this Rule 2 shall include the additional normal contributions
6 made by the police officer or firefighter under Section
7 15-157(a).

8 Beginning on July 1, 2013, for purposes of calculating an
9 annuity under this Rule 2, employee contributions in excess of
10 the employee contribution rates that apply to the annuity and
11 are in effect immediately prior to July 1, 2013 shall not be
12 considered when determining the participant's accumulated
13 normal contributions under clause (i) or the employer
14 contribution under clause (ii).

15 The amount of a retirement annuity calculated under this
16 Rule 2 shall be computed solely on the basis of the
17 participant's accumulated normal contributions, as specified
18 in this Rule and defined in Section 15-116. Neither an employee
19 or employer contribution for early retirement under Section
20 15-136.2 nor any other employer contribution shall be used in
21 the calculation of the amount of a retirement annuity under
22 this Rule 2.

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

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

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

21 Rule 4: A participant who is at least age 50 and has 25 or
22 more years of service as a police officer or firefighter, and a
23 participant who is age 55 or over and has at least 20 but less
24 than 25 years of service as a police officer or firefighter,
25 shall be entitled to a retirement annuity of 2 1/4% of the
26 final rate of earnings for each of the first 10 years of

1 service as a police officer or firefighter, 2 1/2% for each of
2 the next 10 years of service as a police officer or
3 firefighter, and 2 3/4% for each year of service as a police
4 officer or firefighter in excess of 20. The retirement annuity
5 for all other service shall be computed under Rule 1.

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

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

10 (ii) in the case of an individual who was a
11 participating employee employed in the fire department of
12 the University of Illinois's Champaign-Urbana campus
13 immediately prior to the elimination of that fire
14 department and who immediately after the elimination of
15 that fire department transferred to another job with the
16 University of Illinois, service performed as an employee of
17 the University of Illinois in a position other than police
18 officer or firefighter, from the date of that transfer
19 until the employee's next termination of service with the
20 University of Illinois.

21 Rule 5: The retirement annuity of a participant who elected
22 early retirement under the provisions of Section 15-136.2 and
23 who, on or before February 16, 1995, brought administrative
24 proceedings pursuant to the administrative rules adopted by the
25 System to challenge the calculation of his or her retirement
26 annuity shall be the sum of the following, determined from

1 amounts credited to the participant in accordance with the
2 actuarial tables and the prescribed rate of interest in effect
3 at the time the retirement annuity begins:

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

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

14 (iii) an annuity which can be provided on an
15 actuarially equivalent basis from the employee
16 contribution for early retirement under Section 15-136.2,
17 and an annuity from employer contributions of an amount
18 equal to that which can be provided on an actuarially
19 equivalent basis from the employee contribution for early
20 retirement under Section 15-136.2.

21 In no event shall a retirement annuity under this Rule 5 be
22 lower than the amount obtained by adding (1) the monthly amount
23 obtained by dividing the combined employee and employer
24 contributions made under Section 15-136.2 by the System's
25 annuity factor for the age of the participant at the beginning
26 of the annuity payment period and (2) the amount equal to the

1 participant's annuity if calculated under Rule 1, reduced under
2 Section 15-136(b) as if no contributions had been made under
3 Section 15-136.2.

4 With respect to a participant who is qualified for a
5 retirement annuity under this Rule 5 whose retirement annuity
6 began before the effective date of this amendatory Act of the
7 91st General Assembly, and for whom an employee contribution
8 was made under Section 15-136.2, the System shall recalculate
9 the retirement annuity under this Rule 5 and shall pay any
10 additional amounts due in the manner provided in Section
11 15-186.1 for benefits mistakenly set too low.

12 The amount of a retirement annuity calculated under this
13 Rule 5 shall be computed solely on the basis of those
14 contributions specifically set forth in this Rule 5. Except as
15 provided in clause (iii) of this Rule 5, neither an employee
16 nor employer contribution for early retirement under Section
17 15-136.2, nor any other employer contribution, shall be used in
18 the calculation of the amount of a retirement annuity under
19 this Rule 5.

20 The General Assembly has adopted the changes set forth in
21 Section 25 of this amendatory Act of the 91st General Assembly
22 in recognition that the decision of the Appellate Court for the
23 Fourth District in *Mattis v. State Universities Retirement*
24 *System et al.* might be deemed to give some right to the
25 plaintiff in that case. The changes made by Section 25 of this
26 amendatory Act of the 91st General Assembly are a legislative

1 implementation of the decision of the Appellate Court for the
2 Fourth District in *Mattis v. State Universities Retirement*
3 *System et al.* with respect to that plaintiff.

4 The changes made by Section 25 of this amendatory Act of
5 the 91st General Assembly apply without regard to whether the
6 person is in service as an employee on or after its effective
7 date.

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

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

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

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

25 (c) The maximum retirement annuity provided under Rules 1,
26 2, 4, and 5 shall be the lesser of (1) the annual limit of

1 benefits as specified in Section 415 of the Internal Revenue
2 Code of 1986, as such Section may be amended from time to time
3 and as such benefit limits shall be adjusted by the
4 Commissioner of Internal Revenue, and (2) 80% of final rate of
5 earnings.

6 (d) An annuitant whose status as an employee terminates
7 after August 14, 1969 shall receive automatic increases in his
8 or her retirement annuity as follows:

9 Effective January 1 immediately following the date the
10 retirement annuity begins, the annuitant shall receive an
11 increase in his or her monthly retirement annuity of 0.125% of
12 the monthly retirement annuity provided under Rule 1, Rule 2,
13 Rule 3, Rule 4, or Rule 5, contained in this Section,
14 multiplied by the number of full months which elapsed from the
15 date the retirement annuity payments began to January 1, 1972,
16 plus 0.1667% of such annuity, multiplied by the number of full
17 months which elapsed from January 1, 1972, or the date the
18 retirement annuity payments began, whichever is later, to
19 January 1, 1978, plus 0.25% of such annuity multiplied by the
20 number of full months which elapsed from January 1, 1978, or
21 the date the retirement annuity payments began, whichever is
22 later, to the effective date of the increase.

23 The annuitant shall receive an increase in his or her
24 monthly retirement annuity on each January 1 thereafter during
25 the annuitant's life of 3% of the monthly annuity provided
26 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in

1 this Section. The change made under this subsection by P.A.
2 81-970 is effective January 1, 1980 and applies to each
3 annuitant whose status as an employee terminates before or
4 after that date.

5 Beginning January 1, 1990, all automatic annual increases
6 payable under this Section shall be calculated as a percentage
7 of the total annuity payable at the time of the increase,
8 including all increases previously granted under this Article.

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

12 (e) If, on January 1, 1987, or the date the retirement
13 annuity payment period begins, whichever is later, the sum of
14 the retirement annuity provided under Rule 1 or Rule 2 of this
15 Section and the automatic annual increases provided under the
16 preceding subsection or Section 15-136.1, amounts to less than
17 the retirement annuity which would be provided by Rule 3, the
18 retirement annuity shall be increased as of January 1, 1987, or
19 the date the retirement annuity payment period begins,
20 whichever is later, to the amount which would be provided by
21 Rule 3 of this Section. Such increased amount shall be
22 considered as the retirement annuity in determining benefits
23 provided under other Sections of this Article. This paragraph
24 applies without regard to whether status as an employee
25 terminated before the effective date of this amendatory Act of
26 1987, provided that the annuitant was employed at least

1 one-half time during the period on which the final rate of
2 earnings was based.

3 (f) A participant is entitled to such additional annuity as
4 may be provided on an actuarially equivalent basis, by any
5 accumulated additional contributions to his or her credit.
6 However, the additional contributions made by the participant
7 toward the automatic increases in annuity provided under this
8 Section shall not be taken into account in determining the
9 amount of such additional annuity.

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

25 (h) On January 1, 1981, an annuitant who was receiving a
26 retirement annuity on or before January 1, 1971 shall have his

1 or her retirement annuity then being paid increased \$1 per
2 month for each year of creditable service. On January 1, 1982,
3 an annuitant whose retirement annuity began on or before
4 January 1, 1977, shall have his or her retirement annuity then
5 being paid increased \$1 per month for each year of creditable
6 service.

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

12 (Source: P.A. 93-347, eff. 7-24-03; 94-4, eff. 6-1-05.)

13 (40 ILCS 5/15-136.3)

14 Sec. 15-136.3. Minimum retirement annuity.

15 (a) Beginning January 1, 1997, any person who is receiving
16 a monthly retirement annuity under this Article which, after
17 inclusion of (1) all one-time and automatic annual increases to
18 which the person is entitled, (2) any supplemental annuity
19 payable under Section 15-136.1, and (3) any amount deducted
20 under Section 15-138 or 15-140 to provide a reversionary
21 annuity, is less than the minimum monthly retirement benefit
22 amount specified in subsection (b) of this Section, shall be
23 entitled to a monthly supplemental payment equal to the
24 difference.

25 (b) For purposes of the calculation in subsection (a), the

1 minimum monthly retirement benefit amount is the sum of \$25 for
2 each year of service credit, up to a maximum of 30 years of
3 service.

4 (c) This Section applies to all persons receiving a
5 retirement annuity under this Article, without regard to
6 whether or not employment terminated prior to the effective
7 date of this Section. The annual increase provided in
8 subsection (e) of Section 15-134.6 ~~1-160~~ does not apply to any
9 benefit provided under this Section.

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

11 (40 ILCS 5/15-136.4)

12 Sec. 15-136.4. Retirement and Survivor Benefits Under
13 Portable Benefit Package.

14 (a) This Section 15-136.4 describes the form of annuity and
15 survivor benefits available to a participant who has elected
16 the portable benefit package and has completed the one-year
17 waiting period required under subsection (e) of Section
18 15-134.5. For purposes of this Section, the term "eligible
19 spouse" means the husband or wife of a participant to whom the
20 participant is married on the date the participant's annuity
21 payment period begins, provided however, that if the
22 participant should die prior to the commencement of retirement
23 annuity benefits, then "eligible spouse" means the husband or
24 wife, if any, to whom the participant was married throughout
25 the one-year period preceding the date of his or her death.

1 (b) This subsection (b) describes the normal form of
2 annuity payable to a participant subject to this Section
3 15-136.4. If the participant is unmarried on the date his or
4 her annuity payment period begins, then the annuity payments
5 shall be made in the form of a single-life annuity as described
6 in Section 15-118. If the participant is married on the date
7 his or her annuity payments commence, then the annuity payments
8 shall be paid in the form of a qualified joint and survivor
9 annuity that is the actuarial equivalent of the single-life
10 annuity. Under the "qualified joint and survivor annuity", a
11 reduced amount shall be paid to the participant for his or her
12 lifetime and his or her eligible spouse, if surviving at the
13 participant's death, shall be entitled to receive thereafter a
14 lifetime survivorship annuity in a monthly amount equal to 50%
15 of the reduced monthly amount that was payable to the
16 participant. The last payment of a qualified joint and survivor
17 annuity shall be made as of the first day of the month in which
18 the death of the survivor occurs.

19 (c) Instead of the normal form of annuity that would be
20 paid under subsection (b), a participant may elect in writing
21 within the 90-day period prior to the date his or her annuity
22 payments commence to waive the normal form of annuity payment
23 and receive an optional form of payment as described in
24 subsection (h). If the participant is married and elects an
25 optional form of payment under subsection (h) other than a
26 joint and survivor annuity with the eligible spouse designated

1 as the contingent annuitant, then such election shall require
2 the consent of his or her eligible spouse in the manner
3 described in subsection (d). At any time during the 90-day
4 period preceding the date the participant's payment period
5 begins, the participant may revoke the optional form of payment
6 elected under this subsection (c) and reinstate coverage under
7 the qualified joint and survivor annuity without the spouse's
8 consent, but an election to revoke the optional form elected
9 and elect a new optional form of payment or designate a
10 different contingent annuitant shall not be effective without
11 the eligible spouse's consent.

12 (d) The eligible spouse's consent to any election made
13 pursuant to this Section that requires the eligible spouse's
14 consent shall be in writing and shall acknowledge the effect of
15 the consent. In addition, the eligible spouse's signature on
16 the written consent must be witnessed by a notary public. The
17 eligible spouse's consent need not be obtained if the system is
18 satisfied that there is no eligible spouse, that the eligible
19 spouse cannot be located, or because of any other relevant
20 circumstances. An eligible spouse's consent under this Section
21 is valid only with respect to the specified optional form of
22 payment and, if applicable, contingent annuitant designated by
23 the participant. If the optional form of payment or the
24 contingent annuitant is subsequently changed (other than by a
25 revocation of the optional form of payment and reinstatement of
26 the qualified joint and survivor annuity), a new consent by the

1 eligible spouse is required. The eligible spouse's consent to
2 an election made by a participant pursuant to this Section,
3 once made, may not be revoked by the eligible spouse.

4 (e) Within a reasonable period of time preceding the date a
5 participant's annuity commences, a participant shall be
6 supplied with a written explanation of (1) the terms and
7 conditions of the normal form single-life annuity and qualified
8 joint and survivor annuity, (2) the participant's right to
9 elect a single-life annuity or an optional form of payment
10 under subsection (h) subject to his or her eligible spouse's
11 consent, if applicable, and (3) the participant's right to
12 reinstate coverage under the qualified joint and survivor
13 annuity prior to his or her annuity commencement date by
14 revoking an election of an optional form of payment under
15 subsection (h).

16 (f) If a married participant with at least 1.5 years of
17 service dies prior to commencing retirement annuity payments
18 and prior to taking a refund under Section 15-154, his or her
19 eligible spouse is entitled to receive a pre-retirement
20 survivor annuity, if there is not then in effect a waiver of
21 the pre-retirement survivor annuity. The pre-retirement
22 survivor annuity payable under this subsection shall be a
23 monthly annuity payable for the eligible spouse's life,
24 commencing as of the beginning of the month next following the
25 later of the date of the participant's death or the date the
26 participant would have first met the eligibility requirements

1 for retirement, and continuing through the beginning of the
2 month in which the death of the eligible spouse occurs. The
3 monthly amount payable to the spouse under the pre-retirement
4 survivor annuity shall be equal to the monthly amount that
5 would be payable as a survivor annuity under the qualified
6 joint and survivor annuity described in subsection (b) if: (1)
7 in the case of a participant who dies on or after the date on
8 which the participant has met the eligibility requirements for
9 retirement, the participant had retired with an immediate
10 qualified joint and survivor annuity on the day before the
11 participant's date of death; or (2) in the case of a
12 participant who dies before the earliest date on which the
13 participant would have met the eligibility requirements for
14 retirement age, the participant had separated from service on
15 the date of death, survived to the earliest retirement age
16 based on service prior to his or her death, retired with an
17 immediate qualified joint and survivor annuity at the earliest
18 retirement age, and died on the day after the day on which the
19 participant would have attained the earliest retirement age.

20 (g) A married participant who has not retired may elect at
21 any time to waive the pre-retirement survivor annuity described
22 in subsection (f). Any such election shall require the consent
23 of the participant's eligible spouse in the manner described in
24 subsection (d). A waiver of the pre-retirement survivor annuity
25 shall increase the lump sum death benefit payable under
26 subsection (b) of Section 15-141. Prior to electing any waiver

1 of the pre-retirement survivor annuity, the participant shall
2 be provided with a written explanation of (1) the terms and
3 conditions of the pre-retirement survivor annuity and the death
4 benefits payable from the system both with and without the
5 pre-retirement survivor annuity, (2) the participant's right
6 to elect a waiver of the pre-retirement survivor annuity
7 coverage subject to his or her spouse's consent, and (3) the
8 participant's right to reinstate pre-retirement survivor
9 annuity coverage at any time by revoking a prior waiver of such
10 coverage.

11 (h) By filing a timely election with the system, a
12 participant who will be eligible to receive a retirement
13 annuity under this Section may waive the normal form of annuity
14 payment described in subsection (b), subject to obtaining the
15 consent of his or her eligible spouse, if applicable, and elect
16 to receive any one of the following optional forms of payment:

17 (1) Joint and Survivor Annuity Options: The
18 participant may elect to receive a reduced annuity payable
19 for his or her life and to have a lifetime survivorship
20 annuity in a monthly amount equal to 50%, 75%, or 100% (as
21 elected by the participant) of that reduced monthly amount,
22 to be paid after the participant's death to his or her
23 contingent annuitant, if the contingent annuitant is alive
24 at the time of the participant's death.

25 (2) Single-Life Annuity Option (optional for married
26 participants). The participant may elect to receive a

1 single-life annuity payable for his or her life only.

2 (3) Lump sum retirement benefit. The participant may
3 elect to receive a lump sum retirement benefit that is
4 equal to the amount of a refund payable under Section
5 15-154(a-2), as modified for periods of service beginning
6 on or after July 1, 2013.

7 All joint and survivor annuity forms shall be in an amount that
8 is the actuarial equivalent of the single-life annuity.

9 For the purposes of this Section, the term "contingent
10 annuitant" means the beneficiary who is designated by a
11 participant at the time the participant elects a joint and
12 survivor annuity to receive the lifetime survivorship annuity
13 in the event the beneficiary survives the participant at the
14 participant's death.

15 (i) Under no circumstances may an option be elected,
16 changed, or revoked after the date the participant's retirement
17 annuity commences.

18 (j) An election made pursuant to subsection (h) shall
19 become inoperative if the participant or the contingent
20 annuitant dies before the date the participant's annuity
21 payments commence, or if the eligible spouse's consent is
22 required and not given.

23 (k) (Blank).

24 (l) The automatic annual increases described in subsection
25 (d) of Section 15-136 shall apply to retirement benefits under
26 the portable benefit package and the automatic annual increases

1 described in subsection (j) of Section 15-145 shall apply to
2 survivor benefits under the portable benefit package.

3 (Source: P.A. 96-586, eff. 8-18-09.)

4 (40 ILCS 5/15-136.5 new)

5 Sec. 15-136.5. Minimum benefit and allocation provisions.
6 Each employee participating in the System shall receive a
7 minimum benefit or allocation for service on or after July 1,
8 2013 determined as follows:

9 (1) If the employee is participating in the traditional or
10 portable benefit package or the revised benefit package, the
11 employee shall receive a minimum benefit (commencing on his or
12 her Social Security retirement age) for the employee's period
13 of service covered by each such defined benefit package that is
14 equal to the annual primary insurance amount the employee would
15 have under Social Security for such period of service. For the
16 purposes of this item (1), the primary insurance amount an
17 individual would have under Social Security shall be calculated
18 so that the System meets the requirements necessary to be
19 considered a retirement system under Section 3121(b)(7)(F) of
20 the Internal Revenue Code and the regulations in effect
21 thereunder.

22 (2) If the employee is participating in the self-managed
23 plan, the employee shall receive a minimum allocation equal to
24 7.5% of the employee's earnings for service during the period.
25 All contributions shall be taken into account for this purpose.

1 For the purposes of this paragraph (2), the minimum allocation
2 shall be calculated so that the System meets the requirements
3 necessary to be considered a retirement system under Section
4 3121(b)(7)(F) of the Internal Revenue Code and the regulations
5 in effect thereunder.

6 (40 ILCS 5/15-141) (from Ch. 108 1/2, par. 15-141)

7 Sec. 15-141. Death benefits - Death of participant.

8 (a) The beneficiary of a participant under the traditional
9 benefit package is entitled to a death benefit equal to the sum
10 of (1) the employee's accumulated normal and additional
11 contributions on the date of death, (2) the employee's
12 accumulated survivors insurance contributions on the date of
13 death, if a survivors insurance benefit is not payable, (3) an
14 amount equal to the employee's final rate of earnings, but not
15 more than \$5,000, if (i) the beneficiary, under rules of the
16 board, was dependent upon the participant, (ii) the participant
17 was a participating employee immediately prior to his or her
18 death, and (iii) a survivors insurance benefit is not payable,
19 and (4) \$2,500 if (i) the beneficiary was not dependent upon
20 the participant, (ii) the participant was a participating
21 employee immediately prior to his or her death, and (iii) a
22 survivors insurance benefit is not payable.

23 (b) If the participant has elected to participate in the
24 portable benefit package and has completed the one-year waiting
25 period required under subsection (e) of Section 15-134.5, the

1 death benefit shall be equal to the employee's accumulated
2 normal and additional contributions on the date of death plus,
3 if the employee died with 1.5 or more years of service for
4 employment as defined in Section 15-113.1, employer
5 contributions in an amount equal to the sum of the accumulated
6 normal and additional contributions; except that if a
7 pre-retirement survivor annuity is payable under Section
8 15-136.4, the death benefit payable under this paragraph shall
9 be reduced, but to not less than zero, by the actuarial value
10 of the benefit payable to the surviving spouse. If the
11 recipient of a pre-retirement survivor annuity dies before an
12 amount equal to all accumulated normal and additional
13 contributions as of the date of death have been paid out, the
14 remaining difference shall be paid to the member's beneficiary.
15 The primary beneficiary of the participant must be his or her
16 spouse unless the spouse has consented to the designation of
17 another beneficiary in the manner described in subsection (d)
18 of Section 15-136.4.

19 (c) If payments are made under any State or federal
20 workers' compensation or occupational diseases law because of
21 the death of an employee, the portion of the death benefit
22 payable from employer contributions shall be reduced by the
23 total amount of the payments.

24 (d) Beginning on July 1, 2013, for purposes of calculating
25 the death benefit under subsection (b) of this Section,
26 employee contributions in excess of the employee contribution

1 rates that apply to that benefit and are in effect immediately
2 prior to July 1, 2013 shall not be considered when determining
3 the participant's accumulated normal and additional
4 contributions or the employer contribution, provided that the
5 death benefit amount attributable to service on or after July
6 1, 2013 shall not be less than the participant's employee
7 contributions during such period of service.

8 (Source: P.A. 95-83, eff. 8-13-07.)

9 (40 ILCS 5/15-146) (from Ch. 108 1/2, par. 15-146)

10 Sec. 15-146. Survivors insurance benefits - Minimum
11 amounts.

12 (a) The minimum total survivors annuity payable on account
13 of the death of a participant shall be 50% of the retirement
14 annuity which would have been provided under Rule 1, Rule 2,
15 Rule 3, or Rule 5 of Section 15-136 upon the participant's
16 attainment of the minimum age at which the penalty for early
17 retirement would not be applicable or the date of the
18 participant's death, whichever is later, on the basis of
19 credits earned prior to the time of death.

20 (b) The minimum total survivors annuity payable on account
21 of the death of an annuitant shall be 50% of the retirement
22 annuity which is payable under Section 15-136 at the time of
23 death or 50% of the disability retirement annuity payable under
24 Section 15-153.2. This minimum survivors annuity shall apply to
25 each participant and annuitant who dies after September 16,

1 1979, whether or not his or her employee status terminates
2 before or after that date.

3 (c) If an annuitant has elected a reversionary annuity, the
4 retirement annuity referred to in this Section is that which
5 would have been payable had such election not been filed.

6 (d) Beginning January 1, 2002, any person who is receiving
7 a survivors annuity under this Article which, after inclusion
8 of all one-time and automatic annual increases to which the
9 person is entitled, is less than the sum of \$17.50 for each
10 year (up to a maximum of 30 years) of the deceased member's
11 service credit, shall be entitled to a monthly supplemental
12 payment equal to the difference.

13 If 2 or more persons are receiving survivors annuities
14 based on the same deceased member, the calculation of the
15 supplemental payment under this subsection shall be based on
16 the total of those annuities and divided pro rata. The
17 supplemental payment is not subject to any limitation on the
18 maximum amount of the annuity and shall not be included in the
19 calculation of any automatic annual increase under Section
20 15-145. The annual increase provided in subsection (f) of
21 Section 15-134.6 ~~1-160~~ does not apply to any benefit provided
22 under this subsection.

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

24 (40 ILCS 5/15-154) (from Ch. 108 1/2, par. 15-154)
25 Sec. 15-154. Refunds.

1 (a) A participant whose status as an employee is
2 terminated, regardless of cause, or who has been on lay off
3 status for more than 120 days, and who is not on leave of
4 absence, is entitled to a refund of contributions upon
5 application; except that not more than one such refund
6 application may be made during any academic year.

7 Except as set forth in subsections (a-1) and (a-2), the
8 refund shall be the sum of the accumulated normal, additional,
9 and survivors insurance contributions, plus the entire
10 contribution made by the participant under Section 15-113.3,
11 less the amount of interest credited on these contributions
12 each year in excess of 4 1/2% of the amount on which interest
13 was calculated.

14 (a-1) A person who elects, in accordance with the
15 requirements of Section 15-134.5, to participate in the
16 portable benefit package and who becomes a participating
17 employee under that retirement program upon the conclusion of
18 the one-year waiting period applicable to the portable benefit
19 package election shall have his or her refund calculated in
20 accordance with the provisions of subsection (a-2).

21 (a-2) The refund payable to a participant described in
22 subsection (a-1) shall be the sum of the participant's
23 accumulated normal and additional contributions, as defined in
24 Sections 15-116 and 15-117, plus the entire contribution made
25 by the participant under Section 15-113.3. If the participant
26 terminates with 5 or more years of service for employment as

1 defined in Section 15-113.1, he or she shall also be entitled
2 to a distribution of employer contributions in an amount equal
3 to the sum of the accumulated normal and additional
4 contributions, as defined in Sections 15-116 and 15-117.
5 Beginning on July 1, 2013, for purposes of calculating the
6 refund amount payable to a participant described in subsection
7 (a-1), employee contributions in excess of the employee
8 contribution rates that apply to that benefit and are in effect
9 immediately prior to July 1, 2013 shall not be considered when
10 determining the participant's accumulated normal and
11 additional contributions or the employer contribution,
12 provided that the refund amount attributable to service on or
13 after July 1, 2013 shall not be less than the participant's
14 employee contributions during such period of service.

15 (b) Upon acceptance of a refund, the participant forfeits
16 all accrued rights and credits in the System, and if
17 subsequently reemployed, the participant shall be considered a
18 new employee subject to all the qualifying conditions for
19 participation and eligibility for benefits applicable to new
20 employees. If such person again becomes a participating
21 employee and continues as such for 2 years, or is employed by
22 an employer and participates for at least 2 years in the
23 Federal Civil Service Retirement System, all such rights,
24 credits, and previous status as a participant shall be restored
25 upon repayment of the amount of the refund, together with
26 compound interest thereon from the date the refund was received

1 to the date of repayment at the rate of 6% per annum through
2 August 31, 1982, and at the effective rates after that date.
3 When a participant in the portable benefit package who received
4 a refund which included a distribution of employer
5 contributions repays a refund pursuant to this Section,
6 one-half of the amount repaid shall be deemed the member's
7 reinstated accumulated normal and additional contributions and
8 the other half shall be allocated as an employer contribution
9 to the System, except that any amount repaid for previously
10 purchased military service credit under Section 15-113.3 shall
11 be accounted for as such.

12 (c) If a participant covered under the traditional benefit
13 package has made survivors insurance contributions, but has no
14 survivors insurance beneficiary upon retirement, he or she
15 shall be entitled to elect a refund of the accumulated
16 survivors insurance contributions, or to elect an additional
17 annuity the value of which is equal to the accumulated
18 survivors insurance contributions. This election must be made
19 prior to the date the person's retirement annuity is approved
20 by the System.

21 (d) A participant, upon application, is entitled to a
22 refund of his or her accumulated additional contributions
23 attributable to the additional contributions described in the
24 last sentence of subsection (c) of Section 15-157. Upon the
25 acceptance of such a refund of accumulated additional
26 contributions, the participant forfeits all rights and credits

1 which may have accrued because of such contributions.

2 (e) A participant who terminates his or her employee status
3 and elects to waive service credit under Section 15-154.2, is
4 entitled to a refund of the accumulated normal, additional and
5 survivors insurance contributions, if any, which were credited
6 the participant for this service, or to an additional annuity
7 the value of which is equal to the accumulated normal,
8 additional and survivors insurance contributions, if any;
9 except that not more than one such refund application may be
10 made during any academic year. Upon acceptance of this refund,
11 the participant forfeits all rights and credits accrued because
12 of this service.

13 (f) If a police officer or firefighter receives a
14 retirement annuity under Rule 1 or 3 of Section 15-136, he or
15 she shall be entitled at retirement to a refund of the
16 difference between his or her accumulated normal contributions
17 and the normal contributions which would have accumulated had
18 such person filed a waiver of the retirement formula provided
19 by Rule 4 of Section 15-136.

20 (g) If, at the time of retirement, a participant would be
21 entitled to a retirement annuity under Rule 1, 2, 3, 4, or 5 of
22 Section 15-136, or under Section 15-136.4, that exceeds the
23 maximum specified in clause (1) of subsection (c) of Section
24 15-136, he or she shall be entitled to a refund of the employee
25 contributions, if any, paid under Section 15-157 after the date
26 upon which continuance of such contributions would have

1 otherwise caused the retirement annuity to exceed this maximum,
2 plus compound interest at the effective rates.

3 (Source: P.A. 92-16, eff. 6-28-01; 92-424, eff. 8-17-01;
4 93-347, eff. 7-24-03.)

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

6 Sec. 15-155. Employer contributions.

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

14 The Board shall determine the amount of State contributions
15 required for each fiscal year on the basis of the actuarial
16 tables and other assumptions adopted by the Board and the
17 recommendations of the actuary, using the formula in subsection
18 (a-1).

19 (a-1) For State fiscal years 2014 ~~2012~~ through 2045, the
20 minimum contribution to the System to be made by the State for
21 each fiscal year shall be an amount equal to the sum of (i) the
22 contribution determined under Section 15-155.1, plus (ii) an
23 amount determined by the System to be sufficient to bring the
24 total assets of the System up to 90% of the total actuarial
25 liabilities of the System by the end of State fiscal year 2045.

1 In making ~~the these~~ determinations under item (ii) of this
2 subsection (a-1), for State fiscal years 2017 through 2045, the
3 required State contribution shall be calculated each year as a
4 level percentage of revenue provided by the individual income
5 tax, sales tax, and corporate income tax assuming a 2.3%
6 average annual growth rate in these revenues based on the most
7 recent fiscal year's actual revenues as reported by the
8 Commission on Government Forecasting and Accountability
9 ~~payroll~~ over the years remaining to and including fiscal year
10 2045 and shall be determined under the projected unit credit
11 actuarial cost method.

12 Notwithstanding any other provision of this Article, for
13 ~~For~~ State fiscal years 2014 1996 through 2016 2005, the State
14 contribution to the System under item (ii) of this subsection
15 (a-1), as a percentage of State revenue from the individual
16 income tax, sales tax, and corporate income tax ~~the applicable~~
17 ~~employee payroll,~~ shall be increased in equal annual increments
18 so that by State fiscal year 2017 2011, the State is
19 contributing at the rate required under this Section.

20 For State fiscal years 2014 through 2045, the total State
21 contribution required in each fiscal year under this subsection
22 (a-1) must not be less than 100% of the prior fiscal year's
23 actual or required contribution, whichever is greater.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for this System for State
26 fiscal year 2013 shall be \$1,434,771,284.

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

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

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

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

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2011 is
25 the amount recertified by the System on or before April 1, 2011
26 pursuant to Section 15-165 and shall be made from the State

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

8 Notwithstanding any other provision of this Article, the
9 total required State contribution for fiscal year 2011 is
10 \$775,781,000, and the total required State contribution for
11 fiscal year 2012 is 980,485,000.

12 Beginning in State fiscal year 2046, the minimum State
13 contribution for each fiscal year shall be an amount equal to
14 the contribution determined under Section 15-155.1, plus the
15 amount needed to maintain the total assets of the System at 90%
16 of the total actuarial liabilities of the System.

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

1 term does not include or apply to any amounts payable to the
2 System under Section 25 of the Budget Stabilization Act.

3 Notwithstanding any other provision of this Section, the
4 required State contribution for State fiscal year 2005 and for
5 fiscal year 2008 and each fiscal year thereafter, as calculated
6 under this Section and certified under Section 15-165, shall
7 not exceed an amount equal to (i) the amount of the required
8 State contribution that would have been calculated under this
9 Section for that fiscal year if the System had not received any
10 payments under subsection (d) of Section 7.2 of the General
11 Obligation Bond Act, minus (ii) the portion of the State's
12 total debt service payments for that fiscal year on the bonds
13 issued in fiscal year 2003 for the purposes of that Section
14 7.2, as determined and certified by the Comptroller, that is
15 the same as the System's portion of the total moneys
16 distributed under subsection (d) of Section 7.2 of the General
17 Obligation Bond Act. In determining this maximum for State
18 fiscal years 2008 through 2010, however, the amount referred to
19 in item (i) shall be increased, as a percentage of the
20 applicable employee payroll, in equal increments calculated
21 from the sum of the required State contribution for State
22 fiscal year 2007 plus the applicable portion of the State's
23 total debt service payments for fiscal year 2007 on the bonds
24 issued in fiscal year 2003 for the purposes of Section 7.2 of
25 the General Obligation Bond Act, so that, by State fiscal year
26 2011, the State is contributing at the rate otherwise required

1 under this Section.

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

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

1 employer contributions required under this subsection shall be
2 remitted by the municipality to the System at the same time and
3 in the same manner as employee contributions.

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

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

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

24 (f) Normal costs under this Section means liability for
25 pensions and other benefits which accrues to the System because
26 of the credits earned for service rendered by the participants

1 during the fiscal year and expenses of administering the
2 System, but shall not include the principal of or any
3 redemption premium or interest on any bonds issued by the Board
4 or any expenses incurred or deposits required in connection
5 therewith.

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

22 Whenever it determines that a payment is or may be required
23 under this subsection (g), the System shall calculate the
24 amount of the payment and bill the employer for that amount.
25 The bill shall specify the calculations used to determine the
26 amount due. If the employer disputes the amount of the bill, it

1 may, within 30 days after receipt of the bill, apply to the
2 System in writing for a recalculation. The application must
3 specify in detail the grounds of the dispute and, if the
4 employer asserts that the calculation is subject to subsection
5 (h) or (i) of this Section, must include an affidavit setting
6 forth and attesting to all facts within the employer's
7 knowledge that are pertinent to the applicability of subsection
8 (h) or (i). Upon receiving a timely application for
9 recalculation, the System shall review the application and, if
10 appropriate, recalculate the amount due.

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

20 (h) This subsection (h) applies only to payments made or
21 salary increases given on or after June 1, 2005 but before July
22 1, 2011. The changes made by Public Act 94-1057 shall not
23 require the System to refund any payments received before July
24 31, 2006 (the effective date of Public Act 94-1057).

25 When assessing payment for any amount due under subsection
26 (g), the System shall exclude earnings increases paid to

1 participants under contracts or collective bargaining
2 agreements entered into, amended, or renewed before June 1,
3 2005.

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

8 When assessing payment for any amount due under subsection
9 (g), the System shall exclude earnings increases resulting from
10 overload work, including a contract for summer teaching, or
11 overtime when the employer has certified to the System, and the
12 System has approved the certification, that: (i) in the case of
13 overloads (A) the overload work is for the sole purpose of
14 academic instruction in excess of the standard number of
15 instruction hours for a full-time employee occurring during the
16 academic year that the overload is paid and (B) the earnings
17 increases are equal to or less than the rate of pay for
18 academic instruction computed using the participant's current
19 salary rate and work schedule; and (ii) in the case of
20 overtime, the overtime was necessary for the educational
21 mission.

22 When assessing payment for any amount due under subsection
23 (g), the System shall exclude any earnings increase resulting
24 from (i) a promotion for which the employee moves from one
25 classification to a higher classification under the State
26 Universities Civil Service System, (ii) a promotion in academic

1 rank for a tenured or tenure-track faculty position, or (iii) a
2 promotion that the Illinois Community College Board has
3 recommended in accordance with subsection (k) of this Section.
4 These earnings increases shall be excluded only if the
5 promotion is to a position that has existed and been filled by
6 a member for no less than one complete academic year and the
7 earnings increase as a result of the promotion is an increase
8 that results in an amount no greater than the average salary
9 paid for other similar positions.

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

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

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

26 (2) The dollar amount by which each employer's

1 contribution to the System was changed due to
2 recalculations required by Public Act 94-1057.

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

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

9 (k) The Illinois Community College Board shall adopt rules
10 for recommending lists of promotional positions submitted to
11 the Board by community colleges and for reviewing the
12 promotional lists on an annual basis. When recommending
13 promotional lists, the Board shall consider the similarity of
14 the positions submitted to those positions recognized for State
15 universities by the State Universities Civil Service System.
16 The Illinois Community College Board shall file a copy of its
17 findings with the System. The System shall consider the
18 findings of the Illinois Community College Board when making
19 determinations under this Section. The System shall not exclude
20 any earnings increases resulting from a promotion when the
21 promotion was not submitted by a community college. Nothing in
22 this subsection (k) shall require any community college to
23 submit any information to the Community College Board.

24 (l) For purposes of determining the required State
25 contribution to the System, the value of the System's assets
26 shall be equal to the actuarial value of the System's assets,

1 which shall be calculated as follows:

2 As of June 30, 2008, the actuarial value of the System's
3 assets shall be equal to the market value of the assets as of
4 that date. In determining the actuarial value of the System's
5 assets for fiscal years after June 30, 2008, any actuarial
6 gains or losses from investment return incurred in a fiscal
7 year shall be recognized in equal annual amounts over the
8 5-year period following that fiscal year.

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

13 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
14 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.
15 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)

16 (40 ILCS 5/15-155.1 new)

17 Sec. 15-155.1. Additional State contribution. The
18 following rules apply in determining the additional
19 contribution by the State of Illinois in State fiscal year 2014
20 and each fiscal year thereafter:

21 (1) With respect to employees who elect the traditional or
22 portable benefit package, an amount equal to 6% of the total
23 earnings of the employee group.

24 (2) With respect to employees who elect the revised benefit
25 package, an amount equal to 6% of the total pensionable

1 earnings of the employee group.

2 (3) With respect to employees who elect the self-managed
3 plan, an amount equal to (i) 6% of total earnings of the
4 employee group and (ii) an amount determined by the System to
5 fund the disability plan provided in this Article.

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.

23 (c) In addition to the amounts described in subsections (a)
24 and (b) of this Section, each participating employee shall make
25 contributions of 1% of earnings applicable under this system on
26 and after August 1, 1959. The contributions made under this

1 subsection (c) shall be considered as survivor's insurance
2 contributions for purposes of this Article if the employee is
3 covered under the traditional benefit package, and such
4 contributions shall be considered as additional contributions
5 for purposes of this Article if the employee is participating
6 in the self-managed plan or has elected to participate in the
7 portable benefit package and has completed the applicable
8 one-year waiting period. Contributions in excess of \$80 during
9 any fiscal year beginning before August 31, 1969 and in excess
10 of \$120 during any fiscal year thereafter until September 1,
11 1971 shall be considered as additional contributions for
12 purposes of this Article.

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

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

1 retirement.

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

8 (g) A participating employee may make contributions for the
9 purchase of service credit under this Article.

10 (h) Notwithstanding anything in this Section to the
11 contrary, beginning July 1, 2013, all participating employees
12 shall be required to make the following contributions:

13 (1) Participating employees who elect the traditional
14 or portable benefit package shall contribute:

15 (A) In fiscal year 2014, fiscal year 2015, and
16 fiscal year 2016, an amount equal to 15.31% of
17 earnings.

18 (B) In fiscal year 2017 and in each fiscal year
19 thereafter, a percentage of earnings equal to the
20 actuarially determined fiscal year 2017 normal cost of
21 the traditional and portable benefit package, minus
22 contributions by the State of Illinois in fiscal year
23 2017 under paragraph (1) of Section 15-155.1, provided
24 that no participating employee's contribution shall be
25 less than 6% or more than 17.31% of earnings. The
26 System shall certify the actuarially determined fiscal

1 year 2017 normal cost of the traditional and portable
2 benefit package and the amount of the required
3 participating employee contribution.

4 (2) In fiscal year 2014 and in each fiscal year
5 thereafter, participating employees who elect the revised
6 benefit package shall contribute a percentage of earnings
7 equal to the greater of the actuarially determined long
8 term normal cost of the revised benefit package as
9 calculated in fiscal year 2014 or 12%, minus contributions
10 by the State of Illinois in fiscal year 2014 under
11 paragraph (2) of Section 15-155.1, provided that no
12 participating employee's contribution shall be less than
13 6% of earnings. The System shall certify the actuarially
14 determined long term normal cost of such revised benefit
15 package and the amount of the required participating
16 employee contribution. For purposes of this paragraph (2),
17 long term normal cost shall be defined as the normal cost
18 of the revised benefit package assuming that all employees
19 are covered under the revised benefit package.
20 Contributions under this paragraph (2) shall be based on
21 pensionable earnings.

22 (3) In fiscal year 2014 and in each fiscal year
23 thereafter, participating employees who elect the
24 self-managed plan shall contribute a minimum of 6% of
25 earnings. Participants who elect the self-managed plan may
26 elect to increase their employee contribution in

1 accordance with rules prescribed by the Board.

2 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,
3 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;
4 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

5 (40 ILCS 5/15-157.2 new)

6 Sec. 15-157.2. Increases in participant contribution. If
7 the employee contribution required under Section 15-157
8 increases for any employee pursuant to this amendatory Act of
9 the 97th General Assembly, the additional employee
10 contribution in excess of the prior employee contribution for
11 such employee shall be deducted from the employee's earnings
12 unless the employee's employer agrees pursuant to Section
13 414(h) of the Internal Revenue Code to pick up and pay part or
14 all of such increased contribution in addition to the
15 employee's earnings.

16 (40 ILCS 5/15-158.2)

17 Sec. 15-158.2. Self-managed plan.

18 (a) Purpose. The General Assembly finds that it is
19 important for colleges and universities to be able to attract
20 and retain the most qualified employees and that in order to
21 attract and retain these employees, colleges and universities
22 should have the flexibility to provide a defined contribution
23 plan as an alternative for eligible employees who elect not to
24 participate in a defined benefit retirement program provided

1 under this Article. Accordingly, the State Universities
2 Retirement System is hereby authorized to establish and
3 administer a self-managed plan, which shall offer
4 participating employees the opportunity to accumulate assets
5 for retirement through a combination of employee and employer
6 contributions that may be invested in mutual funds, collective
7 investment funds, or other investment products and used to
8 purchase annuity contracts, either fixed or variable or a
9 combination thereof. The plan must be qualified under the
10 Internal Revenue Code of 1986.

11 (b) Adoption by employers. Each employer subject to this
12 Article may elect to adopt the self-managed plan established
13 under this Section; this election is irrevocable. An employer's
14 election to adopt the self-managed plan makes available to the
15 eligible employees of that employer the elections described in
16 Section 15-134.5 and paragraph (3) of subsection (a) of
17 15-134.7.

18 The State Universities Retirement System shall be the plan
19 sponsor for the self-managed plan and shall prepare a plan
20 document and prescribe such rules and procedures as are
21 considered necessary or desirable for the administration of the
22 self-managed plan. Consistent with its fiduciary duty to the
23 participants and beneficiaries of the self-managed plan, the
24 Board of Trustees of the System may delegate aspects of plan
25 administration as it sees fit to companies authorized to do
26 business in this State, to the employers, or to a combination

1 of both.

2 (c) Selection of service providers and funding vehicles.

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

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

14 (2) the reasonableness of the benefits in relation to
15 the premium charged;

16 (3) the suitability of the benefits to the needs and
17 interests of the participating employees and the employer;

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

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

23 The System, in consultation with the employers, shall
24 periodically review each approved company. A company may
25 continue to provide administrative services and funding
26 vehicles for the self-managed plan only so long as it continues

1 to be an approved company under contract with the Board.

2 (d) Employee Direction. Employees who are participating in
3 the program must be allowed to direct the transfer of their
4 account balances among the various investment options offered,
5 subject to applicable contractual provisions. The participant
6 shall not be deemed a fiduciary by reason of providing such
7 investment direction. A person who is a fiduciary shall not be
8 liable for any loss resulting from such investment direction
9 and shall not be deemed to have breached any fiduciary duty by
10 acting in accordance with that direction. Neither the System
11 nor the employer guarantees any of the investments in the
12 employee's account balances.

13 (e) Participation. An employee eligible to participate in
14 the self-managed plan must make a written election in
15 accordance with the provisions of Section 15-134.5 and the
16 procedures established by the System. Participation in the
17 self-managed plan by an electing employee shall begin on the
18 first day of the first pay period following the later of the
19 date the employee's election is filed with the System or the
20 effective date as of which the employee's employer begins to
21 offer participation in the self-managed plan. Employers may not
22 make the self-managed plan available earlier than January 1,
23 1998. An employee's participation in any other retirement
24 program administered by the System under this Article shall
25 terminate on the date that participation in the self-managed
26 plan begins.

1 An employee who has elected to participate in the
2 self-managed plan under this Section must continue
3 participation while employed in an eligible position, and may
4 not participate in any other retirement program administered by
5 the System under this Article while employed by that employer
6 or any other employer that has adopted the self-managed plan,
7 unless the self-managed plan is terminated in accordance with
8 subsection (i).

9 Participation in the self-managed plan under this Section
10 shall constitute membership in the State Universities
11 Retirement System.

12 A participant under this Section shall be entitled to the
13 benefits of Article 20 of this Code.

14 (f) Establishment of Initial Account Balance. If at the
15 time an employee elects to participate in the self-managed plan
16 he or she has rights and credits in the System due to previous
17 participation in the traditional benefit package, the System
18 shall establish for the employee an opening account balance in
19 the self-managed plan, equal to the amount of contribution
20 refund that the employee would be eligible to receive under
21 Section 15-154 if the employee terminated employment on that
22 date and elected a refund of contributions, except that this
23 hypothetical refund shall include interest at the effective
24 rate for the respective years. The System shall transfer assets
25 from the defined benefit retirement program to the self-managed
26 plan, as a tax free transfer in accordance with Internal

1 Revenue Service guidelines, for purposes of funding the
2 employee's opening account balance.

3 (g) No Duplication of Service Credit. Notwithstanding any
4 other provision of this Article, an employee may not purchase
5 or receive service or service credit applicable to any other
6 retirement program administered by the System under this
7 Article for any period during which the employee was a
8 participant in the self-managed plan established under this
9 Section.

10 (h) Contributions. The self-managed plan shall be funded by
11 contributions from employees participating in the self-managed
12 plan and employer contributions as provided in this Section.

13 The contribution rate for employees participating in the
14 self-managed plan under this Section shall be equal to the
15 employee contribution rate for other participants in the
16 System, as provided in Section 15-157, provided that for fiscal
17 year 2014 and each year thereafter the contribution rate for
18 employees participating in the self-managed plan shall be equal
19 to the amount specified in paragraph (3) of subsection (h) of
20 Section 15-157. This required contribution shall be made as an
21 "employer pick-up" under Section 414(h) of the Internal Revenue
22 Code of 1986 or any successor Section thereof. Any employee
23 participating in the System's traditional benefit package
24 prior to his or her election to participate in the self-managed
25 plan shall continue to have the employer pick up the
26 contributions required under Section 15-157. However, the

1 amounts picked up after the election of the self-managed plan
2 shall be remitted to and treated as assets of the self-managed
3 plan. In no event shall an employee have an option of receiving
4 these amounts in cash, and payment of the employee contribution
5 shall be a condition of employment. Employees may make
6 additional contributions to the self-managed plan in
7 accordance with procedures prescribed by the System, to the
8 extent permitted under rules prescribed by the System.

9 The program shall provide for employer contributions to be
10 credited to each self-managed plan participant at a rate of
11 7.6% of the participating employee's salary, less the amount
12 used by the System to provide disability benefits for the
13 employee, provided that for fiscal year 2014 and each year
14 thereafter the employer contribution required by this Section
15 shall be equal to the amount specified by item (i) of paragraph
16 (3) of Section 15-155.1. The amounts so credited shall be paid
17 into the participant's self-managed plan accounts in a manner
18 to be prescribed by the System.

19 An amount of employer contribution, not exceeding 1% of the
20 participating employee's salary, shall be used for the purpose
21 of providing the disability benefits of the System to the
22 employee. Prior to the beginning of each plan year under the
23 self-managed plan, the Board of Trustees shall determine, as a
24 percentage of salary, the amount of employer contributions to
25 be allocated during that plan year for providing disability
26 benefits for employees in the self-managed plan.

1 The State of Illinois shall make contributions by
2 appropriations to the System of the employer contributions
3 required for employees who participate in the self-managed plan
4 under this Section. The amount required shall be certified by
5 the Board of Trustees of the System and paid by the State in
6 accordance with Section 15-165. The System shall not be
7 obligated to remit the required employer contributions to any
8 of the insurance and annuity companies, mutual fund companies,
9 banks, trust companies, financial institutions, or other
10 sponsors of any of the funding vehicles offered under the
11 self-managed plan until it has received the required employer
12 contributions from the State. In the event of a deficiency in
13 the amount of State contributions, the System shall implement
14 those procedures described in subsection (c) of Section 15-165
15 to obtain the required funding from the General Revenue Fund.

16 (i) Termination. The self-managed plan authorized under
17 this Section may be terminated by the System, subject to the
18 terms of any relevant contracts, and the System shall have no
19 obligation to reestablish the self-managed plan under this
20 Section. This Section does not create a right to continued
21 participation in any self-managed plan set up by the System
22 under this Section. If the self-managed plan is terminated, the
23 participants shall have the right to participate in one of the
24 other retirement programs offered by the System and receive
25 service credit in such other retirement program for any years
26 of employment following the termination.

1 (j) Vesting; Withdrawal; Return to Service. A participant
2 in the self-managed plan becomes vested in the employer
3 contributions credited to his or her accounts in the
4 self-managed plan on the earliest to occur of the following:

5 (1) completion of 5 years of service with an employer described
6 in Section 15-106; (2) the death of the participating employee
7 while employed by an employer described in Section 15-106, if
8 the participant has completed at least 1 1/2 years of service;
9 or (3) the participant's election to retire and apply the
10 reciprocal provisions of Article 20 of this Code.

11 A participant in the self-managed plan who receives a
12 distribution of his or her vested amounts from the self-managed
13 plan while not yet eligible for retirement under this Article
14 (and Article 20, if applicable) shall forfeit all service
15 credit and accrued rights in the System; if subsequently
16 re-employed, the participant shall be considered a new
17 employee. If a former participant again becomes a participating
18 employee (or becomes employed by a participating system under
19 Article 20 of this Code) and continues as such for at least 2
20 years, all such rights, service credits, and previous status as
21 a participant shall be restored upon repayment of the amount of
22 the distribution, without interest.

23 (k) Benefit amounts. If an employee who is vested in
24 employer contributions terminates employment, the employee
25 shall be entitled to a benefit which is based on the account
26 values attributable to both employer and employee

1 contributions and any investment return thereon.

2 If an employee who is not vested in employer contributions
3 terminates employment, the employee shall be entitled to a
4 benefit based solely on the account values attributable to the
5 employee's contributions and any investment return thereon,
6 and the employer contributions and any investment return
7 thereon shall be forfeited. Any employer contributions which
8 are forfeited shall be held in escrow by the company investing
9 those contributions and shall be used as directed by the System
10 for future allocations of employer contributions or for the
11 restoration of amounts previously forfeited by former
12 participants who again become participating employees.

13 (Source: P.A. 93-347, eff. 7-24-03.)

14 (40 ILCS 5/15-158.5 new)

15 Sec. 15-158.5. Preservation of self-managed plan benefits.
16 The provisions of this amendatory Act of the 97th General
17 Assembly do not apply to any participant who participates in
18 the self-managed plan created under Section 15-158.2 on the
19 effective date of this Section.

20 (40 ILCS 5/15-199 new)

21 Sec. 15-199. Qualified plan status. No provision of this
22 Article shall be interpreted in a way that would cause the
23 System to cease to be a qualified plan under Section 401(a) of
24 the Internal Revenue Code.

1 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

2 Sec. 16-133. Retirement annuity; amount.

3 (a) The amount of the retirement annuity shall be (i) in
4 the case of a person who first became a teacher under this
5 Article before July 1, 2005, the larger of the amounts
6 determined under paragraphs (A) and (B) below, or (ii) in the
7 case of a person who first becomes a teacher under this Article
8 on or after July 1, 2005, the amount determined under the
9 applicable provisions of paragraph (B):

10 (A) An amount consisting of the sum of the following:

11 (1) An amount that can be provided on an
12 actuarially equivalent basis by the member's
13 accumulated contributions at the time of retirement;
14 and

15 (2) The sum of (i) the amount that can be provided
16 on an actuarially equivalent basis by the member's
17 accumulated contributions representing service prior
18 to July 1, 1947, and (ii) the amount that can be
19 provided on an actuarially equivalent basis by the
20 amount obtained by multiplying 1.4 times the member's
21 accumulated contributions covering service subsequent
22 to June 30, 1947; and

23 (3) If there is prior service, 2 times the amount
24 that would have been determined under subparagraph (2)
25 of paragraph (A) above on account of contributions

1 which would have been made during the period of prior
2 service creditable to the member had the System been in
3 operation and had the member made contributions at the
4 contribution rate in effect prior to July 1, 1947.

5 Beginning on July 1, 2013, for purposes of calculating
6 the sum provided under this paragraph (A), member
7 contributions in excess of the member contribution rates
8 that apply to this benefit and are in effect immediately
9 prior to July 1, 2013 shall not be considered when
10 determining the amount of the member's accumulated
11 contributions under subparagraph (1) or the additional sum
12 based on the member's accumulated contributions under
13 subparagraph (2).

14 This paragraph (A) does not apply to a person who first
15 becomes a teacher under this Article on or after July 1,
16 2005.

17 (B) An amount consisting of the greater of the
18 following:

19 (1) For creditable service earned before July 1,
20 1998 that has not been augmented under Section
21 16-129.1: 1.67% of final average salary for each of the
22 first 10 years of creditable service, 1.90% of final
23 average salary for each year in excess of 10 but not
24 exceeding 20, 2.10% of final average salary for each
25 year in excess of 20 but not exceeding 30, and 2.30% of
26 final average salary for each year in excess of 30; and

1 For creditable service earned on or after July 1,
2 1998 by a member who has at least 24 years of
3 creditable service on July 1, 1998 and who does not
4 elect to augment service under Section 16-129.1: 2.2%
5 of final average salary for each year of creditable
6 service earned on or after July 1, 1998 but before the
7 member reaches a total of 30 years of creditable
8 service and 2.3% of final average salary for each year
9 of creditable service earned on or after July 1, 1998
10 and after the member reaches a total of 30 years of
11 creditable service; and

12 For all other creditable service: 2.2% of final
13 average salary for each year of creditable service; or

14 (2) 1.5% of final average salary for each year of
15 creditable service plus the sum \$7.50 for each of the
16 first 20 years of creditable service.

17 The amount of the retirement annuity determined under this
18 paragraph (B) shall be reduced by 1/2 of 1% for each month
19 that the member is less than age 60 at the time the
20 retirement annuity begins. However, this reduction shall
21 not apply (i) if the member has at least 35 years of
22 creditable service, or (ii) if the member retires on
23 account of disability under Section 16-149.2 of this
24 Article with at least 20 years of creditable service, or
25 (iii) if the member (1) has earned during the period
26 immediately preceding the last day of service at least one

1 year of contributing creditable service as an employee of a
2 department as defined in Section 14-103.04, (2) has earned
3 at least 5 years of contributing creditable service as an
4 employee of a department as defined in Section 14-103.04,
5 (3) retires on or after January 1, 2001, and (4) retires
6 having attained an age which, when added to the number of
7 years of his or her total creditable service, equals at
8 least 85. Portions of years shall be counted as decimal
9 equivalentents.

10 (b) For purposes of this Section, final average salary
11 shall be the average salary for the highest 4 consecutive years
12 within the last 10 years of creditable service as determined
13 under rules of the board. The minimum final average salary
14 shall be considered to be \$2,400 per year.

15 In the determination of final average salary for members
16 other than elected officials and their appointees when such
17 appointees are allowed by statute, that part of a member's
18 salary for any year beginning after June 30, 1979 which exceeds
19 the member's annual full-time salary rate with the same
20 employer for the preceding year by more than 20% shall be
21 excluded. The exclusion shall not apply in any year in which
22 the member's creditable earnings are less than 50% of the
23 preceding year's mean salary for downstate teachers as
24 determined by the survey of school district salaries provided
25 in Section 2-3.103 of the School Code.

26 (c) In determining the amount of the retirement annuity

1 under paragraph (B) of this Section, a fractional year shall be
2 granted proportional credit.

3 (d) The retirement annuity determined under paragraph (B)
4 of this Section shall be available only to members who render
5 teaching service after July 1, 1947 for which member
6 contributions are required, and to annuitants who re-enter
7 under the provisions of Section 16-150.

8 (e) The maximum retirement annuity provided under
9 paragraph (B) of this Section shall be 75% of final average
10 salary.

11 (f) A member retiring after the effective date of this
12 amendatory Act of 1998 shall receive a pension equal to 75% of
13 final average salary if the member is qualified to receive a
14 retirement annuity equal to at least 74.6% of final average
15 salary under this Article or as proportional annuities under
16 Article 20 of this Code.

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

18 (40 ILCS 5/16-133.6 new)

19 Sec. 16-133.6. Benefits on and after July 1, 2013.

20 (a) Each member under this Article, other than a person who
21 first becomes a member on or after January 1, 2011, shall
22 choose which retirement program he or she wishes to participate
23 in with respect to all periods of service occurring on and
24 after July 1, 2013. The retirement program election made by the
25 member must be made (i) no later than July 1, 2013 in

1 accordance with rules prescribed by the System and (ii) if
2 applicable, every 3 years thereafter. The member shall elect
3 one of the following retirement programs:

4 (1) the traditional benefit package offered under
5 Sections 16-133 through 16-133.2, except that future
6 contributions will be remitted as required under Section
7 16-152;

8 (2) the revised benefit package offered under Section
9 16-133.7; or

10 (3) the self-managed plan offered under Section
11 16-133.8.

12 (b) A person who first becomes a member in the System, on
13 or after January 1, 2011, shall elect, based on the eligibility
14 criteria specified in this Article, which retirement program he
15 or she wishes to participate in with respect to all periods of
16 service occurring on and after July 1, 2013. The member shall
17 elect one of the retirement programs provided in paragraph (2)
18 or (3) of subsection (a) of this Section. The member must make
19 that election (i) by July 1, 2013 or within 6 months after the
20 first date of membership, whichever is later, and (ii) if
21 applicable, every 3 years thereafter.

22 (c) The member election authorized by this Section is an
23 irrevocable election, except that any individual making an
24 election for the retirement program under paragraph (1) or (2)
25 of subsection (a) shall make an election for a period of 3
26 years, and shall make a subsequent election during the benefit

1 recalculation period prescribed by the System. The election
2 shall be made in the manner prescribed by the System. Any
3 member who fails to make the initial election shall, by
4 default, participate in the revised benefit package provided
5 under paragraph (2) of subsection (a) of this Section.

6 (d) Members who have already made an election pursuant to
7 subsection (a) or (b) shall be given the opportunity to make a
8 new election as follows:

9 (1) each member in the traditional benefit package
10 provided under paragraph (1) of subsection (a) of this
11 Section shall have the opportunity to elect to terminate
12 participation in the traditional benefit package and to
13 elect to have retirement benefits for future creditable
14 service provided under either the revised benefit package
15 provided under paragraph (2) of subsection (a) of this
16 Section or the self-managed plan provided under paragraph
17 (3) of subsection (a) of this Section;

18 (2) each member in the revised benefit package provided
19 under paragraph (2) of subsection (a) of this Section shall
20 have the opportunity to elect to terminate participation in
21 the revised benefit package and to elect to have retirement
22 benefits for future creditable service provided under the
23 self-managed plan provided under paragraph (3) of
24 subsection (a) of this Section; and

25 (3) the elections permitted under paragraphs (1) and
26 (2) must be made during the 6-month period in the manner

1 prescribed by the System.

2 (e) If a member with an accrued benefit under Sections
3 16-133 through 16-133.2 of this Code elects the revised benefit
4 package provided under paragraph (2) of subsection (a) of this
5 Section, the member's total accrued benefit for purposes of
6 determining an annuity shall be the sum of (i) the member's
7 benefit accruals before the effective date of the election,
8 based on the member's final average salary and creditable
9 service as of the effective date of the election and fixed on
10 such date, and (ii) the member's benefit accruals based on
11 final average salary and creditable service on and after the
12 effective date of the election, as modified by the rules
13 provided in Section 16-133.7. All rights and features provided
14 under the benefit package will be preserved with respect to
15 benefits earned under such package with respect to service
16 completed prior to the election to participate in the revised
17 benefit package. Furthermore, the participant shall be
18 entitled to the benefit of the survivor's annuity provided
19 under Public Act 96-889 and Public Act 96-1490. All creditable
20 service completed under the System shall count for purposes of
21 determining retirement eligibility and vesting under both the
22 retirement programs offered under paragraphs (1) and (2) of
23 subsection (a).

24 (f) If a member with an accrued benefit under Sections
25 16-133 through 16-133.2 or under Section 16-133.7 elects the
26 self-managed plan provided under paragraph (3) of subsection

1 (a) of this Section, the member's total accrued benefit for
2 purposes of determining an annuity shall be the participant's
3 benefit accruals before the effective date of the election,
4 based on the member's final average salary and creditable
5 service as of the effective date of the election and fixed on
6 such date. However, the member shall also have an accrued
7 self-managed plan balance as specified in Section 16-133.8, for
8 periods of creditable service on and after the effective date
9 of the election. All accrued benefits will be preserved with
10 respect to benefits earned under such package with respect to
11 service completed prior to the election to participate in the
12 self-managed plan. All creditable service completed under the
13 System shall count for purposes of determining retirement
14 eligibility and vesting under the retirement programs offered
15 under paragraphs (1), (2), and (3) of subsection (a) of this
16 Section.

17 (g) An individual who is a member in the System, but is not
18 an active teacher as of July 1, 2013, shall be required to make
19 the election specified by subsection (a) or subsection (b) of
20 this Section, as applicable, within 6 months after resuming
21 active service as a teacher.

22 (40 ILCS 5/16-133.7 new)

23 Sec. 16-133.7. Revised benefit package.

24 (a) The provisions of this Section apply to a person who,
25 on or after January 1, 2011, first becomes a member under this

1 Article, and any member who elects this benefit package
2 pursuant to Section 16-133.6, but do not apply to the
3 self-managed plan established under this Article.

4 (b) "Final average salary" means the average annual salary
5 obtained by dividing the total salary calculated under the
6 Article applicable to the member during the 8 consecutive years
7 of service within the last 10 years of service in which the
8 total salary calculated under this Article was the highest by
9 the number of years of service in that period.

10 (b-5) For all purposes under this Article (including
11 without limitation the calculation of benefits and member
12 contributions, and contributions by the State of Illinois under
13 subsection (b) of Section 16-158.2 with respect to the revised
14 benefit package), the annual salary of a member shall not
15 exceed \$106,800; however, that amount shall annually
16 thereafter be increased by the lesser of (i) 3% of that amount,
17 including all previous adjustments, or (ii) one-half the annual
18 unadjusted percentage increase (but not less than zero) in the
19 consumer price index-u for the 12 months ending with the
20 September preceding each November 1, including all previous
21 adjustments.

22 For the purposes of this Section, "consumer price index-u"
23 means the index published by the Bureau of Labor Statistics of
24 the United States Department of Labor that measures the average
25 change in prices of goods and services purchased by all urban
26 consumers, United States city average, all items, 1982-84 =100.

1 The new amount resulting from each annual adjustment shall be
2 determined by the Public Pension Division of the Department of
3 Insurance and made available to the boards of the retirement
4 systems and pension funds by November 1 of each year.

5 Beginning on July 1, 2013, the maximum annual salary amount
6 shall be adjusted to \$110,100, as adjusted for periods after
7 2012 based on the methodology and formula used to calculate
8 annual increases in wages under 42 U.S.C. Section 415(a) for
9 purposes of computing benefits and adjusting wages under the
10 federal Social Security program. Each year thereafter on
11 January 1, this amount shall be adjusted based on the
12 methodology and formula used to calculate annual increases in
13 wages under 42 U.S.C. Section 415(a) for purposes of computing
14 benefits and adjusting wages under the federal Social Security
15 program.

16 (c) A member is entitled to a retirement annuity upon
17 written application if he or she has attained age 67 and has at
18 least 10 years of service credit and is otherwise eligible
19 under the requirements of this Article. A member who has
20 attained age 62 and has at least 10 years of service credit and
21 is otherwise eligible under the requirements of this Article
22 may elect to receive the lower retirement annuity provided in
23 subsection (d) of this Section.

24 (d) The retirement annuity of a member who is retiring
25 after attaining age 62 with at least 10 years of service credit
26 shall be reduced by one-half of 1% for each full month that the

1 member's age is under age 67.

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

14 (f) The initial survivor's annuity of an otherwise eligible
15 survivor of a retired member shall be in the amount of 66 2/3%
16 of the retired member's retirement annuity at the date of
17 death. In the case of the death of a member who has not retired
18 and, eligibility for a survivor's or widow's annuity shall be
19 determined by this Article. The initial benefit shall be 66
20 2/3% of the earned annuity without a reduction due to age. Any
21 survivor's annuity shall be increased (1) on each January 1
22 occurring on or after the commencement of the annuity if the
23 deceased member died while receiving a retirement annuity or
24 (2) in other cases, on each January 1 occurring after the first
25 anniversary of the commencement of the annuity. Each annual
26 increase shall be calculated at 3% or one-half the annual

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

9 (g) If a person who first becomes a member on or after
10 January 1, 2011 is receiving a retirement annuity and becomes a
11 member or participant under any other system or fund created by
12 this Code and is employed on a full-time basis, then the
13 person's retirement annuity shall be suspended during that
14 employment. Upon termination of that employment, the person's
15 retirement annuity payments shall resume and be recalculated.

16 (h) Notwithstanding any other provision of this Section, a
17 participant in the revised benefit package provided by this
18 Section shall have the option to enroll in the self-managed
19 plan created under Section 16-133.8.

20 (40 ILCS 5/16-133.8 new)

21 Sec. 16-133.8. Self-managed plan.

22 (a) Purpose. The Teachers' Retirement System of the State
23 of Illinois shall establish and administer a self-managed plan,
24 which shall offer members the opportunity to accumulate assets
25 for retirement through a combination of member and employer

1 contributions that may be invested in mutual funds, collective
2 investment funds, or other investment products and used to
3 purchase annuity contracts, either fixed or variable or a
4 combination thereof. The plan must be qualified under the
5 Internal Revenue Code of 1986. The plan shall not include the
6 retirement annuities, survivors' benefits, death benefits, or
7 refunds provided under this Article.

8 (b) The Teachers' Retirement System of the State of
9 Illinois shall be the plan sponsor for the self-managed plan
10 and shall prepare a plan document and prescribe such rules and
11 procedures as are considered necessary or desirable for the
12 administration of the self-managed plan. Consistent with its
13 fiduciary duty to the participants and beneficiaries of the
14 self-managed plan, the Board of Trustees of the System may
15 delegate aspects of plan administration as it sees fit to
16 companies authorized to do business in this State.

17 (c) Selection of service providers and funding vehicles.
18 The System may solicit proposals to provide administrative
19 services and funding vehicles for the self-managed plan from
20 insurance and annuity companies and mutual fund companies,
21 banks, trust companies, or other financial institutions
22 authorized to do business in this State.

23 The System shall periodically review each approved
24 company. A company may continue to provide administrative
25 services and funding vehicles for the self-managed plan only so
26 long as it continues to be an approved company under contract

1 with the Board.

2 (d) Member direction. Members who are participating in the
3 program must be allowed to direct the transfer of their account
4 balances among the various investment options offered, subject
5 to applicable contractual provisions. The member shall not be
6 deemed a fiduciary by reason of providing such investment
7 direction. A person who is a fiduciary shall not be liable for
8 any loss resulting from such investment direction and shall not
9 be deemed to have breached any fiduciary duty by acting in
10 accordance with that direction. Neither the System nor the
11 member's employer guarantees any of the investments in the
12 member's account balances.

13 (e) Participation. A member eligible to participate in the
14 self-managed plan must make a written election under Section
15 16-133.6 and the procedures established by the System.

16 A member who has elected to participate in the self-managed
17 plan under Section 16-133.6 must continue participation while
18 employed as a teacher. Participation in the self-managed plan
19 under this Section shall constitute membership in the Teachers'
20 Retirement System.

21 A member under this Section shall be entitled to the
22 benefits of Article 20 of this Code.

23 (f) Contributions. The self-managed plan shall be funded by
24 contributions pursuant to salary reduction agreements for
25 members participating in the self-managed plan and employer
26 contributions as provided in this Section.

1 The member contribution shall be made as an "employer pick
2 up" under Section 414(h) of the Internal Revenue Code of 1986
3 or any successor Section thereof. In no event shall a member
4 have an option of receiving these amounts in cash, and payment
5 of the member contribution shall be a condition of employment.
6 The member contribution shall be deducted from the member's
7 salary in the amount specified by paragraph 3 of subsection (f)
8 of Section 16-152, unless the employer agrees to pick up and
9 pay the member contribution in addition to the member's salary,
10 pursuant to Section 16-152.1.

11 The program shall provide for employer contributions to be
12 credited to each self-managed plan participant at a rate of 6%
13 of the member's salary. The amounts so credited shall be paid
14 into the member's self-managed plan account in a manner to be
15 prescribed by the System. An additional amount of employer
16 contributions shall be used for the purpose of providing the
17 disability benefits of the System to the member. Prior to the
18 beginning of each plan year under the self-managed plan, the
19 Board of Trustees shall determine, as a percentage of salary,
20 the amount of employer contributions to be allocated during
21 that plan year for providing disability benefits for members in
22 the self-managed plan.

23 The State of Illinois shall make contributions by
24 appropriations to the System of the employer contributions
25 required for members who participate in the self-managed plan
26 under this Section. The amount required and the payment

1 schedule shall be certified by the Board of Trustees of the
2 System and paid by the State in accordance with Section
3 16-158.2. The System shall not be obligated to remit the
4 required State contributions to any person or entity until it
5 has received the required contributions from the State.

6 (g) Vesting; withdrawal; return to service. A member in the
7 self-managed plan becomes vested in the employer contributions
8 credited to his or her account in the self-managed plan on the
9 earliest to occur of the following: (1) completion of 5 years
10 of creditable service; (2) the death of the member while in
11 active service, if the member has completed at least 1 ½ years
12 of service; or (3) the member's election to retire and apply
13 the reciprocal provisions of Article 20 of this Code.

14 (h) If a member who is vested in employer contributions
15 terminates employment, the member shall be entitled to the
16 account values attributable to employer and member
17 contributions and any investment return thereon.

18 If a member who is not vested in employer contributions
19 terminates employment, the member shall be entitled to the
20 account values attributable to the member's contributions and
21 any investment return thereon, and the employer contributions
22 and any investment return thereon shall be forfeited. Any
23 employer contributions which are forfeited shall be used as
24 directed by the System for future allocations of employer
25 contributions.

1 (40 ILCS 5/16-136.2) (from Ch. 108 1/2, par. 16-136.2)

2 Sec. 16-136.2. Minimum retirement annuity.

3 (a) Any annuitant receiving a retirement annuity under this
4 Article is entitled to such additional amount of retirement
5 annuity under this Section, if necessary, that is sufficient to
6 provide a minimum retirement annuity of \$10 per month for each
7 year of creditable service forming the basis of the retirement
8 annuity, up to \$300 per month for 30 or more years of
9 creditable service. Effective January 1, 1984, the minimum
10 retirement annuity under this Section is \$15 per month per year
11 of service up to \$450 per month. Beginning January 1, 1996, the
12 minimum retirement annuity payable under this Section shall be
13 \$25 per month for each year of creditable service, up to a
14 maximum of \$750 per month for 30 or more years of creditable
15 service.

16 An annuitant entitled to an increase in retirement annuity
17 under this Section shall be entitled to such increase in
18 retirement annuity effective the later of (1) September 1
19 following attainment of age 60; (2) September 1 following the
20 first anniversary in retirement; or (3) the first of the month
21 following receipt of the required qualifying contribution from
22 the annuitant.

23 (b) An annuitant who qualifies for an additional amount of
24 retirement annuity under subsection (a) of this Section must
25 make a one-time payment of 1% of the monthly average salary for
26 each full year of the creditable service forming the basis of

1 the retirement annuity or, if the retirement annuity was not
2 computed using average salary, 1% of the original monthly
3 retirement annuity for each full year of service forming the
4 basis of the retirement annuity.

5 (c) The minimum retirement annuity provided under this
6 Section shall continue to be paid only to the extent that funds
7 are available in the minimum retirement annuity reserve
8 established under Section 16-186.3.

9 (d) The annual increase provided on and after September 1,
10 1977 under Section 16-136.1 and on and after January 1, 1978
11 under Section 16-133.1 shall be paid in addition to the minimum
12 retirement annuity. Where an initial increase is first payable
13 on or after September 1, 1977, only that portion of the
14 increase based on the period in retirement after August 31,
15 1976, under Section 16-136.1 and after December 31, 1976, under
16 Section 16-133.1 may be added to the minimum retirement
17 annuity.

18 (e) Notwithstanding any other provisions of this Article,
19 the minimum retirement annuity for service on or after July 1,
20 2013 shall be calculated as follows:

21 (1) If the member chooses the traditional benefit
22 package under paragraph (1) of subsection (a) of Section
23 16-133.6, or the revised benefit package under paragraph
24 (2) of subsection (a) of Section 16-133.6, the member shall
25 receive a minimum benefit (commencing on his or her Social
26 Security retirement age) for the member's creditable

1 service covered by each such defined benefit package that
2 is equal to the annual primary insurance amount the member
3 would have under Social Security for such period of
4 creditable service. For the purposes of this item (1), the
5 primary insurance amount a member would have under Social
6 Security shall be calculated so that the System meets the
7 requirements necessary to be considered a retirement
8 system under Section 3121(b)(7)(F) of the Internal Revenue
9 Code and the regulations in effect thereunder.

10 (2) If the member chooses the self-managed plan under
11 paragraph (3) of subsection (a) of Section 16-133.6, the
12 member shall receive a minimum allocation equal to 7.5% of
13 the member's salary for service during the period. All
14 contributions shall be taken into account for this purpose.
15 For the purposes of this paragraph (2), the minimum
16 allocation shall be calculated so that the System meets the
17 requirements necessary to be considered a retirement
18 system under Section 3121(b)(7)(F) of the Internal Revenue
19 Code and the regulations in effect thereunder.

20 (Source: P.A. 89-21, eff. 6-6-95; 89-25, eff. 6-21-95.)

21 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)
22 Sec. 16-152. Contributions by members.

23 (a) Each member shall make contributions for membership
24 service to this System as follows:

25 (1) Effective July 1, 1998, contributions of 7.50% of

1 salary towards the cost of the retirement annuity. Such
2 contributions shall be deemed "normal contributions".

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

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

11 (4) Effective July 1, 2005, contributions of 0.40% of
12 salary toward the cost of the early retirement without
13 discount option provided under Section 16-133.2. This
14 contribution shall cease upon termination of the early
15 retirement without discount option as provided in Section
16 16-176.

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

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

22 (d) A person who (i) was a member before July 1, 1998, (ii)
23 retires with more than 34 years of creditable service, and
24 (iii) does not elect to qualify for the augmented rate under
25 Section 16-129.1 shall be entitled, at the time of retirement,
26 to receive a partial refund of contributions made under this

1 Section for service occurring after the later of June 30, 1998
2 or attainment of 34 years of creditable service, in an amount
3 equal to 1.00% of the salary upon which those contributions
4 were based.

5 (e) A member's contributions toward the cost of early
6 retirement without discount made under item (a)(4) of this
7 Section shall not be refunded if the member has elected early
8 retirement without discount under Section 16-133.2 and has
9 begun to receive a retirement annuity under this Article
10 calculated in accordance with that election. Otherwise, a
11 member's contributions toward the cost of early retirement
12 without discount made under item (a)(4) of this Section shall
13 be refunded according to whichever one of the following
14 circumstances occurs first:

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

19 (2) The contributions shall be included, without
20 interest, in any refund claimed by the member under Section
21 16-151.

22 (3) The contributions shall be refunded to the member's
23 designated beneficiary (or if there is no beneficiary, to
24 the member's estate), without interest, if the member dies
25 without having begun to receive a retirement annuity under
26 this Article.

1 (4) The contributions shall be refunded to the member,
2 without interest, within 120 days after the early
3 retirement without discount option provided under Section
4 16-133.2 is terminated under Section 16-176.

5 (f) Notwithstanding anything in this Section to the
6 contrary, beginning July 1, 2013, all members shall be required
7 to make the following contributions:

8 (1) Members who elect the traditional benefit package
9 provided under paragraph (1) of subsection (a) of Section
10 16-133.6 of this Code shall contribute:

11 (A) In fiscal year 2014, fiscal year 2015, and
12 fiscal year 2016, an amount equal to 13.77% of salary.

13 (B) In fiscal year 2017 and in each fiscal year
14 thereafter, a percentage of salary equal to the
15 actuarially determined fiscal year 2017 normal cost of
16 the traditional benefit package, minus contributions
17 by the State of Illinois in fiscal year 2017 under
18 subsection (a) of Section 16-158.2, provided that no
19 member's contribution shall be less than 6% or more
20 than 15.77% of salary. The System shall certify the
21 actuarially determined fiscal year 2017 normal cost of
22 the traditional benefit package and the amount of the
23 required member contribution.

24 (2) In fiscal year 2014 and in each fiscal year
25 thereafter, members who elect the revised benefit package
26 provided under paragraph (2) of subsection (a) of Section

1 16-133.6 of this Code shall contribute an amount equal to
2 the greater of the actuarially determined long term normal
3 cost of the revised benefit package as calculated in fiscal
4 year 2014 or 12%, minus contributions by the State of
5 Illinois in fiscal year 2014 under subsection (b) of
6 Section 16-158.2, provided that no member's contribution
7 shall be less than 6% of salary. The System shall certify
8 the actuarially determined long term normal cost of such
9 revised benefit package and the amount of the required
10 member contribution. For purposes of this paragraph (2),
11 long term normal cost shall be defined as the normal cost
12 of the revised benefit package assuming that all employees
13 are covered under the revised benefit package.
14 Contributions under this paragraph (2) shall be based on
15 pensionable salary.

16 (3) In fiscal year 2014 and in each fiscal year
17 thereafter, members who elect the self-managed plan
18 provided under Section 16-133.8 of this Code shall
19 contribute a minimum of 6% of salary. Members who elect the
20 self-managed plan provided under Section 16-133.8 of this
21 Code may elect to increase their member contribution in
22 accordance with rules prescribed by the Board.

23 (Source: P.A. 93-320, eff. 7-23-03; 94-4, eff. 6-1-05.)

24 (40 ILCS 5/16-152.2 new)

25 Sec. 16-152.2. Increases in member contributions. If the

1 member contribution required under Section 16-152 increases
2 for any member pursuant to this amendatory Act of the 97th
3 General Assembly, the additional member contribution in excess
4 of the prior member contribution for such member shall be
5 deducted from the member's salary unless the member's employer
6 agrees pursuant to Section 414(h) of the Internal Revenue Code
7 to pick up and pay part or all of such increased contribution
8 in addition to the member's salary.

9 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

10 Sec. 16-158. Contributions by State and other employing
11 units.

12 (a) The State shall make contributions to the System by
13 means of appropriations from the Common School Fund and other
14 State funds of amounts which, together with other employer
15 contributions, employee contributions, investment income, and
16 other income, 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 (b-3).

24 (a-1) Annually, on or before November 15, the Board shall
25 certify to the Governor the amount of the required State

1 contribution for the coming fiscal year. The certification
2 shall include a copy of the actuarial recommendations upon
3 which it is based.

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

10 On or before July 1, 2005 ~~April 1, 2011~~, the Board shall
11 recalculate and recertify to the Governor the amount of the
12 required State contribution to the System for State fiscal year
13 2006, taking into account the changes in required State
14 contributions made by this amendatory Act of the 94th General
15 Assembly.

16 On or before April 1, 2011 ~~June 15, 2010~~, the Board shall
17 recalculate and recertify to the Governor the amount of the
18 required State contribution to the System for State fiscal year
19 2011, applying the changes made by Public Act 96-889 to the
20 System's assets and liabilities as of June 30, 2009 as though
21 Public Act 96-889 was approved on that date.

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 2014 ~~2012~~ through 2045, the
26 minimum contribution to the System to be made by the State for

1 each fiscal year shall be an amount equal to the sum of (i) the
2 contribution determined under Section 16-158.2, plus (ii) an
3 amount determined by the System to be sufficient to bring the
4 total assets of the System up to 90% of the total actuarial
5 liabilities of the System by the end of State fiscal year 2045.
6 In making the ~~these~~ determinations under item (ii) of this
7 subsection (b-3), for State fiscal years 2017 through 2045, the
8 required State contribution shall be calculated each year as a
9 level percentage of revenue provided by the individual income
10 tax, sales tax, and corporate income tax assuming a 2.3%
11 average annual growth rate in these revenues based on the most
12 recent fiscal year's actual revenues as reported by the
13 Commission on Government Forecasting and Accountability
14 ~~payroll~~ over the years remaining to and including fiscal year
15 2045 and shall be determined under the projected unit credit
16 actuarial cost method.

17 Notwithstanding any other provision of this Article, For
18 State fiscal years 2014 ~~1996~~ through 2016 ~~2005~~, the State
19 contribution to the System under item (ii) of this subsection
20 (b-3), as a percentage of State revenue from the individual
21 income tax, sales tax, and corporate income tax ~~the applicable~~
22 employee payroll, shall be increased in equal annual increments
23 so that by State fiscal year 2017 ~~2011~~, the State is
24 contributing at the rate required under this Section.

25 For State fiscal years 2014 through 2045, the total State
26 contribution required in each fiscal year under this subsection

1 (b-3) must not be less than 100% of the prior fiscal year's
2 actual or required contribution, whichever is greater.

3 Notwithstanding any other provision of this Article, the
4 total required State contribution for this System for State
5 fiscal year 2013 shall be \$2,765,140,669.

6 ~~In, except that in~~ the following specified State fiscal
7 years, the State contribution to the System shall not be less
8 than the following indicated percentages of the applicable
9 employee payroll, even if the indicated percentage will produce
10 a State contribution in excess of the amount otherwise required
11 under this subsection and subsection (a), and notwithstanding
12 any contrary certification made under subsection (a-1) before
13 the effective date of this amendatory Act of 1998: 10.02% in FY
14 1999; 10.77% in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002;
15 12.86% in FY 2003; and 13.56% in FY 2004.

16 Notwithstanding any other provision of this Article, the
17 total required State contribution for State fiscal year 2006 is
18 \$534,627,700.

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2007 is
21 \$738,014,500.

22 For each of State fiscal years 2008 through 2009, the State
23 contribution to the System, as a percentage of the applicable
24 employee payroll, shall be increased in equal annual increments
25 from the required State contribution for State fiscal year
26 2007, so that by State fiscal year 2011, the State is

1 contributing at the rate otherwise required under this Section.

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

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

1 Beginning in State fiscal year 2046, the minimum State
2 contribution for each fiscal year shall be an amount equal to
3 the contribution determined under Section 16-158.1, plus the
4 amount needed to maintain the total assets of the System at 90%
5 of the total actuarial liabilities of the System.

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

18 Notwithstanding any other provision of this Section, the
19 required State contribution for State fiscal year 2005 and for
20 fiscal year 2008 and each fiscal year thereafter, as calculated
21 under this Section and certified under subsection (a-1), shall
22 not exceed an amount equal to (i) the amount of the required
23 State contribution that would have been calculated under this
24 Section for that fiscal year if the System had not received any
25 payments under subsection (d) of Section 7.2 of the General
26 Obligation Bond Act, minus (ii) the portion of the State's

1 total debt service payments for that fiscal year on the bonds
2 issued in fiscal year 2003 for the purposes of that Section
3 7.2, as determined and certified by the Comptroller, that is
4 the same as the System's portion of the total moneys
5 distributed under subsection (d) of Section 7.2 of the General
6 Obligation Bond Act. In determining this maximum for State
7 fiscal years 2008 through 2010, however, the amount referred to
8 in item (i) shall be increased, as a percentage of the
9 applicable employee payroll, in equal increments calculated
10 from the sum of the required State contribution for State
11 fiscal year 2007 plus the applicable portion of the State's
12 total debt service payments for fiscal year 2007 on the bonds
13 issued in fiscal year 2003 for the purposes of Section 7.2 of
14 the General Obligation Bond Act, so that, by State fiscal year
15 2011, the State is contributing at the rate otherwise required
16 under this Section.

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

22 If members are paid from special trust or federal funds
23 which are administered by the employing unit, whether school
24 district or other unit, the employing unit shall pay to the
25 System from such funds the full accruing retirement costs based
26 upon that service, as determined by the System. Employer

1 contributions, based on salary paid to members from federal
2 funds, may be forwarded by the distributing agency of the State
3 of Illinois to the System prior to allocation, in an amount
4 determined in accordance with guidelines established by such
5 agency and the System.

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

13 However, with respect to benefits granted under Section
14 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
15 of Section 16-106, the employer's contribution shall be 12%
16 (rather than 20%) of the member's highest annual salary rate
17 for each year of creditable service granted, and the employer
18 shall also pay the required employee contribution on behalf of
19 the teacher. For the purposes of Sections 16-133.4 and
20 16-133.5, a teacher as defined in paragraph (8) of Section
21 16-106 who is serving in that capacity while on leave of
22 absence from another employer under this Article shall not be
23 considered an employee of the employer from which the teacher
24 is on leave.

25 (e) Beginning July 1, 1998, every employer of a teacher
26 shall pay to the System an employer contribution computed as

1 follows:

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

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

8 The school district or other employing unit may pay these
9 employer contributions out of any source of funding available
10 for that purpose and shall forward the contributions to the
11 System on the schedule established for the payment of member
12 contributions.

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

16 Each employer of teachers is entitled to a credit against
17 the contributions required under this subsection (e) with
18 respect to salaries paid to teachers for the period January 1,
19 2002 through June 30, 2003, equal to the amount paid by that
20 employer under subsection (a-5) of Section 6.6 of the State
21 Employees Group Insurance Act of 1971 with respect to salaries
22 paid to teachers for that period.

23 The additional 1% employee contribution required under
24 Section 16-152 by this amendatory Act of 1998 is the
25 responsibility of the teacher and not the teacher's employer,
26 unless the employer agrees, through collective bargaining or

1 otherwise, to make the contribution on behalf of the teacher.

2 If an employer is required by a contract in effect on May
3 1, 1998 between the employer and an employee organization to
4 pay, on behalf of all its full-time employees covered by this
5 Article, all mandatory employee contributions required under
6 this Article, then the employer shall be excused from paying
7 the employer contribution required under this subsection (e)
8 for the balance of the term of that contract. The employer and
9 the employee organization shall jointly certify to the System
10 the existence of the contractual requirement, in such form as
11 the System may prescribe. This exclusion shall cease upon the
12 termination, extension, or renewal of the contract at any time
13 after May 1, 1998.

14 (f) If the amount of a teacher's salary for any school year
15 used to determine final average salary exceeds the member's
16 annual full-time salary rate with the same employer for the
17 previous school year by more than 6%, the teacher's employer
18 shall pay to the System, in addition to all other payments
19 required under this Section and in accordance with guidelines
20 established by the System, the present value of the increase in
21 benefits resulting from the portion of the increase in salary
22 that is in excess of 6%. This present value shall be computed
23 by the System on the basis of the actuarial assumptions and
24 tables used in the most recent actuarial valuation of the
25 System that is available at the time of the computation. If a
26 teacher's salary for the 2005-2006 school year is used to

1 determine final average salary under this subsection (f), then
2 the changes made to this subsection (f) by Public Act 94-1057
3 shall apply in calculating whether the increase in his or her
4 salary is in excess of 6%. For the purposes of this Section,
5 change in employment under Section 10-21.12 of the School Code
6 on or after June 1, 2005 shall constitute a change in employer.
7 The System may require the employer to provide any pertinent
8 information or documentation. The changes made to this
9 subsection (f) by this amendatory Act of the 94th General
10 Assembly apply without regard to whether the teacher was in
11 service on or after its effective date.

12 Whenever it determines that a payment is or may be required
13 under this subsection, the System shall calculate the amount of
14 the payment and bill the employer for that amount. The bill
15 shall specify the calculations used to determine the amount
16 due. If the employer disputes the amount of the bill, it may,
17 within 30 days after receipt of the bill, apply to the System
18 in writing for a recalculation. The application must specify in
19 detail the grounds of the dispute and, if the employer asserts
20 that the calculation is subject to subsection (g) or (h) of
21 this Section, must include an affidavit setting forth and
22 attesting to all facts within the employer's knowledge that are
23 pertinent to the applicability of that subsection. Upon
24 receiving a timely application for recalculation, the System
25 shall review the application and, if appropriate, recalculate
26 the amount due.

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

10 (g) This subsection (g) applies only to payments made or
11 salary increases given on or after June 1, 2005 but before July
12 1, 2011. The changes made by Public Act 94-1057 shall not
13 require the System to refund any payments received before July
14 31, 2006 (the effective date of Public Act 94-1057).

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

19 When assessing payment for any amount due under subsection
20 (f), the System shall exclude salary increases paid to a
21 teacher at a time when the teacher is 10 or more years from
22 retirement eligibility under Section 16-132 or 16-133.2.

23 When assessing payment for any amount due under subsection
24 (f), the System shall exclude salary increases resulting from
25 overload work, including summer school, when the school
26 district has certified to the System, and the System has

1 approved the certification, that (i) the overload work is for
2 the sole purpose of classroom instruction in excess of the
3 standard number of classes for a full-time teacher in a school
4 district during a school year and (ii) the salary increases are
5 equal to or less than the rate of pay for classroom instruction
6 computed on the teacher's current salary and work schedule.

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

21 When assessing payment for any amount due under subsection
22 (f), the System shall exclude any payment to the teacher from
23 the State of Illinois or the State Board of Education over
24 which the employer does not have discretion, notwithstanding
25 that the payment is included in the computation of final
26 average salary.

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

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

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

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

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

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

26 (j) For purposes of determining the required State

1 contribution to the System, the value of the System's assets
2 shall be equal to the actuarial value of the System's assets,
3 which shall be calculated as follows:

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

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

15 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
16 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.
17 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)

18 (40 ILCS 5/16-158.2 new)

19 Sec. 16-158.2. Additional State contributions. In addition
20 to any amounts required to amortize the unfunded liabilities of
21 the System, as required of the State of Illinois in Section
22 16-158, the following amounts shall be required of the State of
23 Illinois for fiscal year 2014 and each fiscal year thereafter:

24 (a) For all members electing benefits under paragraphs (1)
25 of subsection (a) of Section 16-133.6, an amount equal to 6% of

1 total salary for the respective member group.

2 (b) For all members electing benefits under paragraphs (2)
3 of subsection (a) of Section 16-133.6, an amount equal to 6% of
4 total pensionable salary for the respective member group.

5 (c) For all members electing benefits under paragraph (3)
6 of subsection (a) of Section 16-133.6, an amount equal to (i)
7 6% of salary for all such members and (ii) an amount determined
8 by the System to fund the disability plan provided for such
9 members.

10 (40 ILCS 5/16-204 new)

11 Sec. 16-204. Qualified plan status. No provision of this
12 Article shall be interpreted in a way that would cause the
13 System to cease to be a qualified plan under Section 401(a) of
14 the Internal Revenue Code.

15 (40 ILCS 5/17-109.3 new)

16 Sec. 17-109.3. Reformed benefit package. "Reformed benefit
17 package": The defined benefit retirement program maintained
18 under the Fund for members who first become members in the Fund
19 on or after January 1, 2011.

20 (40 ILCS 5/17-109.4 new)

21 Sec. 17-109.4. Self-managed plan. "Self-managed plan": The
22 defined contribution retirement program maintained under the
23 Fund as described in Section 17-130.5. The self-managed plan

1 shall not include service retirement pensions, early
2 retirement pensions, reversionary pensions, survivor's
3 benefits, children's benefits, death benefits, or automatic
4 increases in pensions.

5 (40 ILCS 5/17-109.5 new)

6 Sec. 17-109.5. Traditional benefit package. "Traditional
7 benefit package": The defined benefit retirement program
8 maintained under the Fund for members who first became members
9 in the Fund before January 1, 2011.

10 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)

11 Sec. 17-116. Service retirement pension. The provisions of
12 this Section do not apply to participants who are participating
13 in the self-managed plan.

14 (a) Each teacher having 20 years of service upon attainment
15 of age 55, or who thereafter attains age 55 shall be entitled
16 to a service retirement pension upon or after attainment of age
17 55; and each teacher in service on or after July 1, 1971, with
18 5 or more but less than 20 years of service shall be entitled
19 to receive a service retirement pension upon or after
20 attainment of age 62.

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

24 (1) For creditable service earned before July 1, 1998

1 that has not been augmented under Section 17-119.1: 1.67%
2 for each of the first 10 years of service; 1.90% for each
3 of the next 10 years of service; 2.10% for each year of
4 service in excess of 20 but not exceeding 30; and 2.30% for
5 each year of service in excess of 30, based upon average
6 salary as herein defined.

7 (2) For creditable service earned on or after July 1,
8 1998 by a member who has at least 30 years of creditable
9 service on July 1, 1998 and who does not elect to augment
10 service under Section 17-119.1: 2.3% of average salary for
11 each year of creditable service earned on or after July 1,
12 1998.

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

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

17 1. Average salary shall consist of the average annual
18 rate of salary for the 4 consecutive years of validated
19 service within the last 10 years of service when such
20 average annual rate was highest. In the determination of
21 average salary for retirement allowance purposes, for
22 members who commenced employment after August 31, 1979,
23 that part of the salary for any year shall be excluded
24 which exceeds the annual full-time salary rate for the
25 preceding year by more than 20%. In the case of a member
26 who commenced employment before August 31, 1979 and who

1 receives salary during any year after September 1, 1983
2 which exceeds the annual full time salary rate for the
3 preceding year by more than 20%, an Employer and other
4 employers of eligible contributors as defined in Section
5 17-106 shall pay to the Fund an amount equal to the present
6 value of the additional service retirement pension
7 resulting from such excess salary. The present value of the
8 additional service retirement pension shall be computed by
9 the Board on the basis of actuarial tables adopted by the
10 Board. If a member elects to receive a pension from this
11 Fund provided by Section 20-121, his salary under the State
12 Universities Retirement System and the Teachers'
13 Retirement System of the State of Illinois shall be
14 considered in determining such average salary. Amounts
15 paid after the effective date of this amendatory Act of
16 1991 for unused vacation time earned after that effective
17 date shall not under any circumstances be included in the
18 calculation of average salary or the annual rate of salary
19 for the purposes of this Article.

20 2. Proportionate credit shall be given for validated
21 service of less than one year.

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

24 4. For separation from service below age 60 to a
25 minimum age of 55, the pension shall be discounted at the
26 rate of 1/2 of one per cent for each month that the age of

1 the contributor is less than 60, but a teacher may elect to
2 defer the effective date of pension in order to eliminate
3 or reduce this discount. This discount shall not be
4 applicable to any participant who has at least 34 years of
5 service or a retirement pension of at least 74.6% of
6 average salary on the date the retirement annuity begins.

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

11 6. Service retirement pensions shall begin on the
12 effective date of resignation, retirement, the day
13 following the close of the payroll period for which service
14 credit was validated, or the time the person resigning or
15 retiring attains age 55, or on a date elected by the
16 teacher, whichever shall be latest.

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

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

1 under Article 20 of this Code.

2 (Source: P.A. 90-566, eff. 1-2-98; 90-582, eff. 5-27-98.)

3 (40 ILCS 5/17-130) (from Ch. 108 1/2, par. 17-130)

4 Sec. 17-130. Participants' contributions by payroll
5 deductions.

6 (a) There shall be deducted from the salary of each teacher
7 7.50% of his salary for service or disability retirement
8 pension and 0.5% of salary for the annual increase in base
9 pension.

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

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

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

1 become a part of the contract of employment.

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

11 (d-5) Notwithstanding any other provision of this Article,
12 beginning July 1, 2013, all members shall be required to make
13 the following contributions:

14 (1) Members who elect the traditional benefit package
15 under paragraph (1) of subsection (a) of Section 17-130.4
16 of this Code shall contribute:

17 (A) In fiscal year 2014, fiscal year 2015, and
18 fiscal year 2016, an amount equal to 12.75% of salary.

19 (B) In fiscal year 2017 and in each fiscal year
20 thereafter, a percentage of salary equal to the
21 actuarially determined normal cost of the traditional
22 benefit package, minus an amount equal to 6% of total
23 pensionable salary. The Fund shall certify the
24 actuarially determined normal cost of the traditional
25 benefit package and the amount of required participant
26 contributions by July 1, 2016 and every 3 years

1 thereafter.

2 (2) Members who elect the reformed benefit package
3 under paragraph (2) of subsection (a) of Section 17-130.4
4 of this Code shall contribute:

5 (A) In fiscal year 2014, fiscal year 2015, and
6 fiscal year 2016, an amount equal to 7% of salary.

7 (B) In fiscal year 2017 and in each fiscal year
8 thereafter, a percentage of salary equal to the
9 actuarially determined normal cost of the reformed
10 benefit package, minus an amount equal to 6% of total
11 pensionable salary. The Fund shall certify the
12 actuarially determined normal cost of the reformed
13 benefit package and the amount of required employee
14 contributions by July 1, 2016 and every 3 years
15 thereafter.

16 (3) Members who elect the self-managed plan under
17 paragraph (3) of subsection (a) of Section 17-130.4 of this
18 Code shall contribute a minimum of 6% of salary.
19 Participants who elect the self-managed plan provided
20 under Section 17-130.4 of this Code may elect to increase
21 their employee contributions in accordance with rules
22 prescribed by the Board.

23 No prior contribution increases or other additional
24 contributions specified by this Section shall apply to any
25 participant for service on or after July 1, 2013.

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

1 (40 ILCS 5/17-130.4 new)

2 Sec. 17-130.4. Benefit accruals on and after July 1, 2013.

3 (a) Each participating member under this Article, other
4 than a person who first becomes a member and a participant on
5 or after January 1, 2011, shall choose which retirement program
6 he or she wishes to participate in with respect to all periods
7 of employment occurring on and after July 1, 2013, except that
8 such participants with more than 5 years of creditable service
9 shall only be eligible to elect one of the retirement programs
10 in paragraphs (1) or (2) of this subsection (a). The retirement
11 program election made by the participating member must be made
12 no later than January 1, 2013. The participating member shall
13 elect one of the following retirement programs:

14 (1) the traditional benefit package provided by the
15 Fund;

16 (2) the reformed benefit package provided by the Fund;
17 or

18 (3) the self-managed plan provided by the Fund.

19 (b) A person who first becomes a member and a participant
20 in the Fund on or after January 1, 2011 shall be given the
21 choice to elect which retirement program he or she wishes to
22 participate in with respect to all periods of employment
23 occurring on and after July 1, 2013. The participant shall
24 elect one of the retirement programs provided in paragraph (2)
25 or (3) of subsection (a) of this Section. The participant must

1 make the election (i) by January 1, 2013 or within 6 months
2 after the participant's first day of employment, whichever is
3 later, and (ii) if applicable, every 3 years thereafter.

4 (c) The participant election authorized by this Section is
5 an irrevocable election, except that any individual making an
6 election for the retirement program described under paragraph
7 (1) or (2) of subsection (a) shall make an election for a
8 period of 3 years and shall make subsequent elections every 3
9 years during a 6-month period prescribed by the Fund. The
10 election shall be made in writing, in the manner prescribed by
11 the fund. Any participant who fails to make the election shall,
12 by default, participate in the benefit program provided under
13 paragraph (2) of subsection (a) of this Section.

14 (d) Participants who have already made an election pursuant
15 to subsection (a) or (b) shall be given the opportunity to make
16 a new election as follows:

17 (1) Each participant in the traditional benefit
18 package provided under paragraph (1) of subsection (a) of
19 this Section shall have the opportunity to elect to
20 terminate participation in the traditional benefit package
21 and to elect to have retirement benefits for future service
22 provided under either the reformed benefit package
23 provided under paragraph (2) of subsection (a) of this
24 Section or the self-managed plan provided under paragraph
25 (3) of subsection (a) of this Section. However, such
26 participants with more than 5 years of creditable service

1 shall be prohibited from electing the self-managed plan
2 provided under paragraph (3) of subsection (a) of this
3 Section.

4 (2) Each participant that has less than 5 years of
5 creditable service and participates in the reformed
6 benefit package provided under paragraph (2) of subsection
7 (a) of this Section shall have the opportunity to elect to
8 terminate participation in the reformed benefit package
9 and to elect to have retirement benefits for future service
10 provided under the self-managed plan provided under
11 paragraph (3) of subsection (a) of this Section.

12 (3) The elections permitted under paragraphs (1) and
13 (2) must be made during a 6-month period in the manner
14 prescribed by the Fund.

15 (e) If a participant with an accrued benefit under the
16 traditional benefit package elects the reformed benefit
17 package, the participant's total accrued benefit for purposes
18 of determining an annuity shall be the sum of (i) the
19 participant's benefit accruals under the traditional benefit
20 package, based on the participant's salary and service under
21 the traditional benefit package and frozen with respect to
22 salary for service earned subsequent to participation under the
23 traditional benefit package, and (ii) the participant's
24 benefit accruals based on salary and service under the reformed
25 benefit package. All rights and features provided under the
26 traditional benefit package will be preserved with respect to

1 benefits earned under such package with respect to service
2 completed prior to the election to participate in the reformed
3 benefit package. Furthermore, the participant shall be
4 entitled to the benefit of the survivor's annuity provided in
5 Public Act 96-889 and Public Act 96-1490. All service completed
6 under the Fund shall count for purposes of determining
7 retirement eligibility and vesting under both the traditional
8 benefit package and the reformed benefit package, provided that
9 the vesting requirements of the traditional benefit package
10 shall continue to govern vesting for participants in the
11 reformed benefit package.

12 (f) If a participant with an accrued benefit under the
13 traditional benefit package or the reformed benefit package
14 elects the self-managed plan provided under paragraph (3) of
15 subsection (a) of this Section, the participant's total accrued
16 benefit for purposes of determining an annuity shall be the
17 participant's benefit accruals prior to participation in the
18 self-managed plan, based on the participant's salary and
19 service and frozen with respect to salary for service earned
20 subsequent to participation in the traditional or reformed
21 benefit package. However, the participant shall also have an
22 accrued self-managed plan balance as specified in subsection
23 (h) of Section 17-130.5, for periods of covered employment on
24 or after participation in the self-managed plan. All rights and
25 features provided under the traditional benefit package will be
26 preserved with respect to benefits earned under such package

1 with respect to service completed prior to the election to
2 participate in the self-managed plan. All service completed
3 under the traditional or reformed benefit package and the
4 self-managed plan shall count for purposes of determining
5 retirement eligibility and vesting under the traditional
6 benefit package and the self-managed plan.

7 (g) An individual with less than 5 years of creditable
8 service and who is a participant in the Fund but is not a
9 participating employee on January 1, 2013 shall be allowed to
10 elect, based on the eligibility criteria specified in this
11 Code, one of the retirement programs provided in paragraph (1),
12 (2), or (3) of subsection (a) of this Section within 6 months
13 after becoming an employee, based on eligibility.

14 An individual with 5 or more years of creditable service
15 and who is a participant in the Fund but is not a participating
16 employee on January 1, 2013 shall be allowed to elect, based on
17 the eligibility criteria specified in this Code, one of the
18 retirement programs provided in paragraph (1) or (2) of
19 subsection (a) of this Section within 6 months after becoming
20 an employee, based on eligibility.

21 (40 ILCS 5/17-130.5 new)

22 Sec. 17-130.5. Self-managed plan.

23 (a) Purpose. The Public School Teachers' Pension and
24 Retirement Fund shall establish and administer a self-managed
25 plan, which shall offer members the opportunity to accumulate

1 assets for retirement through a combination of employee and
2 employer contributions that may be invested in mutual funds,
3 collective investment funds, or other investment products and
4 used to purchase annuity contracts, either fixed or variable or
5 a combination thereof. The plan must be qualified under the
6 Internal Revenue Code of 1986.

7 (b) The Public School Teachers' Pension and Retirement Fund
8 shall be the plan sponsor for the self-managed plan and shall
9 prepare a plan document and prescribe such rules and procedures
10 as are considered necessary or desirable for the administration
11 of the self-managed plan. Consistent with its fiduciary duty to
12 the participants and beneficiaries of the self-managed plan,
13 the Board of Trustees of the System may delegate aspects of
14 plan administration as it sees fit to companies authorized to
15 do business in this State.

16 (c) Selection of service providers and funding vehicles.
17 The Fund may solicit proposals to provide administrative
18 services and funding vehicles for the self-managed plan from
19 insurance and annuity companies and mutual fund companies,
20 banks, trust companies, or other financial institutions
21 authorized to do business in this State.

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

1 (d) Member direction. Members who are participating in the
2 program must be allowed to direct the transfer of their account
3 balances among the various investment options offered, subject
4 to applicable contractual provisions. The member shall not be
5 deemed a fiduciary by reason of providing such investment
6 direction. A person who is a fiduciary shall not be liable for
7 any loss resulting from such investment direction and shall not
8 be deemed to have breached any fiduciary duty by acting in
9 accordance with that direction. Neither the Fund nor the
10 participant's employer guarantees any of the investments in the
11 member's account balances.

12 (e) Participation. A member eligible to participate in the
13 self-managed plan must make a written election under Section
14 17-130.4 and the procedures established by the Fund.

15 A member who has elected to participate in the self-managed
16 plan under this Section must continue participation while
17 employed in an eligible position. Participation in the
18 self-managed plan under this Section shall constitute
19 membership in the Public School Teachers' Pension and
20 Retirement Fund.

21 A member under this Section shall be entitled to the
22 benefits of Article 20 of this Code.

23 (f) Contributions. The self-managed plan shall be funded by
24 contributions from employees participating in the self-managed
25 plan and employer contributions as provided in this Section.

26 This required contribution shall be made as an "employer

1 pick up" under Section 414(h) of the Internal Revenue Code of
2 1986 or any successor Section thereof. In no event shall a
3 member have an option of receiving these amounts in cash. The
4 program shall provide for employer contributions to be credited
5 to each self-managed plan participant at a rate of 6% of the
6 participating member's salary, less the amount used by the
7 System to provide disability benefits for the member. The
8 amounts so credited shall be paid into the member's
9 self-managed plan account in a manner to be prescribed by the
10 Fund.

11 The required amount of employer contributions shall be used
12 for the purpose of providing the disability benefits of the
13 Fund to the member. Prior to the beginning of each plan year
14 under the self-managed plan, the Board of Trustees shall
15 determine, as a percentage of salary, the amount of employer
16 contributions to be allocated during that plan year for
17 providing disability benefits for members in the self-managed
18 plan.

19 The employer shall make contributions to the Fund of the
20 employer contributions required for employees who participate
21 in the self-managed plan under this Section. The amount
22 required shall be certified by the Board of Trustees of the
23 Fund and paid by the employer in accordance with this Article.
24 The Fund shall not be obligated to remit the required employer
25 contributions to any person or entity until it has received the
26 required employer contributions from the employer.

1 (g) Vesting; withdrawal; return to service. A member in the
2 self-managed plan becomes vested in the employer contributions
3 credited to his or her account in the self-managed plan on the
4 earliest to occur of the following: (1) completion of 5 years
5 of creditable service; (2) the death of the member while in
6 active service, if the member has completed at least 1 1/2
7 years of service; or (3) the member's election to retire and
8 apply the reciprocal provisions of Article 20 of this Code.

9 (h) Benefit amounts. If a member who is vested in employer
10 contributions terminates employment, the member shall be
11 entitled to a benefit which is based on the account values
12 attributable to employer and member contributions and any
13 investment return thereon.

14 If a member who is not vested in employer contributions
15 terminates employment, the member shall be entitled to a
16 benefit based solely on the account values attributable to the
17 member's contributions and any investment return thereon, and
18 the employer contributions and any investment return thereon
19 shall be forfeited. Any employer contributions which are
20 forfeited shall become part of the trust.

21 (40 ILCS 5/17-130.6 new)

22 Sec. 17-130.6. Minimum benefit and allocation provisions.
23 Each participant in the System shall receive a minimum benefit
24 or allocation determined as follows:

25 (1) If the participant is participating in the

1 traditional benefit package provided under paragraph (1)
2 of subsection (a) of Section 17-130.4 of this Code or the
3 revised defined benefit package provided under paragraph
4 (2) of subsection (a) of Section 17-130.4 of this Code, the
5 participant shall receive a minimum benefit (commencing on
6 his or her Social Security retirement age) that is equal to
7 the annual primary insurance amount the participant would
8 have under Social Security. For the purposes of this item
9 (1), the primary insurance amount a participant would have
10 under Social Security shall be calculated so that the
11 System meets the requirements necessary to be considered a
12 retirement system under Section 3121(b)(7)(F) of the
13 Internal Revenue Code and the regulations in effect
14 thereunder.

15 (2) If the participant is participating in the
16 self-managed plan provided under Section 17-130.5 of this
17 Code, the member shall receive a minimum allocation equal
18 to 7.5% of the participant's compensation for service
19 during the period. All contributions shall be taken into
20 account for this purpose. For the purposes of this
21 paragraph (2), the minimum allocation shall be calculated
22 so that the System meets the requirements necessary to be
23 considered a retirement system under Section 3121(b)(7)(F)
24 of the Internal Revenue Code and the regulations in effect
25 thereunder.

1 (40 ILCS 5/17-130.7 new)

2 Sec. 17-130.7. Additional employer contributions. In
3 addition to any amounts required to amortize the unfunded
4 liabilities of this Fund, the following amounts shall be
5 required by the employer for fiscal year 2014 and each fiscal
6 year thereafter:

7 (1) For all members electing benefits under paragraphs
8 (1) or (2) of subsection (a) of Section 17-130.4, an amount
9 equal to 6% of total pensionable payroll for the respective
10 employee groups.

11 (2) For members electing benefits under paragraph (3)
12 of subsection (a) of Section 17-130.4, an employer
13 contribution equal to (i) 6% of total pensionable payroll
14 for the respective employee group and (ii) an amount
15 determined by the Fund to be sufficient to fund the
16 disability plan provided in this Article.

17 (40 ILCS 5/17-149.1) (from Ch. 108 1/2, par. 17-149.1)

18 Sec. 17-149.1. Felony conviction. None of the benefits
19 provided for in this Article shall be paid to any person who is
20 convicted of any felony relating to or arising out of or in
21 connection with his or her service as a teacher.

22 This Section shall not operate to impair any contract or
23 vested right acquired prior to January 1, 1988, nor to preclude
24 the right to a refund.

25 All teachers entering service after January 1, 1988 shall

1 be deemed to have consented to the provisions of this Section
2 as a condition of membership.

3 No refund paid to any person who is convicted of a felony
4 relating to or arising out of or in connection with the
5 person's service as a member shall include employer
6 contributions or interest or, in the case of the self-managed
7 plan authorized under Section 17-130.5, any employer
8 contributions or investment return on employer contributions.

9 (Source: P.A. 85-964.)

10 (40 ILCS 5/17-160 new)

11 Sec. 17-160. Qualified plan status. No provision of this
12 Article shall be interpreted in a way that would cause the Fund
13 to cease to be a qualified plan under Section 401(a) of the
14 Internal Revenue Code.

15 (40 ILCS 5/17-165 new)

16 Sec. 17-165. Public School Teachers' Pension and
17 Retirement Fund Trust Fund. The Fund may offer, as investment
18 option to members under Section 17-130.5 investment into the
19 Public School Teachers' Pension and Retirement Fund Trust Fund,
20 or a unitized portion thereof, consistent with all applicable
21 laws.

22 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

23 Sec. 20-121. Calculation of proportional retirement

1 annuities. Upon retirement of the employee, a proportional
2 retirement annuity shall be computed by each participating
3 system in which pension credit has been established on the
4 basis of pension credits under each system. The computation
5 shall be in accordance with the formula or method prescribed by
6 each participating system which is in effect at the date of the
7 employee's latest withdrawal from service covered by any of the
8 systems in which he has pension credits which he elects to have
9 considered under this Article. However, the amount of any
10 retirement annuity payable under a ~~the~~ self-managed plan
11 established under Section 2-119.03, 8-190.2, 9-170.5,
12 11-131.2, 12-128.2, 14-108.2e, 15-158.2, 16-133.8, or 17-130.5
13 of this Code depends solely on the value of the participant's
14 vested account balances and is not subject to any proportional
15 adjustment under this Section.

16 Combined pension credit under all retirement systems
17 subject to this Article shall be considered in determining
18 whether the minimum qualification has been met and the formula
19 or method of computation which shall be applied. If a system
20 has a step-rate formula for calculation of the retirement
21 annuity, pension credits covering previous service which have
22 been established under another system shall be considered in
23 determining which range or ranges of the step-rate formula are
24 to be applicable to the employee.

25 Interest on pension credit shall continue to accumulate in
26 accordance with the provisions of the law governing the

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

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

7 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

20 For persons who participate in a ~~the~~ self-managed plan
21 established under Section 2-119.03, 8-190.2, 9-170.5,
22 11-131.2, 12-128.2, 14-108.2e, 15-158.2, 16-133.8, or 17-130.5
23 or the portable benefit package established under Section
24 15-136.4, pension credit established under Article 15 may be
25 considered in determining eligibility for or the amount of the

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

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

6 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

7 Sec. 20-124. Maximum benefits. In no event shall the
8 combined retirement or survivors annuities exceed the highest
9 annuity which would have been payable by any participating
10 system in which the employee has pension credits, if all of his
11 pension credits had been validated in that system.

12 If the combined annuities should exceed the highest maximum
13 as determined in accordance with this Section, the respective
14 annuities shall be reduced proportionately according to the
15 ratio which the amount of each proportional annuity bears to
16 the aggregate of all such annuities.

17 In the case of a participant in a ~~the~~ self-managed plan
18 established under Section 2-119.03, 8-190.2, 9-170.5,
19 11-131.2, 12-128.2, 14-108.2e, 15-158.2, 16-133.8, or 17-130.5
20 of this Code to whom the provisions of this Article apply:

21 (i) For purposes of calculating the combined
22 retirement annuity and the proportionate reduction, if
23 any, in a retirement annuity other than one payable under
24 the self-managed plan, the amount of the ~~Article 15~~
25 retirement annuity shall be deemed to be the highest

1 annuity to which the annuitant would have been entitled if
2 he or she had participated in the traditional benefit
3 package ~~as defined in Section 15-103.1~~ rather than the
4 self-managed plan.

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

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

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

17 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

18 Sec. 20-125. Return to employment - suspension of benefits.
19 If a retired employee returns to employment which is covered by
20 a system from which he is receiving a proportional annuity
21 under this Article, his proportional annuity from all
22 participating systems shall be suspended during the period of
23 re-employment, except that this suspension does not apply to
24 any distributions payable under a ~~the~~ self-managed plan
25 established under Section 2-119.03, 8-190.2, 9-170.5,

1 11-131.2, 12-128.2, 14-108.2e, 15-158.2, 16-133.8, or 17-130.5
2 of this Code.

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

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

12 (40 ILCS 5/20-131) (from Ch. 108 1/2, par. 20-131)

13 Sec. 20-131. Retirement Annuities and Survivors Annuities
14 - Guarantees.

15 (a) This amendatory Act of 1975 (P.A. 79-782) shall not be
16 applied to deprive any person or his survivor of eligibility
17 for an annuity or to reduce the annuity or to deprive such
18 person of rights to which he or his survivor would have been
19 entitled under the provisions of Article 20 which were in
20 effect immediately prior to September 5, 1975, if he was an
21 employee immediately prior to that date.

22 (b) If the combined retirement annuity benefits provided
23 under Public Act 79-782 are less than the combined retirement
24 annuity benefits that would have been payable under the
25 alternative formula of Section 20-122, the system under which

1 retirement would have occurred, as provided by Section 20-122,
2 shall increase the proportional retirement annuity by an amount
3 equal to the difference.

4 (c) Subsection (b) of this Section does not apply to the
5 retirement annuity benefits payable under a ~~the~~ self-managed
6 plan established under Section 2-119.03, 8-190.2, 9-170.5,
7 11-131.2, 12-128.2, 14-108.2e, 15-158.2, 16-133.8, or 17-130.5
8 of this Code.

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

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

12 Section 99. Effective date. This Act takes effect July 1,
13 2012.".