



Rep. Michael J. Madigan

Filed: 5/29/2012

09700SB1673ham003

LRB097 07605 EFG 70268 a

1 AMENDMENT TO SENATE BILL 1673

2 AMENDMENT NO. _____. Amend Senate Bill 1673 by replacing
3 everything after the enacting clause with the following:

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

6 (5 ILCS 315/4) (from Ch. 48, par. 1604)

7 Sec. 4. Management Rights. Employers shall not be required
8 to bargain over matters of inherent managerial policy, which
9 shall include such areas of discretion or policy as the
10 functions of the employer, standards of services, its overall
11 budget, the organizational structure and selection of new
12 employees, examination techniques and direction of employees.
13 Employers, however, shall be required to bargain collectively
14 with regard to policy matters directly affecting wages (but
15 subject to any applicable restrictions in Section 14-106.5,
16 15-134.6, or 16-131.7 of the Illinois Pension Code), hours and

1 terms and conditions of employment as well as the impact
2 thereon upon request by employee representatives, but
3 excluding the changes, the impact of changes, and the
4 implementation of the changes set forth in this amendatory Act
5 of the 97th General Assembly.

6 To preserve the rights of employers and exclusive
7 representatives which have established collective bargaining
8 relationships or negotiated collective bargaining agreements
9 prior to the effective date of this Act, employers shall be
10 required to bargain collectively with regard to any matter
11 concerning wages (but subject to any applicable restrictions in
12 Section 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension
13 Code), hours or conditions of employment about which they have
14 bargained for and agreed to in a collective bargaining
15 agreement prior to the effective date of this Act, but
16 excluding the changes, the impact of changes, and the
17 implementation of the changes set forth in this amendatory Act
18 of the 97th General Assembly.

19 The chief judge of the judicial circuit that employs a
20 public employee who is a court reporter, as defined in the
21 Court Reporters Act, has the authority to hire, appoint,
22 promote, evaluate, discipline, and discharge court reporters
23 within that judicial circuit.

24 Nothing in this amendatory Act of the 94th General Assembly
25 shall be construed to intrude upon the judicial functions of
26 any court. This amendatory Act of the 94th General Assembly

1 applies only to nonjudicial administrative matters relating to
2 the collective bargaining rights of court reporters.

3 (Source: P.A. 94-98, eff. 7-1-05.)

4 (5 ILCS 315/15) (from Ch. 48, par. 1615)

5 Sec. 15. Act Takes Precedence.

6 (a) In case of any conflict between the provisions of this
7 Act and any other law (other than Section 5 of the State
8 Employees Group Insurance Act of 1971 and other than the
9 changes made to the Illinois Pension Code by Public Act 96-889
10 and the changes, impact of changes, and the implementation of
11 the changes made to the Illinois Pension Code and the State
12 Employees Group Insurance Act of 1971 by this amendatory Act of
13 the 97th ~~96th~~ General Assembly), executive order or
14 administrative regulation relating to wages, hours and
15 conditions of employment and employment relations, the
16 provisions of this Act or any collective bargaining agreement
17 negotiated thereunder shall prevail and control. Nothing in
18 this Act shall be construed to replace or diminish the rights
19 of employees established by Sections 28 and 28a of the
20 Metropolitan Transit Authority Act, Sections 2.15 through 2.19
21 of the Regional Transportation Authority Act. The provisions of
22 this Act are subject to the changes made by this amendatory Act
23 of the 97th General Assembly, including Sections 14-106.5,
24 15-134.6, and 16-131.7 of the Illinois Pension Code, and
25 Section 5 of the State Employees Group Insurance Act of 1971.

1 Nothing in this Act shall be construed to replace the necessity
2 of complaints against a sworn peace officer, as defined in
3 Section 2(a) of the Uniform Peace Officer Disciplinary Act,
4 from having a complaint supported by a sworn affidavit.

5 (b) Except as provided in subsection (a) above, any
6 collective bargaining contract between a public employer and a
7 labor organization executed pursuant to this Act shall
8 supersede any contrary statutes, charters, ordinances, rules
9 or regulations relating to wages, hours and conditions of
10 employment and employment relations adopted by the public
11 employer or its agents. Any collective bargaining agreement
12 entered into prior to the effective date of this Act shall
13 remain in full force during its duration.

14 (c) It is the public policy of this State, pursuant to
15 paragraphs (h) and (i) of Section 6 of Article VII of the
16 Illinois Constitution, that the provisions of this Act are the
17 exclusive exercise by the State of powers and functions which
18 might otherwise be exercised by home rule units. Such powers
19 and functions may not be exercised concurrently, either
20 directly or indirectly, by any unit of local government,
21 including any home rule unit, except as otherwise authorized by
22 this Act.

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

24 Section 10. The State Employees Group Insurance Act of 1971
25 is amended by changing Sections 6.9 and 6.10 and by adding

1 Sections 6.10A and 6.16 as follows:

2 (5 ILCS 375/6.9)

3 Sec. 6.9. Health benefits for community college benefit
4 recipients and community college dependent beneficiaries.

5 (a) Purpose. It is the purpose of this amendatory Act of
6 1997 to establish a uniform program of health benefits for
7 community college benefit recipients and their dependent
8 beneficiaries under the administration of the Department of
9 Central Management Services.

10 (b) Creation of program. Beginning July 1, 1999, the
11 Department of Central Management Services shall be responsible
12 for administering a program of health benefits for community
13 college benefit recipients and community college dependent
14 beneficiaries under this Section. The State Universities
15 Retirement System and the boards of trustees of the various
16 community college districts shall cooperate with the
17 Department in this endeavor.

18 (c) Eligibility. All community college benefit recipients
19 and community college dependent beneficiaries shall be
20 eligible to participate in the program established under this
21 Section, without any interruption or delay in coverage or
22 limitation as to pre-existing medical conditions. Eligibility
23 to participate shall be determined by the State Universities
24 Retirement System. Eligibility information shall be
25 communicated to the Department of Central Management Services

1 in a format acceptable to the Department.

2 (d) Coverage. The health benefit coverage provided under
3 this Section shall be a program of health, dental, and vision
4 benefits.

5 The program of health benefits under this Section may
6 include any or all of the benefit limitations, including but
7 not limited to a reduction in benefits based on eligibility for
8 federal medicare benefits, that are provided under subsection
9 (a) of Section 6 of this Act for other health benefit programs
10 under this Act.

11 (e) Insurance rates and premiums. The Director shall
12 determine the insurance rates and premiums for community
13 college benefit recipients and community college dependent
14 beneficiaries. Rates and premiums may be based in part on age
15 and eligibility for federal Medicare coverage. The Director
16 shall also determine premiums that will allow for the
17 establishment of an actuarially sound reserve for this program.

18 The cost of health benefits under the program shall be paid
19 as follows:

20 (1) For a community college benefit recipient, costs
21 shall be an amount equal to the difference between the
22 projected costs of health benefits under the program and
23 projected contributions from community college districts,
24 active contributors, and other income of the program. Other
25 income of the program shall exclude contributions made by
26 the State to retire unpaid claims of the program up to 75%

1 ~~of the total insurance rate shall be paid from the~~
2 ~~Community College Health Insurance Security Fund.~~

3 (2) The balance of the rate of insurance, including the
4 entire premium for any coverage for community college
5 dependent beneficiaries that has been elected, shall be
6 paid by deductions authorized by the community college
7 benefit recipient to be withheld from his or her monthly
8 annuity or benefit payment from the State Universities
9 Retirement System; except that (i) if the balance of the
10 cost of coverage exceeds the amount of the monthly annuity
11 or benefit payment, the difference shall be paid directly
12 to the State Universities Retirement System by the
13 community college benefit recipient, and (ii) all or part
14 of the balance of the cost of coverage may, at the option
15 of the board of trustees of the community college district,
16 be paid to the State Universities Retirement System by the
17 board of the community college district from which the
18 community college benefit recipient retired. The State
19 Universities Retirement System shall promptly deposit all
20 moneys withheld by or paid to it under this subdivision
21 (e) (2) into the Community College Health Insurance
22 Security Fund. These moneys shall not be considered assets
23 of the State Universities Retirement System.

24 (f) Financing. All revenues arising from the
25 administration of the health benefit program established under
26 this Section shall be deposited into the Community College

1 Health Insurance Security Fund, which is hereby created as a
2 nonappropriated trust fund to be held outside the State
3 Treasury, with the State Treasurer as custodian. Any interest
4 earned on moneys in the Community College Health Insurance
5 Security Fund shall be deposited into the Fund.

6 Moneys in the Community College Health Insurance Security
7 Fund shall be used only to pay the costs of the health benefit
8 program established under this Section, including associated
9 administrative costs and the establishment of a program
10 reserve. Beginning January 1, 1999, the Department of Central
11 Management Services may make expenditures from the Community
12 College Health Insurance Security Fund for those costs.

13 (g) Contract for benefits. The Director shall by contract,
14 self-insurance, or otherwise make available the program of
15 health benefits for community college benefit recipients and
16 their community college dependent beneficiaries that is
17 provided for in this Section. The contract or other arrangement
18 for the provision of these health benefits shall be on terms
19 deemed by the Director to be in the best interest of the State
20 of Illinois and the community college benefit recipients based
21 on, but not limited to, such criteria as administrative cost,
22 service capabilities of the carrier or other contractor, and
23 the costs of the benefits.

24 (h) Continuation of program. It is the intention of the
25 General Assembly that the program of health benefits provided
26 under this Section be maintained on an ongoing, affordable

1 basis. The program of health benefits provided under this
2 Section may be amended by the State and is not intended to be a
3 pension or retirement benefit subject to protection under
4 Article XIII, Section 5 of the Illinois Constitution.

5 (i) Other health benefit plans. A health benefit plan
6 provided by a community college district (other than a
7 community college district subject to Article VII of the Public
8 Community College Act) under the terms of a collective
9 bargaining agreement in effect on or prior to the effective
10 date of this amendatory Act of 1997 shall continue in force
11 according to the terms of that agreement, unless otherwise
12 mutually agreed by the parties to that agreement and the
13 affected retiree. A community college benefit recipient or
14 community college dependent beneficiary whose coverage under
15 such a plan expires shall be eligible to begin participating in
16 the program established under this Section without any
17 interruption or delay in coverage or limitation as to
18 pre-existing medical conditions.

19 This Act does not prohibit any community college district
20 from offering additional health benefits for its retirees or
21 their dependents or survivors.

22 (Source: P.A. 90-497, eff. 8-18-97; 90-655, eff. 7-30-98.)

23 (5 ILCS 375/6.10)

24 Sec. 6.10. Contributions to the Community College Health
25 Insurance Security Fund.

1 (a) Beginning January 1, 1999, every active contributor of
2 the State Universities Retirement System (established under
3 Article 15 of the Illinois Pension Code) who (1) is a full-time
4 employee of a community college district (other than a
5 community college district subject to Article VII of the Public
6 Community College Act) or an association of community college
7 boards and (2) is not an employee as defined in Section 3 of
8 this Act shall make contributions toward the cost of community
9 college annuitant and survivor health benefits at the rate of
10 0.50% of salary. Beginning July 1, 2012 and until July 1, 2013,
11 the contribution rate under this subsection (a) shall be 1.25%
12 of salary. Beginning July 1, 2013, the contribution rate under
13 this subsection (a) shall be a percentage of salary determined
14 by the Department of Central Management Services, or its
15 successor, by rule, which in each fiscal year shall not exceed
16 108% of the percentage of salary actually required to be
17 contributed in the previous fiscal year. However, the required
18 contribution rate determined by the Department or its successor
19 under this subsection (a) shall equal the required contribution
20 rate determined by the Department or its successor under
21 subsection (b) of this Section.

22 These contributions shall be deducted by the employer and
23 paid to the State Universities Retirement System as service
24 agent for the Department of Central Management Services. The
25 System may use the same processes for collecting the
26 contributions required by this subsection that it uses to

1 collect the contributions received from those employees under
2 Section 15-157 of the Illinois Pension Code. An employer may
3 agree to pick up or pay the contributions required under this
4 subsection on behalf of the employee; such contributions shall
5 be deemed to have been paid by the employee.

6 The State Universities Retirement System shall promptly
7 deposit all moneys collected under this subsection (a) into the
8 Community College Health Insurance Security Fund created in
9 Section 6.9 of this Act. The moneys collected under this
10 Section shall be used only for the purposes authorized in
11 Section 6.9 of this Act and shall not be considered to be
12 assets of the State Universities Retirement System.
13 Contributions made under this Section are not transferable to
14 other pension funds or retirement systems and are not
15 refundable upon termination of service.

16 (b) Beginning January 1, 1999, every community college
17 district (other than a community college district subject to
18 Article VII of the Public Community College Act) or association
19 of community college boards that is an employer under the State
20 Universities Retirement System shall contribute toward the
21 cost of the community college health benefits provided under
22 Section 6.9 of this Act an amount equal to 0.50% of the salary
23 paid to its full-time employees who participate in the State
24 Universities Retirement System and are not members as defined
25 in Section 3 of this Act. Beginning July 1, 2012 and until July
26 1, 2013, the contribution rate under this subsection (b) shall

1 be 1.25% of salary. Beginning July 1, 2013, the contribution
2 rate under this subsection (b) shall be a percentage of salary
3 determined by the Department of Central Management Services, or
4 its successor, by rule, which in each fiscal year shall not
5 exceed 108% of the percentage of salary actually required to be
6 contributed in the previous fiscal year. However, the required
7 contribution rate determined by the Department or its successor
8 under this subsection (b) shall equal the required contribution
9 rate determined by the Department or its successor under
10 subsection (a) of this Section.

11 These contributions shall be paid by the employer to the
12 State Universities Retirement System as service agent for the
13 Department of Central Management Services. The System may use
14 the same processes for collecting the contributions required by
15 this subsection that it uses to collect the contributions
16 received from those employers under Section 15-155 of the
17 Illinois Pension Code.

18 The State Universities Retirement System shall promptly
19 deposit all moneys collected under this subsection (b) into the
20 Community College Health Insurance Security Fund created in
21 Section 6.9 of this Act. The moneys collected under this
22 Section shall be used only for the purposes authorized in
23 Section 6.9 of this Act and shall not be considered to be
24 assets of the State Universities Retirement System.
25 Contributions made under this Section are not transferable to
26 other pension funds or retirement systems and are not

1 refundable upon termination of service.

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

24 (c) On or before November 15 of each year but not after
25 November 15, 2011, the Board of Trustees of the State
26 Universities Retirement System shall certify to the Governor,

1 the Director of Central Management Services, and the State
2 Comptroller its estimate of the total amount of contributions
3 to be paid under subsection (a) of this Section for the next
4 fiscal year. Beginning in fiscal year 2008, the amount
5 certified shall be decreased or increased each year by the
6 amount that the actual active employee contributions either
7 fell short of or exceeded the estimate used by the Board in
8 making the certification for the previous fiscal year. The
9 State Universities Retirement System shall calculate the
10 amount of actual active employee contributions in fiscal years
11 1999 through 2005. Based upon this calculation, the fiscal year
12 2008 certification shall include an amount equal to the
13 cumulative amount that the actual active employee
14 contributions either fell short of or exceeded the estimate
15 used by the Board in making the certification for those fiscal
16 years. The certification shall include a detailed explanation
17 of the methods and information that the Board relied upon in
18 preparing its estimate. As soon as possible after the effective
19 date of this Section, the Board shall submit its estimate for
20 fiscal year 1999.

21 (d) Beginning in fiscal year 1999, on the first day of each
22 month, or as soon thereafter as may be practical, the State
23 Treasurer and the State Comptroller shall transfer from the
24 General Revenue Fund to the Community College Health Insurance
25 Security Fund 1/12 of the annual amount appropriated for that
26 fiscal year to the State Comptroller for deposit into the

1 Community College Health Insurance Security Fund under Section
2 1.4 of the State Pension Funds Continuing Appropriation Act.

3 (e) Except where otherwise specified in this Section, the
4 definitions that apply to Article 15 of the Illinois Pension
5 Code apply to this Section.

6 (Source: P.A. 94-839, eff. 6-6-06; 95-632, eff. 9-25-07.)

7 (5 ILCS 375/6.10A new)

8 Sec. 6.10A. City colleges; optional participation in
9 program of health benefits. Notwithstanding any other
10 provision of this Act, the Department of Central Management
11 Services shall adopt rules authorizing optional participation
12 in the program of health benefits for community college benefit
13 recipients and community college dependent beneficiaries by
14 any person who is otherwise ineligible to participate in that
15 program solely as a result of that or another person's
16 employment with a community college district subject to Article
17 VII of the Public Community College Act.

18 (5 ILCS 375/6.16 new)

19 Sec. 6.16. Health benefit election for Tier I employees and
20 Tier I retirees.

21 (a) For purposes of this Section:

22 "Eligible Tier I employee" means an individual who makes or
23 is deemed to have made an election under paragraph (1) of
24 subsection (a) of Section 14-106.5, 15-134.6, or 16-131.7 of

1 the Illinois Pension Code.

2 "Eligible Tier I retiree" means an individual who makes or
3 is deemed to have made an election under paragraph (1) of
4 subsection (a-5) of Section 14-106.5, 15-134.6, or 16-131.7 of
5 the Illinois Pension Code.

6 "Program of health benefits" means (i) a health plan, as
7 defined in subsection (o) of Section 3 of this Act, that is
8 designed and contracted for by the Director under this Act or
9 any successor Act or (ii) if administration of that health plan
10 is transferred to a trust established by the State or an
11 independent Board in order to provide health benefits to a
12 class of a persons that includes eligible Tier I retirees, then
13 the plan of health benefits provided through that trust.

14 For persons who receive healthcare benefits under a
15 collective bargaining agreement with a community college
16 district subject to Article VII of the Public Community College
17 Act, the term "program of health benefits" also includes any
18 health benefit arrangement provided under such a collective
19 bargaining agreement, except that if such an agreement expires
20 and if those persons are otherwise eligible to participate in a
21 program of health benefits pursuant to item (i) or (ii), then
22 "program of health benefits" does not include the health
23 benefit arrangements provided under such a collective
24 bargaining agreement.

25 For persons who are eligible to receive benefits under a
26 health plan made available by a community college district

1 subject to Article VII of the Public Community College Act and
2 who do not receive those benefits pursuant to a collective
3 bargaining agreement, "program of health benefits" also
4 includes the health plan made available to such persons by the
5 community college district, except that if those persons
6 otherwise become eligible to participate in a program of health
7 benefits pursuant to item (i) or (ii), then "program of health
8 benefits" does not include the health plan made available to
9 such persons by the community college district.

10 (b) As adequate and legal consideration for making the
11 election under paragraph (1) of subsection (a) or (a-5) of
12 Section 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension
13 Code, each eligible Tier I employee and each eligible Tier I
14 retiree shall receive a vested and enforceable contractual
15 right to participate in a program of health benefits while he
16 or she qualifies as an annuitant or retired employee, or as a
17 TRS benefit recipient or community college benefit recipient
18 receiving a retirement annuity. That right also extends to such
19 a person's dependents, survivors, TRS dependent beneficiaries,
20 and community college dependent beneficiaries who are eligible
21 under the applicable program of health benefits.

22 (c) Notwithstanding subsection (b), eligible Tier I
23 employees and eligible Tier I retirees may be required to make
24 contributions toward the cost of coverage under a program of
25 health benefits.

26 (d) The vested and enforceable contractual right to a

1 program of health benefits is not offered as, and shall not be
2 considered, a pension benefit under Article XIII, Section 5 of
3 the Illinois Constitution, the Illinois Pension Code, or any
4 subsequent or successor enactment providing pension benefits.

5 (e) Notwithstanding any other provision of this Act, a Tier
6 I employee or Tier I retiree who has made an election under
7 paragraph (2) of subsection (a) or (a-5) of Section 14-106.5,
8 15-134.6, or 16-131.7 of the Illinois Pension Code shall not be
9 entitled to participate in the program of health benefits as an
10 annuitant or retired employee, or as a TRS benefit recipient or
11 community college benefit recipient receiving a retirement
12 annuity, regardless of any contrary election pursuant to any of
13 those Sections under any other retirement system.

14 Notwithstanding any other provision of this Act, a Tier I
15 employee who is not entitled to participate in the program of
16 health benefits as an annuitant or retired employee, or as a
17 TRS benefit recipient or community college benefit recipient
18 receiving a retirement annuity, due to an election under
19 paragraph (2) of subsection (a) or (a-5) of Section 14-106.5,
20 15-134.6, or 16-131.7 of the Illinois Pension Code shall not be
21 required to make contributions toward the program of health
22 benefits while he or she is an employee or active contributor.

23 Section 15. The Governor's Office of Management and Budget
24 Act is amended by changing Sections 7 and 8 as follows:

1 (20 ILCS 3005/7) (from Ch. 127, par. 417)

2 Sec. 7. All statements and estimates of expenditures
3 submitted to the Office in connection with the preparation of a
4 State budget, and any other estimates of expenditures,
5 supporting requests for appropriations, shall be formulated
6 according to the various functions and activities for which the
7 respective department, office or institution of the State
8 government (including the elective officers in the executive
9 department and including the University of Illinois and the
10 judicial department) is responsible. All such statements and
11 estimates of expenditures relating to a particular function or
12 activity shall be further formulated or subject to analysis in
13 accordance with the following classification of objects:

14 (1) Personal services

15 (2) State contribution for employee group insurance

16 (3) Contractual services

17 (4) Travel

18 (5) Commodities

19 (6) Equipment

20 (7) Permanent improvements

21 (8) Land

22 (9) Electronic Data Processing

23 (10) Telecommunication services

24 (11) Operation of Automotive Equipment

25 (12) Contingencies

26 (13) Reserve

1 (14) Interest

2 (15) Awards and Grants

3 (16) Debt Retirement

4 (17) Non-cost Charges-

5 (18) State retirement contribution for annual normal cost

6 (19) State retirement contribution for unfunded accrued
7 liability.

8 (Source: P.A. 93-25, eff. 6-20-03.)

9 (20 ILCS 3005/8) (from Ch. 127, par. 418)

10 Sec. 8. When used in connection with a State budget or
11 expenditure or estimate, items (1) through (16) in the
12 classification of objects stated in Section 7 shall have the
13 meanings ascribed to those items in Sections 14 through 24.7,
14 respectively, of the State Finance Act. ~~"An Act in relation to~~
15 ~~State finance", approved June 10, 1919, as amended.~~

16 When used in connection with a State budget or expenditure
17 or estimate, items (18) and (19) in the classification of
18 objects stated in Section 7 shall have the meanings ascribed to
19 those items in Sections 24.12 and 24.13, respectively, of the
20 State Finance Act.

21 (Source: P.A. 82-325.)

22 Section 20. The Illinois State Auditing Act is amended by
23 adding Section 2-8.1 as follows:

1 (30 ILCS 5/2-8.1 new)

2 Sec. 2-8.1. Actuarial Responsibilities.

3 (a) The Auditor General shall contract with or hire an
4 actuary to serve as the State Actuary. The State Actuary shall
5 be retained by, serve at the pleasure of, and be under the
6 supervision of the Auditor General and shall be paid from
7 appropriations to the office of the Auditor General. The State
8 Actuary may be selected by the Auditor General without engaging
9 in a competitive procurement process.

10 (b) The State Actuary shall:

11 (1) review assumptions and valuations prepared by
12 actuaries retained by the boards of trustees of the
13 State-funded retirement systems;

14 (2) issue preliminary reports to the boards of trustees
15 of the State-funded retirement systems concerning proposed
16 certifications of required State contributions submitted
17 to the State Actuary by those boards;

18 (3) cooperate with the boards of trustees of the
19 State-funded retirement systems to identify recommended
20 changes in actuarial assumptions that the boards must
21 consider before finalizing their certifications of the
22 required State contributions;

23 (4) conduct reviews of the actuarial practices of the
24 boards of trustees of the State-funded retirement systems;

25 (5) make additional reports as directed by joint
26 resolution of the General Assembly; and

1 (6) perform any other duties assigned by the Auditor
2 General, including, but not limited to, reviews of the
3 actuarial practices of other entities.

4 (c) On or before January 1, 2013 and each January 1
5 thereafter, the Auditor General shall submit a written report
6 to the General Assembly and Governor documenting the initial
7 assumptions and valuations prepared by actuaries retained by
8 the boards of trustees of the State-funded retirement systems,
9 any changes recommended by the State Actuary in the actuarial
10 assumptions, and the responses of each board to the State
11 Actuary's recommendations.

12 (d) For the purposes of this Section, "State-funded
13 retirement system" means a retirement system established
14 pursuant to Article 2, 14, 15, 16, or 18 of the Illinois
15 Pension Code.

16 Section 25. The State Finance Act is amended by changing
17 Section 13 and by adding Sections 24.12 and 24.13 as follows:

18 (30 ILCS 105/13) (from Ch. 127, par. 149)

19 Sec. 13. The objects and purposes for which appropriations
20 are made are classified and standardized by items as follows:

21 (1) Personal services;

22 (2) State contribution for employee group insurance;

23 (3) Contractual services;

24 (4) Travel;

- 1 (5) Commodities;
- 2 (6) Equipment;
- 3 (7) Permanent improvements;
- 4 (8) Land;
- 5 (9) Electronic Data Processing;
- 6 (10) Operation of automotive equipment;
- 7 (11) Telecommunications services;
- 8 (12) Contingencies;
- 9 (13) Reserve;
- 10 (14) Interest;
- 11 (15) Awards and Grants;
- 12 (16) Debt Retirement;
- 13 (17) Non-Cost Charges;
- 14 (18) State retirement contribution for annual normal cost;
- 15 (19) State retirement contribution for unfunded accrued
- 16 liability;
- 17 (20) ~~(18)~~ Purchase Contract for Real Estate.

18 When an appropriation is made to an officer, department,
19 institution, board, commission or other agency, or to a private
20 association or corporation, in one or more of the items above
21 specified, such appropriation shall be construed in accordance
22 with the definitions and limitations specified in this Act,
23 unless the appropriation act otherwise provides.

24 An appropriation for a purpose other than one specified and
25 defined in this Act may be made only as an additional, separate
26 and distinct item, specifically stating the object and purpose

1 thereof.

2 (Source: P.A. 84-263; 84-264.)

3 (30 ILCS 105/24.12 new)

4 Sec. 24.12. "State retirement contribution for annual
5 normal cost" defined. The term "State retirement contribution
6 for annual normal cost" means the portion of the total required
7 State contribution to a retirement system for a fiscal year
8 that represents the State's portion of the System's projected
9 normal cost for that fiscal year, as determined and certified
10 by the board of trustees of the retirement system in
11 conformance with the applicable provisions of the Illinois
12 Pension Code.

13 (30 ILCS 105/24.13 new)

14 Sec. 24.13. "State retirement contribution for unfunded
15 accrued liability" defined. The term "State retirement
16 contribution for unfunded accrued liability" means the portion
17 of the total required State contribution to a retirement system
18 for a fiscal year that is not included in the State retirement
19 contribution for annual normal cost.

20 Section 30. The Illinois Pension Code is amended by
21 changing Sections 1-103.3, 1-160, 2-108, 2-119.1, 2-124,
22 2-134, 7-109, 14-103.10, 14-106, 14-114, 14-131, 14-132,
23 14-133, 14-135.08, 14-152.1, 15-106, 15-107, 15-111, 15-113.2,

1 15-113.6, 15-134.5, 15-136, 15-155, 15-157, 15-158.2, 15-159,
2 15-163, 15-165, 15-198, 16-106, 16-121, 16-127, 16-133.1,
3 16-136.1, 16-152, 16-158, 16-163, 16-165, 16-203, 18-140,
4 20-121, 20-123, 20-124, and 20-125 and by adding Sections
5 1-161, 1-162, 2-105.1, 2-105.2, 2-107.9, 2-110.3, 14-103.40,
6 14-103.41, 14-103.42, 14-106.5, 15-107.1, 15-107.2, 15-111.1,
7 15-134.6, 15-155.1, 15-155.2, 16-106.4, 16-106.5, 16-106.6,
8 16-121.1, 16-131.7, 16-133.6, and 16-158.2 as follows:

9 (40 ILCS 5/1-103.3)

10 Sec. 1-103.3. Application of 1994 amendment; funding
11 standard.

12 (a) The provisions of Public Act 88-593 ~~this amendatory Act~~
13 ~~of 1994~~ that change the method of calculating, certifying, and
14 paying the required State contributions to the retirement
15 systems established under Articles 2, 14, 15, 16, and 18 shall
16 first apply to the State contributions required for State
17 fiscal year 1996.

18 (b) (Blank). ~~The General Assembly declares that a funding~~
19 ~~ratio (the ratio of a retirement system's total assets to its~~
20 ~~total actuarial liabilities) of 90% is an appropriate goal for~~
21 ~~State-funded retirement systems in Illinois, and it finds that~~
22 ~~a funding ratio of 90% is now the generally recognized norm~~
23 ~~throughout the nation for public employee retirement systems~~
24 ~~that are considered to be financially secure and funded in an~~
25 ~~appropriate and responsible manner.~~

1 (c) Every 5 years, beginning in 1999, the Commission on
2 Government Forecasting and Accountability, in consultation
3 with the affected retirement systems and the Governor's Office
4 of Management and Budget (formerly Bureau of the Budget), shall
5 consider and determine whether the funding goals ~~90% funding~~
6 ~~ratio~~ adopted in Articles 2, 14, 15, 16, and 18 of this Code
7 continue ~~subsection (b) continues~~ to represent ~~an~~ appropriate
8 funding goals ~~goal~~ for State-funded retirement systems in
9 Illinois, and it shall report its findings and recommendations
10 on this subject to the Governor and the General Assembly.

11 (Source: P.A. 93-1067, eff. 1-15-05.)

12 (40 ILCS 5/1-160)

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

14 (a) The provisions of this Section apply to a person who,
15 on or after January 1, 2011, first becomes a member or a
16 participant under any reciprocal retirement system or pension
17 fund established under this Code, other than a retirement
18 system or pension fund established under Article 2, 3, 4, 5, 6,
19 or 18 of this Code, notwithstanding any other provision of this
20 Code to the contrary, but do not apply (i) to any self-managed
21 plan established under this Code, (ii) to any person with
22 respect to service as a sheriff's law enforcement employee
23 under Article 7, (iii) to any person with respect to service
24 for which the person participates in the cash balance plan
25 established under Section 1-161, or (iv) to any participant of

1 the retirement plan established under Section 22-101.

2 A person subject to this Section with respect to service
3 under the State Universities Retirement System may irrevocably
4 elect to transfer to the cash balance plan under Section 1-161
5 with respect to service under the State Universities Retirement
6 System by filing with the State Universities Retirement System
7 in the manner required by that System, his or her irrevocable
8 written election to transfer to the cash balance plan.
9 Participation in the cash balance plan shall begin no earlier
10 than July 1, 2013.

11 Beginning July 1, 2013, a person subject to this Section
12 with respect to service under the Teachers' Retirement System
13 of the State of Illinois may irrevocably elect to transfer to
14 the cash balance plan under Section 1-161 with respect to
15 service under the Teachers' Retirement System of the State of
16 Illinois by filing with the Teachers' Retirement System of the
17 State of Illinois in the manner required by that System, his or
18 her irrevocable written election to transfer to the cash
19 balance plan. Participation in the cash balance plan shall
20 begin no earlier than July 1, 2013.

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

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

7 (1) In Articles 7 (except for service as sheriff's law
8 enforcement employees) and 15, "final rate of 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) In Article 14, "final average compensation".

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

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

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

1 price index-u for the 12 months ending with the September
2 preceding each November 1, including all previous adjustments.

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

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

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

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

25 (e) Any retirement annuity or supplemental annuity shall be
26 subject to annual increases on the January 1 occurring either

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

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

1 if the deceased member died while receiving a retirement
2 annuity or (2) in other cases, on each January 1 occurring
3 after the first anniversary of the commencement of the annuity.
4 Each annual increase shall be calculated at 3% or one-half the
5 annual unadjusted percentage increase (but not less than zero)
6 in the 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 survivor's 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 (g) The benefits in Section 14-110 apply only if the person
14 is a State policeman, a fire fighter in the fire protection
15 service of a department, or a security employee of the
16 Department of Corrections or the Department of Juvenile
17 Justice, as those terms are defined in subsection (c) ~~(b)~~ of
18 Section 14-110. A person who meets the requirements of this
19 Section is entitled to an annuity calculated under the
20 provisions of Section 14-110, in lieu of the regular or minimum
21 retirement annuity, only if the person has withdrawn from
22 service with not less than 20 years of eligible creditable
23 service and has attained age 60, regardless of whether the
24 attainment of age 60 occurs while the person is still in
25 service.

26 (h) If a person who first becomes a member or a participant

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

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

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

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

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

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

17 (40 ILCS 5/1-161 new)

18 Sec. 1-161. Cash Balance Plan.

19 (a) Participation and Applicability. This Section applies
20 to all new cash balance plan participants and all legacy Tier
21 II participants.

22 This Section does not, however, apply to any person with
23 respect to service for which the person participates in the
24 self-managed plan established under Section 15-158.2 in lieu of
25 the retirement benefits otherwise provided by the State

1 Universities Retirement System.

2 (b) Title. The package of benefits provided under this
3 Section may be referred to as the "cash balance plan". Persons
4 subject to the provisions of this Section may be referred to as
5 "participants in the cash balance plan".

6 (b-5) Definitions. As used in this Section:

7 "Account" means the notional cash balance account
8 established under this Section for a participant in the cash
9 balance plan.

10 "Consumer Price Index-U" means the Consumer Price Index
11 published by the Bureau of Labor Statistics of the United
12 States Department of Labor that measures the average change in
13 prices of goods and services purchased by all urban consumers,
14 United States city average, all items, 1982-84 = 100.

15 "Salary" means "earnings" as defined in Article 15 or
16 "salary" as defined in Article 16, whichever is applicable,
17 without regard to the limitation in subsection (b-5) of Section
18 1-160.

19 "Legacy Tier II participant" means a person who was subject
20 to Section 1-160 with respect to service under Article 15 or 16
21 of this Code and who irrevocably elects to participate in the
22 cash balance plan created under this Section. That election
23 must be made in writing, in the manner provided by the
24 applicable retirement system.

25 "New cash balance plan participant" means a person who, on
26 or after July 1, 2013, first begins to participate in the

1 retirement system established under Article 15 or 16 of this
2 Code.

3 (c) Cash Balance Account. A notional cash balance account
4 shall be established by the applicable retirement system for
5 each participant in the cash balance plan. The account is
6 notional and does not contain any actual money segregated from
7 the commingled assets of the retirement system. The cash
8 balance in the account is to be used in calculating benefits as
9 provided in this Section, but is not to be used in the
10 calculation of any refund, transfer, or other benefit under the
11 applicable Article of this Code.

12 The amounts to be credited to the cash balance account
13 shall consist of (i) amounts contributed by or on behalf of the
14 participant as employee contributions, (ii) notional employer
15 contributions, and (iii) interest credit that is attributable
16 to the account, all as provided in this Section.

17 Whenever necessary for the prompt calculation or
18 administration, or when the System lacks information necessary
19 to the calculation or administration otherwise required of or
20 for a benefit under this Section, the applicable retirement
21 system may estimate an amount to be credited to or debited from
22 a participant's cash balance account and then adjust the amount
23 so credited or debited when more accurate information becomes
24 available.

25 The applicable retirement system shall give to each
26 participant in the cash balance plan who has not yet retired

1 annual notice of (1) the balance in the participant's cash
2 balance account and (2) an estimate of the retirement annuity
3 that will be payable to the participant if he or she retires at
4 age 59 1/2.

5 (c-5) Initial Account Balance for Legacy Tier II
6 Participants. The applicable retirement system shall establish
7 an initial account balance for each legacy Tier II participant
8 when he or she begins participation in the cash balance plan.
9 The initial account balance shall be an amount equal to the
10 employee contribution refund that the participant would be
11 eligible to receive under the applicable Article of this Code
12 if the participant terminated employment on that date and
13 elected a refund of contributions, as prescribed by the board
14 of the applicable retirement system.

15 (d) Employee Contributions. New cash balance plan
16 participants and legacy Tier II participants shall make
17 employee contributions to the applicable retirement system at
18 the rates required under the applicable Article of this Code.
19 The amount of each contribution shall be credited to the
20 participant's cash balance account upon receipt and after the
21 retirement system's reconciliation of the contribution.

22 (e) Notional Employer Contributions. Upon receipt of each
23 employee contribution under subsection (d), an amount
24 representing the employer contribution shall be credited to the
25 participant's cash balance account. For a participant in the
26 cash balance plan under Article 15, the notional employer

1 contribution shall be 4.4% of salary. For a participant in the
2 cash balance plan under Article 16, the notional employer
3 contribution shall be 3.4% of salary.

4 The notional employer contribution to be credited to the
5 participant's account is not the same as the actual employer
6 contributions required under subsection (p) and the provisions
7 of the applicable Article of this Code.

8 (e-1) Optional Employer Contributions. Employers may make
9 optional additional contributions to the applicable retirement
10 system on behalf of their employees who are participants in the
11 cash balance plan in accordance with procedures prescribed by
12 the retirement system, to the extent permitted by federal law
13 and the rules prescribed by the retirement system. The optional
14 additional contributions under this subsection are actual
15 monetary contributions to the retirement system, and the amount
16 of each optional additional contribution shall be credited to
17 the participant's cash balance account upon receipt and after
18 the retirement system's reconciliation of the contribution.

19 (f) Interest Credit. An amount representing earnings on
20 investments shall be determined by the retirement system in
21 accordance with this Section and credited to the participant's
22 cash balance account for each fiscal year in which there is a
23 positive balance in that account; except that no additional
24 interest credit shall be credited while an annuity based on the
25 account is being paid. The interest credit amount shall be a
26 percentage of the average quarterly balance in the cash balance

1 account during that fiscal year, and shall be calculated on
2 June 30.

3 The percentage shall be the assumed treasury rate for the
4 previous fiscal year, unless neither the retirement system's
5 actual rate of investment earnings for the previous fiscal year
6 nor the retirement system's actual rate of investment earnings
7 for the five-year period ending at the end of the previous
8 fiscal year is less than the assumed treasury rate.

9 If both the retirement system's actual rate of investment
10 earnings for the previous fiscal year and the actual rate of
11 investment earnings for the five-year period ending at the end
12 of the previous fiscal year are at least the assumed treasury
13 rate, then the percentage shall be:

14 (i) the assumed treasury rate, plus

15 (ii) two-thirds of the amount of the actual rate of
16 investment earnings for the previous fiscal year that
17 exceeds the assumed treasury rate.

18 However, in no event shall the percentage applied under this
19 subsection exceed 10%.

20 For the purposes of this subsection only, "previous fiscal
21 year" means fiscal year ending one year before the interest
22 rate is calculated.

23 For the purposes of this subsection only, "assumed treasury
24 rate" means the average annual yield of the 30-year U.S.
25 Treasury Bond over the previous fiscal year, but not less than
26 4%.

1 When a person applies for a benefit under this Section, the
2 retirement system shall apply an interest credit based on a
3 proration of an estimate of what the interest credit will be
4 for the relevant year. When the retirement system certifies the
5 credit on June 30, it shall adjust the benefit accordingly.

6 (f-10) Distribution upon Termination of Employment. Upon
7 termination of active employment with at least 5 years of
8 service credit under the applicable retirement system and prior
9 to making application for an annuity under this Section, a
10 participant in the cash balance plan may make an irrevocable
11 election to distribute an amount not to exceed 40% of the
12 balance in the participant's account in the form of a direct
13 rollover to another qualified plan, to the extent allowed by
14 federal law. If the participant makes such an election, then
15 the amount distributed shall be debited from the participant's
16 cash balance account. A participant in the cash balance plan
17 shall be allowed only one distribution under this subsection.
18 The remaining balance in the participant's account shall be
19 used for the determination of other benefits provided under
20 this Section.

21 (f-15) Refund. In lieu of receiving a distribution under
22 subsection (f-10), at any time after terminating active
23 employment under the applicable retirement system, but before
24 receiving a retirement annuity under this Section, a
25 participant in the cash balance plan may elect to receive a
26 refund under this subsection. The refund shall consist of an

1 amount equal to the amount of all employee contributions
2 credited to the participant's account, but shall not include
3 any interest credit or employer contributions. If the
4 participant so requests, the refund may be paid in the form of
5 a direct rollover to another qualified plan, to the extent
6 allowed by federal law and in accordance with the rules of the
7 applicable retirement system. Upon payment of the refund, the
8 participant's notional cash balance account shall be closed.

9 The participant's credits in the applicable retirement
10 system shall be terminated upon payment of a refund under this
11 subsection.

12 (g) Retirement Annuity. A participant in the cash balance
13 plan may begin collecting a retirement annuity at age 59 1/2,
14 but no earlier than the date of termination of active
15 employment under the applicable retirement system.

16 The amount of the retirement annuity shall be calculated by
17 the retirement system, based on the balance in the cash balance
18 account, the assumption of future investment returns as
19 specified in this subsection, the participant's election to
20 have a lifetime survivor's annuity as specified in this
21 subsection, the annual increase in retirement annuity as
22 specified in subsection (h), the annual increase in survivor's
23 annuity as specified in subsection (l), and any actuarial
24 assumptions and tables adopted by the board of the retirement
25 system for this purpose. The calculation shall determine the
26 amount of retirement annuity, on an actuarially equivalent

1 basis, that shall be designed to result in the balance in the
2 participant's account arriving at zero on the date when the
3 last payment of the retirement annuity (or survivor's annuity,
4 if the participant elects to provide for a survivor's annuity
5 pursuant to this subsection) is anticipated to be paid under
6 the relevant actuarial assumptions. A retirement annuity or a
7 survivor's annuity provided under this Section shall be a life
8 annuity and shall not expire if the account balance equals
9 zero.

10 The annuity payment shall begin on the date specified by
11 the participant submitting a written application, which date
12 shall not be prior to termination of employment or more than
13 one year before the application is received by the board;
14 however, if the participant is not an employee of an employer
15 participating in this System or in a participating system as
16 defined in Article 20 of this Code on April 1 of the calendar
17 year next following the calendar year in which the participant
18 attains age 70 1/2, the annuity payment period shall begin on
19 that date regardless of whether an application has been filed.

20 The participant may elect, under the participant's written
21 application for retirement, to receive a reduced annuity
22 payable for his or her life and to have a lifetime survivor's
23 annuity in a monthly amount equal to 50%, 75%, or 100% of that
24 reduced monthly amount, to be paid after the participant's
25 death to his or her eligible survivor. Eligibility for a
26 survivor's annuity shall be determined under the applicable

1 Article of this Code.

2 For the purpose of calculating retirement annuities,
3 future investment returns shall be assumed to be a percentage
4 equal to the average yield of the 30-year U.S. Treasury Bond
5 over the 5 fiscal years prior to the calculation of the initial
6 retirement annuity, plus 250 basis points; but not less than 4%
7 nor more than 8%.

8 (h) Annual Increase in Retirement Annuity. The retirement
9 annuity shall be subject to an automatic annual increase in an
10 amount equal to 3% of the originally granted annuity on each
11 January 1 occurring on or after the first anniversary of the
12 annuity start date.

13 (i) Disability Benefits. The disability benefits provided
14 under the applicable retirement system apply to new cash
15 balance plan participants and legacy Tier II participants in
16 the cash balance plan, subject to and in accordance with the
17 eligibility and other provisions of the applicable Article.

18 Retirement due to disability under Section 15-153.2 or
19 16-149.2 shall be deemed a disability benefit for the purposes
20 of this Section and shall apply to new cash balance plan
21 participants and legacy Tier II participants.

22 The board of the retirement system shall designate
23 annually, as a percentage of salary, an amount representing the
24 anticipated average cost of providing disability benefits for
25 new cash balance plan participants and legacy Tier II
26 participants. The amount so designated shall not exceed 1% of

1 the cash balance plan participant's salary and shall be
2 deducted annually from the account of each new cash balance
3 plan participant and each legacy Tier II participant.

4 (j) Return to Service. Upon a return to service under the
5 same retirement system after beginning to receive a retirement
6 annuity under the cash balance plan, the retirement annuity
7 shall be suspended and active participation in the cash balance
8 plan shall resume. Upon termination of the employment, the
9 retirement annuity shall resume in an amount to be recalculated
10 in accordance with subsection (g), taking into effect the
11 changes in the cash balance account. If a retired annuitant
12 returns to service, his or her notional cash balance account
13 shall be decreased by each payment of retirement annuity prior
14 to the return to service.

15 (k) Survivor's Annuity - Death before Retirement. In the
16 case of the death of a new cash balance plan participant or
17 legacy Tier II participant who had less than 5 years of service
18 under the applicable Article and had not begun receiving a
19 retirement annuity, the eligible survivor shall be entitled
20 only to a refund of employee contributions under subsection
21 (f-15).

22 In the case of the death of a new cash balance plan
23 participant or legacy Tier II participant who had at least 5
24 years of service under the applicable Article and had not begun
25 receiving a retirement annuity, the eligible survivor shall be
26 entitled to receive a survivor's annuity beginning at age 59

1 1/2 upon written application. The survivor's annuity shall be
2 calculated in the same manner as a retirement annuity under
3 subsection (g). At any time before receiving a survivor's
4 annuity, the eligible survivor may claim a distribution under
5 subsection (f-10) or a refund under subsection (f-15). The
6 deceased participant's account shall continue to receive
7 interest credit until the eligible survivor begins to receive a
8 survivor's annuity or receives a refund of employee
9 contributions under subsection (f-15).

10 Eligibility for a survivor's annuity shall be determined
11 under the applicable Article of this Code. A child's or
12 parent's annuity for an otherwise eligible child or dependent
13 parent shall be in the same amount, if any, prescribed under
14 the applicable Article.

15 (l) Annual Increase in Survivor's Annuity. A survivor's
16 annuity granted under subsection (g) or (k) shall be subject to
17 an automatic annual increase in an amount equal to 3% of the
18 originally granted annuity on each January 1 occurring on or
19 after the first anniversary of the annuity start date.

20 (m) Applicability of Provisions. The following provisions,
21 if and as they exist in this Code, do not apply to participants
22 in the cash balance plan with respect to participation in the
23 cash balance plan, except as they are specifically provided for
24 in this Section:

25 (1) minimum service or vesting requirements (other
26 than as provided in this Section);

1 (2) provisions limiting a retirement annuity to a
2 specified percentage of salary;

3 (3) provisions authorizing a minimum retirement or
4 survivor's annuity or a supplemental annuity;

5 (4) provisions authorizing any form of retirement
6 annuity or survivor's annuity not authorized under this
7 Section;

8 (5) provisions authorizing a reversionary annuity
9 (other than a survivor's annuity under subsection (g));

10 (6) provisions authorizing a refund of employee
11 contributions upon termination of service (except as
12 provided in this Section) or any lump-sum payout in lieu of
13 a retirement or survivor's annuity (other than the
14 distribution under subsection (f-10) or the refund under
15 subsection (f-15) of this Section;

16 (7) provisions authorizing optional service credits or
17 the payment of optional additional contributions (other
18 than the optional employer contributions specifically
19 authorized in subsection (e-1)); or

20 (8) a level income option.

21 The Retirement Systems Reciprocal Act applies to
22 participants in the cash balance plan who qualify under Article
23 20 of this Code, but it does not affect the calculation of
24 benefits payable under this Section.

25 The other provisions of this Code continue to apply to
26 participants in the cash balance plan, to the extent that they

1 do not conflict with this Section. In the case of a conflict
2 between the provisions of this Section and any other provision
3 of this Code, the provisions of this Section control.

4 (n) Rules. The Board of Trustees of the applicable
5 retirement system may adopt rules and procedures for the
6 implementation of this Section, including but not limited to
7 determinations of how to integrate the administration of this
8 Section with the requirements of the applicable Article and any
9 other applicable provisions of this Code.

10 (o) Public Pension Division. The Public Pension Division of
11 the Department of Insurance shall determine in October of each
12 year the annual unadjusted percentage increase (but not less
13 than zero) in the Consumer Price Index-U for the 12 months
14 ending with the preceding September. The Division shall certify
15 its determination to the Board of Trustees of the State
16 Universities Retirement System by November 1 of each year.

17 (p) Actual Employer Contributions. Payment of employer
18 contributions with respect to participants in the cash balance
19 plan shall be the responsibility of the actual employer. These
20 contributions shall be determined under and paid in accordance
21 with the provisions of Sections 15-155. Optional employer
22 contributions may be paid by employers in any amount, but must
23 be paid in the manner specified by the applicable retirement
24 system.

25 (q) Prospective Modification. The provisions set forth in
26 this Section are subject to prospective changes made by law

1 provided that any such changes shall not apply to any benefits
2 accrued under this Section prior to the effective date of any
3 amendatory Act of the General Assembly.

4 (r) An employee who participates in the cash balance plan
5 under this Section may elect to participate in the optional
6 cash balance plan under Section 1-162.

7 (s) Qualified Plan Status. No provision of this Section
8 shall be interpreted in a way that would cause the applicable
9 retirement system to cease to be a qualified plan under section
10 461 (a) of the Internal Revenue Code of 1986.

11 (40 ILCS 5/1-162 new)

12 Sec. 1-162. Optional cash balance plan.

13 (a) Participation and Applicability. Beginning on July 1,
14 2013, the following persons may elect to participate in the
15 optional cash balance plan created under this Section:

16 (1) any person who participates in the cash balance
17 plan established under Section 1-161; and

18 (2) any Tier I employee who has made the election under
19 paragraph (1) of subsection (a) or (a-5) of Section
20 14-106.5 or paragraph (1) of subsection (a) or (a-5) of
21 Section 15-134.6, or paragraph (1) of subsection (a) or
22 (a-5) of Section 16-131.7.

23 This Section does not, however, apply to any person with
24 respect to service for which the person participates in the
25 self-managed plan established under Section 15-158.2 in lieu of

1 the retirement benefits otherwise provided by the State
2 Universities Retirement System.

3 The Board of Trustees of the applicable retirement system
4 shall promulgate rules to create an annual election wherein a
5 person eligible to participate in the optional cash balance
6 plan may elect to participate, and an active employee who is a
7 participant in the plan may elect to cease active
8 participation. The election to cease active participation
9 shall not disqualify the employee from eligibility to receive
10 an interest credit under subsection (f), a distribution upon
11 termination under subsection (f-10), a refund under subsection
12 (f-15), a retirement annuity under subsection (f-15), a
13 retirement annuity under subsection (g), or a survivor annuity
14 under subsection (k), or from eligibility to resume active
15 participation in the optional cash balance plan in a subsequent
16 year.

17 (b) Title. The package of benefits provided under this
18 Section may be referred to as the "optional cash balance plan".
19 Persons subject to the provisions of this Section may be
20 referred to as "participants in the optional cash balance
21 plan".

22 (b-5) Definitions. As used in this Section:

23 "Account" means the notional cash balance account
24 established under this Section for a participant in the
25 optional cash balance plan.

26 "Consumer Price Index-U" means the Consumer Price Index

1 published by the Bureau of Labor Statistics of the United
2 States Department of Labor that measures the average change in
3 prices of goods and services purchased by all urban consumers,
4 United States city average, all items, 1982-84 = 100.

5 "Salary" means "compensation" as defined in Article 14,
6 "earnings" as defined in Article 15, or "salary" as defined in
7 Article 16, whichever is applicable, without regard to the
8 limitation in subsection (b-5) of Section 1-160.

9 "Tier I employee" means a person who is a Tier I employee
10 under the applicable Article of this Code.

11 (c) Cash Balance Account. A notional cash balance account
12 shall be established by the applicable retirement system for
13 each participant in the optional cash balance plan. The account
14 is notional and does not contain any actual money segregated
15 from the commingled assets of the retirement system. The cash
16 balance in the account is to be used in calculating benefits as
17 provided in this Section, but is not to be used in the
18 calculation of any refund, transfer, or other benefit under the
19 applicable Article of this Code.

20 The amounts to be credited to the cash balance account
21 shall consist of (i) amounts contributed by or on behalf of the
22 participant as employee contributions, (ii) notional employer
23 contributions, and (iii) interest credit that is attributable
24 to the account, all as provided in this Section.

25 Whenever necessary for the prompt calculation or
26 administration, or when the System lacks information necessary

1 to the calculation or administration otherwise required of or
2 for a benefit under this Section, the applicable retirement
3 system may estimate an amount to be credited to or debited from
4 a participant's cash balance account and then adjust the amount
5 so credited or debited when more accurate information becomes
6 available.

7 The applicable retirement system shall give to each
8 participant in the optional cash balance plan who has not yet
9 retired annual notice of (1) the balance in the participant's
10 cash balance account and (2) an estimate of the retirement
11 annuity that will be payable to the participant if he or she
12 retires at age 59 1/2.

13 (d) Employee Contributions. In addition to the other
14 contributions required under the applicable Article, each
15 participant shall make contributions to the applicable
16 retirement system at the rate of 2% of each payment of salary.
17 The amount of each contribution shall be credited to the
18 participant's cash balance account upon receipt and after the
19 retirement system's reconciliation of the contribution.

20 (e) Optional Employer Contributions. Employers may make
21 optional additional contributions to the applicable retirement
22 system on behalf of their employees who are participants in the
23 optional cash balance plan in accordance with procedures
24 prescribed by the retirement system, to the extent permitted by
25 federal law and the rules prescribed by the retirement system.
26 The optional additional contributions under this subsection

1 are actual monetary contributions to the retirement system, and
2 the amount of each optional additional contribution shall be
3 credited to the participant's cash balance account upon receipt
4 and after the retirement system's reconciliation of the
5 contribution.

6 (f) Interest Credit. An amount representing earnings on
7 investments shall be determined by the retirement system in
8 accordance with this Section and credited to the participant's
9 cash balance account for each fiscal year in which there is a
10 positive balance in that account; except that no additional
11 interest credit shall be credited while an annuity based on the
12 account is being paid. The interest credit amount shall be a
13 percentage of the average quarterly balance in the cash balance
14 account during that fiscal year, and shall be calculated on
15 June 30.

16 The percentage shall be the assumed treasury rate for the
17 previous fiscal year, unless neither the retirement system's
18 actual rate of investment earnings for the previous fiscal year
19 nor the retirement system's actual rate of investment earnings
20 for the five-year period ending at the end of the previous
21 fiscal year is less than the assumed treasury rate.

22 If both the retirement system's actual rate of investment
23 earnings for the previous fiscal year and the actual rate of
24 investment earnings for the five-year period ending at the end
25 of the previous fiscal year are at least the assumed treasury
26 rate, then the percentage shall be:

1 (i) the assumed treasury rate, plus

2 (ii) two-thirds of the amount of the actual rate of
3 investment earnings for the previous fiscal year that
4 exceeds the assumed treasury rate.

5 However, in no event shall the percentage applied under this
6 subsection exceed 10%.

7 For the purposes of this subsection only, "previous fiscal
8 year" means fiscal year ending one year before the interest
9 rate is calculated.

10 For the purposes of this subsection only, "assumed treasury
11 rate" means the average annual yield of the 30-year U.S.
12 Treasury Bond over the previous fiscal year, but not less than
13 4%.

14 When a person applies for a benefit under this Section, the
15 retirement system shall apply an interest credit based on a
16 proration of an estimate of what the interest credit will be
17 for the relevant year. When the retirement system certifies the
18 credit on June 30, it shall adjust the benefit accordingly.

19 (f-10) Distribution upon Termination of Employment. Upon
20 termination of active employment with at least 5 years of
21 service credit under the applicable retirement system and prior
22 to making application for an annuity under this Section, a
23 participant in the optional cash balance plan may make an
24 irrevocable election to distribute an amount not to exceed 40%
25 of the balance in the participant's account in the form of a
26 direct rollover to another qualified plan, to the extent

1 allowed by federal law. If the participant makes such an
2 election, then the amount distributed shall be debited from the
3 participant's cash balance account. A participant in the
4 optional cash balance plan shall be allowed only one
5 distribution under this subsection. The remaining balance in
6 the participant's account shall be used for the determination
7 of other benefits provided under this Section.

8 (f-15) Refund. In lieu of receiving a distribution under
9 subsection (f-10), at any time after terminating active
10 employment under the applicable retirement system, but before
11 receiving a retirement annuity under this Section, a
12 participant in the optional cash balance plan may elect to
13 receive a refund under this subsection. The refund shall
14 consist of an amount equal to the amount of all employee
15 contributions credited to the participant's account, but shall
16 not include any interest credit or employer contributions. If
17 the participant so requests, the refund may be paid in the form
18 of a direct rollover to another qualified plan, to the extent
19 allowed by federal law and in accordance with the rules of the
20 applicable retirement system. Upon payment of the refund, the
21 participant's notional cash balance account shall be closed.

22 (g) Retirement Annuity. A participant in the optional cash
23 balance plan may begin collecting a retirement annuity at age
24 59 1/2, but no earlier than the date of termination of active
25 employment under the applicable retirement system.

26 The amount of the retirement annuity shall be calculated by

1 the retirement system, based on the balance in the cash balance
2 account, the assumption of future investment returns as
3 specified in this subsection, the participant's election to
4 have a lifetime survivor's annuity as specified in this
5 subsection, the annual increase in retirement annuity as
6 specified in subsection (h), the annual increase in survivor's
7 annuity as specified in subsection (l), and any actuarial
8 assumptions and tables adopted by the board of the retirement
9 system for this purpose. The calculation shall determine the
10 amount of retirement annuity, on an actuarially equivalent
11 basis, that shall be designed to result in the balance in the
12 participant's account arriving at zero on the date when the
13 last payment of the retirement annuity (or survivor's annuity,
14 if the participant elects to provide for a survivor's annuity
15 pursuant to this subsection) is anticipated to be paid under
16 the relevant actuarial assumptions. A retirement annuity or a
17 survivor's annuity provided under this Section shall be a life
18 annuity and shall not expire if the account balance equals
19 zero.

20 The annuity payment shall begin on the date specified by
21 the participant submitting a written application, which date
22 shall not be prior to termination of employment or more than
23 one year before the application is received by the board;
24 however, if the participant is not an employee of an employer
25 participating in this System or in a participating system as
26 defined in Article 20 of this Code on April 1 of the calendar

1 year next following the calendar year in which the participant
2 attains age 70 1/2, the annuity payment period shall begin on
3 that date regardless of whether an application has been filed.

4 The participant may elect, under the participant's written
5 application for retirement, to receive a reduced annuity
6 payable for his or her life and to have a lifetime survivor's
7 annuity in a monthly amount equal to 50%, 75%, or 100% of that
8 reduced monthly amount, to be paid after the participant's
9 death to his or her eligible survivor. Eligibility for a
10 survivor's annuity shall be determined under the applicable
11 Article of this Code.

12 For the purpose of calculating retirement annuities,
13 future investment returns shall be assumed to be a percentage
14 equal to the average yield of the 30-year U.S. Treasury Bond
15 over the 5 fiscal years prior to the calculation of the initial
16 retirement annuity, plus 250 basis points; but not less than 4%
17 nor more than 8%.

18 (h) Annual Increase in Retirement Annuity. The retirement
19 annuity shall be subject to an automatic annual increase in an
20 amount equal to 3% of the originally granted annuity on each
21 January 1 occurring on or after the first anniversary of the
22 annuity start date.

23 (i) Disability Benefits. There are no disability benefits
24 provided under the optional cash balance plan, and no amounts
25 for disability shall be deducted from the account of a
26 participant in the optional cash balance plan. The disability

1 benefits provided under the applicable retirement system apply
2 to participants in the optional cash balance plan.

3 (j) Return to Service. Upon a return to service under the
4 same retirement system after beginning to receive a retirement
5 annuity under the optional cash balance plan, the retirement
6 annuity shall be suspended and active participation in the
7 optional cash balance plan shall resume. Upon termination of
8 the employment, the retirement annuity shall resume in an
9 amount to be recalculated in accordance with subsection (g),
10 taking into effect the changes in the cash balance account. If
11 a retired annuitant returns to service, his or her notional
12 cash balance account shall be decreased by each payment of
13 retirement annuity prior to the return to service.

14 (k) Survivor's Annuity - Death before Retirement. In the
15 case of a participant in the optional cash balance plan who had
16 less than 5 years of service under the applicable Article and
17 had not begun receiving a retirement annuity, the eligible
18 survivor shall be entitled only to a refund of employee
19 contributions under subsection (f-15).

20 In the case of a participant in the optional cash balance
21 plan who had at least 5 years of service under the applicable
22 Article and had not begun receiving a retirement annuity, the
23 eligible survivor shall be entitled to receive a survivor's
24 annuity beginning at age 59 1/2 upon written application. The
25 survivor's annuity shall be calculated in the same manner as a
26 retirement annuity under subsection (g). At any time before

1 receiving a survivor's annuity, the eligible survivor may claim
2 a distribution under subsection (f-10) or a refund under
3 subsection (f-15). The deceased participant's account shall
4 continue to receive interest credit until the eligible survivor
5 begins to receive a survivor's annuity or receives a refund of
6 employee contributions under subsection (f-15).

7 Eligibility for a survivor's annuity shall be determined
8 under the applicable Article of this Code. A child's or
9 parent's annuity for an otherwise eligible child or dependent
10 parent shall be in the same amount, if any, prescribed under
11 the applicable Article.

12 (l) Annual Increase in Survivor's Annuity. A survivor's
13 annuity granted under subsection (g) or (k) shall be subject to
14 an automatic annual increase in an amount equal to 3% of the
15 originally granted annuity on each January 1 occurring on or
16 after the first anniversary of the annuity start date.

17 (m) Applicability of Provisions. The following provisions,
18 if and as they exist in this Code, do not apply to participants
19 in the optional cash balance plan with respect to participation
20 in the optional cash balance plan, except as they are
21 specifically provided for in this Section:

22 (1) minimum service or vesting requirements (other
23 than as provided in this Section);

24 (2) provisions limiting a retirement annuity to a
25 specified percentage of salary;

26 (3) provisions authorizing a minimum retirement or

1 survivor's annuity or a supplemental annuity;

2 (4) provisions authorizing any form of retirement
3 annuity or survivor's annuity not authorized under this
4 Section;

5 (5) provisions authorizing a reversionary annuity
6 (other than the survivor's annuity under subsection (q));

7 (6) provisions authorizing a refund of employee
8 contributions upon termination of service (other than upon
9 the death of the participant without an eligible survivor)
10 or any lump-sum payout in lieu of a retirement or
11 survivor's annuity (other than the distribution under
12 subsection (f-10) or the refund under subsection (f-15) of
13 this Section;

14 (7) provisions authorizing optional service credits or
15 the payment of optional additional contributions (other
16 than the optional employer contributions specifically
17 authorized in this Section); or

18 (8) a level income option.

19 The Retirement Systems Reciprocal Act (Article 20 of this
20 Code) does not apply to participation in the optional cash
21 balance plan and does not affect the calculation of benefits
22 payable under this Section.

23 The other provisions of this Code continue to apply to
24 participants in the optional cash balance plan, to the extent
25 that they do not conflict with this Section. In the case of a
26 conflict between the provisions of this Section and any other

1 provision of this Code, the provisions of this Section control.

2 (n) Rules. The Board of Trustees of the applicable
3 retirement system may adopt rules and procedures for the
4 implementation of this Section, including but not limited to
5 determinations of how to integrate the administration of this
6 Section with the requirements of the applicable Article and any
7 other applicable provisions of this Code.

8 (o) Public Pension Division. The Public Pension Division of
9 the Department of Insurance shall determine in October of each
10 year the annual unadjusted percentage increase (but not less
11 than zero) in the Consumer Price Index-U for the 12 months
12 ending with the preceding September. The Division shall certify
13 its determination to the Board of Trustees of the State
14 Universities Retirement System by November 1 of each year.

15 (p) Actual Employer Contributions. Payment of employer
16 contributions with respect to participants in the optional cash
17 balance plan shall be the responsibility of the actual
18 employer. These contributions shall be determined under and
19 paid in accordance with the provisions of Sections 15-155.
20 Optional additional contributions by employers may be paid in
21 any amount, but must be paid in the manner specified by the
22 applicable retirement system.

23 (q) Prospective Modification. The provisions set forth in
24 this Section are subject to prospective changes made by law
25 provided that any such changes shall not apply to any benefits
26 accrued under this Section prior to the effective date of any

1 amendatory Act of the General Assembly.

2 (s) Qualified Plan Status. No provision of this Section
3 shall be interpreted in a way that would cause the applicable
4 retirement system to cease to be a qualified plan under section
5 461 (a) of the Internal Revenue Code of 1986.

6 (40 ILCS 5/2-105.1 new)

7 Sec. 2-105.1. Tier I employee. "Tier I employee": A
8 participant who first became a participant before January 1,
9 2011.

10 (40 ILCS 5/2-105.2 new)

11 Sec. 2-105.2. Tier I retiree. "Tier I retiree" means a
12 former Tier I employee who is receiving a retirement annuity.

13 (40 ILCS 5/2-107.9 new)

14 Sec. 2-107.9. Future increase in income. "Future increase
15 in income": Any increase in income in any form offered for
16 service as a member under this Article after June 30, 2013 that
17 would qualify as "salary", as defined under Section 2-108, but
18 for the fact that the increase in income was offered to the
19 member on the condition that it not qualify as salary and was
20 accepted by the member subject to that condition.

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

22 Sec. 2-108. Salary. "Salary": (1) For members of the

1 General Assembly, the total compensation paid to the member by
2 the State for one year of service, including the additional
3 amounts, if any, paid to the member as an officer pursuant to
4 Section 1 of "An Act in relation to the compensation and
5 emoluments of the members of the General Assembly", approved
6 December 6, 1907, as now or hereafter amended.

7 (2) For the State executive officers specified in Section
8 2-105, the total compensation paid to the member for one year
9 of service.

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

16 However, in the event that federal law results in any
17 participant receiving imputed income based on the value of
18 group term life insurance provided by the State, such imputed
19 income shall not be included in salary for the purposes of this
20 Article.

21 Notwithstanding any other provision of this Section,
22 "salary" does not include any future increase in income that is
23 offered for service as a member under this Article pursuant to
24 the requirements of subsection (c) of Section 2-110.3 and
25 accepted by a Tier I employee, or a Tier I retiree returning to
26 active service, who has made an election under paragraph (2) of

1 subsection (a) or (a-5) of Section Section 2-110.3.

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

3 (40 ILCS 5/2-110.3 new)

4 Sec. 2-110.3. Election by Tier I employees and Tier I
5 retirees.

6 (a) Each Tier I employee shall make an irrevocable election
7 either:

8 (1) to agree to the following:

9 (i) to have the amount of the automatic annual
10 increases in his or her retirement annuity that are
11 otherwise provided for in this Article calculated,
12 instead, as provided in subsection (a-1) of Section
13 2-119.1; and

14 (ii) to have his or her eligibility for automatic
15 annual increases in retirement annuity postponed as
16 provided in subsection (a-2) of Section 2-119.1 and to
17 relinquish the additional increases provided in
18 subsection (b) of Section 2-119.1; or

19 (2) to not agree to items (i) and (ii) as set forth in
20 paragraph (1) of this subsection.

21 The election required under this subsection (a) shall be
22 made by each Tier I employee no earlier than January 1, 2013
23 and no later than May 31, 2013, except that:

24 (i) a person who becomes a Tier I employee under this
25 Article after January 1, 2013 must make the election under

1 this subsection (a) within 60 days after becoming a Tier I
2 employee;

3 (ii) a person who returns to active service as a Tier I
4 employee under this Article after January 1, 2013 and has
5 not yet made an election under this Section must make the
6 election under this subsection (a) within 60 days after
7 returning to active service as a Tier I employee; and

8 (iii) a person who made the election under subsection
9 (a-5) as a Tier I retiree remains bound by that election
10 and shall not make a later election under this subsection
11 (a).

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

16 (a-5) Each Tier I retiree shall make an irrevocable
17 election either:

18 (1) to agree to the following:

19 (i) to have the amount of the automatic annual
20 increases in his or her retirement annuity that are
21 otherwise provided for in this Article calculated,
22 instead, as provided in subsection (a-1) of Section
23 2-119.1; and

24 (ii) to have his or her eligibility for automatic
25 annual increases in retirement annuity postponed as
26 provided in subsection (a-2) of Section 2-119.1 and to

1 relinquish the additional increases provided in
2 subsection (b) of Section 2-119.1; or
3 (2) to not agree to items (i) and (ii) as set forth in
4 paragraph (1) of this subsection.

5 The election required under this subsection (a-5) shall be
6 made by each Tier I retiree no earlier than January 1, 2013 and
7 no later than May 31, 2013, except that:

8 (i) a person who becomes a Tier I retiree under this
9 Article on or after January 1, 2013 must make the election
10 under this subsection (a-5) within 60 days after becoming a
11 Tier I retiree; and

12 (ii) a person who made the election under subsection
13 (a) as a Tier I employee remains bound by that election and
14 shall not make a later election under this subsection
15 (a-5).

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

20 (a-10) All elections under subsection (a) or (a-5) that are
21 made or deemed to be made before June 1, 2013 shall take effect
22 on July 1, 2013. Elections that are made or deemed to be made
23 on or after June 1, 2013 shall take effect on the first day of
24 the month following the month in which the election is made or
25 deemed to be made.

26 (b) As adequate and legal consideration provided under this

1 amendatory Act of the 97th General Assembly for making the
2 election under paragraph (1) of subsection (a) of this Section,
3 any future increases in income offered for service as a member
4 under this Article to a Tier I employee who has made the
5 election under paragraph (1) of subsection (a) of this Section
6 shall be offered expressly and irrevocably as constituting
7 salary under Section 2-108.

8 As adequate and legal consideration provided under this
9 amendatory Act of the 97th General Assembly for making the
10 election under paragraph (1) of subsection (a-5) of this
11 Section, any future increases in income offered for service as
12 a member under this Article to a Tier I retiree who returns to
13 active service after having made the election under paragraph
14 (1) of subsection (a-5) of this Section shall be offered
15 expressly and irrevocably as constituting salary under Section
16 2-108.

17 (c) A Tier I employee who makes the election under
18 paragraph (2) of subsection (a) of this Section shall not be
19 subject to items (i) and (ii) set forth in paragraph (1) of
20 subsection (a) of this Section. However, any future increases
21 in income offered for service as a member under this Article to
22 a Tier I employee who has made the election under paragraph (2)
23 of subsection (a) of this Section shall be offered expressly
24 and irrevocably as not constituting salary under Section 2-108,
25 and the member may not accept any future increase in income
26 that is offered in violation of this requirement.

1 A Tier I retiree who makes the election under paragraph (2)
2 of subsection (a-5) of this Section shall not be subject to
3 items (i) and (ii) set forth in paragraph (1) of subsection
4 (a-5) of this Section. However, any future increases in income
5 offered for service as a member under this Article to a Tier I
6 retiree who returns to active service and has made the election
7 under paragraph (2) of subsection (a-5) of this Section shall
8 be offered expressly and irrevocably as not constituting salary
9 under Section 2-108, and the member may not accept any future
10 increase in income that is offered in violation of this
11 requirement.

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

23 Tier I employees and Tier I retirees who are subject to
24 this Section shall be provided with an election packet
25 containing information regarding their options, as well as the
26 forms necessary to make the required election. Upon request,

1 the System shall offer Tier I employees and Tier I retirees an
2 opportunity to receive information from the System before
3 making the required election. The information may be provided
4 through video materials, group presentations, individual
5 consultation with a member or authorized representative of the
6 System in person or by telephone or other electronic means, or
7 any combination of those methods. The System shall not provide
8 advice or counseling with respect to which election a Tier I
9 employee or Tier I retiree should make or specific to the legal
10 or tax circumstances of or consequences to the Tier I employee
11 or Tier I retiree.

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

19 In no event shall the System, its staff, or the Board be
20 held liable for any information given to a member, beneficiary,
21 or annuitant regarding the elections under this Section.

22 (e) Notwithstanding any other provision of law, any future
23 increases in income offered for service as a member must be
24 offered expressly and irrevocably as not constituting "salary"
25 under Section 2-108 to any Tier I employee, or Tier I retiree
26 returning to active service, who has made an election under

1 paragraph (2) or subsection (a) or (a-5) of Section 2-110.3. A
2 Tier I employee, or Tier I retiree returning to active service,
3 who has made an election under paragraph (2) or subsection (a)
4 or (a-5) of Section 2-110.3 shall not accept any future
5 increase in income that is offered for service as a member
6 under this Article in violation of the requirement set forth in
7 this subsection.

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

11 (g) Qualified Plan Status. No provision of this Section
12 shall be interpreted in a way that would cause the System to
13 cease to be a qualified plan under section 461 (a) of the
14 Internal Revenue Code of 1986.

15 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

17 (a) Except as provided in subsections (a-1) and (a-2), a A
18 participant who retires after June 30, 1967, and who has not
19 received an initial increase under this Section before the
20 effective date of this amendatory Act of 1991, shall, in
21 January or July next following the first anniversary of
22 retirement, whichever occurs first, and in the same month of
23 each year thereafter, but in no event prior to age 60, have the
24 amount of the originally granted retirement annuity increased
25 as follows: for each year through 1971, 1 1/2%; for each year

1 from 1972 through 1979, 2%; and for 1980 and each year
2 thereafter, 3%. Annuitants who have received an initial
3 increase under this subsection prior to the effective date of
4 this amendatory Act of 1991 shall continue to receive their
5 annual increases in the same month as the initial increase.

6 (a-1) Notwithstanding any other provision of this Article,
7 for a Tier I employee or Tier I retiree who made the election
8 under paragraph (1) of subsection (a) or (a-5) of Section
9 2-110.3, the amount of each automatic annual increase in
10 retirement annuity occurring on or after the effective date of
11 that election shall be 3% or one-half of the annual unadjusted
12 percentage increase, if any, in the Consumer Price Index-U for
13 the 12 months ending with the preceding September, whichever is
14 less, of the originally granted retirement annuity. For the
15 purposes of this Section, "Consumer Price Index-U" means the
16 index published by the Bureau of Labor Statistics of the United
17 States Department of Labor that measures the average change in
18 prices of goods and services purchased by all urban consumers,
19 United States city average, all items, 1982-84 = 100.

20 (a-2) For a Tier I employee or Tier I retiree who made the
21 election under paragraph (1) of subsection (a) or (a-5) of
22 Section 2-110.3, the monthly retirement annuity shall first be
23 subject to annual increases on the January 1 occurring on or
24 next after the attainment of age 67 or the January 1 occurring
25 on or next after the fifth anniversary of the annuity start
26 date, whichever occurs earlier. If on the effective date of the

1 election under paragraph (1) of subsection (a-5) of Section
2 2-110.3 a Tier I retiree has already received an annual
3 increase under this Section but does not yet meet the new
4 eligibility requirements of this subsection, the annual
5 increases already received shall continue in force, but no
6 additional annual increase shall be granted until the Tier I
7 retiree meets the new eligibility requirements.

8 (b) Beginning January 1, 1990, for eligible participants
9 who remain in service after attaining 20 years of creditable
10 service, the 3% increases provided under subsection (a) shall
11 begin to accrue on the January 1 next following the date upon
12 which the participant (1) attains age 55, or (2) attains 20
13 years of creditable service, whichever occurs later, and shall
14 continue to accrue while the participant remains in service;
15 such increases shall become payable on January 1 or July 1,
16 whichever occurs first, next following the first anniversary of
17 retirement. For any person who has service credit in the System
18 for the entire period from January 15, 1969 through December
19 31, 1992, regardless of the date of termination of service, the
20 reference to age 55 in clause (1) of this subsection (b) shall
21 be deemed to mean age 50.

22 This subsection (b) does not apply to any person who first
23 becomes a member of the System after August 8, 2003 (the
24 effective date of Public Act 93-494) or (ii) has made the
25 election under paragraph (1) of subsection (a) or (a-5) of
26 Section 2-110.3; except that if on the effective date of the

1 election under paragraph (1) of subsection (a-5) of Section
2 2-110.3 a Tier I retiree has already received a retirement
3 annuity based on any annual increases under this subsection,
4 those annual increases under this subsection shall continue in
5 force ~~this amendatory Act of the 93rd General Assembly.~~

6 (b-5) Notwithstanding any other provision of this Article,
7 a participant who first becomes a participant on or after
8 January 1, 2011 (the effective date of Public Act 96-889)
9 shall, in January or July next following the first anniversary
10 of retirement, whichever occurs first, and in the same month of
11 each year thereafter, but in no event prior to age 67, have the
12 amount of the retirement annuity then being paid increased by
13 3% or the annual unadjusted percentage increase in the Consumer
14 Price Index for All Urban Consumers as determined by the Public
15 Pension Division of the Department of Insurance under
16 subsection (a) of Section 2-108.1, whichever is less.

17 (c) The foregoing provisions relating to automatic
18 increases are not applicable to a participant who retires
19 before having made contributions (at the rate prescribed in
20 Section 2-126) for automatic increases for less than the
21 equivalent of one full year. However, in order to be eligible
22 for the automatic increases, such a participant may make
23 arrangements to pay to the system the amount required to bring
24 the total contributions for the automatic increase to the
25 equivalent of one year's contributions based upon his or her
26 last salary.

1 (d) A participant who terminated service prior to July 1,
2 1967, with at least 14 years of service is entitled to an
3 increase in retirement annuity beginning January, 1976, and to
4 additional increases in January of each year thereafter.

5 The initial increase shall be 1 1/2% of the originally
6 granted retirement annuity multiplied by the number of full
7 years that the annuitant was in receipt of such annuity prior
8 to January 1, 1972, plus 2% of the originally granted
9 retirement annuity for each year after that date. The
10 subsequent annual increases shall be at the rate of 2% of the
11 originally granted retirement annuity for each year through
12 1979 and at the rate of 3% for 1980 and thereafter.

13 (e) Beginning January 1, 1990, all automatic annual
14 increases payable under this Section shall be calculated as a
15 percentage of the total annuity payable at the time of the
16 increase, including previous increases granted under this
17 Article.

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

19 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

20 Sec. 2-124. Contributions by State.

21 (a) Except as otherwise provided in this Section, the ~~The~~
22 State shall make contributions to the System by appropriations
23 of amounts which, together with the contributions of
24 participants, interest earned on investments, and other income
25 will meet the cost of maintaining and administering the System

1 on a 90% funded basis in accordance with actuarial
2 recommendations.

3 (b) The Board shall determine the amount of State
4 contributions required for each fiscal year on the basis of the
5 actuarial tables and other assumptions adopted by the Board and
6 the prescribed rate of interest, using the formula in
7 subsection (c).

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

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

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2006 is
26 \$4,157,000.

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2007 is
3 \$5,220,300.

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

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2010 is
12 \$10,454,000 and shall be made from the proceeds of bonds sold
13 in fiscal year 2010 pursuant to Section 7.2 of the General
14 Obligation Bond Act, less (i) the pro rata share of bond sale
15 expenses determined by the System's share of total bond
16 proceeds, (ii) any amounts received from the General Revenue
17 Fund in fiscal year 2010, and (iii) any reduction in bond
18 proceeds due to the issuance of discounted bonds, if
19 applicable.

20 Notwithstanding any other provision of this Article, the
21 total required State contribution for State fiscal year 2011 is
22 the amount recertified by the System on or before April 1, 2011
23 pursuant to Section 2-134 and shall be made from the proceeds
24 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
25 the General Obligation Bond Act, less (i) the pro rata share of
26 bond sale expenses determined by the System's share of total

1 bond proceeds, (ii) any amounts received from the General
2 Revenue Fund in fiscal year 2011, and (iii) any reduction in
3 bond proceeds due to the issuance of discounted bonds, if
4 applicable.

5 Except as otherwise provided in this Section, beginning
6 ~~Beginning~~ in State fiscal year 2046, the minimum State
7 contribution for each fiscal year shall be the amount needed to
8 maintain the total assets of the System at 90% of the total
9 actuarial liabilities of the System.

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

22 Notwithstanding any other provision of this Section, the
23 required State contribution for State fiscal year 2005 and for
24 fiscal year 2008 and each fiscal year thereafter, as calculated
25 under this Section and certified under Section 2-134, shall not
26 exceed an amount equal to (i) the amount of the required State

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

21 (c-1) If at least 50% of Tier I employees making an
22 election under Section 2-110.3 before June 1, 2013 choose the
23 option under paragraph (1) of subsection (a) of that Section,
24 then:

25 (1) In lieu of the State contributions required under
26 subsection (c), for State fiscal years 2014 through 2043

1 the minimum contribution to the System to be made by the
2 State for each fiscal year shall be an amount determined by
3 the System to be equal to the sum of (1) the State's
4 portion of the projected normal cost for that fiscal year,
5 plus (2) an amount sufficient to bring the total assets of
6 the System up to 100% of the total actuarial liabilities of
7 the System by the end of State fiscal year 2043. In making
8 these determinations, the required State contribution
9 shall be calculated each year as a level percentage of
10 payroll over the years remaining to and including fiscal
11 year 2043 and shall be determined under the projected unit
12 credit actuarial cost method.

13 (2) Beginning in State fiscal year 2043, the minimum
14 State contribution for each fiscal year shall be the amount
15 needed to maintain the total assets of the System at 100%
16 of the total actuarial liabilities of the System.

17 (c-2) If less than 50% of Tier I employees making an
18 election under Section 2-110.3 before June 1, 2013 choose the
19 option under paragraph (1) of subsection (a) of that Section,
20 then the annual required contribution to the System to be made
21 by the State shall be determined under subsection (c) of this
22 Section, instead of the annual required contribution otherwise
23 specified in subsection (c-1) of this Section.

24 (d) 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 (e) 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. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09;
14 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11; 96-1554, eff.
15 3-18-11; revised 4-6-11.)

16 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

17 Sec. 2-134. To certify required State contributions and
18 submit vouchers.

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

1 identify the System's projected State normal cost for that
2 fiscal year.

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

23 On or before May 1, 2004, the Board shall recalculate and
24 recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2005, taking
26 into account the amounts appropriated to and received by the

1 System under subsection (d) of Section 7.2 of the General
2 Obligation Bond Act.

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

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

14 (b) Beginning in State fiscal year 1996, on or as soon as
15 possible after the 15th day of each month the Board shall
16 submit vouchers for payment of State contributions to the
17 System, in a total monthly amount of one-twelfth of the
18 required annual State contribution certified under subsection
19 (a). From the effective date of this amendatory Act of the 93rd
20 General Assembly through June 30, 2004, the Board shall not
21 submit vouchers for the remainder of fiscal year 2004 in excess
22 of the fiscal year 2004 certified contribution amount
23 determined under this Section after taking into consideration
24 the transfer to the System under subsection (d) of Section
25 6z-61 of the State Finance Act. These vouchers shall be paid by
26 the State Comptroller and Treasurer by warrants drawn on the

1 funds appropriated to the System for that fiscal year. If in
2 any month the amount remaining unexpended from all other
3 appropriations to the System for the applicable fiscal year
4 (including the appropriations to the System under Section 8.12
5 of the State Finance Act and Section 1 of the State Pension
6 Funds Continuing Appropriation Act) is less than the amount
7 lawfully vouchered under this Section, the difference shall be
8 paid from the General Revenue Fund under the continuing
9 appropriation authority provided in Section 1.1 of the State
10 Pension Funds Continuing Appropriation Act.

11 (c) The full amount of any annual appropriation for the
12 System for State fiscal year 1995 shall be transferred and made
13 available to the System at the beginning of that fiscal year at
14 the request of the Board. Any excess funds remaining at the end
15 of any fiscal year from appropriations shall be retained by the
16 System as a general reserve to meet the System's accrued
17 liabilities.

18 (Source: P.A. 95-331, eff. 8-21-07; 96-1497, eff. 1-14-11;
19 96-1511, eff. 1-27-11.)

20 (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)

21 Sec. 7-109. Employee.

22 (1) "Employee" means any person who:

23 (a) 1. Receives earnings as payment for the performance
24 of personal services or official duties out of the
25 general fund of a municipality, or out of any special

1 fund or funds controlled by a municipality, or by an
2 instrumentality thereof, or a participating
3 instrumentality, including, in counties, the fees or
4 earnings of any county fee office; and

5 2. Under the usual common law rules applicable in
6 determining the employer-employee relationship, has
7 the status of an employee with a municipality, or any
8 instrumentality thereof, or a participating
9 instrumentality, including aldermen, county
10 supervisors and other persons (excepting those
11 employed as independent contractors) who are paid
12 compensation, fees, allowances or other emolument for
13 official duties, and, in counties, the several county
14 fee offices.

15 (b) Serves as a township treasurer appointed under the
16 School Code, as heretofore or hereafter amended, and who
17 receives for such services regular compensation as
18 distinguished from per diem compensation, and any regular
19 employee in the office of any township treasurer whether or
20 not his earnings are paid from the income of the permanent
21 township fund or from funds subject to distribution to the
22 several school districts and parts of school districts as
23 provided in the School Code, or from both such sources; or
24 is the chief executive officer, chief educational officer,
25 chief fiscal officer, or other employee of a Financial
26 Oversight Panel established pursuant to Article 1H of the

1 School Code, other than a superintendent or certified
2 school business official, except that such person shall not
3 be treated as an employee under this Section if that person
4 has negotiated with the Financial Oversight Panel, in
5 conjunction with the school district, a contractual
6 agreement for exclusion from this Section.

7 (c) Holds an elective office in a municipality,
8 instrumentality thereof or participating instrumentality.

9 (2) "Employee" does not include persons who:

10 (a) Are eligible for inclusion under any of the
11 following laws:

12 1. "An Act in relation to an Illinois State
13 Teachers' Pension and Retirement Fund", approved May
14 27, 1915, as amended;

15 2. Articles 15 and 16 of this Code.

16 However, such persons shall be included as employees to
17 the extent of earnings that are not eligible for inclusion
18 under the foregoing laws for services not of an
19 instructional nature of any kind.

20 However, any member of the armed forces who is employed
21 as a teacher of subjects in the Reserve Officers Training
22 Corps of any school and who is not certified under the law
23 governing the certification of teachers shall be included
24 as an employee.

25 (b) Are designated by the governing body of a
26 municipality in which a pension fund is required by law to

1 be established for policemen or firemen, respectively, as
2 performing police or fire protection duties, except that
3 when such persons are the heads of the police or fire
4 department and are not eligible to be included within any
5 such pension fund, they shall be included within this
6 Article; provided, that such persons shall not be excluded
7 to the extent of concurrent service and earnings not
8 designated as being for police or fire protection duties.
9 However, (i) any head of a police department who was a
10 participant under this Article immediately before October
11 1, 1977 and did not elect, under Section 3-109 of this Act,
12 to participate in a police pension fund shall be an
13 "employee", and (ii) any chief of police who elects to
14 participate in this Fund under Section 3-109.1 of this
15 Code, regardless of whether such person continues to be
16 employed as chief of police or is employed in some other
17 rank or capacity within the police department, shall be an
18 employee under this Article for so long as such person is
19 employed to perform police duties by a participating
20 municipality and has not lawfully rescinded that election.

21 (c) After August 26, 2011 (the effective date of Public
22 Act 97-609) ~~this amendatory Act of the 97th General~~
23 ~~Assembly~~, are contributors to or eligible to contribute to
24 a Taft-Hartley pension plan established on or before June
25 1, 2011 and are employees of a theatre, arena, or
26 convention center that is located in a municipality located

1 in a county with a population greater than 5,000,000, and
2 to which the participating municipality is required to
3 contribute as the person's employer based on earnings from
4 the municipality. Nothing in this paragraph shall affect
5 service credit or creditable service for any period of
6 service prior to August 26, 2011 ~~the effective date of this~~
7 ~~amendatory Act of the 97th General Assembly~~, and this
8 paragraph shall not apply to individuals who are
9 participating in the Fund prior to August 26, 2011 ~~the~~
10 ~~effective date of this amendatory Act of the 97th General~~
11 ~~Assembly~~.

12 (d) Become an employee of any of the following
13 participating instrumentalities on or after the effective
14 date of this amendatory Act of the 97th General Assembly:
15 the Illinois Municipal League; the Illinois Association of
16 Park Districts; the Illinois Supervisors, County
17 Commissioners and Superintendents of Highways Association;
18 the Township School District Trustees; the United Counties
19 Council; or the Will County Governmental League.

20 (3) All persons, including, without limitation, public
21 defenders and probation officers, who receive earnings from
22 general or special funds of a county for performance of
23 personal services or official duties within the territorial
24 limits of the county, are employees of the county (unless
25 excluded by subsection (2) of this Section) notwithstanding
26 that they may be appointed by and are subject to the direction

1 of a person or persons other than a county board or a county
2 officer. It is hereby established that an employer-employee
3 relationship under the usual common law rules exists between
4 such employees and the county paying their salaries by reason
5 of the fact that the county boards fix their rates of
6 compensation, appropriate funds for payment of their earnings
7 and otherwise exercise control over them. This finding and this
8 amendatory Act shall apply to all such employees from the date
9 of appointment whether such date is prior to or after the
10 effective date of this amendatory Act and is intended to
11 clarify existing law pertaining to their status as
12 participating employees in the Fund.

13 (Source: P.A. 97-429, eff. 8-16-11; 97-609, eff. 8-26-11;
14 revised 9-28-11.)

15 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

16 Sec. 14-103.10. Compensation.

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

25 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 1-160 applies for periods
26 of service on and after January 1, 2011, all remuneration for

1 personal services performed defined as "wages" under the Social
2 Security Enabling Act, excluding remuneration that is in excess
3 of the annual earnings, salary, or wages of a member or
4 participant, as provided in subsection (b-5) of Section 1-160,
5 but including any benefits received by an employee under a sick
6 pay plan in effect before January 1, 1981. Compensation shall
7 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 (f) Notwithstanding any other provision of this Section,
13 "compensation" does not include any future increase in income
14 offered by a department under this Article pursuant to the
15 requirements of subsection (c) of Section 14-106.5 that is
16 accepted by a Tier I employee, or a Tier I retiree returning to
17 active service, who has made an election under paragraph (2) of
18 subsection (a) or (a-5) of Section 14-106.5.

19 (g) Notwithstanding the other provisions of this Section,
20 for an employee who first becomes a participant on or after the
21 effective date of this amendatory Act of the 97th General
22 Assembly, "compensation" does not include any payments or
23 reimbursements for travel vouchers.

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

1 Sec. 14-103.40. Tier I employee. "Tier I employee": An
2 employee under this Article who first became a member or
3 participant before January 1, 2011 under any reciprocal
4 retirement system or pension fund established under this Code
5 other than a retirement system or pension fund established
6 under Article 2, 3, 4, 5, 6, or 18 of this Code.

7 (40 ILCS 5/14-103.41 new)

8 Sec. 14-103.41. Tier I retiree. "Tier I retiree": A former
9 Tier I employee who is receiving a retirement annuity.

10 (40 ILCS 5/14-103.42 new)

11 Sec. 14-103.42. Future increase in income. "Future
12 increase in income": Any increase in income in any form offered
13 by a department to an employee under this Article after June
14 30, 2013 that would qualify as "compensation", as defined under
15 Section 14-103.10, but for the fact that the department offered
16 the increase in income to the employee on the condition that it
17 not qualify as compensation and the employee accepted the
18 increase in income subject to that condition. The term "future
19 increase in income" does not include an increase in income in
20 any form that is paid to a Tier I employee under an employment
21 contract or collective bargaining agreement that is in effect
22 on the effective date of this Section but does include an
23 increase in income in any form pursuant to an extension,
24 amendment, or renewal of any such employment contract or

1 collective bargaining agreement on or after the effective date
2 of this amendatory Act of the 97th General Assembly.

3 (40 ILCS 5/14-106) (from Ch. 108 1/2, par. 14-106)

4 Sec. 14-106. Membership service credit.

5 (a) After January 1, 1944, all service of a member since he
6 last became a member with respect to which contributions are
7 made shall count as membership service; provided, that for
8 service on and after July 1, 1950, 12 months of service shall
9 constitute a year of membership service, the completion of 15
10 days or more of service during any month shall constitute 1
11 month of membership service, 8 to 15 days shall constitute 1/2
12 month of membership service and less than 8 days shall
13 constitute 1/4 month of membership service. The payroll record
14 of each department shall constitute conclusive evidence of the
15 record of service rendered by a member.

16 (b) For a member who is employed and paid on an
17 academic-year basis rather than on a 12-month annual basis,
18 employment for a full academic year shall constitute a full
19 year of membership service, except that the member shall not
20 receive more than one year of membership service credit (plus
21 any additional service credit granted for unused sick leave)
22 for service during any 12-month period. This subsection (b)
23 applies to all such service for which the member has not begun
24 to receive a retirement annuity before January 1, 2001.

25 (c) A member who first participated in this System before

1 the effective date of this amendatory Act of the 97th General
2 Assembly shall be entitled to additional service credit, under
3 rules prescribed by the Board, for accumulated unused sick
4 leave credited to his account in the last Department on the
5 date of withdrawal from service or for any period for which he
6 would have been eligible to receive benefits under a sick pay
7 plan authorized by law, if he had suffered a sickness or
8 accident on the date of withdrawal from service. It shall be
9 the responsibility of the last Department to certify to the
10 Board the length of time salary or benefits would have been
11 paid to the member based upon the accumulated unused sick leave
12 or the applicable sick pay plan if he had become entitled
13 thereto because of sickness on the date that his status as an
14 employee terminated. This period of service credit granted
15 under this paragraph shall not be considered in determining the
16 date the retirement annuity is to begin, or final average
17 compensation.

18 Service credit is not available for unused sick leave
19 accumulated by a person who first participates in this System
20 on or after the effective date of this amendatory Act of the
21 97th General Assembly.

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

23 (40 ILCS 5/14-106.5 new)

24 Sec. 14-106.5. Election by Tier I employees and Tier I
25 retirees.

1 (a) Each Tier I employee shall make an irrevocable election
2 either:

3 (1) to agree to the following:

4 (i) to have the amount of the automatic annual
5 increases in his or her retirement annuity that are
6 otherwise provided for in this Article calculated,
7 instead, as provided in subsection (a-1) of Section
8 14-114; and

9 (ii) to have his or her eligibility for automatic
10 annual increases in retirement annuity postponed as
11 provided in subsection (a-2) of Section 14-114; or

12 (2) to not agree to items (i) and (ii) as set forth in
13 paragraph (1) of this subsection.

14 The election required under this subsection (a) shall be
15 made by each Tier I employee no earlier than January 1, 2013
16 and no later than May 31, 2013, except that:

17 (i) a person who becomes a Tier I employee under this
18 Article after January 1, 2013 must make the election under
19 this subsection (a) within 60 days after becoming a Tier I
20 employee;

21 (ii) a person who returns to active service as a Tier I
22 employee under this Article after January 1, 2013 and has
23 not yet made an election under this Section must make the
24 election under this subsection (a) within 60 days after
25 returning to active service as a Tier I employee; and

26 (iii) a person who made the election under subsection

1 (a-5) as a Tier I retiree remains bound by that election
2 and shall not make a later election under this subsection
3 (a).

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

8 (a-5) Each Tier I retiree shall make an irrevocable
9 election either:

10 (1) to agree to the following:

11 (i) to have the amount of the automatic annual
12 increases in his or her retirement annuity that are
13 otherwise provided for in this Article calculated,
14 instead, as provided in subsection (a-1) of Section
15 14-114; and

16 (ii) to have his or her eligibility for automatic
17 annual increases in retirement annuity postponed as
18 provided in subsection (a-2) of Section 14-114; or

19 (2) to not agree to items (i) and (ii) as set forth in
20 paragraph (1) of this subsection.

21 The election required under this subsection (a-5) shall be
22 made by each Tier I retiree no earlier than January 1, 2013 and
23 no later than May 31, 2013, except that:

24 (i) a person who becomes a Tier I retiree under this
25 Article on or after January 1, 2013 must make the election
26 under this subsection (a-5) within 60 days after becoming a

1 Tier I retiree; and

2 (ii) a person who made the election under subsection
3 (a) as a Tier I employee remains bound by that election and
4 shall not make a later election under this subsection
5 (a-5).

6 If a Tier I retiree fails for any reason to make a required
7 election under this subsection within the time specified, then
8 the Tier I retiree shall be deemed to have made the election
9 under paragraph (2) of this subsection.

10 (a-10) All elections under subsection (a) or (a-5) that are
11 made or deemed to be made before June 1, 2013 shall take effect
12 on July 1, 2013. Elections that are made or deemed to be made
13 on or after June 1, 2013 shall take effect on the first day of
14 the month following the month in which the election is made or
15 deemed to be made.

16 (b) As adequate and legal consideration provided under this
17 amendatory Act of the 97th General Assembly for making the
18 election under paragraph (1) of subsection (a) of this Section,
19 any future increases in income offered by a department under
20 this Article to a Tier I employee who has made the election
21 under paragraph (1) of subsection (a) of this Section shall be
22 offered expressly and irrevocably as constituting compensation
23 under Section 14-103.10. In addition, a Tier I employee who has
24 made the election under paragraph (1) of subsection (a) of this
25 Section shall receive the right to also participate in the
26 optional cash balance plan established under Section 1-162.

1 As adequate and legal consideration provided under this
2 amendatory Act of the 97th General Assembly for making the
3 election under paragraph (1) of subsection (a-5) of this
4 Section, any future increases in income offered by a department
5 under this Article to a Tier I retiree who returns to active
6 service after having made the election under paragraph (1) of
7 subsection (a-5) of this Section shall be offered expressly and
8 irrevocably as constituting compensation under Section
9 14-103.10. In addition, a Tier I retiree who returns to active
10 service and has made the election under paragraph (1) of
11 subsection (a) of this Section shall receive the right to also
12 participate in the optional cash balance plan established under
13 Section 1-162.

14 (c) A Tier I employee who makes the election under
15 paragraph (2) of subsection (a) of this Section shall not be
16 subject to items (i) and (ii) set forth in paragraph (1) of
17 subsection (a) of this Section. However, any future increases
18 in income offered by a department under this Article to a Tier
19 I employee who has made the election under paragraph (2) of
20 subsection (a) of this Section shall be offered by the
21 department expressly and irrevocably as not constituting
22 compensation under Section 14-103.10, and the employee may not
23 accept any future increase in income that is offered in
24 violation of this requirement. In addition, a Tier I employee
25 who has made the election under paragraph (2) of subsection (a)
26 of this Section shall not receive the right to participate in

1 the optional cash balance plan established under Section 1-162.

2 A Tier I retiree who makes the election under paragraph (2)
3 of subsection (a-5) of this Section shall not be subject to
4 items (i) and (ii) set forth in paragraph (1) of subsection
5 (a-5) of this Section. However, any future increases in income
6 offered by a department under this Article to a Tier I retiree
7 who returns to active service and has made the election under
8 paragraph (2) of subsection (a-5) of this Section shall be
9 offered by the department expressly and irrevocably as not
10 constituting compensation under Section 14-103.10, and the
11 employee may not accept any future increase in income that is
12 offered in violation of this requirement. In addition, a Tier I
13 retiree who returns to active service and has made the election
14 under paragraph (2) of subsection (a) of this Section shall not
15 receive the right to participate in the optional cash balance
16 plan established under Section 1-162.

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

1 forum.

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

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

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

1 (e) Notwithstanding any other provision of law, a
2 department under this Article is required to offer any future
3 increases in income expressly and irrevocably as not
4 constituting "compensation" under Section 14-103.10 to any
5 Tier I employee, or Tier I retiree returning to active service,
6 who has made an election under paragraph (2) of subsection (a)
7 or (a-5) of Section 14-106.5. A Tier I employee, or Tier I
8 retiree returning to active service, who has made an election
9 under paragraph (2) of subsection (a) or (a-5) of Section
10 14-106.5 shall not accept any future increase in income that is
11 offered by an employer under this Article in violation of the
12 requirement set forth in this subsection.

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

16 (g) An employee who has made the election under paragraph
17 (1) of subsection (a) or (a-5) of this Section may elect to
18 participate in the optional cash balance plan under Section
19 1-162.

20 The election to participate in the optional cash balance
21 plan shall be made in writing, in the manner provided by the
22 applicable retirement system.

23 (h) Qualified Plan Status. No provision of this Section
24 shall be interpreted in a way that would cause the System to
25 cease to be a qualified plan under section 461 (a) of the
26 Internal Revenue Code of 1986.

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

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

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

1 annuity began after January 1, 1992 pursuant to an extension
2 granted under subsection (e) of that Section, the first
3 anniversary of retirement shall be deemed to be January 1,
4 1993. For a person who retires on or after June 28, 2001 and on
5 or before October 1, 2001, and whose retirement annuity is
6 calculated, in whole or in part, under Section 14-110 or
7 subsection (g) or (h) of Section 14-108, the first anniversary
8 of retirement shall be deemed to be January 1, 2002.

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

12 Beginning January 1, 1990 and except as provided in
13 subsections (a-1) and (a-2), all automatic annual increases
14 payable under this Section shall be calculated as a percentage
15 of the total annuity payable at the time of the increase,
16 including previous increases granted under this Article.

17 (a-1) Notwithstanding any other provision of this Article,
18 for a Tier I employee or Tier I retiree who made the election
19 under paragraph (1) of subsection (a) or (a-5) of Section
20 14-106.5, the amount of each automatic annual increase in
21 retirement annuity occurring on or after the effective date of
22 that election shall be 3% or one-half of the annual unadjusted
23 percentage increase, if any, in the Consumer Price Index-U for
24 the 12 months ending with the preceding September, whichever is
25 less, of the originally granted retirement annuity. For the
26 purposes of this Section, "Consumer Price Index-U" means the

1 index published by the Bureau of Labor Statistics of the United
2 States Department of Labor that measures the average change in
3 prices of goods and services purchased by all urban consumers,
4 United States city average, all items, 1982-84 = 100.

5 (a-2) Notwithstanding any other provision of this Article,
6 for a Tier I employee or Tier I retiree who made the election
7 under paragraph (1) of subsection (a) or (a-5) of Section
8 14-106.5, the monthly retirement annuity shall first be subject
9 to annual increases on the January 1 occurring on or next after
10 either the attainment of age 67 or the January 1 occurring on
11 or next after the fifth anniversary of the annuity start date,
12 whichever occurs earlier. If on the effective date of the
13 election under paragraph (1) of subsection (a-5) of Section
14 14-106.5 a Tier I retiree has already received an annual
15 increase under this Section but does not yet meet the new
16 eligibility requirements of this subsection, the annual
17 increases already received shall continue in force, but no
18 additional annual increase shall be granted until the Tier I
19 retiree meets the new eligibility requirements.

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

1 retirement, the employee may pay the necessary balance of the
2 contributions to the system, without interest, and be eligible
3 for the increasing annuity authorized by this Section.

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

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

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

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

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

7 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
8 92-651, eff. 7-11-02.)

9 (40 ILCS 5/14-131)

10 Sec. 14-131. Contributions by State.

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

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

23 (b) The Board shall determine the total 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,

1 using the formula in subsection (e).

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

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

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

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

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

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

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

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

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

21 For State fiscal years 1996 through 2005, the State
22 contribution to the System, as a percentage of the applicable
23 employee payroll, shall be increased in equal annual increments
24 so that by State fiscal year 2011, the State is contributing at
25 the rate required under this Section; except that (i) for State
26 fiscal year 1998, for all purposes of this Code and any other

1 law of this State, the certified percentage of the applicable
2 employee payroll shall be 5.052% for employees earning eligible
3 creditable service under Section 14-110 and 6.500% for all
4 other employees, notwithstanding any contrary certification
5 made under Section 14-135.08 before the effective date of this
6 amendatory Act of 1997, and (ii) in the following specified
7 State fiscal years, the State contribution to the System shall
8 not be less than the following indicated percentages of the
9 applicable employee payroll, even if the indicated percentage
10 will produce a State contribution in excess of the amount
11 otherwise required under this subsection and subsection (a):
12 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
13 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

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

26 Notwithstanding any other provision of this Article, the

1 total required State General Revenue Fund contribution for
2 State fiscal year 2010 is \$723,703,100 and shall be made from
3 the proceeds of bonds sold in fiscal year 2010 pursuant to
4 Section 7.2 of the General Obligation Bond Act, less (i) the
5 pro rata share of bond sale expenses determined by the System's
6 share of total bond proceeds, (ii) any amounts received from
7 the General Revenue Fund in fiscal year 2010, and (iii) any
8 reduction in bond proceeds due to the issuance of discounted
9 bonds, if applicable.

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

21 Except as otherwise provided in this Section, beginning
22 ~~Beginning~~ in State fiscal year 2046, the minimum State
23 contribution for each fiscal year shall be the amount needed to
24 maintain the total assets of the System at 90% of the total
25 actuarial liabilities of the System.

26 Amounts received by the System pursuant to Section 25 of

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

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

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

11 (e-1) If at least 50% of Tier I employees making an
12 election under Section 14-106.5 before June 1, 2013 choose the
13 option under paragraph (1) of subsection (a) of that Section,
14 then:

15 (1) In lieu of the State contributions required under
16 subsection (e), for State fiscal years 2014 through 2043
17 the minimum contribution to the System to be made by the
18 State for each fiscal year shall be an amount determined by
19 the System to be equal to the sum of (1) the State's
20 portion of the projected normal cost for that fiscal year,
21 plus (2) an amount sufficient to bring the total assets of
22 the System up to 100% of the total actuarial liabilities of
23 the System by the end of State fiscal year 2043. In making
24 these determinations, the required State contribution
25 shall be calculated each year as a level percentage of
26 payroll over the years remaining to and including fiscal

1 year 2043 and shall be determined under the projected unit
2 credit actuarial cost method.

3 (2) Beginning in State fiscal year 2044, the minimum
4 State contribution for each fiscal year shall be the amount
5 needed to maintain the total assets of the System at 100%
6 of the total actuarial liabilities of the System.

7 (e-2) If less than 50% of Tier I employees making an
8 election under Section 14-106.5 before June 1, 2013 choose the
9 option under paragraph (1) of subsection (a) of that Section,
10 then:

11 (1) Instead of the annual required contribution
12 otherwise specified in subsection (e-1) of this Section,
13 the annual required contribution to the System to be made
14 by the State shall be determined under subsection (e) of
15 this Section.

16 (2) As soon as possible after June 1, 2014, the Board
17 shall recertify the annual required contribution by the
18 State for State fiscal year 2015.

19 (f) After the submission of all payments for eligible
20 employees from personal services line items in fiscal year 2004
21 have been made, the Comptroller shall provide to the System a
22 certification of the sum of all fiscal year 2004 expenditures
23 for personal services that would have been covered by payments
24 to the System under this Section if the provisions of this
25 amendatory Act of the 93rd General Assembly had not been
26 enacted. Upon receipt of the certification, the System shall

1 determine the amount due to the System based on the full rate
2 certified by the Board under Section 14-135.08 for fiscal year
3 2004 in order to meet the State's obligation under this
4 Section. The System shall compare this amount due to the amount
5 received by the System in fiscal year 2004 through payments
6 under this Section and under Section 6z-61 of the State Finance
7 Act. If the amount due is more than the amount received, the
8 difference shall be termed the "Fiscal Year 2004 Shortfall" for
9 purposes of this Section, and the Fiscal Year 2004 Shortfall
10 shall be satisfied under Section 1.2 of the State Pension Funds
11 Continuing Appropriation Act. If the amount due is less than
12 the amount received, the difference shall be termed the "Fiscal
13 Year 2004 Overpayment" for purposes of this Section, and the
14 Fiscal Year 2004 Overpayment shall be repaid by the System to
15 the Pension Contribution Fund as soon as practicable after the
16 certification.

17 (g) For purposes of determining the required State
18 contribution to the System, the value of the System's assets
19 shall be equal to the actuarial value of the System's assets,
20 which shall be calculated as follows:

21 As of June 30, 2008, the actuarial value of the System's
22 assets shall be equal to the market value of the assets as of
23 that date. In determining the actuarial value of the System's
24 assets for fiscal years after June 30, 2008, any actuarial
25 gains or losses from investment return incurred in a fiscal
26 year shall be recognized in equal annual amounts over the

1 5-year period following that fiscal year.

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

6 (i) After the submission of all payments for eligible
7 employees from personal services line items paid from the
8 General Revenue Fund in fiscal year 2010 have been made, the
9 Comptroller shall provide to the System a certification of the
10 sum of all fiscal year 2010 expenditures for personal services
11 that would have been covered by payments to the System under
12 this Section if the provisions of this amendatory Act of the
13 96th General Assembly had not been enacted. Upon receipt of the
14 certification, the System shall determine the amount due to the
15 System based on the full rate certified by the Board under
16 Section 14-135.08 for fiscal year 2010 in order to meet the
17 State's obligation under this Section. The System shall compare
18 this amount due to the amount received by the System in fiscal
19 year 2010 through payments under this Section. If the amount
20 due is more than the amount received, the difference shall be
21 termed the "Fiscal Year 2010 Shortfall" for purposes of this
22 Section, and the Fiscal Year 2010 Shortfall shall be satisfied
23 under Section 1.2 of the State Pension Funds Continuing
24 Appropriation Act. If the amount due is less than the amount
25 received, the difference shall be termed the "Fiscal Year 2010
26 Overpayment" for purposes of this Section, and the Fiscal Year

1 2010 Overpayment shall be repaid by the System to the General
2 Revenue Fund as soon as practicable after the certification.

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

26 (k) For fiscal year 2012 only, after the submission of all

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

20 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;
21 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.
22 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11.)

23 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

24 Sec. 14-132. Obligations of State.

25 (a) The payment of the required department contributions,

1 all allowances, annuities, benefits granted under this
2 Article, and all expenses of administration of the system are
3 obligations of the State of Illinois to the extent specified in
4 this Article.

5 (b) All income of the system shall be credited to a
6 separate account for this system in the State treasury and
7 shall be used to pay allowances, annuities, benefits and
8 administration expense.

9 (c) If the System submits a voucher for monthly
10 contributions as required in Section 14-131 and the State fails
11 to pay within 90 days of receipt of such a voucher, the Board
12 shall submit a written request to the Comptroller seeking
13 payment. A copy of the request shall be filed with the
14 Secretary of State, and the Secretary of State shall provide
15 copies to the Governor and General Assembly. No earlier than
16 the 16th day after filing a request with the Secretary of
17 State, the Board shall have the right to commence a mandamus
18 action in the Supreme Court of Illinois to compel the
19 Comptroller to satisfy the voucher by making payment from the
20 General Revenue Fund. This Section constitutes an express
21 waiver of the State's sovereign immunity solely to the extent
22 it permits the Board to commence a mandamus action in the
23 Illinois Supreme Court to compel the Comptroller to pay a
24 voucher for monthly contributions as required in Section
25 14-131.

26 (Source: P.A. 80-841.)

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

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

3 (a) Each participating employee shall make contributions
4 to the System, based on the employee's compensation, as
5 follows:

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

9 (2) Noncovered employees, except as indicated below,
10 7% for retirement annuity and 1% for a widow or survivors
11 annuity;

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

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

24 (5) Each security employee of the Department of
25 Corrections or of the Department of Human Services who is a

1 covered employee, 0.5% for a widow or survivors annuity
2 plus the following amount for retirement annuity: 5%
3 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%
4 in 2004 and thereafter;

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

11 (a-1) In addition to the contributions required under
12 subsection (a), an employee who elects to participate in the
13 optional cash balance plan under Section 1-162 shall pay to the
14 System for the purpose of participating in the optional cash
15 balance plan an additional contribution of 2% of each payment
16 of compensation received while he or she is a participant in
17 the optional cash balance plan. These contributions shall not
18 be used for the purpose of determining any benefit under this
19 Article except as provided in the optional cash balance plan.

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

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

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

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

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

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

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

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

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

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

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

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

20 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11.)

21 (40 ILCS 5/14-152.1)

22 Sec. 14-152.1. Application and expiration of new benefit
23 increases.

24 (a) As used in this Section, "new benefit increase" means
25 an increase in the amount of any benefit provided under this

1 Article, or an expansion of the conditions of eligibility for
2 any benefit under this Article, that results from an amendment
3 to this Code that takes effect after June 1, 2005 (the
4 effective date of Public Act 94-4). "New benefit increase",
5 however, does not include any benefit increase resulting from
6 the changes made to this Article or Article 1 by Public Act
7 96-37 or this amendatory Act of the 97th ~~96th~~ General Assembly.

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

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

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

1 additional funding provided for a new benefit increase under
2 this subsection is or has become inadequate, it may so certify
3 to the Governor and the State Comptroller and, in the absence
4 of corrective action by the General Assembly, the new benefit
5 increase shall expire at the end of the fiscal year in which
6 the certification is made.

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

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

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

24 (40 ILCS 5/15-106) (from Ch. 108 1/2, par. 15-106)

25 Sec. 15-106. Employer. "Employer": The University of

1 Illinois, Southern Illinois University, Chicago State
2 University, Eastern Illinois University, Governors State
3 University, Illinois State University, Northeastern Illinois
4 University, Northern Illinois University, Western Illinois
5 University, the State Board of Higher Education, the Illinois
6 Mathematics and Science Academy, the University Civil Service
7 Merit Board, the Board of Trustees of the State Universities
8 Retirement System, the Illinois Community College Board,
9 community college boards, any association of community college
10 boards organized under Section 3-55 of the Public Community
11 College Act, the Board of Examiners established under the
12 Illinois Public Accounting Act, and, only during the period for
13 which employer contributions required under Section 15-155 are
14 paid, the following organizations: the alumni associations,
15 the foundations and the athletic associations which are
16 affiliated with the universities and colleges included in this
17 Section as employers. An individual that begins employment
18 after the effective date of this amendatory Act of the 97th
19 General Assembly with an entity not defined as an employer in
20 this Section shall not be deemed an employee for the purposes
21 of this Article with respect to that employment and shall not
22 be eligible to participate in the System with respect to that
23 employment; provided, however, that those individuals who are
24 both employed and already participants in the System on the
25 effective date of this amendatory Act of the 97th General
26 Assembly shall be allowed to continue as participants in the

1 System for the duration of that employment.

2 Notwithstanding any provision of law to the contrary, an
3 individual who begins employment with any of the following
4 employers on or after the effective date of this amendatory Act
5 of the 97th General Assembly shall not be deemed an employee
6 and shall not be eligible to participate in the System with
7 respect to that employment: any association of community
8 college boards organized under Section 3-55 of the Public
9 Community College Act, the Association of Illinois
10 Middle-Grade Schools, the Illinois Association of School
11 Administrators, the Illinois Association for Supervision and
12 Curriculum Development, the Illinois Principals Association,
13 the Illinois Association of School Business Officials, or the
14 Illinois Special Olympics; provided, however, that those
15 individuals who are both employed and already participants in
16 the System on the effective date of this amendatory Act of the
17 97th General Assembly shall be allowed to continue as
18 participants in the System for the duration of that employment.

19 A department as defined in Section 14-103.04 is an employer
20 for any person appointed by the Governor under the Civil
21 Administrative Code of Illinois who is a participating employee
22 as defined in Section 15-109. The Department of Central
23 Management Services is an employer with respect to persons
24 employed by the State Board of Higher Education in positions
25 with the Illinois Century Network as of June 30, 2004 who
26 remain continuously employed after that date by the Department

1 of Central Management Services in positions with the Illinois
2 Century Network, the Bureau of Communication and Computer
3 Services, or, if applicable, any successor bureau.

4 The cities of Champaign and Urbana shall be considered
5 employers, but only during the period for which contributions
6 are required to be made under subsection (b-1) of Section
7 15-155 and only with respect to individuals described in
8 subsection (h) of Section 15-107.

9 (Source: P.A. 95-369, eff. 8-23-07; 95-728, eff. 7-1-08 - See
10 Sec. 999.)

11 (40 ILCS 5/15-107) (from Ch. 108 1/2, par. 15-107)
12 Sec. 15-107. Employee.

13 (a) "Employee" means any member of the educational,
14 administrative, secretarial, clerical, mechanical, labor or
15 other staff of an employer whose employment is permanent and
16 continuous or who is employed in a position in which services
17 are expected to be rendered on a continuous basis for at least
18 4 months or one academic term, whichever is less, who (A)
19 receives payment for personal services on a warrant issued
20 pursuant to a payroll voucher certified by an employer and
21 drawn by the State Comptroller upon the State Treasurer or by
22 an employer upon trust, federal or other funds, or (B) is on a
23 leave of absence without pay. Employment which is irregular,
24 intermittent or temporary shall not be considered continuous
25 for purposes of this paragraph.

1 However, a person is not an "employee" if he or she:

2 (1) is a student enrolled in and regularly attending
3 classes in a college or university which is an employer,
4 and is employed on a temporary basis at less than full
5 time;

6 (2) is currently receiving a retirement annuity or a
7 disability retirement annuity under Section 15-153.2 from
8 this System;

9 (3) is on a military leave of absence;

10 (4) is eligible to participate in the Federal Civil
11 Service Retirement System and is currently making
12 contributions to that system based upon earnings paid by an
13 employer;

14 (5) is on leave of absence without pay for more than 60
15 days immediately following termination of disability
16 benefits under this Article;

17 (6) is hired after June 30, 1979 as a public service
18 employment program participant under the Federal
19 Comprehensive Employment and Training Act and receives
20 earnings in whole or in part from funds provided under that
21 Act; or

22 (7) is employed on or after July 1, 1991 to perform
23 services that are excluded by subdivision (a)(7)(f) or
24 (a)(19) of Section 210 of the federal Social Security Act
25 from the definition of employment given in that Section (42
26 U.S.C. 410).

1 (b) Any employer may, by filing a written notice with the
2 board, exclude from the definition of "employee" all persons
3 employed pursuant to a federally funded contract entered into
4 after July 1, 1982 with a federal military department in a
5 program providing training in military courses to federal
6 military personnel on a military site owned by the United
7 States Government, if this exclusion is not prohibited by the
8 federally funded contract or federal laws or rules governing
9 the administration of the contract.

10 (c) Any person appointed by the Governor under the Civil
11 Administrative Code of the State is an employee, if he or she
12 is a participant in this system on the effective date of the
13 appointment.

14 (d) A participant on lay-off status under civil service
15 rules is considered an employee for not more than 120 days from
16 the date of the lay-off.

17 (e) A participant is considered an employee during (1) the
18 first 60 days of disability leave, (2) the period, not to
19 exceed one year, in which his or her eligibility for disability
20 benefits is being considered by the board or reviewed by the
21 courts, and (3) the period he or she receives disability
22 benefits under the provisions of Section 15-152, workers'
23 compensation or occupational disease benefits, or disability
24 income under an insurance contract financed wholly or partially
25 by the employer.

26 (f) Absences without pay, other than formal leaves of

1 absence, of less than 30 calendar days, are not considered as
2 an interruption of a person's status as an employee. If such
3 absences during any period of 12 months exceed 30 work days,
4 the employee status of the person is considered as interrupted
5 as of the 31st work day.

6 (g) A staff member whose employment contract requires
7 services during an academic term is to be considered an
8 employee during the summer and other vacation periods, unless
9 he or she declines an employment contract for the succeeding
10 academic term or his or her employment status is otherwise
11 terminated, and he or she receives no earnings during these
12 periods.

13 (h) An individual who was a participating employee employed
14 in the fire department of the University of Illinois's
15 Champaign-Urbana campus immediately prior to the elimination
16 of that fire department and who immediately after the
17 elimination of that fire department became employed by the fire
18 department of the City of Urbana or the City of Champaign shall
19 continue to be considered as an employee for purposes of this
20 Article for so long as the individual remains employed as a
21 firefighter by the City of Urbana or the City of Champaign. The
22 individual shall cease to be considered an employee under this
23 subsection (h) upon the first termination of the individual's
24 employment as a firefighter by the City of Urbana or the City
25 of Champaign.

26 (i) An individual who is employed on a full-time basis as

1 an officer or employee of a statewide teacher organization that
2 serves System participants or an officer of a national teacher
3 organization that serves System participants may participate
4 in the System and shall be deemed an employee, provided that
5 (1) the individual has previously earned creditable service
6 under this Article, (2) the individual files with the System an
7 irrevocable election to become a participant before the
8 effective date of this amendatory Act of the 97th General
9 Assembly, (3) the individual does not receive credit for that
10 employment under any other Article of this Code, and (4) the
11 individual first became a full-time employee of the teacher
12 organization and becomes a participant before the effective
13 date of this amendatory Act of the 97th General Assembly. An
14 employee under this subsection (i) is responsible for paying to
15 the System both (A) employee contributions based on the actual
16 compensation received for service with the teacher
17 organization and (B) employer contributions equal to the normal
18 costs (as defined in Section 15-155) resulting from that
19 service; all or any part of these contributions may be paid on
20 the employee's behalf or picked up for tax purposes (if
21 authorized under federal law) by the teacher organization.

22 A person who is an employee as defined in this subsection
23 (i) may establish service credit for similar employment prior
24 to becoming an employee under this subsection by paying to the
25 System for that employment the contributions specified in this
26 subsection, plus interest at the effective rate from the date

1 of service to the date of payment. However, credit shall not be
2 granted under this subsection for any such prior employment for
3 which the applicant received credit under any other provision
4 of this Code, or during which the applicant was on a leave of
5 absence under Section 15-113.2.

6 (j) A person employed by the State Board of Higher
7 Education in a position with the Illinois Century Network as of
8 June 30, 2004 shall be considered to be an employee for so long
9 as he or she remains continuously employed after that date by
10 the Department of Central Management Services in a position
11 with the Illinois Century Network, the Bureau of Communication
12 and Computer Services, or, if applicable, any successor bureau
13 and meets the requirements of subsection (a).

14 (k) In the case of doubt as to whether any person is an
15 employee within the meaning of this Section, the decision of
16 the Board shall be final.

17 (Source: P.A. 97-651, eff. 1-5-12.)

18 (40 ILCS 5/15-107.1 new)

19 Sec. 15-107.1. Tier I employee. "Tier I employee": An
20 employee under this Article, other than a participant in the
21 self-managed plan under Section 15-158.2, who first became a
22 member or participant before January 1, 2011 under any
23 reciprocal retirement system or pension fund established under
24 this Code other than a retirement system or pension fund
25 established under Article 2, 3, 4, 5, 6, or 18 of this Code.

1 (40 ILCS 5/15-107.2 new)

2 Sec. 15-107.2. Tier I retiree. "Tier I retiree": A former
3 Tier I employee who is receiving a retirement annuity.

4 A person does not become a Tier I retiree by virtue of
5 receiving a reversionary, survivors, beneficiary, or
6 disability annuity.

7 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

8 Sec. 15-111. Earnings. "Earnings": An amount paid for
9 personal services equal to the sum of the basic compensation
10 plus extra compensation for summer teaching, overtime or other
11 extra service. For periods for which an employee receives
12 service credit under subsection (c) of Section 15-113.1 or
13 Section 15-113.2, earnings are equal to the basic compensation
14 on which contributions are paid by the employee during such
15 periods. Compensation for employment which is irregular,
16 intermittent and temporary shall not be considered earnings,
17 unless the participant is also receiving earnings from the
18 employer as an employee under Section 15-107.

19 With respect to transition pay paid by the University of
20 Illinois to a person who was a participating employee employed
21 in the fire department of the University of Illinois's
22 Champaign-Urbana campus immediately prior to the elimination
23 of that fire department:

24 (1) "Earnings" includes transition pay paid to the

1 employee on or after the effective date of this amendatory
2 Act of the 91st General Assembly.

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

16 Notwithstanding any other provision of this Section,
17 "earnings" does not include any future increase in income
18 offered by an employer under this Article pursuant to the
19 requirements of subsection (c) of Section 15-134.6 that is
20 accepted by a Tier I employee, or a Tier I retiree returning to
21 active service, who has made an election under paragraph (2) of
22 subsection (a) or (a-5) of Section 15-134.6.

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

24 (40 ILCS 5/15-111.1 new)

25 Sec. 15-111.1. Future increase in income. "Future increase

1 in income": Any increase in income in any form offered by an
2 employer to an employee under this Article after June 30, 2013
3 that would qualify as "earnings", as defined under Section
4 15-111, but for the fact that the employer offered the increase
5 in income to the employee on the condition that it not qualify
6 as earnings and the employee accepted the increase in income
7 subject to that condition. The term "future increase in income"
8 does not include an increase in income in any form that is paid
9 to a Tier I employee under an employment contract or collective
10 bargaining agreement that is in effect on the effective date of
11 this Section but does include an increase in income in any form
12 pursuant to an extension, amendment, or renewal of any such
13 employment contract or collective bargaining agreement on or
14 after the effective date of this amendatory Act of the 97th
15 General Assembly.

16 (40 ILCS 5/15-113.2) (from Ch. 108 1/2, par. 15-113.2)

17 Sec. 15-113.2. Service for leaves of absence. "Service for
18 leaves of absence" includes those periods of leaves of absence
19 at less than 50% pay, except military leave and periods of
20 disability leave in excess of 60 days, for which the employee
21 pays the contributions required under Section 15-157 in
22 accordance with rules prescribed by the board based upon the
23 employee's basic compensation on the date the leave begins, or
24 in the case of leave for service with a teacher organization,
25 based upon the actual compensation received by the employee for

1 such service after January 26, 1988, if the employee so elects
2 within 30 days of that date or the date the leave for service
3 with a teacher organization begins, whichever is later;
4 provided that the employee (1) returns to employment covered by
5 this system at the expiration of the leave, or within 30 days
6 after the termination of a disability which occurs during the
7 leave and continues this employment at a percentage of time
8 equal to or greater than the percentage of time immediately
9 preceding the leave of absence for at least 8 consecutive
10 months or a period equal to the period of the leave, whichever
11 is less, or (2) is precluded from meeting the foregoing
12 conditions because of disability or death. If service credit is
13 denied because the employee fails to meet these conditions, the
14 contributions covering the leave of absence shall be refunded
15 without interest. The return to employment condition does not
16 apply if the leave of absence is for service with a teacher
17 organization.

18 Service credit provided under this Section shall not exceed
19 3 years in any period of 10 years, unless the employee is on
20 special leave granted by the employer for service with a
21 teacher organization. Commencing with the fourth year in any
22 period of 10 years, a participant on such special leave is also
23 required to pay employer contributions equal to the normal cost
24 as defined in Section 15-155, based upon the employee's basic
25 compensation on the date the leave begins, or based upon the
26 actual compensation received by the employee for service with a

1 teacher organization if the employee has so elected.

2 Notwithstanding any other provision of this Article, a
3 participant shall not be eligible to make contributions or
4 receive service credit for a leave of absence for service with
5 a teacher organization if that leave of absence for service
6 with a teacher organization begins on or after the effective
7 date of this amendatory Act of the 97th General Assembly.

8 (Source: P.A. 90-65, eff. 7-7-97; 90-511, eff. 8-22-97.)

9 (40 ILCS 5/15-113.6) (from Ch. 108 1/2, par. 15-113.6)

10 Sec. 15-113.6. Service for employment in public schools.
11 "Service for employment in public schools": Includes those
12 periods not exceeding the lesser of 10 years or 2/3 of the
13 service granted under other Sections of this Article dealing
14 with service credit, during which a person who entered the
15 system after September 1, 1974 was employed full time by a
16 public common school, public college and public university, or
17 by an agency or instrumentality of any of the foregoing, of any
18 state, territory, dependency or possession of the United States
19 of America, including the Philippine Islands, or a school
20 operated by or under the auspices of any agency or department
21 of any other state, if the person (1) cannot qualify for a
22 retirement pension or other benefit based upon employer
23 contributions from another retirement system, exclusive of
24 federal social security, based in whole or in part upon this
25 employment, and (2) pays the lesser of (A) an amount equal to

1 8% of his or her annual basic compensation on the date of
2 becoming a participating employee subsequent to this service
3 multiplied by the number of years of such service, together
4 with compound interest from the date participation begins to
5 the date payment is received by the board at the rate of 6% per
6 annum through August 31, 1982, and at the effective rates after
7 that date, and (B) 50% of the actuarial value of the increase
8 in the retirement annuity provided by this service, and (3)
9 contributes for at least 5 years subsequent to this employment
10 to one or more of the following systems: the State Universities
11 Retirement System, the Teachers' Retirement System of the State
12 of Illinois, and the Public School Teachers' Pension and
13 Retirement Fund of Chicago.

14 The service granted under this Section shall not be
15 considered in determining whether the person has the minimum
16 number of ~~8 years of service required to qualify for a~~
17 ~~retirement annuity at age 55 or the 5 years of service required~~
18 ~~to qualify for a retirement annuity at age 62,~~ as provided in
19 Section 15-135, or the 10 years required by subsection (c) of
20 Section 1-160 for a person subject to that Section ~~who first~~
21 ~~becomes a participant on or after January 1, 2011.~~ The maximum
22 allowable service of 10 years for this governmental employment
23 shall be reduced by the service credit which is validated under
24 paragraph (2) of subsection (b) of Section 16-127 and paragraph
25 1 of Section 17-133.

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

1 (40 ILCS 5/15-134.5)

2 Sec. 15-134.5. Retirement program elections.

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

5 Effective as of the date that an employer elects, as
6 described in Section 15-158.2, to offer to its employees the
7 portable benefit package and the self-managed plan as
8 alternatives to the traditional benefit package but not later
9 than the effective date of this amendatory Act of the 97th
10 General Assembly, each of that employer's eligible employees
11 (as defined in subsection (b)) shall be given the choice to
12 elect which retirement program he or she wishes to participate
13 in with respect to all periods of covered employment occurring
14 on and after the effective date of the employee's election. The
15 retirement program election made by an eligible employee must
16 be made in writing, in the manner prescribed by the System, and
17 within the time period described in subsection (d) or (d-1).

18 The employee election authorized by this Section is a
19 one-time, irrevocable election. If an employee terminates
20 employment after making the election provided under this
21 subsection (a), then upon his or her subsequent re-employment
22 with an employer the original election shall automatically
23 apply to him or her, provided that the employer is then a
24 participating employer as described in Section 15-158.2.

25 An eligible employee who fails to make this election shall,

1 by default, participate in the traditional benefit package.

2 (b) "Eligible employee" means an employee (as defined in
3 Section 15-107) who is either a currently eligible employee or
4 a newly eligible employee. For purposes of this Section, a
5 "currently eligible employee" is an employee who is employed by
6 an employer on the effective date on which the employer offers
7 to its employees the portable benefit package and the
8 self-managed plan as alternatives to the traditional benefit
9 package but not on or after the effective date of this
10 amendatory Act of the 97th General Assembly. A "newly eligible
11 employee" is an employee who first becomes employed by an
12 employer after the effective date on which the employer offers
13 its employees the portable benefit package and the self-managed
14 plan as alternatives to the traditional benefit package but not
15 on or after the effective date of this amendatory Act of the
16 97th General Assembly. A newly eligible employee participates
17 in the traditional benefit package until he or she makes an
18 election to participate in the portable benefit package or the
19 self-managed plan. If an employee does not elect to participate
20 in the portable benefit package or the self-managed plan, he or
21 she shall continue to participate in the traditional benefit
22 package by default.

23 (c) An eligible employee who at the time he or she is first
24 eligible to make the election described in subsection (a) does
25 not have sufficient age and service to qualify for a retirement
26 annuity under Section 15-135 may elect to participate in the

1 traditional benefit package, the portable benefit package, or
2 the self-managed plan. An eligible employee who has sufficient
3 age and service to qualify for a retirement annuity under
4 Section 15-135 at the time he or she is first eligible to make
5 the election described in subsection (a) may elect to
6 participate in the traditional benefit package or the portable
7 benefit package, but may not elect to participate in the
8 self-managed plan.

9 (d) A currently eligible employee must make this election
10 within one year after the effective date of the employer's
11 adoption of the self-managed plan.

12 A newly eligible employee must make this election within 6
13 months after the date on which the System receives the report
14 of status certification from the employer. If an employee
15 elects to participate in the self-managed plan, no employer
16 contributions shall be remitted to the self-managed plan when
17 the employee's account balance transfer is made. Employer
18 contributions to the self-managed plan shall commence as of the
19 first pay period that begins after the System receives the
20 employee's election.

21 (d-1) A newly eligible employee who, prior to the effective
22 date of this amendatory Act of the 91st General Assembly, fails
23 to make the election within the period provided under
24 subsection (d) and participates by default in the traditional
25 benefit package may make a late election to participate in the
26 portable benefit package or the self-managed plan instead of

1 the traditional benefit package at any time within 6 months
2 after the effective date of this amendatory Act of the 91st
3 General Assembly.

4 (e) If a currently eligible employee elects the portable
5 benefit package, that election shall not become effective until
6 the one-year anniversary of the date on which the election is
7 filed with the System, provided the employee remains
8 continuously employed by the employer throughout the one-year
9 waiting period, and any benefits payable to or on account of
10 the employee before such one-year waiting period has ended
11 shall not be determined under the provisions applicable to the
12 portable benefit package but shall instead be determined in
13 accordance with the traditional benefit package. If a currently
14 eligible employee who has elected the portable benefit package
15 terminates employment covered by the System before the one-year
16 waiting period has ended, then no benefits shall be determined
17 under the portable benefit package provisions while he or she
18 is inactive in the System and upon re-employment with an
19 employer covered by the System he or she shall begin a new
20 one-year waiting period before the provisions of the portable
21 benefit package become effective.

22 (f) An eligible employee shall be provided with written
23 information prepared or prescribed by the System which
24 describes the employee's retirement program choices. The
25 eligible employee shall be offered an opportunity to receive
26 counseling from the System prior to making his or her election.

1 This counseling may consist of videotaped materials, group
2 presentations, individual consultation with an employee or
3 authorized representative of the System in person or by
4 telephone or other electronic means, or any combination of
5 these methods.

6 (Source: P.A. 90-766, eff. 8-14-98; 91-887, eff. 7-6-00.)

7 (40 ILCS 5/15-134.6 new)

8 Sec. 15-134.6. Election by Tier I employees and Tier I
9 retirees.

10 (a) Each Tier I employee shall make an irrevocable election
11 either:

12 (1) to agree to the following:

13 (i) to have the amount of the automatic annual
14 increases in his or her retirement annuity that are
15 otherwise provided for in this Article calculated,
16 instead, as provided in subsection (d-1) of Section
17 15-136; and

18 (ii) to have his or her eligibility for automatic
19 annual increases in retirement annuity postponed as
20 provided in subsection (d-2) of Section 15-136; or

21 (2) to not agree to items (i) and (ii) as set forth in
22 paragraph (1) of this subsection.

23 The election required under this subsection (a) shall be
24 made by each Tier I employee no earlier than January 1, 2013
25 and no later than May 31, 2013, except that:

1 (i) a person who becomes a Tier I employee under this
2 Article after January 1, 2013 must make the election under
3 this subsection (a) within 60 days after becoming a Tier I
4 employee;

5 (ii) a person who returns to active service as a Tier I
6 employee under this Article after January 1, 2013 and has
7 not yet made an election under this Section must make the
8 election under this subsection (a) within 60 days after
9 returning to active service as a Tier I employee; and

10 (iii) a person who made the election under subsection
11 (a-5) as a Tier I retiree remains bound by that election
12 and shall not make a later election under this subsection
13 (a).

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

18 (a-5) Each Tier I retiree shall make an irrevocable
19 election either:

20 (1) to agree to the following:

21 (i) to have the amount of the automatic annual
22 increases in his or her retirement annuity that are
23 otherwise provided for in this Article calculated,
24 instead, as provided in subsection (d-1) of Section
25 15-136; and

26 (ii) to have his or her eligibility for automatic

1 annual increases in retirement annuity postponed as
2 provided in subsection (d-2) of Section 15-136; or
3 (2) to not agree to items (i) and (ii) as set forth in
4 paragraph (1) of this subsection.

5 The election required under this subsection (a-5) shall be
6 made by each Tier I retiree no earlier than January 1, 2013 and
7 no later than May 31, 2013, except that:

8 (i) a person who becomes a Tier I retiree under this
9 Article on or after January 1, 2013 must make the election
10 under this subsection (a-5) within 60 days after becoming a
11 Tier I retiree; and

12 (ii) a person who made the election under subsection
13 (a) as a Tier I employee remains bound by that election and
14 shall not make a later election under this subsection
15 (a-5).

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

20 (a-10) All elections under subsection (a) or (a-5) that are
21 made or deemed to be made before June 1, 2013 shall take effect
22 on July 1, 2013. Elections that are made or deemed to be made
23 on or after June 1, 2013 shall take effect on the first day of
24 the month following the month in which the election is made or
25 deemed to be made.

26 (b) As adequate and legal consideration provided under this

1 amendatory Act of the 97th General Assembly for making the
2 election under paragraph (1) of subsection (a) of this Section,
3 any future increases in income offered by an employer under
4 this Article to a Tier I employee who has made the election
5 under paragraph (1) of subsection (a) of this Section shall be
6 offered expressly and irrevocably as constituting earnings
7 under Section 15-111. In addition, a Tier I employee who has
8 made the election under paragraph (1) of subsection (a) of this
9 Section shall receive the right to also participate in the
10 optional cash balance plan established under Section 1-162.

11 As adequate and legal consideration provided under this
12 amendatory Act of the 97th General Assembly for making the
13 election under paragraph (1) of subsection (a-5) of this
14 Section, any future increases in income offered by an employer
15 under this Article to a Tier I retiree who returns to active
16 service after having made the election under paragraph (1) of
17 subsection (a-5) of this Section shall be offered expressly and
18 irrevocably as constituting earnings under Section 15-111. In
19 addition, a Tier I retiree who returns to active service and
20 has made the election under paragraph (1) of subsection (a) of
21 this Section shall receive the right to also participate in the
22 optional cash balance plan established under Section 1-162.

23 (c) A Tier I employee who makes the election under
24 paragraph (2) of subsection (a) of this Section shall not be
25 subject to items (i) and (ii) set forth in paragraph (1) of
26 subsection (a) of this Section. However, any future increases

1 in income offered by an employer under this Article to a Tier I
2 employee who has made the election under paragraph (2) of
3 subsection (a) of this Section shall be offered expressly and
4 irrevocably as not constituting earnings under Section 15-111,
5 and the employee may not accept any future increase in income
6 that is offered in violation of this requirement. In addition,
7 a Tier I employee who has made the election under paragraph (2)
8 of subsection (a) of this Section shall not receive the right
9 to participate in the optional cash balance plan established
10 under Section 1-162.

11 A Tier I retiree who makes the election under paragraph (2)
12 of subsection (a-5) of this Section shall not be subject to
13 items (i) and (ii) set forth in paragraph (1) of subsection
14 (a-5) of this Section. However, any future increases in income
15 offered by an employer under this Article to a Tier I retiree
16 who returns to active service and has made the election under
17 paragraph (2) of subsection (a-5) of this Section shall be
18 offered expressly and irrevocably as not constituting earnings
19 under Section 15-111, and the employee may not accept any
20 future increase in income that is offered in violation of this
21 requirement. In addition, a Tier I retiree who returns to
22 active service and has made the election under paragraph (2) of
23 subsection (a) of this Section shall not receive the right to
24 participate in the optional cash balance plan established under
25 Section 1-162.

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

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

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

26 The System shall inform Tier I employees and Tier I

1 retirees in the election packet required under this subsection
2 that the Tier I employee or Tier I retiree may also wish to
3 obtain information and counsel relating to the election
4 required under this Section from any other available source,
5 including but not limited to labor organizations and private
6 counsel.

7 In no event shall the System, its staff, or the Board be
8 held liable for any information given to a member, beneficiary,
9 or annuitant regarding the elections under this Section.

10 (e) Notwithstanding any other provision of law, an employer
11 under this Article is required to offer any future increases in
12 income expressly and irrevocably as not constituting
13 "earnings" under Section 15-111 to any Tier I employee, or Tier
14 I retiree returning to active service, who has made an election
15 under paragraph (2) or subsection (a) or (a-5) of this Section.
16 A Tier I employee, or Tier I retiree returning to active
17 service, who has made an election under paragraph (2) of
18 subsection (a) or (a-5) of this Section shall not accept any
19 future increase in income that is offered by an employer under
20 this Article in violation of the requirement set forth in this
21 subsection.

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

25 (g) An employee who has made the election under paragraph
26 (1) of subsection (a) or (a-5) of this Section may elect to

1 participate in the optional cash balance plan under Section
2 1-162.

3 The election to participate in the optional cash balance
4 plan shall be made in writing, in the manner provided by the
5 applicable retirement system.

6 (h) Qualified Plan Status. No provision of this Section
7 shall be interpreted in a way that would cause the System to
8 cease to be a qualified plan under Section 461(a) of the
9 Internal Revenue Code of 1986.

10 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

11 Sec. 15-136. Retirement annuities - Amount. The provisions
12 of this Section 15-136 apply only to those participants who are
13 participating in the traditional benefit package or the
14 portable benefit package and do not apply to participants who
15 are participating in the self-managed plan.

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

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

1 each year of service.

2 Rule 2: The retirement annuity shall be the sum of the
3 following, determined from amounts credited to the participant
4 in accordance with the actuarial tables and the prescribed rate
5 of interest in effect at the time the retirement annuity
6 begins:

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

10 (ii) an annuity from employer contributions of an
11 amount equal to that which can be provided on an
12 actuarially equivalent basis from the accumulated normal
13 contributions made by the participant under Section
14 15-113.6 and Section 15-113.7 plus 1.4 times all other
15 accumulated normal contributions made by the participant;
16 and

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

20 With respect to a police officer or firefighter who retires
21 on or after August 14, 1998, the accumulated normal
22 contributions taken into account under clauses (i) and (ii) of
23 this Rule 2 shall include the additional normal contributions
24 made by the police officer or firefighter under Section
25 15-157(a).

26 The amount of a retirement annuity calculated under this

1 Rule 2 shall be computed solely on the basis of the
2 participant's accumulated normal contributions, as specified
3 in this Rule and defined in Section 15-116. Neither an employee
4 or employer contribution for early retirement under Section
5 15-136.2 nor any other employer contribution shall be used in
6 the calculation of the amount of a retirement annuity under
7 this Rule 2.

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

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

14 Rule 3: The retirement annuity of a participant who is
15 employed at least one-half time during the period on which his
16 or her final rate of earnings is based, shall be equal to the
17 participant's years of service not to exceed 30, multiplied by
18 (1) \$96 if the participant's final rate of earnings is less
19 than \$3,500, (2) \$108 if the final rate of earnings is at least
20 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
21 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
22 the final rate of earnings is at least \$5,500 but less than
23 \$6,500, (5) \$144 if the final rate of earnings is at least
24 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
25 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
26 the final rate of earnings is at least \$8,500 but less than

1 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
2 more, except that the annuity for those persons having made an
3 election under Section 15-154(a-1) shall be calculated and
4 payable under the portable retirement benefit program pursuant
5 to the provisions of Section 15-136.4.

6 Rule 4: A participant who is at least age 50 and has 25 or
7 more years of service as a police officer or firefighter, and a
8 participant who is age 55 or over and has at least 20 but less
9 than 25 years of service as a police officer or firefighter,
10 shall be entitled to a retirement annuity of 2 1/4% of the
11 final rate of earnings for each of the first 10 years of
12 service as a police officer or firefighter, 2 1/2% for each of
13 the next 10 years of service as a police officer or
14 firefighter, and 2 3/4% for each year of service as a police
15 officer or firefighter in excess of 20. The retirement annuity
16 for all other service shall be computed under Rule 1.

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

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

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

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

6 Rule 5: The retirement annuity of a participant who elected
7 early retirement under the provisions of Section 15-136.2 and
8 who, on or before February 16, 1995, brought administrative
9 proceedings pursuant to the administrative rules adopted by the
10 System to challenge the calculation of his or her retirement
11 annuity shall be the sum of the following, determined from
12 amounts credited to the participant in accordance with the
13 actuarial tables and the prescribed rate of interest in effect
14 at the time the retirement annuity 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; and

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) an annuity which can be provided on an
26 actuarially equivalent basis from the employee

1 contribution for early retirement under Section 15-136.2,
2 and an annuity from employer contributions of an amount
3 equal to that which can be provided on an actuarially
4 equivalent basis from the employee contribution for early
5 retirement under Section 15-136.2.

6 In no event shall a retirement annuity under this Rule 5 be
7 lower than the amount obtained by adding (1) the monthly amount
8 obtained by dividing the combined employee and employer
9 contributions made under Section 15-136.2 by the System's
10 annuity factor for the age of the participant at the beginning
11 of the annuity payment period and (2) the amount equal to the
12 participant's annuity if calculated under Rule 1, reduced under
13 Section 15-136(b) as if no contributions had been made under
14 Section 15-136.2.

15 With respect to a participant who is qualified for a
16 retirement annuity under this Rule 5 whose retirement annuity
17 began before the effective date of this amendatory Act of the
18 91st General Assembly, and for whom an employee contribution
19 was made under Section 15-136.2, the System shall recalculate
20 the retirement annuity under this Rule 5 and shall pay any
21 additional amounts due in the manner provided in Section
22 15-186.1 for benefits mistakenly set too low.

23 The amount of a retirement annuity calculated under this
24 Rule 5 shall be computed solely on the basis of those
25 contributions specifically set forth in this Rule 5. Except as
26 provided in clause (iii) of this Rule 5, neither an employee

1 nor employer contribution for early retirement under Section
2 15-136.2, nor any other employer contribution, shall be used in
3 the calculation of the amount of a retirement annuity under
4 this Rule 5.

5 The General Assembly has adopted the changes set forth in
6 Section 25 of this amendatory Act of the 91st General Assembly
7 in recognition that the decision of the Appellate Court for the
8 Fourth District in *Mattis v. State Universities Retirement*
9 *System et al.* might be deemed to give some right to the
10 plaintiff in that case. The changes made by Section 25 of this
11 amendatory Act of the 91st General Assembly are a legislative
12 implementation of the decision of the Appellate Court for the
13 Fourth District in *Mattis v. State Universities Retirement*
14 *System et al.* with respect to that plaintiff.

15 The changes made by Section 25 of this amendatory Act of
16 the 91st General Assembly apply without regard to whether the
17 person is in service as an employee on or after its effective
18 date.

19 (b) The retirement annuity provided under Rules 1 and 3
20 above shall be reduced by 1/2 of 1% for each month the
21 participant is under age 60 at the time of retirement. However,
22 this reduction shall not apply in the following cases:

- 23 (1) For a disabled participant whose disability
24 benefits have been discontinued because he or she has
25 exhausted eligibility for disability benefits under clause
26 (6) of Section 15-152;

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

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

10 (c) The maximum retirement annuity provided under Rules 1,
11 2, 4, and 5 shall be the lesser of (1) the annual limit of
12 benefits as specified in Section 415 of the Internal Revenue
13 Code of 1986, as such Section may be amended from time to time
14 and as such benefit limits shall be adjusted by the
15 Commissioner of Internal Revenue, and (2) 80% of final rate of
16 earnings.

17 (d) Subject to the provisions of subsections (d-1) and
18 (d-2), an ~~An~~ annuitant whose status as an employee terminates
19 after August 14, 1969 shall receive automatic increases in his
20 or her retirement annuity as follows:

21 Effective January 1 immediately following the date the
22 retirement annuity begins, the annuitant shall receive an
23 increase in his or her monthly retirement annuity of 0.125% of
24 the monthly retirement annuity provided under Rule 1, Rule 2,
25 Rule 3, Rule 4, or Rule 5, contained in this Section,
26 multiplied by the number of full months which elapsed from the

1 date the retirement annuity payments began to January 1, 1972,
2 plus 0.1667% of such annuity, multiplied by the number of full
3 months which elapsed from January 1, 1972, or the date the
4 retirement annuity payments began, whichever is later, to
5 January 1, 1978, plus 0.25% of such annuity multiplied by the
6 number of full months which elapsed from January 1, 1978, or
7 the date the retirement annuity payments began, whichever is
8 later, to the effective date of the increase.

9 The annuitant shall receive an increase in his or her
10 monthly retirement annuity on each January 1 thereafter during
11 the annuitant's life of 3% of the monthly annuity provided
12 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in
13 this Section. The change made under this subsection by P.A.
14 81-970 is effective January 1, 1980 and applies to each
15 annuitant whose status as an employee terminates before or
16 after that date.

17 Beginning January 1, 1990 and except as provided in
18 subsections (d-1) and (d-2), all automatic annual increases
19 payable under this Section shall be calculated as a percentage
20 of the total annuity payable at the time of the increase,
21 including all increases previously granted under this Article.

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

25 (d-1) Notwithstanding any other provision of this Article,
26 for a Tier I employee or Tier I retiree who made the election

1 under paragraph (1) of either subsection (a) or (a-5) of
2 Section 15-134.6, the amount of each automatic annual increase
3 in retirement annuity occurring on or after the effective date
4 of that election shall be 3% or one-half of the annual
5 unadjusted percentage increase, if any, in the Consumer Price
6 Index-U for the 12 months ending with the preceding September,
7 whichever is less, of the originally granted retirement
8 annuity. For the purposes of this Section, "Consumer Price
9 Index-U" means the index published by the Bureau of Labor
10 Statistics of the United States Department of Labor that
11 measures the average change in prices of goods and services
12 purchased by all urban consumers, United States city average,
13 all items, 1982-84 = 100.

14 (d-2) Notwithstanding any other provision of this Article,
15 for a Tier I employee or Tier I retiree who made the election
16 under paragraph (1) of subsection (a) or (a-5) of Section
17 15-134.6, the monthly retirement annuity shall first be subject
18 to annual increases on the January 1 occurring on or next after
19 the attainment of age 67 or the January 1 occurring on or next
20 after the fifth anniversary of the annuity start date,
21 whichever occurs earlier. If on the effective date of the
22 election under paragraph (1) of subsection (a-5) of Section
23 15-134.6 a Tier I retiree has already received an annual
24 increase under this Section but does not yet meet the new
25 eligibility requirements of this subsection, the annual
26 increases already received shall continue in force, but no

1 additional annual increase shall be granted until the Tier I
2 retiree meets the new eligibility requirements.

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

20 (f) A participant is entitled to such additional annuity as
21 may be provided on an actuarially equivalent basis, by any
22 accumulated additional contributions to his or her credit.
23 However, the additional contributions made by the participant
24 toward the automatic increases in annuity provided under this
25 Section shall not be taken into account in determining the
26 amount of such additional annuity.

1 (g) If, (1) by law, a function of a governmental unit, as
2 defined by Section 20-107 of this Code, is transferred in whole
3 or in part to an employer, and (2) a participant transfers
4 employment from such governmental unit to such employer within
5 6 months after the transfer of the function, and (3) the sum of
6 (A) the annuity payable to the participant under Rule 1, 2, or
7 3 of this Section (B) all proportional annuities payable to the
8 participant by all other retirement systems covered by Article
9 20, and (C) the initial primary insurance amount to which the
10 participant is entitled under the Social Security Act, is less
11 than the retirement annuity which would have been payable if
12 all of the participant's pension credits validated under
13 Section 20-109 had been validated under this system, a
14 supplemental annuity equal to the difference in such amounts
15 shall be payable to the participant.

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

24 (i) On January 1, 1987, any annuitant whose retirement
25 annuity began on or before January 1, 1977, shall have the
26 monthly retirement annuity increased by an amount equal to 8¢

1 per year of creditable service times the number of years that
2 have elapsed since the annuity began.

3 (Source: P.A. 93-347, eff. 7-24-03; 94-4, eff. 6-1-05.)

4 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

5 Sec. 15-155. State and employer ~~Employer~~ contributions.

6 (a) Except as otherwise provided in this Section, the ~~The~~
7 State of Illinois shall make contributions by appropriations of
8 amounts which, together with contributions paid by employers,
9 ~~the~~ other employer contributions from trust, federal, and other
10 funds, employee contributions, income from investments, and
11 other income of this System, will be sufficient to meet the
12 cost of maintaining and administering the System on a 90%
13 funded basis in accordance with actuarial recommendations.

14 Beginning with State fiscal year 2014, the employers under
15 this Article shall be responsible for paying the normal costs
16 of the System plus the amounts required to amortize any total
17 cost of the benefits of the System arising on or after July 1,
18 2013.

19 Beginning with State fiscal year 2014, the State's required
20 contributions to the System shall be limited to the amounts
21 required to amortize the total cost of the benefits of the
22 System arising before July 1, 2013, plus any employer
23 contributions required from the State as the actual employer of
24 participants under this Article.

25 The Board shall determine the amount of State and employer

1 contributions required for each fiscal year on the basis of the
2 actuarial tables and other assumptions adopted by the Board and
3 the recommendations of the actuary, using the formulas provided
4 in this Section ~~formula in subsection (a-1)~~.

5 (a-1) For State fiscal years 2012 and 2013 ~~through 2045~~,
6 the minimum contribution to the System to be made by the State
7 for each fiscal year shall be an amount determined by the
8 System to be sufficient to bring the total assets of the System
9 up to 90% of the total actuarial liabilities of the System by
10 the end of State fiscal year 2045. In making these
11 determinations, the required State contribution shall be
12 calculated each year as a level percentage of payroll over the
13 years remaining to and including fiscal year 2045 and shall be
14 determined under the projected unit credit actuarial cost
15 method.

16 Except as provided in subsection (a-3), for State fiscal
17 years 2014 through 2045 or until the State has amortized 100%
18 of the total cost of benefits accrued by July 1, 2013,
19 whichever is earlier, in addition to any employer contributions
20 required from the State as an employer, the minimum
21 contribution to the System to be made by the State for each
22 fiscal year shall be an amount determined by the Board to be
23 sufficient to amortize, by the end of State fiscal year 2045,
24 the total cost of the benefits of the System arising before
25 July 1, 2013. In making these determinations, the required
26 State contribution shall be calculated each year as a level

1 percentage of payroll over the years remaining to and including
2 fiscal year 2043 and shall be determined under the projected
3 unit credit actuarial cost method.

4 Except as provided in subsection (a-3), beginning in State
5 fiscal year 2046 or on the date that the State has amortized
6 100% of the total cost of benefits accrued by July 1, 2013,
7 whichever is earlier, the State has no further obligation to
8 make contributions to the System under this subsection (a-1).

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

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2006 is
16 \$166,641,900.

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2007 is
19 \$252,064,100.

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

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2010 is
2 \$702,514,000 and shall be made from the State Pensions Fund and
3 proceeds of bonds sold in fiscal year 2010 pursuant to Section
4 7.2 of the General Obligation Bond Act, less (i) the pro rata
5 share of bond sale expenses determined by the System's share of
6 total bond proceeds, (ii) any amounts received from the General
7 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
8 proceeds due to the issuance of discounted bonds, if
9 applicable.

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2011 is
12 the amount recertified by the System on or before April 1, 2011
13 pursuant to Section 15-165 and shall be made from the State
14 Pensions Fund and proceeds of bonds sold in fiscal year 2011
15 pursuant to Section 7.2 of the General Obligation Bond Act,
16 less (i) the pro rata share of bond sale expenses determined by
17 the System's share of total bond proceeds, (ii) any amounts
18 received from the General Revenue Fund in fiscal year 2011, and
19 (iii) any reduction in bond proceeds due to the issuance of
20 discounted bonds, if applicable.

21 ~~Beginning in State fiscal year 2046, the minimum State~~
22 ~~contribution for each fiscal year shall be the amount needed to~~
23 ~~maintain the total assets of the System at 90% of the total~~
24 ~~actuarial liabilities of the System.~~

25 Amounts received by the System pursuant to Section 25 of
26 the Budget Stabilization Act or Section 8.12 of the State

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

11 Notwithstanding any other provision of this Section, the
12 required State contribution for State fiscal year 2005 and for
13 fiscal year 2008 through ~~and each~~ fiscal year 2013 ~~thereafter~~,
14 as calculated under this Section and certified under Section
15 15-165, shall not exceed an amount equal to (i) the amount of
16 the required State contribution that would have been calculated
17 under this Section for that fiscal year if the System had not
18 received any payments under subsection (d) of Section 7.2 of
19 the General Obligation Bond Act, minus (ii) the portion of the
20 State's total debt service payments for that fiscal year on the
21 bonds issued in fiscal year 2003 for the purposes of that
22 Section 7.2, as determined and certified by the Comptroller,
23 that is the same as the System's portion of the total moneys
24 distributed under subsection (d) of Section 7.2 of the General
25 Obligation Bond Act. In determining this maximum for State
26 fiscal years 2008 through 2010, however, the amount referred to

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

10 (a-3) If at least 50% of Tier I employees making an
11 election under Section 15-134.6 before June 1, 2013 choose the
12 option under paragraph (1) of subsection (a) of that Section,
13 then beginning in State fiscal year 2014, instead of the
14 contributions specified in subsection (a-1) of this Section,
15 the State contributions specified in subsection (a-5) of this
16 Section shall be paid.

17 In making its initial certification of the annual required
18 contribution by the State for State fiscal year 2014, the Board
19 shall assume that the new funding formula provided in
20 subsection (a-5) of this Section applies. If fewer than 50% of
21 Tier I employees making an election under Section 15-134.6
22 before June 1, 2013 choose the option under paragraph (1) of
23 subsection (a) of that Section, then:

24 (1) instead of the contributions specified in
25 subsection (a-5) of this Section, the State contributions
26 specified in subsection (a-1) shall continue to be paid;

1 and

2 (2) as soon as possible after June 1, 2013, the Board
3 shall recertify the annual required contribution by the
4 State for State fiscal year 2014.

5 (a-5) For State fiscal years 2014 through 2043 or until the
6 State has amortized 100% of the total cost of benefits accrued
7 by July 1, 2013, whichever is earlier, in addition to any
8 employer contributions required from the State as an employer,
9 the minimum contribution to the System to be made by the State
10 for each fiscal year shall be an amount determined by the Board
11 to be sufficient to amortize, by the end of State fiscal year
12 2043, the total cost of the benefits of the System arising
13 before July 1, 2013. In making these determinations, the
14 required State contribution shall be calculated each year as a
15 level percentage of payroll over the years remaining to and
16 including fiscal year 2043 and shall be determined under the
17 projected unit credit actuarial cost method.

18 Beginning in State fiscal year 2044 or on the date that the
19 State has amortized 100% of the total cost of benefits accrued
20 by July 1, 2013, whichever is earlier, the State has no further
21 obligation to make contributions to the System under this
22 subsection (a-5).

23 (a-10) Subject to the limitations provided in subsection
24 (a-15), beginning with State fiscal year 2014, the minimum
25 required contribution of employers under this Article shall be
26 determined as a percentage of projected payroll, and shall be

1 sufficient to produce an annual amount equal to:

2 (i) the employer's normal cost for that fiscal year for
3 employees who first became participating employees before
4 July 1, 2013; plus

5 (ii) the employer's normal cost for that fiscal year
6 for employees who first become participating employees on
7 or after July 1, 2013; plus

8 (iii) the amount required for that fiscal year to
9 amortize any unfunded actuarial accrued liability arising
10 on or after July 1, 2013 as a level percentage of payroll
11 over a 30-year rolling amortization period.

12 Any contributions required from an employer under
13 subsection (g) of this Section are in addition to the
14 contributions required under this subsection (a-10).

15 (a-15) For State fiscal year 2014, the required
16 contribution of employers under item (i) of subsection (a-10)
17 shall be reduced to an amount equal to 1% of payroll.

18 For each fiscal year thereafter, until the Board determines
19 and certifies to the Governor that employers are contributing
20 under item (i) of subsection (a-10) the full amount actually
21 specified by item (i) of subsection (a-10), the required
22 contribution of employers under item (i) of subsection (a-10)
23 shall be the percentage of payroll required under this
24 subsection from the previous fiscal year increased by 1% of
25 payroll for each of State fiscal years 2015 through 2019, and
26 increased by 0.5% of payroll for each State fiscal year after

1 2019.

2 Contributions required of employers under items (ii) and
3 (iii) of subsection (a-10), under subsection (g), and under any
4 other applicable provision of this Section are in addition to
5 contributions required under item (i) of subsection (a-10).

6 (a-20) Beginning in State fiscal year 2015 and continuing
7 until the Board determines and certifies to the Governor that
8 employers are contributing under item (i) of subsection (a-10)
9 the full amount actually specified by item (i) of subsection
10 (a-10), the State shall make an additional contribution to the
11 System for each fiscal year, equal to the difference between
12 (1) the total contribution calculated under item (i) of
13 subsection (a-10) for all employers for that fiscal year, and
14 (2) the amount of such total contribution as reduced under
15 subsection (a-15).

16 The State contribution under this subsection (a-20) is in
17 addition to the State contributions required under subsection
18 (a-1) or (a-5) and any contributions required to be paid by the
19 State as an employer under subsections (a-10) and (g) of this
20 Section.

21 (b) If an employee is paid from trust or federal funds, the
22 employer shall pay to the Board contributions from those funds
23 which are sufficient to cover the accruing normal costs on
24 behalf of the employee. However, universities having employees
25 who are compensated out of local auxiliary funds, income funds,
26 or service enterprise funds are not required to pay such

1 contributions on behalf of those employees. The local auxiliary
2 funds, income funds, and service enterprise funds of
3 universities shall not be considered trust funds for the
4 purpose of this Article, but funds of alumni associations,
5 foundations, and athletic associations which are affiliated
6 with the universities included as employers under this Article
7 and other employers which do not receive State appropriations
8 are considered to be trust funds for the purpose of this
9 Article.

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

23 (c) Through State fiscal year 1995: The total employer
24 contribution shall be apportioned among the various funds of
25 the State and other employers, whether trust, federal, or other
26 funds, in accordance with actuarial procedures approved by the

1 Board. State of Illinois contributions for employers receiving
2 State appropriations for personal services shall be payable
3 from appropriations made to the employers or to the System. The
4 contributions for Class I community colleges covering earnings
5 other than those paid from trust and federal funds, shall be
6 payable solely from appropriations to the Illinois Community
7 College Board or the System for employer contributions.

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

13 (e) The State Comptroller shall draw warrants payable to
14 the System upon proper certification by the System or by the
15 employer in accordance with the appropriation laws and this
16 Code.

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

25 (g) The employer contributions under this subsection (g)
26 are no longer required after June 30, 2013.

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

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

1 knowledge that are pertinent to the applicability of subsection
2 (h) or (i). Upon receiving a timely application for
3 recalculation, the System shall review the application and, if
4 appropriate, recalculate the amount due.

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

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

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

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

1 from retirement eligibility under Section 15-135.

2 When assessing payment for any amount due under subsection
3 (g), the System shall exclude earnings increases resulting from
4 overload work, including a contract for summer teaching, or
5 overtime when the employer has certified to the System, and the
6 System has approved the certification, that: (i) in the case of
7 overloads (A) the overload work is for the sole purpose of
8 academic instruction in excess of the standard number of
9 instruction hours for a full-time employee occurring during the
10 academic year that the overload is paid and (B) the earnings
11 increases are equal to or less than the rate of pay for
12 academic instruction computed using the participant's current
13 salary rate and work schedule; and (ii) in the case of
14 overtime, the overtime was necessary for the educational
15 mission.

16 When assessing payment for any amount due under subsection
17 (g), the System shall exclude any earnings increase resulting
18 from (i) a promotion for which the employee moves from one
19 classification to a higher classification under the State
20 Universities Civil Service System, (ii) a promotion in academic
21 rank for a tenured or tenure-track faculty position, or (iii) a
22 promotion that the Illinois Community College Board has
23 recommended in accordance with subsection (k) of this Section.
24 These earnings increases shall be excluded only if the
25 promotion is to a position that has existed and been filled by
26 a member for no less than one complete academic year and the

1 earnings increase as a result of the promotion is an increase
2 that results in an amount no greater than the average salary
3 paid for other similar positions.

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

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

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

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

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

26 (4) The increase in the required State contribution

1 resulting from the changes made to this Section by Public
2 Act 94-1057.

3 (k) The Illinois Community College Board shall adopt rules
4 for recommending lists of promotional positions submitted to
5 the Board by community colleges and for reviewing the
6 promotional lists on an annual basis. When recommending
7 promotional lists, the Board shall consider the similarity of
8 the positions submitted to those positions recognized for State
9 universities by the State Universities Civil Service System.
10 The Illinois Community College Board shall file a copy of its
11 findings with the System. The System shall consider the
12 findings of the Illinois Community College Board when making
13 determinations under this Section. The System shall not exclude
14 any earnings increases resulting from a promotion when the
15 promotion was not submitted by a community college. Nothing in
16 this subsection (k) shall require any community college to
17 submit any information to the Community College Board.

18 (l) For purposes of determining the required State
19 contribution to the System, the value of the System's assets
20 shall be equal to the actuarial value of the System's assets,
21 which shall be calculated as follows:

22 As of June 30, 2008, the actuarial value of the System's
23 assets shall be equal to the market value of the assets as of
24 that date. In determining the actuarial value of the System's
25 assets for fiscal years after June 30, 2008, any actuarial
26 gains or losses from investment return incurred in a fiscal

1 year shall be recognized in equal annual amounts over the
2 5-year period following that fiscal year.

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

7 (n) If the System submits a voucher for monthly
8 contributions from the State as required by this Section and
9 the State fails to pay within 90 days of receipt of such a
10 voucher, the Board shall submit a written request to the
11 Comptroller seeking payment. A copy of the request shall be
12 filed with the Secretary of State, and the Secretary of State
13 shall provide copies to the Governor and General Assembly. No
14 earlier than the 16th day after filing a request with the
15 Secretary of State, the Board shall have the right to commence
16 a mandamus action in the Supreme Court of Illinois to compel
17 the Comptroller to satisfy the voucher by making payment from
18 the General Revenue Fund. This Section constitutes an express
19 waiver of the State's sovereign immunity solely to the extent
20 it permits the Board to commence a mandamus action in the
21 Illinois Supreme Court to compel the Comptroller to pay a
22 voucher for monthly contributions from the State as required in
23 this Section.

24 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
25 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.
26 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)

1 (40 ILCS 5/15-155.1 new)

2 Sec. 15-155.1. Actions to enforce payment by employers.

3 (a) If any employer fails to transmit to the System
4 contributions required of it under this Article or
5 contributions collected by it from its participating employees
6 for the purposes of this Article for more than 90 days after
7 the payment of such contributions is due, then the System,
8 after giving notice to that employer, may certify to the State
9 Comptroller the amounts of the delinquent payments, and the
10 Comptroller shall deduct the amounts so certified or any part
11 thereof from any payments or grants of State funds to the
12 employer and shall pay the amounts so deducted to the System.
13 If State funds from which such deductions may be made are not
14 available, the System may proceed against the employer to
15 recover the amounts of the delinquent payments in the
16 appropriate circuit court.

17 (b) If any employer fails to transmit to the System
18 contributions required of it under this Article or
19 contributions collected by it from its participating employees
20 for the purposes of this Article for more than 90 days after
21 the payment of the contributions is due, the System, after
22 giving notice to the employer, may certify the amounts of the
23 delinquent payments to the county treasurer of any county in
24 which the employer is located, who shall deduct the amounts so
25 certified or any part thereof from the amounts collected from

1 any tax levied by the employer and shall pay the amount so
2 deducted to the System.

3 (c) If reports furnished to the System by the employer
4 involved are inadequate for the computation of the amounts of
5 any payments, the System may provide for such audit of the
6 records of the employer as may be required to establish the
7 amounts of the delinquent payments. The employer shall make its
8 records available to the System for the purpose of the audit.
9 The cost of the audit shall be added to the amount of the
10 payments and shall be recovered by the System from the employer
11 at the same time and in the same manner as the payments are
12 recovered.

13 (40 ILCS 5/15-155.2 new)

14 Sec. 15-155.2. Individual employer accounts.

15 (a) The System shall create and maintain individual
16 accounts for each employer for the purposes of determining
17 employer contributions under subsection (a-10) of Section
18 15-155. Each employer's account shall be notionally credited
19 with the employer's liabilities accruing after July 1, 2013 and
20 assets attributable to the employer's account that include (i)
21 employer contributions made pursuant to subsection (a-10) of
22 Section 15-155, (ii) other employer contributions from trust,
23 federal, and other funds, (iii) employee contributions made
24 after July 1, 2013, and (iv) income from investments. The
25 System may deduct reasonable administrative expenses from each

1 employer's account.

2 (b) In determining contributions required under subsection
3 (a-10) of Section 15-155, the System shall determine (i) a
4 blended rate of total normal cost that is applicable to
5 contributions made by the University of Illinois, Southern
6 Illinois University, Chicago State University, Eastern
7 Illinois University, Governors State University, Illinois
8 State University, Northeastern Illinois University, Northern
9 Illinois University, and Western Illinois University, (ii) a
10 blended rate of total normal cost that is applicable to
11 contributions made by each community college board, and (iii) a
12 rate equal to the total normal cost of the System that is
13 applicable to employers other than those listed under item (i)
14 or (ii).

15 (c) An employer may make written application with the Board
16 to have a separate rate of total normal cost determined for the
17 employer. Upon receiving the written application from an
18 employer, the Board may determine a total rate of normal cost
19 for the employer. The employer shall be responsible for any
20 cost incurred in making the determination of total normal cost.

21 The Board may establish rules for the administration of
22 this Section that include but are not limited to the date by
23 which an application must be submitted and the fiscal year in
24 which the determination will be used to determine the
25 employer's contribution required under subsection (a-10) of
26 Section 15-155.

1 (d) An employer whose determination of total normal cost
2 under subsection (c) is used to determine its contributions
3 required under subsection (a-10) of Section 15-155 may not be
4 included in the determination of a rate of total normal cost
5 under subsection (c) of this Section.

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 (a-1) Notwithstanding any other provision of this Section,
17 an employee who participates in the cash balance plan under
18 Section 1-161 shall pay to the System for the purpose of
19 participating in the cash balance plan 8% of each payment of
20 earnings while he or she is a participant in the cash balance
21 plan. Each participant who is a police officer or firefighter
22 who participates in the cash balance plan under Section 1-161
23 shall pay to the System for the purpose of participating in the
24 cash balance plan 9.5% of each payment of earnings while he or
25 she is participant in the cash balance plan. Employee
26 contributions required under subsections (a), (b), and (c) of

1 this Section shall not apply to an employee who participates in
2 the cash balance plan under Section 1-161.

3 (a-2) In addition to the contributions required under
4 either subsections (a), (b), and (c) or subsection (a-1), an
5 employee who elects to participate in the optional cash balance
6 plan under Section 1-162 shall pay to the System for the
7 purpose of participating in the optional cash balance plan a
8 contribution of 2% of each payment of earnings received while
9 he or she is a participant in the optional cash balance plan.
10 These contributions shall not be used for the purpose of
11 determining any benefit under this Article except as provided
12 in the optional cash balance plan.

13 (b) Starting September 1, 1969, each participating
14 employee shall make additional contributions of 1/2 of 1% of
15 earnings to finance a portion of the cost of the annual
16 increases in retirement annuity provided under Section 15-136,
17 except that with respect to participants in the self-managed
18 plan this additional contribution shall be used to finance the
19 benefits obtained under that retirement program.

20 (c) In addition to the amounts described in subsections (a)
21 and (b) of this Section, each participating employee shall make
22 contributions of 1% of earnings applicable under this system on
23 and after August 1, 1959. The contributions made under this
24 subsection (c) shall be considered as survivor's insurance
25 contributions for purposes of this Article if the employee is
26 covered under the traditional benefit package, and such

1 contributions shall be considered as additional contributions
2 for purposes of this Article if the employee is participating
3 in the self-managed plan or has elected to participate in the
4 portable benefit package and has completed the applicable
5 one-year waiting period. Contributions in excess of \$80 during
6 any fiscal year beginning before August 31, 1969 and in excess
7 of \$120 during any fiscal year thereafter until September 1,
8 1971 shall be considered as additional contributions for
9 purposes of this Article.

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

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

25 (f) Notwithstanding the foregoing, a participating
26 employee shall not be required to make contributions under this

1 Section after the date upon which continuance of such
2 contributions would otherwise cause his or her retirement
3 annuity to exceed the maximum retirement annuity as specified
4 in clause (1) of subsection (c) of Section 15-136.

5 (g) A participating employee may make contributions for the
6 purchase of service credit under this Article.

7 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,
8 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;
9 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

10 (40 ILCS 5/15-158.2)

11 Sec. 15-158.2. Self-managed plan.

12 (a) Purpose. The General Assembly finds that it is
13 important for colleges and universities to be able to attract
14 and retain the most qualified employees and that in order to
15 attract and retain these employees, colleges and universities
16 should have the flexibility to provide a defined contribution
17 plan as an alternative for eligible employees who elect not to
18 participate in a defined benefit retirement program provided
19 under this Article. Accordingly, the State Universities
20 Retirement System is hereby authorized to establish and
21 administer a self-managed plan, which shall offer
22 participating employees who became participating employees
23 before the effective date of this amendatory Act of the 97th
24 General Assembly the opportunity to accumulate assets for
25 retirement through a combination of employee 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.

6 (b) Adoption by employers. Each employer subject to this
7 Article may elect to adopt the self-managed plan established
8 under this Section until the effective date of this amendatory
9 Act of the 97th General Assembly; this election is irrevocable.
10 An employer's election to adopt the self-managed plan makes
11 available to the eligible employees of that employer the
12 elections described in Section 15-134.5.

13 The State Universities Retirement System shall be the plan
14 sponsor for the self-managed plan and shall prepare a plan
15 document and prescribe such rules and procedures as are
16 considered necessary or desirable for the administration of the
17 self-managed plan. Consistent with its fiduciary duty to the
18 participants and beneficiaries of the self-managed plan, the
19 Board of Trustees of the System may delegate aspects of plan
20 administration as it sees fit to companies authorized to do
21 business in this State, to the employers, or to a combination
22 of both.

23 (c) Selection of service providers and funding vehicles.
24 The System, in consultation with the employers, shall solicit
25 proposals to provide administrative services and funding
26 vehicles for the self-managed plan from insurance and annuity

1 companies and mutual fund companies, banks, trust companies, or
2 other financial institutions authorized to do business in this
3 State. In reviewing the proposals received and approving and
4 contracting with no fewer than 2 and no more than 7 companies,
5 the Board of Trustees of the System shall consider, among other
6 things, the following criteria:

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

9 (2) the reasonableness of the benefits in relation to
10 the premium charged;

11 (3) the suitability of the benefits to the needs and
12 interests of the participating employees and the employer;

13 (4) the ability of the company to provide benefits
14 under the contract and the financial stability of the
15 company; and

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

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

23 (d) Employee Direction. Employees who are participating in
24 the program must be allowed to direct the transfer of their
25 account balances among the various investment options offered,
26 subject to applicable contractual provisions. The participant

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

8 (e) Participation. An employee eligible to participate in
9 the self-managed plan must make a written election in
10 accordance with the provisions of Section 15-134.5 and the
11 procedures established by the System. Participation in the
12 self-managed plan by an electing employee shall begin on the
13 first day of the first pay period following the later of the
14 date the employee's election is filed with the System or the
15 effective date as of which the employee's employer begins to
16 offer participation in the self-managed plan. Employers may not
17 make the self-managed plan available earlier than January 1,
18 1998. An employee's participation in any other retirement
19 program administered by the System under this Article shall
20 terminate on the date that participation in the self-managed
21 plan begins.

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, and may
25 not participate in any other retirement program administered by
26 the System under this Article while employed by that employer

1 or any other employer that has adopted the self-managed plan,
2 unless the self-managed plan is terminated in accordance with
3 subsection (i).

4 Participation in the self-managed plan under this Section
5 shall constitute membership in the State Universities
6 Retirement System.

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

9 (f) Establishment of Initial Account Balance. If at the
10 time an employee elects to participate in the self-managed plan
11 he or she has rights and credits in the System due to previous
12 participation in the traditional benefit package, the System
13 shall establish for the employee an opening account balance in
14 the self-managed plan, equal to the amount of contribution
15 refund that the employee would be eligible to receive under
16 Section 15-154 if the employee terminated employment on that
17 date and elected a refund of contributions, except that this
18 hypothetical refund shall include interest at the effective
19 rate for the respective years. The System shall transfer assets
20 from the defined benefit retirement program to the self-managed
21 plan, as a tax free transfer in accordance with Internal
22 Revenue Service guidelines, for purposes of funding the
23 employee's opening account balance.

24 (g) No Duplication of Service Credit. Notwithstanding any
25 other provision of this Article, an employee may not purchase
26 or receive service or service credit applicable to any other

1 retirement program administered by the System under this
2 Article for any period during which the employee was a
3 participant in the self-managed plan established under this
4 Section.

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

8 The contribution rate for employees participating in the
9 self-managed plan under this Section shall be equal to the
10 employee contribution rate for other participants in the
11 System, as provided in Section 15-157. This required
12 contribution shall be made as an "employer pick-up" under
13 Section 414(h) of the Internal Revenue Code of 1986 or any
14 successor Section thereof. Any employee participating in the
15 System's traditional benefit package prior to his or her
16 election to participate in the self-managed plan shall continue
17 to have the employer pick up the contributions required under
18 Section 15-157. However, the amounts picked up after the
19 election of the self-managed plan shall be remitted to and
20 treated as assets of the self-managed plan. In no event shall
21 an employee have an option of receiving these amounts in cash.
22 Employees may make additional contributions to the
23 self-managed plan in accordance with procedures prescribed by
24 the System, to the extent permitted under rules prescribed by
25 the System.

26 The program shall provide for employer contributions to be

1 credited to each self-managed plan participant at a rate of
2 7.6% of the participating employee's salary, less the amount
3 used by the System to provide disability benefits for the
4 employee. The amounts so credited shall be paid into the
5 participant's self-managed plan accounts in a manner to be
6 prescribed by the System.

7 An amount of employer contribution, not exceeding 1% of the
8 participating employee's salary, shall be used for the purpose
9 of providing the disability benefits of the System to the
10 employee. Prior to the beginning of each plan year under the
11 self-managed plan, the Board of Trustees shall determine, as a
12 percentage of salary, the amount of employer contributions to
13 be allocated during that plan year for providing disability
14 benefits for employees in the self-managed plan.

15 The State of Illinois shall make contributions by
16 appropriations to the System of the employer contributions
17 required for employees who participate in the self-managed plan
18 under this Section. The amount required shall be certified by
19 the Board of Trustees of the System and paid by the State in
20 accordance with Section 15-165. The System shall not be
21 obligated to remit the required employer contributions to any
22 of the insurance and annuity companies, mutual fund companies,
23 banks, trust companies, financial institutions, or other
24 sponsors of any of the funding vehicles offered under the
25 self-managed plan until it has received the required employer
26 contributions from the State. In the event of a deficiency in

1 the amount of State contributions, the System shall implement
2 those procedures described in subsection (c) of Section 15-165
3 to obtain the required funding from the General Revenue Fund.

4 (i) Termination. The self-managed plan authorized under
5 this Section may be terminated by the System, subject to the
6 terms of any relevant contracts, and the System shall have no
7 obligation to reestablish the self-managed plan under this
8 Section. This Section does not create a right to continued
9 participation in any self-managed plan set up by the System
10 under this Section. If the self-managed plan is terminated, the
11 participants shall have the right to participate in one of the
12 other retirement programs offered by the System and receive
13 service credit in such other retirement program for any years
14 of employment following the termination.

15 (j) Vesting; Withdrawal; Return to Service. A participant
16 in the self-managed plan becomes vested in the employer
17 contributions credited to his or her accounts in the
18 self-managed plan on the earliest to occur of the following:
19 (1) completion of 5 years of service with an employer described
20 in Section 15-106; (2) the death of the participating employee
21 while employed by an employer described in Section 15-106, if
22 the participant has completed at least 1 1/2 years of service;
23 or (3) the participant's election to retire and apply the
24 reciprocal provisions of Article 20 of this Code.

25 A participant in the self-managed plan who receives a
26 distribution of his or her vested amounts from the self-managed

1 plan while not yet eligible for retirement under this Article
2 (and Article 20, if applicable) shall forfeit all service
3 credit and accrued rights in the System; if subsequently
4 re-employed, the participant shall be considered a new
5 employee. If a former participant again becomes a participating
6 employee (or becomes employed by a participating system under
7 Article 20 of this Code) and continues as such for at least 2
8 years, all such rights, service credits, and previous status as
9 a participant shall be restored upon repayment of the amount of
10 the distribution, without interest.

11 (k) Benefit amounts. If an employee who is vested in
12 employer contributions terminates employment, the employee
13 shall be entitled to a benefit which is based on the account
14 values attributable to both employer and employee
15 contributions and any investment return thereon.

16 If an employee who is not vested in employer contributions
17 terminates employment, the employee shall be entitled to a
18 benefit based solely on the account values attributable to the
19 employee's contributions and any investment return thereon,
20 and the employer contributions and any investment return
21 thereon shall be forfeited. Any employer contributions which
22 are forfeited shall be held in escrow by the company investing
23 those contributions and shall be used as directed by the System
24 for future allocations of employer contributions or for the
25 restoration of amounts previously forfeited by former
26 participants who again become participating employees.

1 (Source: P.A. 93-347, eff. 7-24-03.)

2 (40 ILCS 5/15-159) (from Ch. 108 1/2, par. 15-159)

3 Sec. 15-159. Board created.

4 (a) A board of trustees constituted as provided in this
5 Section shall administer this System. The board shall be known
6 as the Board of Trustees of the State Universities Retirement
7 System.

8 (b) Until July 1, 1995, the Board of Trustees shall be
9 constituted as follows:

10 Two trustees shall be members of the Board of Trustees of
11 the University of Illinois, one shall be a member of the Board
12 of Trustees of Southern Illinois University, one shall be a
13 member of the Board of Trustees of Chicago State University,
14 one shall be a member of the Board of Trustees of Eastern
15 Illinois University, one shall be a member of the Board of
16 Trustees of Governors State University, one shall be a member
17 of the Board of Trustees of Illinois State University, one
18 shall be a member of the Board of Trustees of Northeastern
19 Illinois University, one shall be a member of the Board of
20 Trustees of Northern Illinois University, one shall be a member
21 of the Board of Trustees of Western Illinois University, and
22 one shall be a member of the Illinois Community College Board,
23 selected in each case by their respective boards, and 2 shall
24 be participants of the system appointed by the Governor for a 6
25 year term with the first appointment made pursuant to this

1 amendatory Act of 1984 to be effective September 1, 1985, and
2 one shall be a participant appointed by the Illinois Community
3 College Board for a 6 year term, and one shall be a participant
4 appointed by the Board of Trustees of the University of
5 Illinois for a 6 year term, and one shall be a participant or
6 annuitant of the system who is a senior citizen age 60 or older
7 appointed by the Governor for a 6 year term with the first
8 appointment to be effective September 1, 1985.

9 The terms of all trustees holding office under this
10 subsection (b) on June 30, 1995 shall terminate at the end of
11 that day and the Board shall thereafter be constituted as
12 provided in subsection (c).

13 (c) Beginning July 1, 1995, the Board of Trustees shall be
14 constituted as follows:

15 The Board shall consist of 9 trustees appointed by the
16 Governor. Two of the trustees, designated at the time of
17 appointment, shall be participants of the System. Two of the
18 trustees, designated at the time of appointment, shall be
19 annuitants of the System who are receiving retirement annuities
20 under this Article. The 5 remaining trustees may, but need not,
21 be participants or annuitants of the System.

22 The term of office of trustees appointed under this
23 subsection (c) shall be 6 years, beginning on July 1. However,
24 of the initial trustees appointed under this subsection (c), 3
25 shall be appointed for terms of 2 years, 3 shall be appointed
26 for terms of 4 years, and 3 shall be appointed for terms of 6

1 years, to be designated by the Governor at the time of
2 appointment.

3 The terms of all trustees holding office under this
4 subsection (c) on the effective date of this amendatory Act of
5 the 96th General Assembly shall terminate on that effective
6 date. The Governor shall make nominations for appointment under
7 this Section within 60 days after the effective date of this
8 amendatory Act of the 96th General Assembly. A trustee sitting
9 on the board on the effective date of this amendatory Act of
10 the 96th General Assembly may not hold over in office for more
11 than 90 days after the effective date of this amendatory Act of
12 the 96th General Assembly. Nothing in this Section shall
13 prevent the Governor from making a temporary appointment or
14 nominating a trustee holding office on the day before the
15 effective date of this amendatory Act of the 96th General
16 Assembly.

17 (d) Beginning on the 90th day after the effective date of
18 this amendatory Act of the 96th General Assembly, the Board of
19 Trustees shall be constituted as follows:

20 (1) The Chairperson of the Board of Higher Education,
21 who shall act as chairperson of this Board.

22 (2) Two ~~Four~~ trustees appointed by the Governor with
23 the advice and consent of the Senate who may not be members
24 of the system or hold an elective State office and who
25 shall serve for a term of 6 years, except that the terms of
26 the initial appointees under this subsection (d) shall be

1 as follows: 1 ~~2~~ for a term of 3 years and 1 ~~2~~ for a term of
2 6 years.

3 (3) Four active participants of the system to be
4 elected from the contributing membership of the system by
5 the contributing members, no more than 2 of which may be
6 from any of the University of Illinois campuses, who shall
7 serve for a term of 6 years, except that the terms of the
8 initial electees shall be as follows: 2 for a term of 3
9 years and 2 for a term of 6 years.

10 (4) Two annuitants of the system who have been
11 annuitants for at least one full year, to be elected from
12 and by the annuitants of the system, no more than one of
13 which may be from any of the University of Illinois
14 campuses, who shall serve for a term of 6 years, except
15 that the terms of the initial electees shall be as follows:
16 one for a term of 3 years and one for a term of 6 years.

17 (5) One trustee to be elected by the trustees of the
18 boards of trustees of community colleges in the State.

19 (6) One trustee who serves as a trustee on the board of
20 trustees of a public institution of higher education, as
21 defined in Section 1 of the Board of Higher Education Act,
22 to be elected by the trustees of public institutions of
23 higher education.

24 The 2 positions created by this amendatory Act of the 97th
25 General Assembly shall be filled as soon as practicable by
26 appointment of the Board, and the persons so appointed shall

1 serve until such time as the System can conduct elections to
2 fill those positions.

3 For the purposes of this Section, the Governor may make a
4 nomination and the Senate may confirm the nominee in advance of
5 the commencement of the nominee's term of office.

6 (e) The 6 elected trustees shall be elected within 90 days
7 after the effective date of this amendatory Act of the 96th
8 General Assembly for a term beginning on the 90th day after the
9 effective date of this amendatory Act. Trustees shall be
10 elected thereafter as terms expire for a 6-year term beginning
11 July 15 next following their election, and such election shall
12 be held on May 1, or on May 2 when May 1 falls on a Sunday. The
13 board may establish rules for the election of trustees to
14 implement the provisions of this amendatory Act of the 96th
15 General Assembly and for future elections. Candidates for the
16 participating trustee shall be nominated by petitions in
17 writing, signed by not less than 400 participants with their
18 addresses shown opposite their names. Candidates for the
19 annuitant trustee shall be nominated by petitions in writing,
20 signed by not less than 100 annuitants with their addresses
21 shown opposite their names. If there is more than one qualified
22 nominee for each elected trustee, then the board shall conduct
23 a secret ballot election by mail for that trustee, in
24 accordance with rules as established by the board. If there is
25 only one qualified person nominated by petition for each
26 elected trustee, then the election as required by this Section

1 shall not be conducted for that trustee and the board shall
2 declare such nominee duly elected. A vacancy occurring in the
3 elective membership of the board shall be filled for the
4 unexpired term by the elected trustees serving on the board for
5 the remainder of the term.

6 (f) A vacancy on the board of trustees caused by
7 resignation, death, expiration of term of office, or other
8 reason shall be filled by a qualified person appointed by the
9 Governor for the remainder of the unexpired term.

10 (g) Trustees (other than the trustees incumbent on June 30,
11 1995 or as provided in subsection (c) of this Section) shall
12 continue in office until their respective successors are
13 appointed and have qualified, except that a trustee appointed
14 to one of the participant positions shall be disqualified
15 immediately upon the termination of his or her status as a
16 participant and a trustee appointed to one of the annuitant
17 positions shall be disqualified immediately upon the
18 termination of his or her status as an annuitant receiving a
19 retirement annuity.

20 (h) Each trustee must take an oath of office before a
21 notary public of this State and shall qualify as a trustee upon
22 the presentation to the board of a certified copy of the oath.
23 The oath must state that the person will diligently and
24 honestly administer the affairs of the retirement system, and
25 will not knowingly violate or wilfully permit to be violated
26 any provisions of this Article.

1 Each trustee shall serve without compensation but shall be
2 reimbursed for expenses necessarily incurred in attending
3 board meetings and carrying out his or her duties as a trustee
4 or officer of the system.

5 (i) This amendatory Act of 1995 is intended to supersede
6 the changes made to this Section by Public Act 89-4.

7 (Source: P.A. 96-6, eff. 4-3-09; 96-1000, eff. 7-2-10.)

8 (40 ILCS 5/15-163) (from Ch. 108 1/2, par. 15-163)

9 Sec. 15-163. To consider applications and authorize
10 payments.

11 To consider and pass on all certifications of employment
12 and applications for annuities and benefits; to authorize the
13 granting of annuities and benefits; and to limit or suspend any
14 payment or payments, all in accordance with this Article.

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

16 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

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

1 fiscal year and the projected State cost for the self-managed
2 plan for that fiscal year.

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

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

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

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

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

15 (b) The Board shall certify to the State Comptroller or
16 employer, as the case may be, from time to time, by its
17 president and secretary, with its seal attached, the amounts
18 payable to the System from the various funds.

19 (c) Beginning in State fiscal year 1996, on or as soon as
20 possible after the 15th day of each month the Board shall
21 submit vouchers for payment of State contributions to the
22 System, in a total monthly amount of one-twelfth of the
23 required annual State contribution certified under subsection
24 (a). From the effective date of this amendatory Act of the 93rd
25 General Assembly through June 30, 2004, the Board shall not
26 submit vouchers for the remainder of fiscal year 2004 in excess

1 of the fiscal year 2004 certified contribution amount
2 determined under this Section after taking into consideration
3 the transfer to the System under subsection (b) of Section
4 6z-61 of the State Finance Act. These vouchers shall be paid by
5 the State Comptroller and Treasurer by warrants drawn on the
6 funds appropriated to the System for that fiscal year.

7 If in any month the amount remaining unexpended from all
8 other appropriations to the System for the applicable fiscal
9 year (including the appropriations to the System under Section
10 8.12 of the State Finance Act and Section 1 of the State
11 Pension Funds Continuing Appropriation Act) is less than the
12 amount lawfully vouchered under this Section, the difference
13 shall be paid from the General Revenue Fund under the
14 continuing appropriation authority provided in Section 1.1 of
15 the State Pension Funds Continuing Appropriation Act.

16 (d) So long as the payments received are the full amount
17 lawfully vouchered under this Section, payments received by the
18 System under this Section shall be applied first toward the
19 employer contribution to the self-managed plan established
20 under Section 15-158.2. Payments shall be applied second toward
21 the employer's portion of the normal costs of the System, as
22 defined in subsection (f) of Section 15-155. The balance shall
23 be applied toward the unfunded actuarial liabilities of the
24 System.

25 (e) In the event that the System does not receive, as a
26 result of legislative enactment or otherwise, payments

1 sufficient to fully fund the employer contribution to the
2 self-managed plan established under Section 15-158.2 and to
3 fully fund that portion of the employer's portion of the normal
4 costs of the System, as calculated in accordance with Section
5 15-155(a-1), then any payments received shall be applied
6 proportionately to the optional retirement program established
7 under Section 15-158.2 and to the employer's portion of the
8 normal costs of the System, as calculated in accordance with
9 Section 15-155(a-1).

10 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11.)

11 (40 ILCS 5/15-198)

12 Sec. 15-198. Application and expiration of new benefit
13 increases.

14 (a) As used in this Section, "new benefit increase" means
15 an increase in the amount of any benefit provided under this
16 Article, or an expansion of the conditions of eligibility for
17 any benefit under this Article or Article 1, that results from
18 an amendment to this Code that takes effect after the effective
19 date of this amendatory Act of the 94th General Assembly. "New
20 benefit increase", however, does not include any benefit
21 increase resulting from the changes made to this Article or
22 Article 1 by this amendatory Act of the 97th General Assembly.

23 (b) Notwithstanding any other provision of this Code or any
24 subsequent amendment to this Code, every new benefit increase
25 is subject to this Section and shall be deemed to be granted

1 only in conformance with and contingent upon compliance with
2 the provisions of this Section.

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

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

23 (d) Every new benefit increase shall expire 5 years after
24 its effective date or on such earlier date as may be specified
25 in the language enacting the new benefit increase or provided
26 under subsection (c). This does not prevent the General

1 Assembly from extending or re-creating a new benefit increase
2 by law.

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

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

14 (40 ILCS 5/16-106) (from Ch. 108 1/2, par. 16-106)

15 Sec. 16-106. Teacher. "Teacher": The following
16 individuals, provided that, for employment prior to July 1,
17 1990, they are employed on a full-time basis, or if not
18 full-time, on a permanent and continuous basis in a position in
19 which services are expected to be rendered for at least one
20 school term:

21 (1) Any educational, administrative, professional or
22 other staff employed in the public common schools included
23 within this system in a position requiring certification
24 under the law governing the certification of teachers;

25 (2) Any educational, administrative, professional or

1 other staff employed in any facility of the Department of
2 Children and Family Services or the Department of Human
3 Services, in a position requiring certification under the
4 law governing the certification of teachers, and any person
5 who (i) works in such a position for the Department of
6 Corrections, (ii) was a member of this System on May 31,
7 1987, and (iii) did not elect to become a member of the
8 State Employees' Retirement System pursuant to Section
9 14-108.2 of this Code; except that "teacher" does not
10 include any person who (A) becomes a security employee of
11 the Department of Human Services, as defined in Section
12 14-110, after June 28, 2001 (the effective date of Public
13 Act 92-14), or (B) becomes a member of the State Employees'
14 Retirement System pursuant to Section 14-108.2c of this
15 Code;

16 (3) Any regional superintendent of schools, assistant
17 regional superintendent of schools, State Superintendent
18 of Education; any person employed by the State Board of
19 Education as an executive; any executive of the boards
20 engaged in the service of public common school education in
21 school districts covered under this system of which the
22 State Superintendent of Education is an ex-officio member;

23 (4) Any employee of a school board association
24 operating in compliance with Article 23 of the School Code
25 who is certificated under the law governing the
26 certification of teachers, provided that he or she becomes

1 such an employee before the effective date of this
2 amendatory Act of the 97th General Assembly;

3 (5) Any person employed by the retirement system who:

4 (i) was an employee of and a participant in the
5 system on August 17, 2001 (the effective date of Public
6 Act 92-416), or

7 (ii) becomes an employee of the system on or after
8 August 17, 2001;

9 (6) Any educational, administrative, professional or
10 other staff employed by and under the supervision and
11 control of a regional superintendent of schools, provided
12 such employment position requires the person to be
13 certificated under the law governing the certification of
14 teachers and is in an educational program serving 2 or more
15 districts in accordance with a joint agreement authorized
16 by the School Code or by federal legislation;

17 (7) Any educational, administrative, professional or
18 other staff employed in an educational program serving 2 or
19 more school districts in accordance with a joint agreement
20 authorized by the School Code or by federal legislation and
21 in a position requiring certification under the laws
22 governing the certification of teachers;

23 (8) Any officer or employee of a statewide teacher
24 organization or officer of a national teacher organization
25 who is certified under the law governing certification of
26 teachers, provided: (i) the individual had previously

1 established creditable service under this Article, (ii)
2 the individual files with the system an irrevocable
3 election to become a member before the effective date of
4 this amendatory Act of the 97th General Assembly, (iii) the
5 individual does not receive credit for such service under
6 any other Article of this Code, and (iv) the individual
7 first became an officer or employee of the teacher
8 organization and becomes a member before the effective date
9 of this amendatory Act of the 97th General Assembly;

10 (9) Any educational, administrative, professional, or
11 other staff employed in a charter school operating in
12 compliance with the Charter Schools Law who is certificated
13 under the law governing the certification of teachers.

14 (10) Any person employed, on the effective date of this
15 amendatory Act of the 94th General Assembly, by the
16 Macon-Piatt Regional Office of Education in a
17 birth-through-age-three pilot program receiving funds
18 under Section 2-389 of the School Code who is required by
19 the Macon-Piatt Regional Office of Education to hold a
20 teaching certificate, provided that the Macon-Piatt
21 Regional Office of Education makes an election, within 6
22 months after the effective date of this amendatory Act of
23 the 94th General Assembly, to have the person participate
24 in the system. Any service established prior to the
25 effective date of this amendatory Act of the 94th General
26 Assembly for service as an employee of the Macon-Piatt

1 Regional Office of Education in a birth-through-age-three
2 pilot program receiving funds under Section 2-389 of the
3 School Code shall be considered service as a teacher if
4 employee and employer contributions have been received by
5 the system and the system has not refunded those
6 contributions.

7 An annuitant receiving a retirement annuity under this
8 Article or under Article 17 of this Code who is employed by a
9 board of education or other employer as permitted under Section
10 16-118 or 16-150.1 is not a "teacher" for purposes of this
11 Article. A person who has received a single-sum retirement
12 benefit under Section 16-136.4 of this Article is not a
13 "teacher" for purposes of this Article.

14 (Source: P.A. 97-651, eff. 1-5-12.)

15 (40 ILCS 5/16-106.4 new)

16 Sec. 16-106.4. Tier I employee. "Tier I employee": A
17 teacher under this Article who first became a member or
18 participant before January 1, 2011 under any reciprocal
19 retirement system or pension fund established under this Code
20 other than a retirement system or pension fund established
21 under Article 2, 3, 4, 5, 6, or 18 of this Code.

22 (40 ILCS 5/16-106.5 new)

23 Sec. 16-106.5. Tier I retiree. "Tier I retiree": A former
24 Tier I employee who is receiving a retirement annuity.

1 (40 ILCS 5/16-106.6 new)

2 Sec. 16-106.6. Teacher certification. For purposes of this
3 Article, a teacher shall be deemed to be certificated if he or
4 she is required to be licensed by the Illinois State Board of
5 Education.

6 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

7 Sec. 16-121. Salary. "Salary": The actual compensation
8 received by a teacher during any school year and recognized by
9 the system in accordance with rules of the board. For purposes
10 of this Section, "school year" includes the regular school term
11 plus any additional period for which a teacher is compensated
12 and such compensation is recognized by the rules of the board.
13 Notwithstanding any other provision of this Section, "salary"
14 does not include any future increase in income offered by an
15 employer under this Article pursuant to the requirements of
16 subsection (c) of Section 16-131.7 that is accepted by a Tier I
17 employee, or a Tier I retiree returning to active service, who
18 has made an election under paragraph (2) of subsection (a) or
19 (a-5) of Section 16-131.7.

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

21 (40 ILCS 5/16-121.1 new)

22 Sec. 16-121.1. Future increase in income. "Future increase
23 in income": Any increase in income in any form offered by an

1 employer to a teacher under this Article after June 30, 2013
2 that would qualify as "salary", as defined under Section
3 14-103.10, but for the fact that the employer offered the
4 increase in income to the teacher on the condition that it not
5 qualify as salary and the teacher accepted the increase in
6 income subject to that condition. The term "future increase in
7 income" does not include an increase in income in any form that
8 is paid to a Tier I employee under an employment contract or
9 collective bargaining agreement that is in effect on the
10 effective date of this Section but does include an increase in
11 income in any form pursuant to an extension, amendment, or
12 renewal of any such employment contract or collective
13 bargaining agreement on or after the effective date of this
14 amendatory Act of the 97th General Assembly.

15 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)

16 Sec. 16-127. Computation of creditable service.

17 (a) Each member shall receive regular credit for all
18 service as a teacher from the date membership begins, for which
19 satisfactory evidence is supplied and all contributions have
20 been paid.

21 (b) The following periods of service shall earn optional
22 credit and each member shall receive credit for all such
23 service for which satisfactory evidence is supplied and all
24 contributions have been paid as of the date specified:

25 (1) Prior service as a teacher.

1 (2) Service in a capacity essentially similar or
2 equivalent to that of a teacher, in the public common
3 schools in school districts in this State not included
4 within the provisions of this System, or of any other
5 State, territory, dependency or possession of the United
6 States, or in schools operated by or under the auspices of
7 the United States, or under the auspices of any agency or
8 department of any other State, and service during any
9 period of professional speech correction or special
10 education experience for a public agency within this State
11 or any other State, territory, dependency or possession of
12 the United States, and service prior to February 1, 1951 as
13 a recreation worker for the Illinois Department of Public
14 Safety, for a period not exceeding the lesser of 2/5 of the
15 total creditable service of the member or 10 years. The
16 maximum service of 10 years which is allowable under this
17 paragraph shall be reduced by the service credit which is
18 validated by other retirement systems under paragraph (i)
19 of Section 15-113 and paragraph 1 of Section 17-133. Credit
20 granted under this paragraph may not be used in
21 determination of a retirement annuity or disability
22 benefits unless the member has at least 5 years of
23 creditable service earned subsequent to this employment
24 with one or more of the following systems: Teachers'
25 Retirement System of the State of Illinois, State
26 Universities Retirement System, and the Public School

1 Teachers' Pension and Retirement Fund of Chicago. Whenever
2 such service credit exceeds the maximum allowed for all
3 purposes of this Article, the first service rendered in
4 point of time shall be considered. The changes to this
5 subdivision (b)(2) made by Public Act 86-272 shall apply
6 not only to persons who on or after its effective date
7 (August 23, 1989) are in service as a teacher under the
8 System, but also to persons whose status as such a teacher
9 terminated prior to such effective date, whether or not
10 such person is an annuitant on that date.

11 (3) Any periods immediately following teaching
12 service, under this System or under Article 17, (or
13 immediately following service prior to February 1, 1951 as
14 a recreation worker for the Illinois Department of Public
15 Safety) spent in active service with the military forces of
16 the United States; periods spent in educational programs
17 that prepare for return to teaching sponsored by the
18 federal government following such active military service;
19 if a teacher returns to teaching service within one
20 calendar year after discharge or after the completion of
21 the educational program, a further period, not exceeding
22 one calendar year, between time spent in military service
23 or in such educational programs and the return to
24 employment as a teacher under this System; and a period of
25 up to 2 years of active military service not immediately
26 following employment as a teacher.

1 The changes to this Section and Section 16-128 relating
2 to military service made by P.A. 87-794 shall apply not
3 only to persons who on or after its effective date are in
4 service as a teacher under the System, but also to persons
5 whose status as a teacher terminated prior to that date,
6 whether or not the person is an annuitant on that date. In
7 the case of an annuitant who applies for credit allowable
8 under this Section for a period of military service that
9 did not immediately follow employment, and who has made the
10 required contributions for such credit, the annuity shall
11 be recalculated to include the additional service credit,
12 with the increase taking effect on the date the System
13 received written notification of the annuitant's intent to
14 purchase the credit, if payment of all the required
15 contributions is made within 60 days of such notice, or
16 else on the first annuity payment date following the date
17 of payment of the required contributions. In calculating
18 the automatic annual increase for an annuity that has been
19 recalculated under this Section, the increase attributable
20 to the additional service allowable under P.A. 87-794 shall
21 be included in the calculation of automatic annual
22 increases accruing after the effective date of the
23 recalculation.

24 Credit for military service shall be determined as
25 follows: if entry occurs during the months of July, August,
26 or September and the member was a teacher at the end of the

1 immediately preceding school term, credit shall be granted
2 from July 1 of the year in which he or she entered service;
3 if entry occurs during the school term and the teacher was
4 in teaching service at the beginning of the school term,
5 credit shall be granted from July 1 of such year. In all
6 other cases where credit for military service is allowed,
7 credit shall be granted from the date of entry into the
8 service.

9 The total period of military service for which credit
10 is granted shall not exceed 5 years for any member unless
11 the service: (A) is validated before July 1, 1964, and (B)
12 does not extend beyond July 1, 1963. Credit for military
13 service shall be granted under this Section only if not
14 more than 5 years of the military service for which credit
15 is granted under this Section is used by the member to
16 qualify for a military retirement allotment from any branch
17 of the armed forces of the United States. The changes to
18 this subdivision (b)(3) made by Public Act 86-272 shall
19 apply not only to persons who on or after its effective
20 date (August 23, 1989) are in service as a teacher under
21 the System, but also to persons whose status as such a
22 teacher terminated prior to such effective date, whether or
23 not such person is an annuitant on that date.

24 (4) Any periods served as a member of the General
25 Assembly.

26 (5) (i) Any periods for which a teacher, as defined in

1 Section 16-106, is granted a leave of absence, provided he
2 or she returns to teaching service creditable under this
3 System or the State Universities Retirement System
4 following the leave; (ii) periods during which a teacher is
5 involuntarily laid off from teaching, provided he or she
6 returns to teaching following the lay-off; (iii) periods
7 prior to July 1, 1983 during which a teacher ceased covered
8 employment due to pregnancy, provided that the teacher
9 returned to teaching service creditable under this System
10 or the State Universities Retirement System following the
11 pregnancy and submits evidence satisfactory to the Board
12 documenting that the employment ceased due to pregnancy;
13 and (iv) periods prior to July 1, 1983 during which a
14 teacher ceased covered employment for the purpose of
15 adopting an infant under 3 years of age or caring for a
16 newly adopted infant under 3 years of age, provided that
17 the teacher returned to teaching service creditable under
18 this System or the State Universities Retirement System
19 following the adoption and submits evidence satisfactory
20 to the Board documenting that the employment ceased for the
21 purpose of adopting an infant under 3 years of age or
22 caring for a newly adopted infant under 3 years of age.
23 However, total credit under this paragraph (5) may not
24 exceed 3 years.

25 Any qualified member or annuitant may apply for credit
26 under item (iii) or (iv) of this paragraph (5) without

1 regard to whether service was terminated before the
2 effective date of this amendatory Act of 1997. In the case
3 of an annuitant who establishes credit under item (iii) or
4 (iv), the annuity shall be recalculated to include the
5 additional service credit. The increase in annuity shall
6 take effect on the date the System receives written
7 notification of the annuitant's intent to purchase the
8 credit, if the required evidence is submitted and the
9 required contribution paid within 60 days of that
10 notification, otherwise on the first annuity payment date
11 following the System's receipt of the required evidence and
12 contribution. The increase in an annuity recalculated
13 under this provision shall be included in the calculation
14 of automatic annual increases in the annuity accruing after
15 the effective date of the recalculation.

16 Optional credit may be purchased under this subsection
17 (b) (5) for periods during which a teacher has been granted
18 a leave of absence pursuant to Section 24-13 of the School
19 Code. A teacher whose service under this Article terminated
20 prior to the effective date of P.A. 86-1488 shall be
21 eligible to purchase such optional credit. If a teacher who
22 purchases this optional credit is already receiving a
23 retirement annuity under this Article, the annuity shall be
24 recalculated as if the annuitant had applied for the leave
25 of absence credit at the time of retirement. The difference
26 between the entitled annuity and the actual annuity shall

1 be credited to the purchase of the optional credit. The
2 remainder of the purchase cost of the optional credit shall
3 be paid on or before April 1, 1992.

4 The change in this paragraph made by Public Act 86-273
5 shall be applicable to teachers who retire after June 1,
6 1989, as well as to teachers who are in service on that
7 date.

8 (6) Any days of unused and uncompensated accumulated
9 sick leave earned by a teacher who first became a
10 participant in the System before the effective date of this
11 amendatory Act of the 97th General Assembly. The service
12 credit granted under this paragraph shall be the ratio of
13 the number of unused and uncompensated accumulated sick
14 leave days to 170 days, subject to a maximum of 2 years of
15 service credit. Prior to the member's retirement, each
16 former employer shall certify to the System the number of
17 unused and uncompensated accumulated sick leave days
18 credited to the member at the time of termination of
19 service. The period of unused sick leave shall not be
20 considered in determining the effective date of
21 retirement. A member is not required to make contributions
22 in order to obtain service credit for unused sick leave.

23 Credit for sick leave shall, at retirement, be granted
24 by the System for any retiring regional or assistant
25 regional superintendent of schools who first became a
26 participant in this System before the effective date of

1 this amendatory Act of the 97th General Assembly at the
2 rate of 6 days per year of creditable service or portion
3 thereof established while serving as such superintendent
4 or assistant superintendent.

5 Service credit is not available for unused sick leave
6 accumulated by a teacher who first becomes a participant in
7 this System on or after the effective date of this amendatory
8 Act of the 97th General Assembly.

9 (7) Periods prior to February 1, 1987 served as an
10 employee of the Illinois Mathematics and Science Academy
11 for which credit has not been terminated under Section
12 15-113.9 of this Code.

13 (8) Service as a substitute teacher for work performed
14 prior to July 1, 1990.

15 (9) Service as a part-time teacher for work performed
16 prior to July 1, 1990.

17 (10) Up to 2 years of employment with Southern Illinois
18 University - Carbondale from September 1, 1959 to August
19 31, 1961, or with Governors State University from September
20 1, 1972 to August 31, 1974, for which the teacher has no
21 credit under Article 15. To receive credit under this item
22 (10), a teacher must apply in writing to the Board and pay
23 the required contributions before May 1, 1993 and have at
24 least 12 years of service credit under this Article.

25 (b-1) A member may establish optional credit for up to 2
26 years of service as a teacher or administrator employed by a

1 private school recognized by the Illinois State Board of
2 Education, provided that the teacher (i) was certified under
3 the law governing the certification of teachers at the time the
4 service was rendered, (ii) applies in writing on or after
5 August 1, 2009 and on or before August 1, 2012, (iii) supplies
6 satisfactory evidence of the employment, (iv) completes at
7 least 10 years of contributing service as a teacher as defined
8 in Section 16-106, and (v) pays the contribution required in
9 subsection (d-5) of Section 16-128. The member may apply for
10 credit under this subsection and pay the required contribution
11 before completing the 10 years of contributing service required
12 under item (iv), but the credit may not be used until the item
13 (iv) contributing service requirement has been met.

14 (c) The service credits specified in this Section shall be
15 granted only if: (1) such service credits are not used for
16 credit in any other statutory tax-supported public employee
17 retirement system other than the federal Social Security
18 program; and (2) the member makes the required contributions as
19 specified in Section 16-128. Except as provided in subsection
20 (b-1) of this Section, the service credit shall be effective as
21 of the date the required contributions are completed.

22 Any service credits granted under this Section shall
23 terminate upon cessation of membership for any cause.

24 Credit may not be granted under this Section covering any
25 period for which an age retirement or disability retirement
26 allowance has been paid.

1 (Source: P.A. 96-546, eff. 8-17-09.)

2 (40 ILCS 5/16-131.7 new)

3 Sec. 16-131.7. Election by Tier I employees and Tier I
4 retirees.

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

7 (1) to agree to the following:

8 (i) to have the amount of the automatic annual
9 increases in his or her retirement annuity that are
10 otherwise provided for in this Article calculated,
11 instead, as provided in subsection (a-1) of Section
12 16-133.1 or subsection (b-1) of Section 16-136.1,
13 whichever is applicable; and

14 (ii) to have his or her eligibility for automatic
15 annual increases in retirement annuity postponed as
16 provided in subsection (a-2) of Section 16-133.1 or
17 subsection (b-2) of Section 16-136.1, whichever is
18 applicable; or

19 (2) to not agree to items (i) and (ii) as set forth in
20 paragraph (1) of this subsection and to be subject to
21 subsection (c) of this Section.

22 The election required under this subsection (a) shall be
23 made by each Tier I employee no earlier than January 1, 2013
24 and no later than May 31, 2013, except that:

25 (i) a person who becomes a Tier I employee under this

1 Article after January 1, 2013 must make the election under
2 this subsection (a) within 60 days after becoming a Tier I
3 employee;

4 (ii) a person who returns to active service as a Tier I
5 employee under this Article after January 1, 2013 and has
6 not yet made an election under this Section must make the
7 election under this subsection (a) within 60 days after
8 returning to active service as a Tier I employee; and

9 (iii) a person who made the election under subsection
10 (a-5) as a Tier I retiree remains bound by that election
11 and shall not make a later election under this subsection
12 (a).

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

17 (a-5) Each Tier I retiree shall make an irrevocable
18 election either:

19 (1) to agree to the following:

20 (i) to have the amount of the automatic annual
21 increases in his or her retirement annuity that are
22 otherwise provided for in this Article calculated,
23 instead, as provided in subsection (a-1) of Section
24 16-133.1 or subsection (b-1) of Section 16-136.1,
25 whichever is applicable; and

26 (ii) to have his or her eligibility for automatic

1 annual increases in retirement annuity postponed as
2 provided in subsection (a-2) of Section 16-133.1 or
3 subsection (b-2) of Section 16-136.1, whichever is
4 applicable; or

5 (2) to not agree to items (i) and (ii) as set forth in
6 paragraph (1) of this subsection and to be subject to
7 subsection (c) of this Section.

8 The election required under this subsection (a-5) shall be
9 made by each Tier I retiree no earlier than January 1, 2013 and
10 no later than May 31, 2013, except that:

11 (i) a person who becomes a Tier I retiree under this
12 Article on or after January 1, 2013 must make the election
13 under this subsection (a-5) within 60 days after becoming a
14 Tier I retiree; and

15 (ii) a person who made the election under subsection
16 (a) as a Tier I employee remains bound by that election and
17 shall not make a later election under this subsection
18 (a-5).

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

23 (a-10) All elections under subsection (a) or (a-5) that are
24 made or deemed to be made before June 1, 2013 shall take effect
25 on July 1, 2013. Elections that are made or deemed to be made
26 on or after June 1, 2013 shall take effect on the first day of

1 the month following the month in which the election is made or
2 deemed to be made.

3 (b) As adequate and legal consideration provided under this
4 amendatory Act of the 97th General Assembly for making the
5 election under paragraph (1) of subsection (a) of this Section,
6 any future increases in income offered by an employer under
7 this Article to a Tier I employee who has made the election
8 under paragraph (1) of subsection (a) of this Section shall be
9 offered expressly and irrevocably as constituting salary under
10 Section 16-121. In addition, a Tier I employee who has made the
11 election under paragraph (1) of subsection (a) of this Section
12 shall receive the right to also participate in the optional
13 cash balance plan established under Section 1-162.

14 As adequate and legal consideration provided under this
15 amendatory Act of the 97th General Assembly for making the
16 election under paragraph (1) of subsection (a-5) of this
17 Section, any future increases in income offered by an employer
18 under this Article to a Tier I retiree who returns to active
19 service after having made the election under paragraph (1) of
20 subsection (a-5) of this Section shall be offered expressly and
21 irrevocably as constituting salary under Section 16-121. In
22 addition, a Tier I retiree who returns to active service and
23 has made the election under paragraph (1) of subsection (a) of
24 this Section shall receive the right to also participate in the
25 optional cash balance plan established under Section 1-162.

26 (c) A Tier I employee who makes the election under

1 paragraph (2) of subsection (a) of this Section shall not be
2 subject to items (i) and (ii) set forth in paragraph (1) of
3 subsection (a) of this Section. However, any future increases
4 in income offered by an employer under this Article to a Tier I
5 employee who has made the election under paragraph (2) of
6 subsection (a) of this Section shall be offered expressly and
7 irrevocably as not constituting salary under Section 16-121,
8 and the employee may not accept any future increase in income
9 that is offered in violation of this requirement. In addition,
10 a Tier I employee who has made the election under paragraph (2)
11 of subsection (a) of this Section shall not receive the right
12 to participate in the optional cash balance plan established
13 under Section 1-162.

14 A Tier I retiree who makes the election under paragraph (2)
15 of subsection (a-5) of this Section shall not be subject to
16 items (i) and (ii) set forth in paragraph (1) of subsection
17 (a-5) of this Section. However, any future increases in income
18 offered by an employer under this Article to a Tier I retiree
19 who returns to active service and has made the election under
20 paragraph (2) of subsection (a-5) of this Section shall be
21 offered expressly and irrevocably as not constituting salary
22 under Section 16-121, and the employee may not accept any
23 future increase in income that is offered in violation of this
24 requirement. In addition, a Tier I retiree who returns to
25 active service and has made the election under paragraph (2) of
26 subsection (a) of this Section shall not receive the right to

1 participate in the optional cash balance plan established under
2 Section 1-162.

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

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

1 or tax circumstances of or consequences to the Tier I employee
2 or Tier I retiree.

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

10 In no event shall the System, its staff, or the Board be
11 held liable for any information given to a member, beneficiary,
12 or annuitant regarding the elections under this Section.

13 (e) Notwithstanding any other provision of law, an employer
14 under this Article is required to offer any future increases in
15 income expressly and irrevocably as not constituting "salary"
16 under Section 16-121 to any Tier I employee, or Tier I retiree
17 returning to active service, who has made an election under
18 paragraph (2) or subsection (a) or (a-5) of Section 16-131.7. A
19 Tier I employee, or Tier I retiree returning to active service,
20 who has made an election under paragraph (2) or subsection (a)
21 or (a-5) of Section 16-131.7 shall not accept any future
22 increase in income that is offered by an employer under this
23 Article in violation of the requirement set forth in this
24 subsection.

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

1 of this Code.

2 (g) An employee who has made the election under paragraph
3 (1) of subsection (a) or (a-5) of this Section may elect to
4 participate in the optional cash balance plan under Section
5 1-162.

6 The election to participate in the optional cash balance
7 plan shall be made in writing, in the manner provided by the
8 applicable retirement system.

9 (h) Qualified Plan Status. No provision of this Section
10 shall be interpreted in a way that would cause the System to
11 cease to be a qualified plan under section 461 (a) of the
12 Internal Revenue Code of 1986.

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

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

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

20 An annuitant shall first be entitled to an initial increase
21 under this Section on the January 1 next following the first
22 anniversary of retirement, or January 1 of the year next
23 following attainment of age 61, whichever is later. At such
24 time, the system shall pay an initial increase determined as
25 follows or as provided in subsections (a-1) and (a-2):

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

5 (2) 2% of the originally granted annuity multiplied by
6 the number of years elapsed, if any, from the date of
7 retirement or January 1, 1972, whichever is later, until
8 January 1, 1978, plus

9 (3) 3% of the originally granted annuity multiplied by
10 the number of years elapsed from the date of retirement or
11 January 1, 1978, whichever is later, until the effective
12 date of the initial increase.

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

19 Following the initial increase, automatic annual increases
20 in annuity shall be payable on each January 1 thereafter during
21 the lifetime of the annuitant, determined as a percentage of
22 the originally granted retirement annuity or disability
23 retirement annuity for increases granted prior to January 1,
24 1990, and calculated as a percentage of the total amount of
25 annuity, including previous increases under this Section, for
26 increases granted on or after January 1, 1990, as follows: 1.5%

1 for periods prior to January 1, 1972, 2% for periods after
2 December 31, 1971 and prior to January 1, 1978, and 3% for
3 periods after December 31, 1977, or as provided in subsections
4 (a-1) and (a-2).

5 (a-1) Notwithstanding any other provision of this Article,
6 for a Tier I employee or Tier I retiree who made the election
7 under paragraph (1) of either subsection (a) or (a-5) of
8 Section 16-131.7, the amount of each automatic annual increase
9 in retirement annuity occurring on or after the effective date
10 of that election shall be 3% or one-half of the annual
11 unadjusted percentage increase, if any, in the Consumer Price
12 Index-U for the 12 months ending with the preceding September,
13 whichever is less, of the originally granted retirement
14 annuity. For the purposes of this Section, "Consumer Price
15 Index-U" means the index published by the Bureau of Labor
16 Statistics of the United States Department of Labor that
17 measures the average change in prices of goods and services
18 purchased by all urban consumers, United States city average,
19 all items, 1982-84 = 100.

20 (a-2) Notwithstanding any other provision of this Article,
21 for a Tier I employee or Tier I retiree who made the election
22 under paragraph (1) of subsection (a) or (a-5) of Section
23 16-131.7, the monthly retirement annuity shall first be subject
24 to annual increases on the January 1 occurring on or next after
25 the attainment of age 67 or the January 1 occurring on or next
26 after the fifth anniversary of the annuity start date,

1 whichever occurs earlier. If on the effective date of the
2 election under paragraph (1) of subsection (a-5) of Section
3 16-131.7 a Tier I retiree has already received an annual
4 increase under this Section but does not yet meet the new
5 eligibility requirements of this subsection, the annual
6 increases already received shall continue in force, but no
7 additional annual increase shall be granted until the Tier I
8 retiree meets the new eligibility requirements.

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

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

22 (d) An annuitant receiving a retirement annuity or
23 disability retirement annuity on July 1, 1969, who subsequently
24 re-enters service as a teacher is eligible for the automatic
25 annual increases in annuity provided under this Section if he
26 or she renders at least one year of creditable service

1 following the latest re-entry.

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

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

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

19 (40 ILCS 5/16-133.6 new)

20 Sec. 16-133.6. Optional teacher early retirement without
21 discount. A Tier I employee or Tier I retiree who makes an
22 election under paragraph (1) of subsection (a) or (a-5) of
23 Section 16-131.7, retires on or after July 1, 2013, and applies
24 for a retirement annuity within 6 months of the last day of
25 teaching for which retirement contributions were required may

1 elect, at the time of application for a retirement annuity, to
2 make a one-time member contribution to the System and, thereby,
3 avoid the reduction in the retirement annuity for retirement
4 before age 60 specified in paragraph (B) of Section 16-133. The
5 exercise of the election shall also obligate the last employer
6 to make a one-time nonrefundable contribution to the System.
7 Substitute teachers wishing to exercise this election must
8 teach 85 or more days in one school term with one employer, who
9 shall be deemed the last employer for purposes of this Section.
10 The last day of teaching with that employer must be within 6
11 months of the date of application for retirement. All
12 substitute teaching credit applied toward the required 85 days
13 must be earned after June 30, 1990.

14 The one-time member and employer contributions shall be a
15 percentage of the cost of this benefit as determined by the
16 System. However, when determining the one-time member and
17 employer contributions, that part of a member's salary with the
18 same employer which exceeds the annual salary rate for the
19 preceding year by more than 20% shall be excluded. The member
20 contribution shall be at the rate of 50% of the cost of the
21 benefits as determined by the System. The employer contribution
22 shall be at the rate of 50% of the cost of the benefits as
23 determined by the System.

24 Upon receipt of the application and election, the System
25 shall determine the one-time employee and employer
26 contributions required. The member contribution shall be

1 credited to the individual account of the member and the
2 employer contribution shall be credited to the Benefit Trust
3 Reserve. The avoidance of the reduction in retirement annuity
4 provided under this Section is not applicable until the
5 member's contribution, if any, has been received by the System;
6 however, the date that contribution is received shall not be
7 considered in determining the effective date of retirement.

8 The number of members working for a single employer who may
9 retire under this Section in any year may be limited at the
10 option of the employer to a specified percentage of those
11 eligible, not less than 10%, with the right to participate to
12 be allocated among those applying on the basis of seniority in
13 the service of the employer.

14 The required employer contribution under this Section
15 shall be enforceable under Section 16-158.1.

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

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

18 (a) Any annuitant receiving a retirement annuity on June
19 30, 1969 and any member retiring after June 30, 1969 shall be
20 eligible for the annual increases provided under this Section
21 provided the annuitant is ineligible for the automatic annual
22 increase in annuity provided under Section 16-133.1, and
23 provided further that (1) retirement occurred at age 55 or over
24 and was based on 5 or more years of creditable service or (2)
25 if retirement occurred prior to age 55, the retirement annuity

1 was based on 20 or more years of creditable service.

2 (b) Subject to the provisions of subsections (b-1) and
3 (b-2), an ~~An~~ annuitant entitled to increases under this Section

4 shall be entitled to the initial increase as of the later of:

5 (1) January 1 following attainment of age 65, (2) January 1
6 following the first anniversary of retirement, or (3) the first

7 day of the month following receipt of the required qualifying

8 contribution from the annuitant. The initial monthly increase

9 shall be computed on the basis of the period elapsed between

10 the later of the date of last retirement or attainment of age

11 50 and the date of qualification for the initial increase, at

12 the rate of 1 1/2% of the original monthly retirement annuity

13 per year for periods prior to September 1, 1971, and at the

14 rate of 2% per year for periods between September 1, 1971 and

15 September 1, 1978, and at the rate of 3% per year for periods

16 thereafter.

17 Subject to the provisions of subsections (b-1) and (b-2),

18 an ~~An~~ annuitant who has received an initial increase under this

19 Section, shall be entitled, on each January 1 following the

20 granting of the initial increase, to an increase of 3% of the

21 original monthly retirement annuity for increases granted

22 prior to January 1, 1990, and equal to 3% of the total annuity,

23 including previous increases under this Section, for increases

24 granted on or after January 1, 1990. The original monthly

25 retirement annuity for computations under this subsection (b)

26 shall be considered to be \$83.34 for any annuitant entitled to

1 benefits under Section 16-134. The minimum original disability
2 retirement annuity for computations under this subsection (b)
3 shall be considered to be \$33.34 per month for any annuitant
4 retired on account of disability.

5 (b-1) Notwithstanding any other provision of this Article,
6 for a Tier I employee or Tier I retiree who made the election
7 under paragraph (1) of either subsection (a) or (a-5) of
8 Section 16-131.7, the amount of each automatic annual increase
9 in retirement annuity occurring on or after the effective date
10 of that election shall be 3% or one-half of the annual
11 unadjusted percentage increase, if any, in the Consumer Price
12 Index-U for the 12 months ending with the preceding September,
13 whichever is less, of the originally granted retirement
14 annuity. For the purposes of this Section, "Consumer Price
15 Index-U" means the index published by the Bureau of Labor
16 Statistics of the United States Department of Labor that
17 measures the average change in prices of goods and services
18 purchased by all urban consumers, United States city average,
19 all items, 1982-84 = 100.

20 (b-2) Notwithstanding any other provision of this Article,
21 for a Tier I employee or Tier I retiree who made the election
22 under paragraph (1) of subsection (a) or (a-5) of Section
23 16-131.7, the monthly retirement annuity shall first be subject
24 to annual increases on the January 1 occurring on or next after
25 the attainment of age 67 or the January 1 occurring on or next
26 after the fifth anniversary of the annuity start date,

1 whichever occurs earlier. If on the effective date of the
2 election under paragraph (1) of subsection (a-5) of Section
3 16-131.7 a Tier I retiree has already received an annual
4 increase under this Section but does not yet meet the new
5 eligibility requirements of this subsection, the annual
6 increases already received shall continue in force, but no
7 additional annual increase shall be granted until the Tier I
8 retiree meets the new eligibility requirements.

9 (c) An annuitant who otherwise qualifies for annual
10 increases under this Section must make a one-time payment of 1%
11 of the monthly final average salary for each full year of the
12 creditable service forming the basis of the retirement annuity
13 or, if the retirement annuity was not computed using final
14 average salary, 1% of the original monthly retirement annuity
15 for each full year of service forming the basis of the
16 retirement annuity.

17 (d) In addition to other increases which may be provided by
18 this Section, regardless of creditable service, annuitants not
19 meeting the service requirements of Section 16-133.1 and whose
20 retirement annuity began on or before January 1, 1971 shall
21 receive, on January 1, 1981, an increase in the retirement
22 annuity then being paid of one dollar per month for each year
23 of creditable service forming the basis of the retirement
24 allowance. On January 1, 1982, annuitants whose retirement
25 annuity began on or before January 1, 1977, shall receive an
26 increase in the retirement annuity then being paid of one

1 dollar per month for each year of creditable service.

2 On January 1, 1987, any annuitant whose retirement annuity
3 began on or before January 1, 1977, shall receive an increase
4 in the monthly retirement annuity equal to 8¢ per year of
5 creditable service times the number of years that have elapsed
6 since the annuity began.

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

8 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

9 Sec. 16-152. Contributions by members.

10 (a) Each member shall make contributions for membership
11 service to this System as follows:

12 (1) Effective July 1, 1998, contributions of 7.50% of
13 salary towards the cost of the retirement annuity. Such
14 contributions shall be deemed "normal contributions".

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

18 (3) Effective July 24, 1959, contributions of 1% of
19 salary towards the cost of survivor benefits. Such
20 contributions shall not be credited to the individual
21 account of the member and shall not be subject to refund
22 except as provided under Section 16-143.2.

23 (4) Effective July 1, 2005, contributions of 0.40% of
24 salary toward the cost of the early retirement without
25 discount option provided under Section 16-133.2. This

1 contribution shall cease upon termination of the early
2 retirement without discount option as provided in Section
3 16-176.

4 (a-1) In addition to the contributions required under
5 subsection (a), a member who elects to participate in the
6 optional cash balance plan under Section 1-162 shall pay to the
7 System for the purpose of participating in the optional cash
8 balance plan a contribution of 2% of each payment of
9 compensation received while he or she is a participant in the
10 optional cash balance plan. These contributions shall not be
11 used for the purpose of determining any benefit under this
12 Article except as provided in the optional cash balance plan.

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

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

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

1 (e) A member's contributions toward the cost of early
2 retirement without discount made under item (a)(4) of this
3 Section shall not be refunded if the member has elected early
4 retirement without discount under Section 16-133.2 and has
5 begun to receive a retirement annuity under this Article
6 calculated in accordance with that election. Otherwise, a
7 member's contributions toward the cost of early retirement
8 without discount made under item (a)(4) of this Section shall
9 be refunded according to whichever one of the following
10 circumstances occurs first:

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

15 (2) The contributions shall be included, without
16 interest, in any refund claimed by the member under Section
17 16-151.

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

23 (4) The contributions shall be refunded to the member,
24 without interest, within 120 days after the early
25 retirement without discount option provided under Section
26 16-133.2 is terminated under Section 16-176.

1 (Source: P.A. 93-320, eff. 7-23-03; 94-4, eff. 6-1-05.)

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

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

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

13 Beginning with State fiscal year 2014, the employers under
14 this Article shall be responsible for paying the normal costs
15 of the System plus the amounts required to amortize any total
16 cost of the benefits of the System arising on or after July 1,
17 2013.

18 Beginning with State fiscal year 2014, the State's required
19 contributions to the System shall be limited to the amounts
20 required to amortize the total cost of the benefits of the
21 System arising before July 1, 2013, plus any employer
22 contributions required from the State as the actual employer of
23 participants under this Article.

24 The Board shall determine the amount of State and employer
25 contributions required for each fiscal year on the basis of the

1 actuarial tables and other assumptions adopted by the Board and
2 the recommendations of the actuary, using the formulas provided
3 in this Section ~~formula in subsection (b-3)~~.

4 (a-1) Annually, on or before November 15 until November 15,
5 2011, the Board shall certify to the Governor the amount of the
6 required State contribution for the coming fiscal year. The
7 certification under this subsection (a-1) shall include a copy
8 of the actuarial recommendations upon which it is based and
9 shall specifically identify the System's projected State
10 normal cost for that fiscal year.

11 On or before May 1, 2004, the Board shall recalculate and
12 recertify to the Governor the amount of the required State
13 contribution to the System for State fiscal year 2005, taking
14 into account the amounts appropriated to and received by the
15 System under subsection (d) of Section 7.2 of the General
16 Obligation Bond Act.

17 On or before July 1, 2005 ~~April 1, 2011~~, the Board shall
18 recalculate and recertify to the Governor the amount of the
19 required State contribution to the System for State fiscal year
20 2006, taking into account the changes in required State
21 contributions made by this amendatory Act of the 94th General
22 Assembly.

23 On or before April 1, 2011 ~~June 15, 2010~~, the Board shall
24 recalculate and recertify to the Governor the amount of the
25 required State contribution to the System for State fiscal year
26 2011, applying the changes made by Public Act 96-889 to the

1 System's assets and liabilities as of June 30, 2009 as though
2 Public Act 96-889 was approved on that date.

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

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

26 (b-1) Beginning in State fiscal year 1996, on the 15th day

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

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

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

26 (b-3) For State fiscal years 2012 and 2013 ~~through 2015,~~

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

11 Except as provided in subsection (b-5), for State fiscal
12 years 2014 through 2045 or until the State has amortized 100%
13 of the total cost of benefits accrued by July 1, 2013,
14 whichever is earlier, in addition to any employer contributions
15 required from the State as an employer, the minimum
16 contribution to the System to be made by the State for each
17 fiscal year shall be an amount determined by the Board to be
18 sufficient to amortize, by the end of State fiscal year 2045,
19 the total cost of the benefits of the System arising before
20 July 1, 2013. In making these determinations, the required
21 State contribution shall be calculated each year as a level
22 percentage of payroll over the years remaining to and including
23 fiscal year 2043 and shall be determined under the projected
24 unit credit actuarial cost method.

25 Except as provided in subsection (b-5), beginning in State
26 fiscal year 2046 or on the date that the State has amortized

1 100% of the total cost of benefits accrued by July 1, 2013,
2 whichever is earlier, the State has no further obligation to
3 make contributions to the System under this subsection (b-3).

4 For State fiscal years 1996 through 2005, the State
5 contribution to the System, as a percentage of the applicable
6 employee payroll, shall be increased in equal annual increments
7 so that by State fiscal year 2011, the State is contributing at
8 the rate required under this Section; except that in the
9 following specified State fiscal years, the State contribution
10 to the System shall not be less than the following indicated
11 percentages of the applicable employee payroll, even if the
12 indicated percentage will produce a State contribution in
13 excess of the amount otherwise required under this subsection
14 and subsection (a), and notwithstanding any contrary
15 certification made under subsection (a-1) before the effective
16 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
17 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
18 2003; and 13.56% in FY 2004.

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2006 is
21 \$534,627,700.

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2007 is
24 \$738,014,500.

25 For each of State fiscal years 2008 through 2009, the State
26 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual increments
2 from the required State contribution for State fiscal year
3 2007, so that by State fiscal year 2011, the State is
4 contributing at the rate otherwise required under this Section.

5 Notwithstanding any other provision of this Article, the
6 total required State contribution for State fiscal year 2010 is
7 \$2,089,268,000 and shall be made from the proceeds of bonds
8 sold in fiscal year 2010 pursuant to Section 7.2 of the General
9 Obligation Bond Act, less (i) the pro rata share of bond sale
10 expenses determined by the System's share of total bond
11 proceeds, (ii) any amounts received from the Common School Fund
12 in fiscal year 2010, and (iii) any reduction in bond proceeds
13 due to the issuance of discounted bonds, if applicable.

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

1 under paragraph (e) of this Section, which may also be used by
2 the System for contributions required by paragraph (a) of
3 Section 16-127.

4 ~~Beginning in State fiscal year 2046, the minimum State~~
5 ~~contribution for each fiscal year shall be the amount needed to~~
6 ~~maintain the total assets of the System at 90% of the total~~
7 ~~actuarial liabilities of the System.~~

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

20 Notwithstanding any other provision of this Section, the
21 required State contribution for State fiscal year 2005 and for
22 fiscal year 2008 through ~~and each~~ fiscal year 2013 ~~thereafter~~,
23 as calculated under this Section and certified under subsection
24 (a-1), shall not exceed an amount equal to (i) the amount of
25 the required State contribution that would have been calculated
26 under this Section for that fiscal year if the System had not

1 received any payments under subsection (d) of Section 7.2 of
2 the General Obligation Bond Act, minus (ii) the portion of the
3 State's total debt service payments for that fiscal year on the
4 bonds issued in fiscal year 2003 for the purposes of that
5 Section 7.2, as determined and certified by the Comptroller,
6 that is the same as the System's portion of the total moneys
7 distributed under subsection (d) of Section 7.2 of the General
8 Obligation Bond Act. In determining this maximum for State
9 fiscal years 2008 through 2010, however, the amount referred to
10 in item (i) shall be increased, as a percentage of the
11 applicable employee payroll, in equal increments calculated
12 from the sum of the required State contribution for State
13 fiscal year 2007 plus the applicable portion of the State's
14 total debt service payments for fiscal year 2007 on the bonds
15 issued in fiscal year 2003 for the purposes of Section 7.2 of
16 the General Obligation Bond Act, so that, by State fiscal year
17 2011, the State is contributing at the rate otherwise required
18 under this Section.

19 (b-5) If at least 50% of Tier I employees making an
20 election under Section 16-131.7 before June 1, 2013 choose the
21 option under paragraph (1) of subsection (a) of that Section,
22 then beginning in State fiscal year 2014, instead of the
23 contributions specified in subsection (b-3) of this Section,
24 the State contributions specified in subsection (b-7) of this
25 Section shall be paid.

26 In making its initial certification of the annual required

1 contribution by the State for State fiscal year 2014, the Board
2 shall assume that the new funding formula provided in
3 subsection (b-7) of this Section applies. If fewer than 50% of
4 Tier I employees making an election under Section 16-131.7
5 before June 1, 2013 choose the option under paragraph (1) of
6 subsection (a) of that Section, then:

7 (1) instead of the contributions specified in
8 subsection (b-7) of this Section, the State contributions
9 specified in subsection (b-3) shall continue to be paid;
10 and

11 (2) as soon as possible after June 1, 2013, the Board
12 shall recertify the annual required contribution by the
13 State for State fiscal year 2014.

14 (b-7) For State fiscal years 2014 through 2043 or until the
15 State has amortized 100% of the total cost of benefits accrued
16 by July 1, 2013, whichever is earlier, in addition to any
17 employer contributions required from the State as an employer,
18 the minimum contribution to the System to be made by the State
19 for each fiscal year shall be an amount determined by the Board
20 to be sufficient to amortize, by the end of State fiscal year
21 2043, the total cost of the benefits of the System arising
22 before July 1, 2013. In making these determinations, the
23 required State contribution shall be calculated each year as a
24 level percentage of payroll over the years remaining to and
25 including fiscal year 2043 and shall be determined under the
26 projected unit credit actuarial cost method.

1 Beginning in State fiscal year 2044 or on the date that the
2 State has amortized 100% of the total cost of benefits accrued
3 by July 1, 2013, whichever is earlier, the State has no further
4 obligation to make contributions to the System under this
5 subsection (a-5).

6 (b-10) Subject to the limitations provided in subsection
7 (b-15), beginning with State fiscal year 2014, the minimum
8 required contribution of employers under this Article shall be
9 determined as a percentage of projected payroll, and shall be
10 sufficient to produce an annual amount equal to:

11 (i) the employer's normal cost for that fiscal year for
12 employees who first became participating employees before
13 July 1, 2013; plus

14 (ii) the employer's normal cost for that fiscal year
15 for employees who first become participating employees on
16 or after July 1, 2013; plus

17 (iii) the amount required for that fiscal year to
18 amortize any unfunded actuarial accrued liability arising
19 on or after July 1, 2013 as a level percentage of payroll
20 over a 30-year rolling amortization period.

21 Any contributions required from an employer under
22 subsection (f) of this Section are in addition to the
23 contributions required under this subsection (b-10).

24 (b-15) For State fiscal year 2014, the required
25 contribution of employers under item (i) of subsection (b-10)
26 shall be reduced to an amount equal to 1% of payroll.

1 For each fiscal year thereafter, until the Board determines
2 and certifies to the Governor that employers are contributing
3 under item (i) of subsection (b-10) the full amount actually
4 specified by item (i) of subsection (b-10), the required
5 contribution of employers under item (i) of subsection (b-10)
6 shall be the percentage of payroll required under this
7 subsection from the previous fiscal year increased by 1% of
8 payroll for each of State fiscal years 2015 through 2019, and
9 increased by 0.5% of payroll for each State fiscal year after
10 2019.

11 Contributions required of employers under items (ii) and
12 (iii) of subsection (b-10), under subsection (f), and under any
13 other applicable provision of this Section are in addition to
14 contributions required under item (i) of subsection (b-10).

15 (b-20) Beginning in State fiscal year 2015 and continuing
16 until the Board determines and certifies to the Governor that
17 employers are contributing under item (i) of subsection (b-10)
18 the full amount actually specified by item (i) of subsection
19 (b-10), the State shall make an additional contribution to the
20 System for each fiscal year, equal to the difference between
21 (1) the total contribution calculated under item (i) of
22 subsection (b-10) for all employers for that fiscal year, and
23 (2) the amount of such total contribution as reduced under
24 subsection (b-15).

25 The State contribution under this subsection (b-20) is in
26 addition to the State contributions required under subsection

1 (b-3) or (b-7) and any contributions required to be paid by the
2 State as an employer under subsections (b-10) and (f) of this
3 Section.

4 (c) Payment of the required State contributions and of all
5 pensions, retirement annuities, death benefits, refunds, and
6 other benefits granted under or assumed by this System, and all
7 expenses in connection with the administration and operation
8 thereof, are obligations of the State.

9 If members are paid from special trust or federal funds
10 which are administered by the employing unit, whether school
11 district or other unit, the employing unit shall pay to the
12 System from such funds the full accruing retirement costs based
13 upon that service, as determined by the System. Employer
14 contributions, based on salary paid to members from federal
15 funds, may be forwarded by the distributing agency of the State
16 of Illinois to the System prior to allocation, in an amount
17 determined in accordance with guidelines established by such
18 agency and the System.

19 (d) Effective July 1, 1986, any employer of a teacher as
20 defined in paragraph (8) of Section 16-106 shall pay the
21 employer's normal cost of benefits based upon the teacher's
22 service, in addition to employee contributions, as determined
23 by the System. Such employer contributions shall be forwarded
24 monthly in accordance with guidelines established by the
25 System.

26 However, with respect to benefits granted under Section

1 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
2 of Section 16-106, the employer's contribution shall be 12%
3 (rather than 20%) of the member's highest annual salary rate
4 for each year of creditable service granted, and the employer
5 shall also pay the required employee contribution on behalf of
6 the teacher. For the purposes of Sections 16-133.4 and
7 16-133.5, a teacher as defined in paragraph (8) of Section
8 16-106 who is serving in that capacity while on leave of
9 absence from another employer under this Article shall not be
10 considered an employee of the employer from which the teacher
11 is on leave.

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

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

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

21 The school district or other employing unit may pay these
22 employer contributions out of any source of funding available
23 for that purpose and shall forward the contributions to the
24 System on the schedule established for the payment of member
25 contributions.

26 These employer contributions are intended to offset a

1 portion of the cost to the System of the increases in
2 retirement benefits resulting from this amendatory Act of 1998.

3 Each employer of teachers is entitled to a credit against
4 the contributions required under this subsection (e) with
5 respect to salaries paid to teachers for the period January 1,
6 2002 through June 30, 2003, equal to the amount paid by that
7 employer under subsection (a-5) of Section 6.6 of the State
8 Employees Group Insurance Act of 1971 with respect to salaries
9 paid to teachers for that period.

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

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

1 (f) The employer contributions under this subsection (f)
2 are no longer required after June 30, 2013.

3 If the amount of a teacher's salary for any school year
4 used to determine final average salary exceeds the member's
5 annual full-time salary rate with the same employer for the
6 previous school year by more than 6%, the teacher's employer
7 shall pay to the System, in addition to all other payments
8 required under this Section and in accordance with guidelines
9 established by the System, the present value of the increase in
10 benefits resulting from the portion of the increase in salary
11 that is in excess of 6%. This present value shall be computed
12 by the System on the basis of the actuarial assumptions and
13 tables used in the most recent actuarial valuation of the
14 System that is available at the time of the computation. If a
15 teacher's salary for the 2005-2006 school year is used to
16 determine final average salary under this subsection (f), then
17 the changes made to this subsection (f) by Public Act 94-1057
18 shall apply in calculating whether the increase in his or her
19 salary is in excess of 6%. For the purposes of this Section,
20 change in employment under Section 10-21.12 of the School Code
21 on or after June 1, 2005 shall constitute a change in employer.
22 The System may require the employer to provide any pertinent
23 information or documentation. The changes made to this
24 subsection (f) by this amendatory Act of the 94th General
25 Assembly apply without regard to whether the teacher was in
26 service on or after its effective date.

1 Whenever it determines that a payment is or may be required
2 under this subsection, the System shall calculate the amount of
3 the payment and bill the employer for that amount. The bill
4 shall specify the calculations used to determine the amount
5 due. If the employer disputes the amount of the bill, it may,
6 within 30 days after receipt of the bill, apply to the System
7 in writing for a recalculation. The application must specify in
8 detail the grounds of the dispute and, if the employer asserts
9 that the calculation is subject to subsection (g) or (h) of
10 this Section, must include an affidavit setting forth and
11 attesting to all facts within the employer's knowledge that are
12 pertinent to the applicability of that subsection. Upon
13 receiving a timely application for recalculation, the System
14 shall review the application and, if appropriate, recalculate
15 the amount due.

16 The employer contributions required under this subsection
17 (f) may be paid in the form of a lump sum within 90 days after
18 receipt of the bill. If the employer contributions are not paid
19 within 90 days after receipt of the bill, then interest will be
20 charged at a rate equal to the System's annual actuarially
21 assumed rate of return on investment compounded annually from
22 the 91st day after receipt of the bill. Payments must be
23 concluded within 3 years after the employer's receipt of the
24 bill.

25 (g) This subsection (g) applies only to payments made or
26 salary increases given on or after June 1, 2005 but before July

1 1, 2011. The changes made by Public Act 94-1057 shall not
2 require the System to refund any payments received before July
3 31, 2006 (the effective date of Public Act 94-1057).

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

8 When assessing payment for any amount due under subsection
9 (f), the System shall exclude salary increases paid to a
10 teacher at a time when the teacher is 10 or more years from
11 retirement eligibility under Section 16-132 or 16-133.2.

12 When assessing payment for any amount due under subsection
13 (f), the System shall exclude salary increases resulting from
14 overload work, including summer school, when the school
15 district has certified to the System, and the System has
16 approved the certification, that (i) the overload work is for
17 the sole purpose of classroom instruction in excess of the
18 standard number of classes for a full-time teacher in a school
19 district during a school year and (ii) the salary increases are
20 equal to or less than the rate of pay for classroom instruction
21 computed on the teacher's current salary and work schedule.

22 When assessing payment for any amount due under subsection
23 (f), the System shall exclude a salary increase resulting from
24 a promotion (i) for which the employee is required to hold a
25 certificate or supervisory endorsement issued by the State
26 Teacher Certification Board that is a different certification

1 or supervisory endorsement than is required for the teacher's
2 previous position and (ii) to a position that has existed and
3 been filled by a member for no less than one complete academic
4 year and the salary increase from the promotion is an increase
5 that results in an amount no greater than the lesser of the
6 average salary paid for other similar positions in the district
7 requiring the same certification or the amount stipulated in
8 the collective bargaining agreement for a similar position
9 requiring the same certification.

10 When assessing payment for any amount due under subsection
11 (f), the System shall exclude any payment to the teacher from
12 the State of Illinois or the State Board of Education over
13 which the employer does not have discretion, notwithstanding
14 that the payment is included in the computation of final
15 average salary.

16 (h) When assessing payment for any amount due under
17 subsection (f), the System shall exclude any salary increase
18 described in subsection (g) of this Section given on or after
19 July 1, 2011 but before July 1, 2014 under a contract or
20 collective bargaining agreement entered into, amended, or
21 renewed on or after June 1, 2005 but before July 1, 2011.
22 Notwithstanding any other provision of this Section, any
23 payments made or salary increases given after June 30, 2014
24 shall be used in assessing payment for any amount due under
25 subsection (f) of this Section.

26 (i) The System shall prepare a report and file copies of

1 the report with the Governor and the General Assembly by
2 January 1, 2007 that contains all of the following information:

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

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

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

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

15 (j) For purposes of determining the required State
16 contribution to the System, the value of the System's assets
17 shall be equal to the actuarial value of the System's assets,
18 which shall be calculated as follows:

19 As of June 30, 2008, the actuarial value of the System's
20 assets shall be equal to the market value of the assets as of
21 that date. In determining the actuarial value of the System's
22 assets for fiscal years after June 30, 2008, any actuarial
23 gains or losses from investment return incurred in a fiscal
24 year shall be recognized in equal annual amounts over the
25 5-year period following that fiscal year.

26 (k) For purposes of determining the required State

1 contribution to the system for a particular year, the actuarial
2 value of assets shall be assumed to earn a rate of return equal
3 to the system's actuarially assumed rate of return.

4 (1) If the System submits a voucher for monthly
5 contributions from the State as required by this Section and
6 the State fails to pay within 90 days of receipt of such a
7 voucher, the Board shall submit a written request to the
8 Comptroller seeking payment. A copy of the request shall be
9 filed with the Secretary of State, and the Secretary of State
10 shall provide copies to the Governor and General Assembly. No
11 earlier than the 16th day after filing a request with the
12 Secretary of State, the Board shall have the right to commence
13 a mandamus action in the Supreme Court of Illinois to compel
14 the Comptroller to satisfy the voucher by making payment from
15 the General Revenue Fund. This Section constitutes an express
16 waiver of the State's sovereign immunity solely to the extent
17 it permits the Board to commence a mandamus action in the
18 Illinois Supreme Court to compel the Comptroller to pay a
19 voucher for monthly contributions from the State as required in
20 this Section.

21 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
22 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.
23 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)

24 (40 ILCS 5/16-158.2 new)

25 Sec. 16-158.2. Individual employer accounts.

1 (a) The System shall create and maintain individual
2 accounts for each employer for the purposes of determining
3 employer contributions under subsection (b-10) of Section
4 16-158. Each employer's account shall be notionally credited
5 with the employer's liabilities accruing after July 1, 2013 and
6 assets attributable to the employer's account that include (i)
7 employer contributions made pursuant to subsection (b-10) of
8 Section 16-158, (ii) other employer contributions from trust,
9 federal, and other funds, (iii) employee contributions made
10 after July 1, 2013, and (iv) income from investments. The
11 System may deduct reasonable administrative expenses from each
12 employer's account.

13 (b) In determining contributions required under subsection
14 (b-10) of Section 16-158, the System shall determine a blended
15 rate of total normal cost that is applicable to all employers.

16 (c) An employer may make written application with the Board
17 to have a separate rate of total normal cost determined for the
18 employer. Upon receiving the written application from an
19 employer, the Board may determine a total rate of normal cost
20 for the employer. The employer shall be responsible for any
21 cost incurred in making the determination of total normal cost.

22 The Board may establish rules for the administration of
23 this Section that include but are not limited to the date by
24 which an application must be submitted and the fiscal year in
25 which the determination will be used to determine the
26 employer's contribution required under subsection (b-10) of

1 Section 16-158.

2 (d) An employer whose determination of total normal cost
3 under subsection (c) is used to determine its contributions
4 required under subsection (b-10) of Section 16-158 may not be
5 included in the determination of a rate of total normal cost
6 under subsection (c) of this Section.

7 (40 ILCS 5/16-163) (from Ch. 108 1/2, par. 16-163)

8 Sec. 16-163. Board created. A board of 13 members
9 constitutes the board of trustees authorized to carry out the
10 provisions of this Article and is responsible for the general
11 administration of the System. The board shall be known as the
12 Board of Trustees of the Teachers' Retirement System of the
13 State of Illinois. The board shall be composed of the
14 Superintendent of Education, ex officio, who shall be the
15 president of the board; 4 ~~6~~ persons, not members of the System,
16 to be appointed by the Governor, with the advice and consent of
17 the Senate, who shall hold no elected State office; 4 persons
18 who, at the time of their election, are teachers as defined in
19 Section 16-106, elected by the contributing members; ~~and~~ 2
20 annuitant members elected by the annuitants of the System, as
21 provided in Section 16-165; and 2 school board members elected
22 as provided in Section 16-165.

23 (Source: P.A. 96-6, eff. 4-3-09.)

24 (40 ILCS 5/16-165) (from Ch. 108 1/2, par. 16-165)

1 Sec. 16-165. Board; elected members; vacancies.

2 (a) In each odd-numbered year, there shall be elected 2
3 teachers who shall hold office for a term of 4 years beginning
4 July 15 next following their election, in the manner provided
5 under this Section. An elected teacher member of the board who
6 ceases to be a teacher as defined in Section 16-106 may
7 continue to serve on the board for the remainder of the term to
8 which he or she was elected.

9 (a-5) In each even-numbered year, there shall be elected 2
10 school board members who shall hold office for a term of 4
11 years, in the manner provided under this Section. An elected
12 school board member who ceases to be a member of a school board
13 may continue to serve on the board for the remainder of the
14 term to which he or she was elected. Until the initial school
15 board member has been elected, the elected school board member
16 positions created by this amendatory Act of the 97th General
17 Assembly shall be filled as soon as practical by appointment of
18 the board.

19 (b) One elected annuitant trustee shall first be elected in
20 1987, and in every fourth year thereafter, for a term of 4
21 years beginning July 15 next following his or her election.

22 (c) The elected annuitant position created by this
23 amendatory Act of the 91st General Assembly shall be filled as
24 soon as possible in the manner provided for vacancies, for an
25 initial term ending July 15, 2001. One elected annuitant
26 trustee shall be elected in 2001, and in every fourth year

1 thereafter, for a term of 4 years beginning July 15 next
2 following his or her election.

3 (d) Elections shall be held on May 1, unless May 1 falls on
4 a Saturday or Sunday, in which event the election shall be
5 conducted on the following Monday. Candidates shall be
6 nominated by petitions in writing, signed by not less than 500
7 teachers, school board members, or annuitants, as the case may
8 be, with their addresses shown opposite their names. The
9 petitions shall be filed with the board's Secretary not less
10 than 90 nor more than 120 days prior to May 1. The Secretary
11 shall determine their validity not less than 75 days before the
12 election.

13 (e) If, for ~~either~~ teacher, school board, or annuitant
14 members, the number of qualified nominees exceeds the number of
15 available positions, the system shall prepare an appropriate
16 ballot with the names of the candidates in alphabetical order
17 and shall mail one copy thereof, at least 10 days prior to the
18 election day, to each teacher or annuitant of this system as of
19 the latest date practicable, at the latest known address,
20 together with a return envelope addressed to the board and also
21 a smaller envelope marked "For Ballot Only", and a slip for
22 signature. Each voter, upon marking his ballot with a cross
23 mark in the square before the name of the person voted for,
24 shall place the ballot in the envelope marked "For Ballot
25 Only", seal the envelope, write on the slip provided therefor
26 his signature and address, enclose both the slip and sealed

1 envelope containing the marked ballot in the return envelope
2 addressed to the board, and mail it. Whether a person is
3 eligible to vote for the teacher nominees, school board
4 nominees, or the annuitant nominees shall be determined from
5 system payroll records as of March 1.

6 Upon receipt of the return envelopes, the system shall open
7 them and set aside unopened the envelopes marked "For Ballot
8 Only". On election day ballots shall be publicly opened and
9 counted by the trustees or canvassers appointed therefor. Each
10 vote cast for a candidate represents one vote only. No ballot
11 arriving after 10 o'clock a.m. on election day shall be
12 counted. The 2 teacher candidates, 2 school board candidates,
13 and the annuitant candidate receiving the highest number of
14 votes shall be elected. The board shall declare the results of
15 the election, keep a record thereof, and notify the candidates
16 of the results thereof within 30 days after the election.

17 If, for any ~~either~~ class of members, there are only as many
18 qualified nominees as there are positions available, the
19 balloting as described in this Section shall not be conducted
20 for those nominees, and the board shall declare them duly
21 elected.

22 (f) A vacancy occurring in the elective membership of the
23 board shall be filled for the unexpired term by a person
24 qualified for the vacant position, selected by the remaining
25 elected members of the board, if there are no more than 6
26 months remaining on the term. For a term with more than 6

1 months remaining, the Director of the Teachers' Retirement
2 System of the State of Illinois shall institute an election in
3 accordance with this Act to fill the unexpired term.

4 (Source: P.A. 94-423, eff. 8-2-05; 94-710, eff. 12-5-05;
5 95-331, eff. 8-21-07.)

6 (40 ILCS 5/16-203)

7 Sec. 16-203. Application and expiration of new benefit
8 increases.

9 (a) As used in this Section, "new benefit increase" means
10 an increase in the amount of any benefit provided under this
11 Article, or an expansion of the conditions of eligibility for
12 any benefit under this Article, that results from an amendment
13 to this Code that takes effect after June 1, 2005 (the
14 effective date of Public Act 94-4). "New benefit increase",
15 however, does not include any benefit increase resulting from
16 the changes made to this Article or Article 1 by Public Act
17 95-910 or this amendatory Act of the 97th ~~95th~~ General
18 Assembly.

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

24 (c) The Public Act enacting a new benefit increase must
25 identify and provide for payment to the System of additional

1 funding at least sufficient to fund the resulting annual
2 increase in cost to the System as it accrues.

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

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

25 (e) Except as otherwise provided in the language creating
26 the new benefit increase, a new benefit increase that expires

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

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

10 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

11 Sec. 18-140. To certify required State contributions and
12 submit vouchers.

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

22 On or before November 1 of each year, beginning November 1,
23 2012, the Board shall submit to the State Actuary, the
24 Governor, and the General Assembly a proposed certification of
25 the amount of the required State contribution to the System for

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

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

23 On or before July 1, 2005, the Board shall recalculate and
24 recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2006, taking
26 into account the changes in required State contributions made

1 by this amendatory Act of the 94th General Assembly.

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

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

22 If in any month the amount remaining unexpended from all
23 other appropriations to the System for the applicable fiscal
24 year (including the appropriations to the System under Section
25 8.12 of the State Finance Act and Section 1 of the State
26 Pension Funds Continuing Appropriation Act) is less than the

1 amount lawfully vouchered under this Section, the difference
2 shall be paid from the General Revenue Fund under the
3 continuing appropriation authority provided in Section 1.1 of
4 the State Pension Funds Continuing Appropriation Act.

5 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11.)

6 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

7 Sec. 20-121. Calculation of proportional retirement
8 annuities. Upon retirement of the employee, a proportional
9 retirement annuity shall be computed by each participating
10 system in which pension credit has been established on the
11 basis of pension credits under each system. The computation
12 shall be in accordance with the formula or method prescribed by
13 each participating system which is in effect at the date of the
14 employee's latest withdrawal from service covered by any of the
15 systems in which he has pension credits which he elects to have
16 considered under this Article. However, (1) the amount of any
17 retirement annuity payable under the self-managed plan
18 established under Section 15-158.2 of this Code depends solely
19 on the value of the participant's vested account balances and
20 is not subject to any proportional adjustment under this
21 Section, and (2) the amount of any retirement annuity payable
22 under the cash balance plan established under Section 1-161 of
23 this Code shall be calculated solely in accordance with that
24 Section and is not subject to any proportional adjustment under
25 this Section.

1 Combined pension credit under all retirement systems
2 subject to this Article shall be considered in determining
3 whether the minimum qualification has been met and the formula
4 or method of computation which shall be applied. If a system
5 has a step-rate formula for calculation of the retirement
6 annuity, pension credits covering previous service which have
7 been established under another system shall be considered in
8 determining which range or ranges of the step-rate formula are
9 to be applicable to the employee.

10 Interest on pension credit shall continue to accumulate in
11 accordance with the provisions of the law governing the
12 retirement system in which the same has been established during
13 the time an employee is in the service of another employer, on
14 the assumption such employee, for interest purposes for pension
15 credit, is continuing in the service covered by such retirement
16 system.

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

18 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

19 Sec. 20-123. Survivor's annuity. The provisions governing
20 a retirement annuity shall be applicable to a survivor's
21 annuity. Appropriate credits shall be established for
22 survivor's annuity purposes in those participating systems
23 which provide survivor's annuities, according to the same
24 conditions and subject to the same limitations and restrictions
25 herein prescribed for a retirement annuity. If a participating

1 system has no survivor's annuity benefit, or if the survivor's
2 annuity benefit under that system is waived, pension credit
3 established in that system shall not be considered in
4 determining eligibility for or the amount of the survivor's
5 annuity which may be payable by any other participating system.

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

14 For persons who participate in the cash balance plan
15 established under Section 1-161, pension credit established
16 under the participating system with respect to which the person
17 participates in the cash balance plan may be considered in
18 determining eligibility for or the amount of the survivor's
19 annuity that is payable by any other participating system with
20 respect to which the person does not participate in the cash
21 balance plan, but the amount of any survivor's annuity payable
22 under the cash balance plan established under Section 1-161
23 shall be calculated solely in accordance with that Section.

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

1 Sec. 20-124. Maximum benefits.

2 (a) In no event shall the combined retirement or survivors
3 annuities exceed the highest annuity which would have been
4 payable by any participating system in which the employee has
5 pension credits, if all of his pension credits had been
6 validated in that system.

7 If the combined annuities should exceed the highest maximum
8 as determined in accordance with this Section, the respective
9 annuities shall be reduced proportionately according to the
10 ratio which the amount of each proportional annuity bears to
11 the aggregate of all such annuities; except that benefits
12 payable under the cash balance plan established under Section
13 1-161 are not subject to proportionate reduction under this
14 Section.

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

18 (i) For purposes of calculating the combined
19 retirement annuity and the proportionate reduction, if
20 any, in a retirement annuity other than one payable under
21 the self-managed plan, the amount of the Article 15
22 retirement annuity shall be deemed to be the highest
23 annuity to which the annuitant would have been entitled if
24 he or she had participated in the traditional benefit
25 package as defined in Section 15-103.1 rather than the
26 self-managed plan.

1 (ii) For purposes of calculating the combined
2 survivor's annuity and the proportionate reduction, if
3 any, in a survivor's annuity other than one payable under
4 the self-managed plan, the amount of the Article 15
5 survivor's annuity shall be deemed to be the highest
6 survivor's annuity to which the survivor would have been
7 entitled if the deceased employee had participated in the
8 traditional benefit package as defined in Section 15-103.1
9 rather than the self-managed plan.

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

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

13 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

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

22 The provisions of the Article under which such employment
23 would be covered (including Section 1-161 in the case of a
24 participant in the cash balance plan) shall govern the
25 determination of whether the employee has returned to

1 employment, and if applicable the exemption of temporary
2 employment or employment not exceeding a specified duration or
3 frequency, for all participating systems from which the retired
4 employee is receiving a proportional annuity under this
5 Article, notwithstanding any contrary provisions in the other
6 Articles governing such systems.

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

8 Section 35. The School Code is amended by changing Sections
9 24-1 and 24-8 as follows:

10 (105 ILCS 5/24-1) (from Ch. 122, par. 24-1)

11 Sec. 24-1. Appointment - Salaries - Payment - School month
12 - School term.† School boards shall appoint all teachers,
13 determine qualifications of employment and fix the amount of
14 their salaries subject to any limitation set forth in this Act
15 and subject to any applicable restrictions in Section 14-106.5,
16 15-134.6, or 16-131.7 of the Illinois Pension Code. They shall
17 pay the wages of teachers monthly, subject, however, to the
18 provisions of Section 24-21. The school month shall be the same
19 as the calendar month but by resolution the school board may
20 adopt for its use a month of 20 days, including holidays. The
21 school term shall consist of at least the minimum number of
22 pupil attendance days required by Section 10-19, any additional
23 legal school holidays, days of teachers' institutes, or
24 equivalent professional educational experiences, and one or

1 two days at the beginning of the school term when used as a
2 teachers' workshop.

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

4 (105 ILCS 5/24-8) (from Ch. 122, par. 24-8)

5 Sec. 24-8. Minimum salary. In fixing the salaries of
6 teachers, school boards shall pay those who serve on a
7 full-time basis not less than a rate for the school year that
8 is based upon training completed in a recognized institution of
9 higher learning, as follows: for the school year beginning July
10 1, 1980 and thereafter, less than a bachelor's degree, \$9,000;
11 120 semester hours or more and a bachelor's degree, \$10,000;
12 150 semester hours or more and a master's degree, \$11,000.

13 Based upon previous public school experience in this State
14 or any other State, territory, dependency or possession of the
15 United States, or in schools operated by or under the auspices
16 of the United States, teachers who serve on a full-time basis
17 shall have their salaries increased to at least the following
18 amounts above the starting salary for a teacher in such
19 district in the same classification: with less than a
20 bachelor's degree, \$750 after 5 years; with 120 semester hours
21 or more and a bachelor's degree, \$1,000 after 5 years and
22 \$1,600 after 8 years; with 150 semester hours or more and a
23 master's degree, \$1,250 after 5 years, \$2,000 after 8 years and
24 \$2,750 after 13 years. However, any salary increase is subject
25 to any applicable restrictions in Section 14-106.5, 15-134.6,

1 or 16-131.7 of the Illinois Pension Code.

2 For the purpose of this Section a teacher's salary shall
3 include any amount paid by the school district on behalf of the
4 teacher, as teacher contributions, to the Teachers' Retirement
5 System of the State of Illinois.

6 If a school board establishes a schedule for teachers'
7 salaries based on education and experience, not inconsistent
8 with this Section, all certificated nurses employed by that
9 board shall be paid in accordance with the provisions of such
10 schedule (subject to any applicable restrictions in Section
11 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code).

12 For purposes of this Section, a teacher who submits a
13 certificate of completion to the school office prior to the
14 first day of the school term shall be considered to have the
15 degree stated in such certificate.

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

17 Section 40. The State Universities Civil Service Act is
18 amended by changing Section 36d as follows:

19 (110 ILCS 70/36d) (from Ch. 24 1/2, par. 38b3)

20 Sec. 36d. Powers and duties of the Merit Board.

21 The Merit Board shall have the power and duty-

22 (1) To approve a classification plan prepared under its
23 direction, assigning to each class positions of substantially
24 similar duties. The Merit Board shall have power to delegate to

1 its Director the duty of assigning each position in the
2 classified service to the appropriate class in the
3 classification plan approved by the Merit Board.

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

6 (3) To prescribe the range of compensation for each class
7 or to fix a single rate of compensation for employees in a
8 particular class; and to establish other conditions of
9 employment which an employer and employee representatives have
10 agreed upon as fair and equitable. The Merit Board shall direct
11 the payment of the "prevailing rate of wages" in those
12 classifications in which, on January 1, 1952, any employer is
13 paying such prevailing rate and in such other classes as the
14 Merit Board may thereafter determine. "Prevailing rate of
15 wages" as used herein shall be the wages paid generally in the
16 locality in which the work is being performed to employees
17 engaged in work of a similar character. Subject to any
18 applicable restrictions in Section 14-106.5, 15-134.6, or
19 16-131.7 of the Illinois Pension Code, each ~~Each~~ employer
20 covered by the University System shall be authorized to
21 negotiate with representatives of employees to determine
22 appropriate ranges or rates of compensation or other conditions
23 of employment and may recommend to the Merit Board for
24 establishment the rates or ranges or other conditions of
25 employment which the employer and employee representatives
26 have agreed upon as fair and equitable. Any rates or ranges

1 established prior to January 1, 1952, and hereafter, shall not
2 be changed except in accordance with the procedures herein
3 provided.

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

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

22 (6) To authorize the continuous recruitment of personnel
23 and to that end, to delegate to the Director and his staff the
24 power and the duty to conduct open and continuous competitive
25 examinations for all classifications of employment.

26 (7) To cause to be established from the results of

1 examinations registers for each class of positions in the
2 classified service of the State Universities Civil Service
3 System, of the persons who shall attain the minimum mark fixed
4 by the Merit Board for the examination; and such persons shall
5 take rank upon the registers as candidates in the order of
6 their relative excellence as determined by examination,
7 without reference to priority of time of examination.

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

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

17 (10) To provide by its rules for employment at regular
18 rates of compensation of physically handicapped persons in
19 positions in which the handicap does not prevent the individual
20 from furnishing satisfactory service.

21 (11) To make and publish rules, to carry out the purpose of
22 the State Universities Civil Service System and for
23 examination, appointments, transfers and removals and for
24 maintaining and keeping records of the efficiency of officers
25 and employees and groups of officers and employees in
26 accordance with the provisions of Sections 36b to 36q,

1 inclusive, and said Merit Board may from time to time make
2 changes in such rules.

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

10 (13) To submit to the Governor of this state on or before
11 November 1 of each year prior to the regular session of the
12 General Assembly a report of the University System's business
13 and an estimate of the amount of appropriation from state funds
14 required for the purpose of administering the University
15 System.

16 (Source: P.A. 82-524.)

17 Section 45. The University of Illinois Act is amended by
18 adding Section 80 as follows:

19 (110 ILCS 305/80 new)

20 Sec. 80. Future increases in income. The University of
21 Illinois must not pay, offer, or agree to pay any future
22 increase in income, as that term is defined in Section
23 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code,
24 to any person in a manner that violates any of those Sections.

1 Section 50. The Southern Illinois University Management
2 Act is amended by adding Section 65 as follows:

3 (110 ILCS 520/65 new)

4 Sec. 65. Future increases in income. Southern Illinois
5 University must not pay, offer, or agree to pay any future
6 increase in income, as that term is defined in Section
7 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code,
8 to any person in a manner that violates any of those Sections.

9 Section 55. The Chicago State University Law is amended by
10 adding Section 5-175 as follows:

11 (110 ILCS 660/5-175 new)

12 Sec. 5-175. Future increases in income. Chicago State
13 University must not pay, offer, or agree to pay any future
14 increase in income, as that term is defined in Section
15 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code,
16 to any person in a manner that violates any of those Sections.

17 Section 60. The Eastern Illinois University Law is amended
18 by adding Section 10-175 as follows:

19 (110 ILCS 665/10-175 new)

20 Sec. 10-175. Future increases in income. Eastern Illinois

1 University must not pay, offer, or agree to pay any future
2 increase in income, as that term is defined in Section
3 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code,
4 to any person in a manner that violates any of those Sections.

5 Section 65. The Governors State University Law is amended
6 by adding Section 15-175 as follows:

7 (110 ILCS 670/15-175 new)

8 Sec. 15-175. Future increases in income. Governors State
9 University must not pay, offer, or agree to pay any future
10 increase in income, as that term is defined in Section
11 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code,
12 to any person in a manner that violates any of those Sections.

13 Section 70. The Illinois State University Law is amended by
14 adding Section 20-180 as follows:

15 (110 ILCS 675/20-180 new)

16 Sec. 20-180. Future increases in income. Illinois State
17 University must not pay, offer, or agree to pay any future
18 increase in income, as that term is defined in Section
19 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code,
20 to any person in a manner that violates any of those Sections.

21 Section 75. The Northeastern Illinois University Law is

1 amended by adding Section 25-175 as follows:

2 (110 ILCS 680/25-175 new)

3 Sec. 25-175. Future increases in income. Northeastern
4 Illinois University must not pay, offer, or agree to pay any
5 future increase in income, as that term is defined in Section
6 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code,
7 to any person in a manner that violates any of those Sections.

8 Section 80. The Northern Illinois University Law is amended
9 by adding Section 30-185 as follows:

10 (110 ILCS 685/30-185 new)

11 Sec. 30-185. Future increases in income. Northern Illinois
12 University must not pay, offer, or agree to pay any future
13 increase in income, as that term is defined in Section
14 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code,
15 to any person in a manner that violates any of those Sections.

16 Section 85. The Western Illinois University Law is amended
17 by adding Section 35-180 as follows:

18 (110 ILCS 690/35-180 new)

19 Sec. 35-180. Future increases in income. Western Illinois
20 University must not pay, offer, or agree to pay any future
21 increase in income, as that term is defined in Section

1 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code,
2 to any person in a manner that violates any of those Sections.

3 Section 90. The Public Community College Act is amended by
4 changing Sections 3-26 and 3-42 as follows:

5 (110 ILCS 805/3-26) (from Ch. 122, par. 103-26)

6 Sec. 3-26. (a) To make appointments and fix the salaries of
7 a chief administrative officer, who shall be the executive
8 officer of the board, other administrative personnel, and all
9 teachers, but subject to any applicable restrictions in Section
10 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code.
11 In making these appointments and fixing the salaries, the board
12 may make no discrimination on account of sex, race, creed,
13 color or national origin.

14 (b) Upon the written request of an employee, to withhold
15 from the compensation of that employee the membership dues of
16 such employee payable to any specified labor organization as
17 defined in the Illinois Educational Labor Relations Act. Under
18 such arrangement, an amount shall be withheld for each regular
19 payroll period which is equal to the prorata share of the
20 annual membership dues plus any payments or contributions and
21 the board shall pay such withholding to the specified labor
22 organization within 10 working days from the time of the
23 withholding.

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

1 (110 ILCS 805/3-42) (from Ch. 122, par. 103-42)

2 Sec. 3-42. To employ such personnel as may be needed, to
3 establish policies governing their employment and dismissal,
4 and to fix the amount of their compensation, subject to any
5 applicable restrictions in Section 14-106.5, 15-134.6, or
6 16-131.7 of the Illinois Pension Code. In the employment,
7 establishment of policies and fixing of compensation the board
8 may make no discrimination on account of sex, race, creed,
9 color or national origin.

10 Residence within any community college district or outside
11 any community college district shall not be considered:

12 (a) in determining whether to retain or not retain any
13 employee of a community college employed prior to July 1,
14 1977 or prior to the adoption by the community college
15 board of a resolution making residency within the community
16 college district of some or all employees a condition of
17 employment, whichever is later;

18 (b) in assigning, promoting or transferring any
19 employee of a community college to an office or position
20 employed prior to July 1, 1977 or prior to the adoption by
21 the community college board of a resolution making
22 residency within the community college district of some or
23 all employees a condition of employment, whichever is
24 later; or

25 (c) in determining the salary or other compensation of

1 any employee of a community college.

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

3 Section 95. The Illinois Educational Labor Relations Act is
4 amended by changing Sections 4 and 17 as follows:

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

6 Sec. 4. Employer rights. Employers shall not be required to
7 bargain over matters of inherent managerial policy, which shall
8 include such areas of discretion or policy as the functions of
9 the employer, standards of services, its overall budget, the
10 organizational structure and selection of new employees and
11 direction of employees. Employers, however, shall be required
12 to bargain collectively with regard to policy matters directly
13 affecting wages (but subject to any applicable restrictions in
14 Section 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension
15 Code), hours and terms and conditions of employment as well as
16 the impact thereon upon request by employee representatives,
17 but excluding the changes, the impact of changes, and the
18 implementation of the changes set forth in this amendatory Act
19 of the 97th General Assembly. To preserve the rights of
20 employers and exclusive representatives which have established
21 collective bargaining relationships or negotiated collective
22 bargaining agreements prior to the effective date of this Act,
23 employers shall be required to bargain collectively with regard
24 to any matter concerning wages (but subject to any applicable

1 restrictions in Section 14-106.5, 15-134.6, or 16-131.7 of the
2 Illinois Pension Code), hours or conditions of employment about
3 which they have bargained for and agreed to in a collective
4 bargaining agreement prior to the effective date of this Act,
5 but excluding the changes, the impact of changes, and the
6 implementation of the changes set forth in this amendatory Act
7 of the 97th General Assembly.

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

9 (115 ILCS 5/17) (from Ch. 48, par. 1717)

10 Sec. 17. Effect on other laws. In case of any conflict
11 between the provisions of this Act and any other law (other
12 than Sections 14-106.5, 15-134.6, and 16-131.7 of the Illinois
13 Pension Code), executive order or administrative regulation,
14 the provisions of this Act shall prevail and control. The
15 provisions of this Act are subject to any applicable
16 restrictions in Section 14-106.5, 15-134.6, or 16-131.7 of the
17 Illinois Pension Code, as well as the changes, impact of
18 changes, and implementation of changes set forth in this
19 amendatory Act of the 97th General Assembly. Nothing in this
20 Act shall be construed to replace or diminish the rights of
21 employees established by Section 36d of "An Act to create the
22 State Universities Civil Service System", approved May 11,
23 1905, as amended or modified.

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

1 Section 100. The State Mandates Act is amended by adding
2 Section 8.36 as follows:

3 (30 ILCS 805/8.36 new)

4 Sec. 8.36. Exempt mandate. Notwithstanding Sections 6 and 8
5 of this Act, no reimbursement by the State is required for the
6 implementation of any mandate created by this amendatory Act of
7 the 97th General Assembly.

8 Section 105. Severability and inseverability. The
9 provisions set forth in Sections 5, 15, 20, 25, 35 through 100,
10 and 999 of this Act, as well as Sections 2-134, 7-109,
11 14-135.08, 15-106, 15-107, 15-113.6, 15-163, 15-165, 16-106,
12 and subsection (a-5) of Section 16-158 of the Illinois Pension
13 Code, as set forth in Section 30 of this Act, are severable
14 pursuant to Section 1.31 of the Statute on Statutes, and are
15 not mutually dependent upon the provisions set forth in any
16 other Section of this Act.

17 Section 10 of this Act and the other provisions of Section
18 30 of this Act are mutually dependent and inseverable. If any
19 of those provision is held invalid other than as applied to a
20 particular person or circumstance, then all of those provisions
21 are invalid.

22 Section 999. Effective date. This Act takes effect upon
23 becoming law."