



Rep. Tom Cross

**Filed: 5/25/2011**

09700SB0512ham001

LRB097 06621 AMC 56256 a

1 AMENDMENT TO SENATE BILL 512

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 512 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 Section 15 as follows:

6 (5 ILCS 315/15) (from Ch. 48, par. 1615)

7 Sec. 15. Act Takes Precedence.

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

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

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

21 (c) It is the public policy of this State, pursuant to  
22 paragraphs (h) and (i) of Section 6 of Article VII of the  
23 Illinois Constitution, that the provisions of this Act are the  
24 exclusive exercise by the State of powers and functions which  
25 might otherwise be exercised by home rule units. Such powers  
26 and functions may not be exercised concurrently, either

1 directly or indirectly, by any unit of local government,  
2 including any home rule unit, except as otherwise authorized by  
3 this Act.

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

5 Section 10. The Illinois Pension Code is amended by  
6 changing Sections 1-160, 2-124, 2-126, 8-125, 8-173, 8-251,  
7 9-128.1, 9-133, 9-160, 9-164, 9-169, 9-170, 9-174, 9-176,  
8 9-185, 9-219, 9-220, 9-235, 10-103, 10-107, 11-124, 11-169,  
9 11-170, 11-230, 12-116, 12-149, 12-150, 12-167, 12-168,  
10 12-169, 12-183, 12-190.3, 14-131, 14-133, 15-113.6, 15-116,  
11 15-117, 15-134, 15-136.3, 15-146, 15-155, 15-157, 16-122,  
12 16-136.2, 16-152, 16-158, 17-116, 17-130, 17-149.1, 18-131,  
13 20-121, 20-123, 20-124, 20-125, and 20-131 and by adding  
14 Sections 1-166, 1-167, 2-119.02, 2-119.03, 2-119.04, 2-124.1,  
15 2-163, 8-103.1, 8-103.2, 8-103.3, 8-174.2, 8-190.1, 8-190.2,  
16 8-190.3, 8-190.4, 8-255, 9-103.1, 9-103.2, 9-103.3, 9-170.3,  
17 9-170.4, 9-170.5, 9-170.6, 9-170.7, 9-240, 10-109, 10-110,  
18 10-111, 11-123.1, 11-123.2, 11-123.3, 11-131.1, 11-131.2,  
19 11-131.3, 11-131.4, 11-235, 12-125.2, 12-125.3, 12-125.4,  
20 12-128.1, 12-128.2, 12-128.3, 12-151.3, 12-193.5, 14-108.2d,  
21 14-108.2e, 14-109.1, 14-131.1, 14-202, 15-103.4, 15-134.6,  
22 15-134.7, 15-136.5, 15-155.1, 15-199, 16-101.1, 16-133.6,  
23 16-133.7, 16-133.8, 16-133.10, 16-158.2, 16-204, 16-204.1,  
24 16-205, 16-206, 17-109.3, 17-109.4, 17-109.5, 17-130.4,  
25 17-130.5, 17-130.6, 17-130.7, 17-160, and 17-165 as follows:

1 (40 ILCS 5/1-160)

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

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

15 (b) "Final average salary" means the average monthly (or  
16 annual) salary obtained by dividing the total salary or  
17 earnings calculated under the Article applicable to the member  
18 or participant during the 96 consecutive months (or 8  
19 consecutive years) of service within the last 120 months (or 10  
20 years) of service in which the total salary or earnings  
21 calculated under the applicable Article was the highest by the  
22 number of months (or years) of service in that period. For the  
23 purposes of a person who first becomes a member or participant  
24 of any retirement system or pension fund to which this Section  
25 applies on or after January 1, 2011, in this Code, "final

1 average salary" shall be substituted for the following:

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

4 (2) In Articles 8, 9, 10, 11, and 12, "highest average  
5 annual salary for any 4 consecutive years within the last  
6 10 years of service immediately preceding the date of  
7 withdrawal".

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

9 (4) In Article 14, "final average compensation".

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

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

13 (b-5) Beginning on January 1, 2011, for all purposes under  
14 this Code (including without limitation the calculation of  
15 benefits and employee contributions), the annual earnings,  
16 salary, or wages (based on the plan year) of a member or  
17 participant to whom this Section applies shall not exceed  
18 \$106,800; however, that amount shall annually thereafter be  
19 increased by the lesser of (i) 3% of that amount, including all  
20 previous adjustments, or (ii) one-half the annual unadjusted  
21 percentage increase (but not less than zero) in the consumer  
22 price index-u for the 12 months ending with the September  
23 preceding each November 1, including all previous adjustments.

24 For the purposes of this Section, "consumer price index-u"  
25 means the index published by the Bureau of Labor Statistics of  
26 the United States Department of Labor that measures the average

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

7 (c) A member or participant is entitled to a retirement  
8 annuity upon written application if he or she has attained age  
9 67 and has at least 10 years of service credit and is otherwise  
10 eligible under the requirements of the applicable Article.

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

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

20 (e) Any retirement annuity or supplemental annuity shall be  
21 subject to annual increases on the January 1 occurring either  
22 on or after the attainment of age 67 or the first anniversary  
23 of the annuity start date, whichever is later. Each annual  
24 increase shall be calculated at 3% or one-half the annual  
25 unadjusted percentage increase (but not less than zero) in the  
26 consumer price index-u for the 12 months ending with the

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

7 (f) The initial survivor's or widow's annuity of an  
8 otherwise eligible survivor or widow of a retired member or  
9 participant who first became a member or participant on or  
10 after January 1, 2011 shall be in the amount of 66 2/3% of the  
11 retired member's or participant's retirement annuity at the  
12 date of death. In the case of the death of a member or  
13 participant who has not retired and who first became a member  
14 or participant on or after January 1, 2011, eligibility for a  
15 survivor's or widow's annuity shall be determined by the  
16 applicable Article of this Code. The initial benefit shall be  
17 66 2/3% of the earned annuity without a reduction due to age. A  
18 child's annuity of an otherwise eligible child shall be in the  
19 amount prescribed under each Article if applicable. Any  
20 survivor's or widow's annuity shall be increased (1) on each  
21 January 1 occurring on or after the commencement of the annuity  
22 if the deceased member died while receiving a retirement  
23 annuity or (2) in other cases, on each January 1 occurring  
24 after the first anniversary of the commencement of the annuity.  
25 Each annual increase shall be calculated at 3% or one-half the  
26 annual unadjusted percentage increase (but not less than zero)

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

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

21 (h) If a person who first becomes a member or a participant  
22 of a retirement system or pension fund subject to this Section  
23 on or after January 1, 2011 is receiving a retirement annuity  
24 or retirement pension under that system or fund and becomes a  
25 member or participant under any other system or fund created by  
26 this Code and is employed on a full-time basis, except for



1 those members or participants exempted from the provisions of  
2 this Section under subsection (a) of this Section, then the  
3 person's retirement annuity or retirement pension under that  
4 system or fund shall be suspended during that employment. Upon  
5 termination of that employment, the person's retirement  
6 annuity or retirement pension payments shall resume and be  
7 recalculated if recalculation is provided for under the  
8 applicable Article of this Code.

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

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

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

18 (40 ILCS 5/1-166 new)

19 Sec. 1-166. Actuarial review. The Commission on Government  
20 Forecasting and Accountability shall retain an independent  
21 actuarial firm that does not provide valuation services to any  
22 State-funded retirement systems, and that firm shall review and  
23 comment on the assumptions and methodologies used by those  
24 systems in determining liabilities and contributions. The  
25 actuarial firm shall report to the Commission by July 1, 2016

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

10 (40 ILCS 5/1-167 new)

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

18 (40 ILCS 5/2-119.02 new)

19 Sec. 2-119.02. Benefit accruals after July 1, 2012.

20 (a) Each participant under this Article, other than a  
21 person who first becomes a participant on or after January 1,  
22 2011, shall elect which retirement program he or she wishes to  
23 participate in with respect to all periods of service occurring  
24 after July 1, 2012. The retirement program election made by the

1 participant must be made within 6 months of January 1, 2012.  
2 The participant shall elect one of the following retirement  
3 programs:

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

6 (2) the revised defined benefit package provided by the  
7 System to new employees under Public Act 96-889 and Public  
8 Act 96-1490; or

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

11 (b) A person who first becomes a participant of the System  
12 on or after January 1, 2011, shall elect which retirement  
13 program he or she wishes to participate in with respect to all  
14 periods of service occurring after July 1, 2012. The  
15 participant shall elect one of the retirement programs provided  
16 in paragraph (2) or (3) of subsection (a) of this Section. The  
17 participant must make that election (i) within 6 months after  
18 the participant's first day of service and (ii) if applicable,  
19 every 3 years thereafter.

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

1 Any participant who fails to make the initial election shall,  
2 by default, participate in the benefit program provided under  
3 paragraph (2) of subsection (a) of this Section.

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

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

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

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

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

1 traditional benefit package provided by the System prior to  
2 Public Act 96-889 elects the revised defined benefit package  
3 provided under paragraph (2) of subsection (a) of this Section,  
4 the participant's total accrued benefit for purposes of  
5 determining an annuity shall be the sum of (i) the  
6 participant's benefit accruals before July 1, 2012, based on  
7 the participant's pay and service and frozen with respect to  
8 pay after that date and (ii) the participant's benefit accruals  
9 based on pay and service on and after July 1, 2012, as modified  
10 by the rules provided in Public Act 96-889. All rights and  
11 features provided under the traditional benefit package will be  
12 preserved with respect to benefits earned under such package  
13 completed prior to the election to participate in the revised  
14 benefit package. Furthermore, the participant shall be  
15 entitled to the benefit of the survivor's annuity provided  
16 under Public Act 96-889 and Public Act 96-1490. All service  
17 completed under the System shall count for purposes of  
18 determining retirement eligibility and vesting under both the  
19 traditional benefit package and the revised benefit package,  
20 provided that the vesting requirements of the traditional  
21 benefit package shall continue to govern vesting for members in  
22 the revised benefit package.

23 (f) If a participant with an accrued benefit under the  
24 traditional benefit package or the revised defined benefit  
25 package elects the self-managed plan provided under paragraph  
26 (3) of subsection (a) of this Section, the participant's total

1 accrued benefit for purposes of determining an annuity shall be  
2 the participant's benefit accruals before July 1, 2012, based  
3 on the participant's pay and service and frozen with respect to  
4 pay after that date. However, the participant shall also have  
5 an accrued self-managed plan benefit as specified in subsection  
6 (g) of Section 2-119.03, for periods of service on or after  
7 July 1, 2012. All rights and features provided under the  
8 traditional benefit package will be preserved with respect to  
9 benefits earned under such package with respect to service  
10 completed prior to the election to participate in the  
11 self-managed plan. All service completed under the traditional  
12 benefit package and the self-managed plan shall count for  
13 purposes of determining retirement eligibility and vesting  
14 under both the traditional benefit package and the self-managed  
15 plan.

16 (g) An individual who is a participant (as that term is  
17 defined in Section 2-107 of this Article) in the System, but is  
18 not a member of the General Assembly on July 1, 2012, shall  
19 elect, based on the eligibility criteria specified in this  
20 Code, one of the 3 retirement programs provided under  
21 paragraphs (1), (2), or (3) of subsection (a) of this Section  
22 within 6 months after becoming a member of the General  
23 Assembly.

24 (40 ILCS 5/2-119.03 new)

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

1       (a) The Illinois State Board of Investment created under  
2 Article 22A of this Code shall establish and administer a  
3 self-managed plan on behalf of the retirement system  
4 established under this Article. The plan shall offer  
5 participating employees the opportunity to accumulate assets  
6 for retirement through a combination of employee and employer  
7 contributions that may be invested in mutual funds, collective  
8 investment funds, or other investment products and may be used  
9 to purchase annuity contracts that are fixed, variable, or a  
10 combination thereof. The plan must be qualified under the  
11 Internal Revenue Code of 1986.

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

17       (c) An employee eligible to participate in the self-managed  
18 plan must make a written election in accordance with the  
19 provisions of Section 2-119.02 and the procedures established  
20 by the retirement system. Participation in the self-managed  
21 plan by an electing employee shall begin on the first of the  
22 month following the date the employee's election is filed with  
23 the retirement system, but in no case prior to July 1, 2012.

24       (d) Employees who are participating in the program must be  
25 allowed to direct the transfer of their account balances among  
26 the various investment options offered, subject to applicable

1 contractual provisions. The participant shall not be deemed a  
2 fiduciary by reason of providing investment direction. A person  
3 who is a fiduciary, including the plan sponsor, shall not be  
4 liable for any loss resulting from the investment direction of  
5 the employee and shall not be deemed to have breached any  
6 fiduciary duty by acting in accordance with that direction. The  
7 retirement system, the Illinois State Board of Investment, and  
8 the employer do not guarantee any of the investments in the  
9 employee's account balances.

10 (e) The self-managed plan shall be funded by contributions  
11 pursuant to salary reduction agreements for employees  
12 participating in the self-managed plan and employer  
13 contributions as provided in Section 2-124.1 of this Code.  
14 Employees may make additional contributions to the  
15 self-managed plan in accordance with the procedures prescribed  
16 by the plan sponsor, to the extent permitted under rules  
17 prescribed by the plan sponsor. Employee and employer  
18 contributions shall be paid into the participant's  
19 self-managed plan accounts in a manner to be prescribed by the  
20 plan sponsor.

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



1 death of the participating employee covered by Article 2 of  
2 this Code.

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

18 The self-managed plan shall be funded by contributions  
19 pursuant to salary reduction agreements for employees  
20 participating in the self-managed plan and employer  
21 contributions as provided in this Section.

22 This required contribution shall be made as an "employer  
23 pick up" under Section 414(h) of the Internal Revenue Code of  
24 1986 or any successor Section thereof. In no event shall a  
25 participant have an option of receiving these amounts in cash.  
26 The program shall provide for employer contributions to be

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

12 The State of Illinois shall make contributions by  
13 appropriations to the System of the employer contributions  
14 required for employees who participate in the self-managed plan  
15 under this Section. The amount required shall be certified by  
16 the Board of Trustees of the System and paid by the State in  
17 accordance with Section 2-124. The System shall not be  
18 obligated to remit the required employer contributions to any  
19 person or entity until it has received the required employer  
20 contributions from the State.

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

23 (40 ILCS 5/2-119.04 new)

24 Sec. 2-119.04. Minimum benefit and allocation provisions.  
25 Each participant in the System shall receive a minimum benefit

1 or allocation determined as follows:

2 (1) If the participant is participating in the  
3 traditional benefit package provided under paragraph (1)  
4 of subsection (a) of Section 2-119.02 of this Code or the  
5 revised defined benefit package provided under paragraph  
6 (2) of subsection (a) of Section 2-119.02 of this Code, the  
7 participant shall receive a minimum benefit (commencing on  
8 his or her Social Security retirement age) for the  
9 employee's period of service covered by each such defined  
10 benefit package that is equal to the annual primary  
11 insurance amount the participant would have under Social  
12 Security for such period of service. For the purposes of  
13 this item (1), the primary insurance amount a participant  
14 would have under Social Security shall be calculated so  
15 that the System meets the requirements necessary to be  
16 considered a "retirement system" under Section  
17 3121(b)(7)(F) of the Internal Revenue Code and the  
18 regulations in effect thereunder.

19 (2) If the participant is participating in the  
20 self-managed plan provided under Section 2-119.03 of this  
21 Code, the member shall receive a minimum allocation equal  
22 to 7.5% of the participant's compensation for service  
23 during the period. All contributions shall be taken into  
24 account for this purpose. For the purposes of this  
25 paragraph (2), the minimum allocation shall be calculated  
26 so that the System meets the requirements necessary to be

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

4       (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)  
5       Sec. 2-124. Contributions by State.

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

12      (b) The Board shall determine the amount of State  
13      contributions required for each fiscal year on the basis of the  
14      actuarial tables and other assumptions adopted by the Board and  
15      the prescribed rate of interest, using the formula in  
16      subsection (c).

17      (c) For State fiscal years 2016 ~~2012~~ through 2045, the  
18      minimum contribution to the System to be made by the State for  
19      each fiscal year shall be an amount equal to the sum of (i) the  
20      minimum employer contribution determined under Section  
21      2-124.1, plus (ii) an amount determined by the System to be  
22      sufficient to bring the total assets of the System up to 90% of  
23      the total actuarial liabilities of the System by the end of  
24      State fiscal year 2045. In making the ~~these~~ determinations  
25      under item (ii) of this subsection (c), the required State

1 contribution shall be calculated each year as a level  
2 percentage of revenue provided by the individual income tax,  
3 sales tax, and corporate income tax assuming a 2.3% average  
4 annual growth rate in these revenues ~~payroll~~ over the years  
5 remaining to and including fiscal year 2045 and shall be  
6 determined under the projected unit credit actuarial cost  
7 method. The contribution required in each fiscal year under  
8 this subsection (c) must not be less than 100% of the prior  
9 fiscal year's contribution.

10 For State fiscal years 2013 ~~1996~~ through 2015 ~~2005~~, the  
11 State contribution to the System, as a percentage of State  
12 revenue from the individual income tax, sales tax, and  
13 corporate income tax ~~the applicable employee payroll~~, shall be  
14 increased in equal annual increments so that by State fiscal  
15 year 2016 ~~2011~~, the State is contributing at the rate required  
16 under this Section.

17 Notwithstanding any other provision of this Article, the  
18 total required State contribution for State fiscal year 2006 is  
19 \$4,157,000.

20 Notwithstanding any other provision of this Article, the  
21 total required State contribution for State fiscal year 2007 is  
22 \$5,220,300.

23 For each of State fiscal years 2008 through 2009, the State  
24 contribution to the System, as a percentage of the applicable  
25 employee payroll, shall be increased in equal annual increments  
26 from the required State contribution for State fiscal year

1 2007, so that by State fiscal year 2011, the State is  
2 contributing at the rate otherwise required under this Section.

3 Notwithstanding any other provision of this Article, the  
4 total required State contribution for State fiscal year 2010 is  
5 \$10,454,000 and shall be made from the proceeds of bonds sold  
6 in fiscal year 2010 pursuant to Section 7.2 of the General  
7 Obligation Bond Act, less (i) the pro rata share of bond sale  
8 expenses determined by the System's share of total bond  
9 proceeds, (ii) any amounts received from the General Revenue  
10 Fund in fiscal year 2010, and (iii) any reduction in bond  
11 proceeds due to the issuance of discounted bonds, if  
12 applicable.

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

24 Beginning in State fiscal year 2046, the minimum State  
25 contribution shall be an amount equal to the minimum employer  
26 contribution determined under Section 2-124.1, plus an amount

1 ~~sufficient for each fiscal year shall be the amount needed~~ to  
2 maintain the total assets of the System at 90% of the total  
3 actuarial liabilities of the System.

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

16 Notwithstanding any other provision of this Section, the  
17 required State contribution for State fiscal year 2005 and for  
18 fiscal year 2008 and each fiscal year thereafter until fiscal  
19 year 2013, as calculated under this Section and certified under  
20 Section 2-134, shall not exceed an amount equal to (i) the  
21 amount of the required State contribution that would have been  
22 calculated under this Section for that fiscal year if the  
23 System had not received any payments under subsection (d) of  
24 Section 7.2 of the General Obligation Bond Act, minus (ii) the  
25 portion of the State's total debt service payments for that  
26 fiscal year on the bonds issued in fiscal year 2003 for the

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

15 (d) 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 (e) 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 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09;  
5 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11; 96-1554, eff.  
6 3-18-11; revised 4-6-11.)

7 (40 ILCS 5/2-124.1 new)

8 Sec. 2-124.1. Minimum employer contribution. The following  
9 rules apply in determining the minimum employer contribution in  
10 State fiscal year 2013 and each year thereafter.

11 (1) With respect to employees who elect the revised  
12 defined benefit package provided under paragraph (2) of  
13 subsection (a) of Section 2-109.02 of this Code, an amount  
14 equal to 6% of the pensionable payroll of the employee  
15 group.

16 (2) With respect to employees who elect the traditional  
17 defined benefit package provided under paragraph (1) of  
18 subsection (a) of Section 2-109.02 of this Code, an amount  
19 equal to 6% of the pensionable payroll of the employee  
20 group.

21 (3) With respect to employees who elect the  
22 self-managed plan provided under paragraph (3) of  
23 subsection (a) of Section 2-109.02 of this Code, an amount  
24 equal to (i) 6% of the pensionable payroll of the employee  
25 group and (ii) an amount determined by the System that is

1           necessary to finance the disability plan provided for that  
2           group under this Article.

3           (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

4           Sec. 2-126. Contributions by participants.

5           (a) Each participant shall contribute toward the cost of  
6           his or her retirement annuity a percentage of each payment of  
7           salary received by him or her for service as a member as  
8           follows: for service between October 31, 1947 and January 1,  
9           1959, 5%; for service between January 1, 1959 and June 30,  
10          1969, 6%; for service between July 1, 1969 and January 10,  
11          1973, 6 1/2%; for service after January 10, 1973, 7%; for  
12          service after December 31, 1981, 8 1/2%.

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

16          A participant who has no eligible survivor's annuity  
17          beneficiary may elect to cease making contributions for  
18          survivor's annuity under this subsection. A survivor's annuity  
19          shall not be payable upon the death of a person who has made  
20          this election, unless prior to that death the election has been  
21          revoked and the amount of the contributions that would have  
22          been paid under this subsection in the absence of the election  
23          is paid to the System, together with interest at the rate of 4%  
24          per year from the date the contributions would have been made  
25          to the date of payment.

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

6           (d) In addition, each participant serving as an officer of  
7 the General Assembly shall contribute, for the same purposes  
8 and at the same rates as are required of a regular participant,  
9 on each additional payment received as an officer. If the  
10 participant serves as an officer for at least 2 but less than 4  
11 years, he or she shall contribute an amount equal to the amount  
12 that would have been contributed had the participant served as  
13 an officer for 4 years. Persons who serve as officers in the  
14 87th General Assembly but cannot receive the additional payment  
15 to officers because of the ban on increases in salary during  
16 their terms may nonetheless make contributions based on those  
17 additional payments for the purpose of having the additional  
18 payments included in their highest salary for annuity purposes;  
19 however, persons electing to make these additional  
20 contributions must also pay an amount representing the  
21 corresponding employer contributions, as calculated by the  
22 System.

23           (e) Notwithstanding any other provision of this Article,  
24 the required contribution of a participant who first becomes a  
25 participant on or after January 1, 2011 shall not exceed the  
26 contribution that would be due under this Article if that

1 participant's highest salary for annuity purposes were  
2 \$106,800, plus any increases in that amount under Section  
3 2-108.1.

4 Notwithstanding anything in this Section to the contrary,  
5 effective with terms of office that end after January 1, 2012,  
6 all participants shall be required to make the following  
7 contributions:

8 (1) Participants who elect the traditional defined  
9 benefit package provided under paragraph (1) of subsection  
10 (a) of Section 2-109.2 of this Code shall contribute:

11 (A) In fiscal year 2013, fiscal year 2014, and  
12 fiscal year 2015, an amount equal to 24.89% of  
13 compensation.

14 (B) In fiscal year 2016 and in each fiscal year  
15 thereafter, a percentage of compensation equal to the  
16 actuarially determined normal cost of the traditional  
17 defined benefit package, minus employer contributions  
18 under paragraph (2) of subsection (a) of Section  
19 2-124.1, provided that no participant's contribution  
20 shall be less than 6% of pensionable payroll. The  
21 System shall certify the actuarially determined normal  
22 cost of the traditional defined benefit package and the  
23 amount of the required employee contributions by  
24 January 1, 2015 and every 3 years thereafter.

25 (2) Participants who elect the revised defined benefit  
26 package provided under paragraph (2) of subsection (a) of

1       Section 2-109.02 of this Code shall contribute an amount  
2       equal to the actuarially determined normal cost of the  
3       revised defined benefit package, minus employer  
4       contributions under paragraph (1) of subsection (a) of  
5       Section 2-124.1, provided that no participant's  
6       contribution shall be less than 6% of pensionable payroll.  
7       The System shall certify the actuarially determined normal  
8       cost of the revised defined benefit package and the amount  
9       of the required employee contribution for fiscal year 2013  
10       and every 3 years thereafter.

11       (3) Participants who elect the self-managed plan  
12       provided under paragraph (3) of subsection (a) of Section  
13       2-109.02 of this Code shall contribute a minimum amount  
14       equal to 6% of compensation.

15       Participants who elect the self-managed plan provided  
16       under paragraph (2) of subsection (a) of Section 2-109.02 of  
17       this Code may elect to increase the employee contribution in  
18       accordance with rules prescribed by the Board and the plan  
19       sponsor.

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

21       (40 ILCS 5/2-163 new)

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

1 (40 ILCS 5/8-103.1 new)

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

6 (40 ILCS 5/8-103.2 new)

7 Sec. 8-103.2. Self-managed plan. "Self-managed plan": The  
8 defined contribution retirement program maintained under the  
9 Fund as described in Section 8-190.2. The self-managed plan  
10 does not include retirement annuities or survivor's,  
11 disability, or insurance benefits payable directly from the  
12 Fund as provided by this Article.

13 (40 ILCS 5/8-103.3 new)

14 Sec. 8-103.3. Traditional benefit package. "Traditional  
15 benefit package": The defined benefit retirement program  
16 maintained under the Fund for employees who first became  
17 participants in the Fund before January 1, 2011.

18 (40 ILCS 5/8-125) (from Ch. 108 1/2, par. 8-125)

19 Sec. 8-125. Annuity.

20 "Annuity": Equal monthly payments for life, unless  
21 otherwise specified.

22 For annuities taking effect before January 1, 1998, the

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

14 For annuities taking effect on or after January 1, 1998,  
15 payments shall be made as of the first day of the calendar  
16 month, with the first payment to be made as of the first day of  
17 the calendar month coincidental with or next following the  
18 first day of the annuity payment period, and the last payment  
19 to be made as of the first day of the calendar month in which  
20 the annuity payment period ends. For annuities taking effect on  
21 or after January 1, 1998, all payments shall be for the entire  
22 calendar month, without proration.

23 For the purposes of this Section, the "annuity payment  
24 period" means the period beginning on the day after the  
25 occurrence of the event upon which payment of the annuity  
26 depends, and ending on the day upon which the death of the

1 annuitant or other event terminating the annuity occurs.

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

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

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

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

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

15 (a) the sum obtained by the levy of a tax of .1093% of the  
16 value, as equalized or assessed by the Department of Revenue,  
17 of all taxable property within such city, or (b) the sum of  
18 \$12,000,000. However any city in which a Fund has been  
19 established and in operation under this Article for more than 3  
20 years prior to 1970 shall levy for the year 1970 a tax at a rate  
21 on the dollar of assessed valuation of all taxable property  
22 that will produce, when extended, an amount not to exceed 1.2  
23 times the total amount of contributions made by employees to  
24 the Fund for annuity purposes in the calendar year 1968, and,  
25 for the year 1971 and 1972 such levy that will produce, when



1 extended, an amount not to exceed 1.3 times the total amount of  
2 contributions made by employees to the Fund for annuity  
3 purposes in the calendar years 1969 and 1970, respectively; and  
4 for the year 1973 an amount not to exceed 1.365 times such  
5 total amount of contributions made by employees for annuity  
6 purposes in the calendar year 1971; and for the year 1974 an  
7 amount not to exceed 1.430 times such total amount of  
8 contributions made by employees for annuity purposes in the  
9 calendar year 1972; and for the year 1975 an amount not to  
10 exceed 1.495 times such total amount of contributions made by  
11 employees for annuity purposes in the calendar year 1973; and  
12 for the year 1976 an amount not to exceed 1.560 times such  
13 total amount of contributions made by employees for annuity  
14 purposes in the calendar year 1974; and for the year 1977 an  
15 amount not to exceed 1.625 times such total amount of  
16 contributions made by employees for annuity purposes in the  
17 calendar year 1975; and for the year 1978 and each year  
18 thereafter, such levy as will produce, when extended, an amount  
19 not to exceed the total amount of contributions made by or on  
20 behalf of employees to the Fund for annuity purposes in the  
21 calendar year 2 years prior to the year for which the annual  
22 applicable tax is levied, multiplied by 1.690 for the years  
23 1978 through 1998 and by 1.250 for the years ~~year~~ 1999 through  
24 2012. For 2013 and for each year thereafter, the amount levied  
25 shall be equal to the amount levied in 2010.

26 The tax shall be levied and collected in like manner with

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

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

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

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

26 (c) In respect to employees of the city who are transferred

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

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

25 The various sums to be contributed by the city and park  
26 district and allocated for the purposes of this Article, and

1 any interest to be contributed by the city, shall be derived  
2 from the revenue from the taxes authorized in this Section or  
3 otherwise as expressly provided in this Section.

4 If it is not possible or practicable for the city to make  
5 contributions for age and service annuity and widow's annuity  
6 at the same time that employee contributions are made for such  
7 purposes, such city contributions shall be construed to be due  
8 and payable as of the end of the fiscal year for which the tax  
9 is levied and shall accrue thereafter with interest at the  
10 effective rate until paid.

11 (d) With respect to employees whose wages are funded as  
12 participants under the Comprehensive Employment and Training  
13 Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L.  
14 93-567, 88 Stat. 1845), hereinafter referred to as CETA,  
15 subsequent to October 1, 1978, and in instances where the board  
16 has elected to establish a manpower program reserve, the board  
17 shall compute the amounts necessary to be credited to the  
18 manpower program reserves established and maintained as herein  
19 provided, and shall make a periodic determination of the amount  
20 of required contributions from the City to the reserve to be  
21 reimbursed by the federal government in accordance with rules  
22 and regulations established by the Secretary of the United  
23 States Department of Labor or his designee, and certify the  
24 results thereof to the City Council. Any such amounts shall  
25 become a credit to the City and will be used to reduce the  
26 amount which the City would otherwise contribute during

1 succeeding years for all employees.

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

14 (f) In lieu of levying all or a portion of the tax required  
15 under this Section in any year, the city may deposit with the  
16 city treasurer no later than March 1 of that year for the  
17 benefit of the fund, to be held in accordance with this  
18 Article, an amount that, together with the taxes levied under  
19 this Section for that year, is not less than the amount of the  
20 city contributions for that year as certified by the board to  
21 the city council. The deposit may be derived from any source  
22 legally available for that purpose, including, but not limited  
23 to, the proceeds of city borrowings. The making of a deposit  
24 shall satisfy fully the requirements of this Section for that  
25 year to the extent of the amounts so deposited. Amounts  
26 deposited under this subsection may be used by the fund for any

1 of the purposes for which the proceeds of the tax levied by the  
2 city under this Section may be used, including the payment of  
3 any amount that is otherwise required by this Article to be  
4 paid from the proceeds of that tax.

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

7 (40 ILCS 5/8-174.2 new)

8 Sec. 8-174.2. Employee contributions effective January 1,  
9 2013. Notwithstanding any other provision of this Article,  
10 effective January 1, 2013, all participants shall be required  
11 to make the following contributions:

12 (1) Participants who elect the traditional benefit  
13 package under paragraph (1) of subsection (a) of Section  
14 8-190.1 of this Code shall contribute:

15 (A) In fiscal year 2013, fiscal year 2014, and  
16 fiscal year 2015, an amount equal to 12.75% of salary.

17 (B) In fiscal year 2016 and in each fiscal year  
18 thereafter, a percentage of salary equal to the  
19 actuarially determined normal cost of the traditional  
20 benefit package, minus an amount equal to 6% of total  
21 pensionable salary. The Fund shall certify the  
22 actuarially determined normal cost of the traditional  
23 benefit package and the amount of required participant  
24 contributions by July 1, 2015 and every 3 years  
25 thereafter.

1           (2) Participants who elect the reformed benefit  
2           package under paragraph (2) of subsection (a) of Section  
3           8-190.1 of this Code shall contribute:

4           (A) In fiscal year 2013, fiscal year 2014, and  
5           fiscal year 2015, an amount equal to 7% of salary.

6           (B) In fiscal year 2016 and in each fiscal year  
7           thereafter, a percentage of salary equal to the  
8           actuarially determined normal cost of the traditional  
9           benefit package, minus an amount equal to 6% of total  
10           pensionable salary. The Fund shall certify the  
11           actuarially determined normal cost of the reformed  
12           benefit package and the amount of required participant  
13           contributions by July 1, 2015 and every 3 years  
14           thereafter.

15           (3) Participants who elect the self-managed plan under  
16           paragraph (3) of subsection (a) of Section 8-190.1 of this  
17           Code shall contribute a minimum of 6% of salary.  
18           Participants who elect the self-managed plan provided  
19           under Section 8-190.2 of this Code may elect to increase  
20           their employee contributions in accordance with rules  
21           prescribed by the Board.

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

1       Sec. 8-190.1. Benefit accruals on and after January 1,  
2       2013.

3       (a) Each participant under this Article, other than a  
4       person who first becomes an employee and a participant on or  
5       after January 1, 2011, shall choose which retirement program he  
6       or she wishes to participate in with respect to all periods of  
7       employment occurring on and after January 1, 2013, except that  
8       such participants with more than 5 years of creditable service  
9       at the time of such election shall only be eligible to elect  
10       one of the retirement programs in paragraphs (1) or (2) of this  
11       subsection (a). The retirement program election made by the  
12       participating employee must be made no later than July 1, 2012.  
13       The participant shall elect one of the following retirement  
14       programs:

15               (1) the traditional benefit package provided by the  
16               Fund;

17               (2) the reformed benefit package provided by the Fund;  
18               or

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

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



1 participant must make the election (i) by July 1, 2012 or  
2 within 6 months after the participant's first day of covered  
3 employment, whichever is later, and (ii) if applicable, every 3  
4 years thereafter.

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

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

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

1       participant with more than 5 years of creditable service  
2       shall be prohibited from electing the self-managed plan.

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

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

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

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

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

1 retirement eligibility and vesting under the traditional  
2 benefit package and the self-managed plan.

3 (g) An individual with less than 5 years of creditable  
4 service and who is a participant in the Fund but is not a  
5 participating employee on July 1, 2012 shall be allowed to  
6 elect, based on the eligibility criteria specified in this  
7 Code, one of the retirement programs provided in paragraph (1),  
8 (2), or (3) of subsection (a) of this Section within 6 months  
9 after becoming an employee, based on eligibility.

10 An individual with 5 or more years of creditable service  
11 and who is a participant in the Fund but is not a participating  
12 employee on July 1, 2012 shall be allowed to elect, based on  
13 the eligibility criteria specified in this Code, one of the  
14 retirement programs provided in paragraph (1) or (2) of  
15 subsection (a) of this Section within 6 months after becoming  
16 an employee, based on eligibility.

17 (40 ILCS 5/8-190.2 new)

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

19 (a) Purpose. The Municipal Employees', Officers', and  
20 Officials' Annuity and Benefit Fund shall establish and  
21 administer a self-managed plan, which shall offer participants  
22 the opportunity to accumulate assets for retirement through a  
23 combination of employee and employer contributions that may be  
24 invested in mutual funds, collective investment funds, or other  
25 investment products and may be used to purchase annuity

1 contracts, either fixed or variable or a combination thereof.  
2 The plan must be qualified under the Internal Revenue Code of  
3 1986.

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

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

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

24 (d) Employee direction. Employees who are participating in  
25 the program must be allowed to direct the transfer of their  
26 account balances among the various investment options offered,

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

9 (e) Participation. An employee eligible to participate in  
10 the self-managed plan must make a written election under  
11 Section 8-190.1 and the procedures established by the Fund.  
12 Participation in the self-managed plan by an electing employee  
13 shall begin on the first day of the first pay period following  
14 the later of (i) the date the employee's election is filed with  
15 the Fund or (ii) January 1, 2013.

16 An employee who has elected to participate in the  
17 self-managed plan under this Section must continue  
18 participation while employed in an eligible position.  
19 Participation in the self-managed plan under this Section shall  
20 constitute membership in the Municipal Employees', Officers',  
21 and Officials' Annuity and Benefit Fund.

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

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

1       This required contribution shall be made as an "employer  
2 pick up" under Section 414(h) of the Internal Revenue Code of  
3 1986 or any successor Section thereof. In no event shall a  
4 employee have an option of receiving these amounts in cash. The  
5 program shall provide for employer contributions to be credited  
6 to each self-managed plan participant at a rate of 6% of the  
7 participant's salary. The amounts so credited shall be paid  
8 into the employee's self-managed plan account in a manner to be  
9 prescribed by the Fund.

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

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

1 provisions of Article 20 of this Code.

2 (h) Benefit amounts. If a participant who is vested in  
3 employer contributions terminates employment, the participant  
4 shall be entitled to a benefit which is based on the account  
5 values attributable to employer and participant contributions  
6 and any investment return thereon.

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

15 (40 ILCS 5/8-190.3 new)

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

19 (1) If the participant is participating in the  
20 traditional benefit package provided under paragraph (1)  
21 of subsection (a) of Section 8-103.3 of this Code or the  
22 revised defined benefit package provided under paragraph  
23 (2) of subsection (a) of Section 8-103.3 of this Code, the  
24 participant shall receive a minimum benefit (commencing on  
25 his or her Social Security retirement age) that is equal to



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

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

20       (40 ILCS 5/8-190.4 new)

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

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

2 Sec. 8-251. Felony conviction.

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

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

11 All future entrants entering service subsequent to July 11,  
12 1955 shall be deemed to have consented to the provisions of  
13 this section as a condition of coverage.

14 No refund paid to any person who is convicted of a felony  
15 relating to or arising out of or in connection with the  
16 person's service as an employee shall include employer  
17 contributions or interest or, in the case of the self-managed  
18 plan authorized under Section 8-190.2, any employer  
19 contributions or investment return on employer contributions.

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

21 (40 ILCS 5/8-255 new)

22 Sec. 8-255. Qualified plan status. No provision of this  
23 Article shall be interpreted in a way that would cause the Fund  
24 to cease to be a qualified plan under Section 401(a) of the

1 Internal Revenue Code.

2 (40 ILCS 5/9-103.1 new)

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

9 (40 ILCS 5/9-103.2 new)

10 Sec. 9-103.2. Self-managed plan. "Self-managed plan": The  
11 defined contribution retirement program maintained under the  
12 Fund as described in Section 9-170.5. The self-managed plan  
13 does not include any of the following: retirement annuities  
14 payable directly from the Fund as provided under Sections  
15 9-121.6, 9-121.7, 9-125, 9-126, 9-127, 9-128, 9-128.1, 9-132,  
16 9-134, and 9-160; automatic increase in annuities payable  
17 directly from the Fund as provided under Sections 9-133 and  
18 9-133.1; reversionary annuities payable directly from the Fund  
19 as provided under Section 9-135; death benefits payable  
20 directly from the Fund as provided under Section 9-135.1;  
21 widow's and survivor's annuities payable directly from the Fund  
22 as provided under Sections 9-137, 9-138, 9-139, 9-140, 9-141,  
23 9-142, 9-143, 9-144, 9-145, 9-146.1, 9-146.2, 9-147, 9-148,  
24 9-148.1, 9-150, 9-150.1, and 9-153; child's annuities payable

1 directly from the Fund as provided under Sections 9-154 and  
2 9-155, refunds as provided under Sections 9-164 and 9-167; and  
3 annuities to disabled employees whose ordinary disability  
4 benefits have expired as provided under Section 9-174.

5 (40 ILCS 5/9-103.3 new)

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

10 (40 ILCS 5/9-128.1) (from Ch. 108 1/2, par. 9-128.1)

11 Sec. 9-128.1. Annuities for members of the County Police  
12 Department.

13 (a) In lieu of the regular or minimum annuity or annuities  
14 for any deputy sheriff who is a member of a County Police  
15 Department, he may, upon withdrawal from service after not less  
16 than 20 years of service in the position of deputy sheriff as  
17 defined below, upon or after attainment of age 55, receive a  
18 total annuity equal to 2% for each year of service based upon  
19 his highest average annual salary for any 4 consecutive years  
20 within the last 10 years of service immediately preceding the  
21 date of withdrawal from service, subject to a maximum annuity  
22 equal to 75% of such average annual salary.

23 (b) Any deputy sheriff who withdraws from the service after  
24 July 1, 1979, after having attained age 53 in the service with

1 23 or more years of service credit shall be entitled to an  
2 annuity computed as follows if such annuity is greater than  
3 that provided in the foregoing paragraphs of this Section  
4 9-128.1: An annuity equal to 50% of the average salary for the  
5 4 highest consecutive years of the last 10 years of service  
6 plus additional annuity equal to 2% of such average salary for  
7 each completed year of service or fraction thereof rendered  
8 after his attainment of age 53 and the completion of 23 years  
9 of service, plus an additional annuity equal to 1% of such  
10 average salary for each completed year of service or fraction  
11 thereof in excess of 23 years up to age 53.

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

22 (d) A deputy sheriff who reaches compulsory retirement age  
23 and who has less than 23 years of service shall be entitled to  
24 a minimum annuity equal to an amount determined by the product  
25 of (1) his years of service and (2) 2% of his average salary  
26 for the 4 consecutive highest years of salary within the last

1 10 years of service immediately prior to his reaching  
2 compulsory retirement age.

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

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

18 The terms "deputy sheriff" and "member of a County Police  
19 Department" shall also include an elected sheriff of the county  
20 who has elected to become a contributor and who has submitted  
21 to the board his written election to be included within the  
22 provisions of this Section. With respect to any such sheriff,  
23 service as the elected sheriff of the county shall be deemed to  
24 be service in the position of deputy sheriff for the purposes  
25 of this Section provided that the employee contributions  
26 therefor are made at the rate prescribed for members of the

1 County Police Department. A sheriff electing to be included  
2 under this Section may also elect to have his service as  
3 sheriff of the county before the date of such election included  
4 as service as a deputy sheriff for the purposes of this  
5 Section, by making an additional contribution for each year of  
6 such service, equal to the difference between the amount he  
7 would have contributed to the Fund during such year had he been  
8 contributing at the rate then in effect for members of the  
9 County Police Department and the amount actually contributed,  
10 plus interest thereon at the rate of 6% per annum from the end  
11 of such year to the date of payment.

12 (g) In no case shall an annual annuity provided in this  
13 Section 9-128.1 exceed 80% of the average annual salary for any  
14 4 consecutive years within the last 10 years of service  
15 immediately preceding the date of withdrawal from service.

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

19 (h) A deputy sheriff may elect, between January 1 and  
20 January 15, 1983, to transfer his creditable service as a  
21 member of the State Employees' Retirement System of Illinois to  
22 any Fund established under this Article of which he is a  
23 member, and such transferred creditable service shall be  
24 included as service for the purpose of calculating his benefits  
25 under this Article to the extent that the payment specified in  
26 Section 14-105.3 has been received by such Fund.

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

14           (j) Beginning on the effective date of this amendatory Act  
15 of 1996, the terms "deputy sheriff" and "member of a County  
16 Police Department" shall also include any chief of the County  
17 Police Department or undersheriff of the County Sheriff's  
18 Department who has submitted to the board his or her written  
19 election to be included within the provisions of this Section.  
20 With respect to any such police chief or undersheriff, service  
21 as a chief of the County Police Department or an undersheriff  
22 of the County Sheriff's Department shall be deemed to be  
23 service in the position of deputy sheriff for the purposes of  
24 this Section, provided that the employee contributions  
25 therefor are made at the rate prescribed for members of the  
26 County Police Department.



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

14           A chief of the County Police Department or undersheriff of  
15 the County Sheriff's Department who has elected to be included  
16 within the provisions of this Section may transfer to this Fund  
17 credits and creditable service accumulated under any pension  
18 fund or retirement system established under Article 3, 7, 8,  
19 14, or 15, upon payment to the Fund of (1) the amount by which  
20 the employee contributions that would have been required if he  
21 or she had participated in this Fund during the period for  
22 which credit is being transferred, plus interest, plus an equal  
23 amount for employer contributions, exceeds the amounts  
24 actually transferred from that other fund or system to this  
25 Fund, plus (2) interest thereon at 6% per year, compounded  
26 annually, from the date of transfer to the date of payment.

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

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

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

13           (40 ILCS 5/9-133) (from Ch. 108 1/2, par. 9-133)

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

15           (a) An employee who retired or retires from service after  
16 December 31, 1959, having attained age 60 or more or, beginning  
17 January 1, 1991, having attained 30 or more years of creditable  
18 service, shall, in the month of January of the year following  
19 the year in which the first anniversary of retirement occurs,  
20 have his then fixed and payable monthly annuity increased by 1  
21 1/2%, and such first fixed annuity as granted at retirement  
22 increased by a further 1 1/2% in January of each year  
23 thereafter. Beginning with January of the year 1972, such  
24 increases shall be at the rate of 2% in lieu of the aforesaid  
25 specified 1 1/2%. Beginning with January of the year 1982, such

1 increases shall be at the rate of 3% in lieu of the aforesaid  
2 specified 2%. Beginning January 1, 1998, these increases shall  
3 be at the rate of 3% of the current amount of the annuity,  
4 including any previous increases received under this Article,  
5 without regard to whether the annuitant is in service on or  
6 after the effective date of this amendatory Act of 1997.

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

16 For an employee who, in accordance with the provisions of  
17 Section 9-108.1 of this Act, shall have become a member of the  
18 State System established under Article 14 on February 1, 1974,  
19 the first such automatic increase shall begin in January of  
20 1975.

21 (b) Subsection (a) is not applicable to an employee  
22 retiring and receiving a term annuity, as defined in this Act,  
23 nor to any otherwise qualified employee who retires before he  
24 makes employee contributions (at the 1/2 of 1% rate as provided  
25 in this Section) for this additional annuity for not less than  
26 the equivalent of one full year. Such employee, however, shall

1 make arrangement to pay to the fund a balance of such  
2 contributions, based on his final salary, as will bring such  
3 1/2 of 1% contributions, computed without interest, to the  
4 equivalent of one year's contributions.

5 Beginning with the month of January, 1960, each employee  
6 shall contribute by means of salary deductions 1/2 of 1% of  
7 each salary payment, concurrently with and in addition to the  
8 employee contributions otherwise provided for annuity  
9 purposes.

10 Beginning January 1, 2013, contributions will no longer be  
11 allocated for the automatic increase.

12 Each such additional contribution shall be used, together  
13 with county contributions, to defray the cost of the specified  
14 annuity increments.

15 Such additional employee contributions are not refundable,  
16 except to an employee who withdraws and applies for refund  
17 under this Article, or applies for annuity, and also in cases  
18 where a term annuity becomes payable. In such cases his  
19 contributions shall be refunded, without interest.

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

21 (40 ILCS 5/9-160) (from Ch. 108 1/2, par. 9-160)

22 Sec. 9-160. Annuity after withdrawal while disabled. An  
23 employee whose disability continues after he has received  
24 ordinary disability benefit for the maximum period of time  
25 prescribed by this Article, ~~and who withdraws before age 60~~

1 while still so disabled, is entitled to receive the annuity  
2 provided from the total sum accumulated to his credit from  
3 employee contributions and county contributions to be computed  
4 as of his age on the date of withdrawal.

5 The annuity to which his wife shall be entitled upon his  
6 death, shall be fixed on the date of his withdrawal. It shall  
7 be provided on a reversionary annuity basis from the total sum  
8 accumulated to his credit for widow's annuity on the date of  
9 such withdrawal.

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

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

19 (40 ILCS 5/9-164) (from Ch. 108 1/2, par. 9-164)

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

22 (1) An employee, without regard to length of service, who  
23 withdraws before age 55 (age 62 for an employee that was  
24 participating in the reformed benefits package ~~who first~~  
25 ~~becomes a member on or after January 1, 2011~~), and any employee

1 with less than 10 years of service who withdraws before age 60,  
2 and any employee that was participating in the reformed  
3 benefits package ~~who first becomes a member on or after January~~  
4 ~~1, 2011~~ who withdraws with less than 10 years of service, shall  
5 be entitled to a refund of the total sums accumulated to his  
6 credit as of date of withdrawal for age and service annuity and  
7 widow's annuity resulting from amounts contributed by him or by  
8 the county in lieu of employee contributions during duty  
9 disability. If he is a present employee he shall also be  
10 entitled to a refund of the total sum accumulated from any sums  
11 contributed by him and applied to any county pension fund  
12 superseded by this fund. An employee withdrawing on or after  
13 January 1, 1984 may receive a refund only after he has been off  
14 the payroll for at least 30 days during which time he has  
15 received no salary.

16 (2) Upon receipt of the refund, the employee surrenders and  
17 forfeits all rights to any annuity or other benefits for  
18 himself and for any other persons who might have benefited  
19 through him; provided that he may have any such period of  
20 service counted in computing the term of his service - for age  
21 and service annuity purposes only - if he becomes an employee  
22 before age 65, excepting as limited by the provisions of this  
23 Article relating to the basis of computing the term of service.

24 (3) An employee who does not receive a refund shall have  
25 all amounts to his credit for annuity purposes on the date of  
26 his withdrawal improved by interest only until he becomes 65

1 while out of service at the effective rate for his benefit and  
2 the benefit of any person who may have any right to annuity  
3 through him if he re-enters service and attains a right to  
4 annuity.

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

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

11 (40 ILCS 5/9-169) (from Ch. 108 1/2, par. 9-169)  
12 Sec. 9-169. Financing - Tax levy.

13 (a) The county board shall levy a tax annually upon all  
14 taxable property in the county at the rate that will produce a  
15 sum which, when added to the amounts deducted from the salaries  
16 of the employees or otherwise contributed by them is sufficient  
17 for the requirements of this Article.

18 For the years before 1962 the tax rate shall be as provided  
19 in "The 1925 Act". For the years 1962 and 1963 the tax rate  
20 shall be not more than .0200 per cent; for the years 1964 and  
21 1965 the tax rate shall be not more than .0202 per cent; for  
22 the years 1966 and 1967 the tax rate shall be not more than  
23 .0207 per cent; for the year 1968 the tax rate shall be not  
24 more than .0220 per cent; for the year 1969 the tax rate shall  
25 be not more than .0233 per cent; for the year 1970 the tax rate

1 shall be not more than .0255 per cent; for the year 1971 the  
2 tax rate shall be not more than .0268 per cent of the value, as  
3 equalized or assessed by the Department of Revenue upon all  
4 taxable property in the county. Beginning with the year 1972  
5 and for each year thereafter the county shall levy a tax  
6 annually at a rate on the dollar of the value, as equalized or  
7 assessed by the Department of Revenue of all taxable property  
8 within the county that will produce, when extended, not to  
9 exceed an amount equal to the total amount of contributions  
10 made by the employees to the fund in the calendar year 2 years  
11 prior to the year for which the annual applicable tax is levied  
12 multiplied by .8 for the years 1972 through 1976; by .8 for the  
13 year 1977; by .87 for the year 1978; by .94 for the year 1979;  
14 by 1.02 for the year 1980 and by 1.10 for the year 1981 and by  
15 1.18 for the year 1982 and by 1.36 for the year 1983 and by 1.54  
16 for the years year 1984 through 2012. For the year 2013 and for  
17 each year thereafter, the amount levied shall be the amount  
18 levied in 2009.

19 This tax shall be levied and collected in like manner with  
20 the general taxes of the county, and shall be in addition to  
21 all other taxes which the county is authorized to levy upon the  
22 aggregate valuation of all taxable property within the county  
23 and shall be exclusive of and in addition to the amount of tax  
24 the county is authorized to levy for general purposes under any  
25 laws which may limit the amount of tax which the county may  
26 levy for general purposes. The county clerk, in reducing tax



1 levies under any Act concerning the levy and extension of  
2 taxes, shall not consider this tax as a part of the general tax  
3 levy for county purposes, and shall not include it within any  
4 limitation of the per cent of the assessed valuation upon which  
5 taxes are required to be extended for the county. It is lawful  
6 to extend this tax in addition to the general county rate fixed  
7 by statute, without being authorized as additional by a vote of  
8 the people of the county.

9 Revenues derived from this tax shall be paid to the  
10 treasurer of the county and held by him for the benefit of the  
11 fund.

12 If the payments on account of taxes are insufficient during  
13 any year to meet the requirements of this Article, the county  
14 may issue tax anticipation warrants against the current tax  
15 levy.

16 (b) By January 10, annually, the board shall notify the  
17 county board of the requirement of this Article that this tax  
18 shall be levied. The board shall make an annual determination  
19 of the required county contributions, and shall certify the  
20 results thereof to the county board.

21 (c) The various sums to be contributed by the county board  
22 and allocated for the purposes of this Article and any interest  
23 to be contributed by the county shall be taken from the revenue  
24 derived from this tax and no money of the county derived from  
25 any source other than the levy and collection of this tax or  
26 the sale of tax anticipation warrants, except state or federal

1 funds contributed for annuity and benefit purposes for  
2 employees of a county department of public aid under "The  
3 Illinois Public Aid Code", approved April 11, 1967, as now or  
4 hereafter amended, may be used to provide revenue for the fund.

5 If it is not possible or practicable for the county to make  
6 contributions for age and service annuity and widow's annuity  
7 concurrently with the employee contributions made for such  
8 purposes, such county shall make such contributions as soon as  
9 possible and practicable thereafter with interest thereon at  
10 the effective rate until the time it shall be made.

11 (d) With respect to employees whose wages are funded as  
12 participants under the Comprehensive Employment and Training  
13 Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L.  
14 93-567, 88 Stat. 1845), hereinafter referred to as CETA,  
15 subsequent to October 1, 1978, and in instances where the board  
16 has elected to establish a manpower program reserve, the board  
17 shall compute the amounts necessary to be credited to the  
18 manpower program reserves established and maintained as herein  
19 provided, and shall make a periodic determination of the amount  
20 of required contributions from the County to the reserve to be  
21 reimbursed by the federal government in accordance with rules  
22 and regulations established by the Secretary of the United  
23 States Department of Labor or his designee, and certify the  
24 results thereof to the County Board. Any such amounts shall  
25 become a credit to the County and will be used to reduce the  
26 amount which the County would otherwise contribute during

1 succeeding years for all employees.

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

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

14 (40 ILCS 5/9-170) (from Ch. 108 1/2, par. 9-170)

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

17 (a) Beginning on the effective date as to a present  
18 employee in paragraph (a) or (c) of Section 9-109, or as to a  
19 future entrant in paragraph (a) of Section 9-110, and beginning  
20 on September 1, 1935 as to a present employee in paragraph (b)  
21 (1) of Section 9-109 or as to a future entrant in paragraph (b)  
22 or (d) of Section 9-110, and beginning from the date of  
23 becoming a contributor as to any present employee in paragraph  
24 (b)(2) or (d) of Section 9-109, or any future entrant in  
25 paragraph (c) or (e) of Section 9-110, there shall be deducted

1 and contributed to this fund 3 1/4% of each payment of salary  
2 for age and service annuity until July 1, 1947. Beginning July  
3 1, 1947 and prior to July 1, 1953, 5% and beginning July 1,  
4 1953, and prior to September 1, 1971, 6%; and beginning  
5 September 1, 1971, 6 1/2% of each payment of salary of such  
6 employees shall be deducted and contributed for such purpose.

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

19 Such deductions beginning on the effective date and prior  
20 to July 1, 1947 shall be made and continued for a future  
21 entrant while he is in the service until he attains age 65, and  
22 beginning on the effective date and prior to July 1, 1953 for a  
23 present employee while he is in the service until the amount so  
24 deducted from his salary or paid by him according to law to any  
25 county pension fund in force on the effective date, with  
26 interest on both such amounts at 4% per annum, equals the sum

1 that would have been to his credit from sums deducted from his  
2 salary if deductions at the rate herein stated had been made  
3 during his entire service until he attained age 65, with  
4 interest at 4% per annum for the period subsequent to his  
5 attainment of age 65. Such deductions beginning July 1, 1947  
6 for future entrants and beginning July 1, 1953 for present  
7 employees shall be made and continued while such future entrant  
8 or present employee is in the service.

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

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

20 (d) Notwithstanding any other provision of this Article,  
21 effective January 1, 2013, all participants shall be required  
22 to make the following contributions:

23 (1) Participants who elect the traditional benefit  
24 package under paragraph (1) of subsection (a) of Section  
25 9-170.3 of this Code shall contribute a percentage of  
26 salary equal to the sum of subparagraphs (A) and (B) of

1           this paragraph (1) as follows:

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

5                   (B) An additional percentage of salary that is  
6                   actuarially determined to equal the difference between  
7                   the normal cost of the traditional benefit package and  
8                   the normal cost of the reformed benefit package. That  
9                   additional percentage shall be based on the fiscal year  
10                  2011 contribution and updated every 3 years  
11                  thereafter; however, in no case shall the employer  
12                  contributions exceed 13.09% of salary.

13                  (2) Participants who elect the reformed benefit  
14                  package under paragraph (2) of subsection (a) of Section  
15                  9-170.3 of this Code shall contribute an amount equal to  
16                  the greater of (i) 7% of salary or (ii) one-half of the  
17                  actuarially determined normal cost of the reformed benefit  
18                  package, including the cost of retiree health benefits as  
19                  determined by the fund's actuary. The actuarially  
20                  determined normal cost of the reformed benefit package  
21                  shall be based on the fiscal year 2011 contribution and  
22                  updated every 3 years thereafter.

23                  (3) Participants who elect the self-managed plan under  
24                  paragraph (3) of subsection (a) of Section 9-170.3 of this  
25                  Code shall contribute a minimum of 6% of salary.  
26                  Participants who elect the self-managed plan provided

1       under Section 9-170.3 of this Code may elect to increase  
2       their employee contributions in accordance with rules  
3       prescribed by the board.

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

7       (Source: P.A. 86-1488.)

8       (40 ILCS 5/9-170.3 new)

9       Sec. 9-170.3. Benefit accruals on and after January 1,  
10       2013.

11       (a) Each participating employee under this Article, other  
12       than a person who first becomes an employee and a participant  
13       on or after January 1, 2011, shall choose which retirement  
14       program he or she wishes to participate in with respect to all  
15       periods of employment occurring on and after January 1, 2013,  
16       except that such participants with more than 5 years of  
17       creditable service at the time of election shall only be  
18       eligible to elect one of the retirement programs in paragraphs  
19       (1) or (2) of this subsection (a). The retirement program  
20       election made by the participating employee must be made no  
21       later than July 1, 2012. The participating employee shall elect  
22       one of the following retirement programs:

23               (1) the traditional benefit package provided by the

24       Fund;

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

1           or

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

3           (b) A person who first becomes an employee and a  
4 participant in the Fund on or after January 1, 2011 shall be  
5 given the choice to elect which retirement program he or she  
6 wishes to participate in with respect to all periods of  
7 employment occurring on and after January 1, 2013. The  
8 participant shall elect one of the retirement programs provided  
9 in paragraph (2) or (3) of subsection (a) of this Section. The  
10 participant must make the election (i) by July 1, 2012 or  
11 within 6 months after the participant's first day of  
12 employment, whichever is later, and (ii) if applicable, every 3  
13 years thereafter.

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

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



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

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

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

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

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

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

22 (f) If a participant with an accrued benefit under the  
23 traditional benefit package or the reformed benefit package  
24 provided under paragraph (2) of subsection (a) of this Section  
25 elects the self-managed plan provided under paragraph (3) of  
26 subsection (a) of this Section, the participant's total accrued

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

17 (g) An individual with less than 5 years of creditable  
18 service and who is a participant in the Fund but is not a  
19 participating employee on July 1, 2012 shall be allowed to  
20 elect, based on the eligibility criteria specified in this  
21 Code, one of the retirement programs provided in paragraph (1),  
22 (2), or (3) of subsection (a) of this Section within 6 months  
23 after becoming an employee, based on eligibility.

24 An individual with 5 or more years of creditable service  
25 and who is a participant in the Fund but is not a participating  
26 employee on July 1, 2012 shall be allowed to elect, based on

1 the eligibility criteria specified in this Code, one of the  
2 retirement programs provided in paragraph (1) or (2) of  
3 subsection (a) of this Section within 6 months after becoming  
4 an employee, based on eligibility.

5 (40 ILCS 5/9-170.4 new)

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

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

21 (b) If the participant is participating in the self-managed  
22 plan provided under Section 9-170.5 of this Code, the member  
23 shall receive a minimum allocation equal to 7.5% of the  
24 participant's compensation for service during the period. All  
25 contributions shall be taken into account for this purpose. For

1 the purposes of this paragraph (2), the minimum allocation  
2 shall be calculated so that the Fund meets the requirements  
3 necessary to be considered a "retirement system" under Section  
4 3121(b)(7)(F) of the Internal Revenue Code and the regulations  
5 in effect thereunder.

6 (40 ILCS 5/9-170.5 new)

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

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

17 (b) The Fund shall be the plan sponsor for the self-managed  
18 plan and shall prepare a plan document and prescribe such rules  
19 and procedures as are considered necessary or desirable for the  
20 administration of the self-managed plan. Consistent with its  
21 fiduciary duty to the participants and beneficiaries of the  
22 self-managed plan, the Board of Trustees of the Fund may  
23 delegate aspects of plan administration as it sees fit to  
24 companies authorized to do business in this State.

25 (c) Selection of service providers and funding vehicles.

1 The Fund may solicit proposals to provide administrative  
2 services and funding vehicles for the self-managed plan from  
3 insurance and annuity companies and mutual fund companies,  
4 banks, trust companies, or other financial institutions  
5 authorized to do business in this State.

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

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

22 (e) Participation. A participant eligible to participate  
23 in the self-managed plan must make a written election under  
24 Section 9-170.3 and the procedures established by the Fund.  
25 Participation in the self-managed plan by an electing employee  
26 shall begin by the first day of the second pay period following

1 the later of (i) the date the participant's election is filed  
2 with the Fund or (ii) January 1, 2013.

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

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

10 (f) Contributions. The self-managed plan shall be funded by  
11 contributions from participants participating in the  
12 self-managed plan and employer contributions as provided in  
13 this Section.

14 This required contribution shall be made as an "employer  
15 pick up" under Section 414(h) of the Internal Revenue Code of  
16 1986 or any successor Section thereof. In no event shall a  
17 participant have an option of receiving these amounts in cash.  
18 The self-managed plan shall provide for employer contributions  
19 to be credited to each self-managed plan participant at a rate  
20 of 6% of the participant's salary. The amounts so credited  
21 shall be paid into the employee's self-managed plan account in  
22 a manner to be prescribed by the Fund. The employer shall  
23 contribute 6% to the self-managed plan regardless of the  
24 existence of the current funding mechanism.

25 Under the self-managed plan, an amount of employer  
26 contributions, not exceeding 1% of the participating

1 employees' salary, shall be used for the purpose of providing  
2 disability benefits of the Fund to employees. Prior to the  
3 beginning of each calendar year under the self-managed plan,  
4 the Board of Trustees shall determine, as a percentage of  
5 salary, the amount of employer contributions to be allocated  
6 during that plan year for providing disability benefits for  
7 employees in the self-managed plan.

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

22 (g) Vesting; withdrawal; return to service. A participant  
23 in the self-managed plan becomes vested in the employer  
24 contributions credited to his or her account in the  
25 self-managed plan on the earliest to occur of the following:  
26 (1) completion of 5 years of creditable service; (2) the death



1 of the participant while in active service, if the participant  
2 has completed at least 1 1/2 years of service; or (3) the  
3 participant's election to retire and apply the reciprocal  
4 provisions of Article 20 of this Code.

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

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

16 If a member who is not vested in employer contributions  
17 terminates employment, the member shall be entitled to a  
18 benefit based solely on the account values attributable to the  
19 member's contributions and any investment return thereon, and  
20 the employer contributions and any investment return thereon  
21 shall be forfeited. Any employer contributions that are  
22 forfeited shall be held in escrow by the company investing  
23 those contributions and shall be used as directed by the Fund.

24 A participant in the self-managed plan who receives a  
25 distribution of his or her vested amounts from the self-managed  
26 plan while not yet eligible for retirement under this Article

1 (and Article 20, if applicable) shall forfeit all service  
2 credit and accrued rights in the Fund.

3 (40 ILCS 5/9-170.6 new)

4 Sec. 9-170.6. Employer contributions to the self-managed  
5 plan. Beginning in fiscal year 2013, for members electing  
6 benefits under paragraph (3) of subsection (a) of Section  
7 9-170.5, an employer contribution shall be made each fiscal  
8 year in an amount equal to 6% of total pensionable payroll for  
9 the respective employee group.

10 (40 ILCS 5/9-170.7 new)

11 Sec. 9-170.7. Maximum self-managed plan participation. By  
12 July 1, 2012, the Fund shall certify its total active  
13 participant population. When the number of participants that  
14 elect the self-managed plan is equal to 20% of the total active  
15 participant population, then no participant may elect the  
16 self-managed plan. Beginning in 2015 and every 3 years  
17 thereafter, the Fund shall recertify its total active  
18 participant population and the number of participants in the  
19 self-managed plan. If the number of participants in the  
20 self-managed plan is less than 20% of the recertified total  
21 active participant population, then eligible participants may  
22 elect to participate in the self-managed plan. However,  
23 participants shall be prohibited from electing to participate  
24 once the Fund determines that the number of participants in the

1 self-managed plan is equal to 20% of the number of total active  
2 participants in the Fund.

3 (40 ILCS 5/9-174) (from Ch. 108 1/2, par. 9-174)

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

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

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

16 (40 ILCS 5/9-176) (from Ch. 108 1/2, par. 9-176)

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

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

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

8 (b) Concurrently with each employee contribution, the  
9 county shall contribute beginning on the effective date and  
10 prior to July 1, 1947, 1 3/4%, and beginning on July 1, 1947,  
11 2% of salary.

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

17 (d) Beginning January 1, 2013, contributions will no longer  
18 be allocated for widow's annuity.

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

20 (40 ILCS 5/9-185) (from Ch. 108 1/2, par. 9-185)

21 Sec. 9-185. Board created.

22 (a) A board of 9 members shall constitute the board of  
23 trustees authorized to carry out the provisions of this  
24 Article. The board of trustees shall be known as "The  
25 Retirement Board of the County Employees' Annuity and Benefit

1 Fund of .... County". Beginning January 1, 2012, the ~~The~~ board  
2 shall consist of 5 ~~2~~ members appointed and 4 ~~7~~ members elected  
3 as hereinafter prescribed.

4 (b) Until December 31, 2011, the ~~The~~ appointed members  
5 shall be appointed as follows: One member shall be appointed by  
6 the comptroller of such county, who may be the comptroller or  
7 some person chosen by him from among employees of the county,  
8 who are versed in the affairs of the comptroller's office; and  
9 one member shall be appointed by the treasurer of such county,  
10 who may be the treasurer or some person chosen by him from  
11 among employees of the County who are versed in the affairs of  
12 the treasurer's office.

13 The member appointed by the comptroller shall hold office  
14 for a term ending on December 1st of the first year following  
15 the year of appointment. The member appointed by the county  
16 treasurer shall hold office for a term ending on December 1st  
17 of the second year following the year of appointment.

18 Thereafter, each appointed member shall be appointed by the  
19 officer that appointed his predecessor for a term of 2 years.

20 Notwithstanding any other provision of this Section, the  
21 term of any person appointed under this subsection (b) expires  
22 December 31, 2011.

23 (c) Until December 31, 2011, 3 ~~Three~~ county employee  
24 members of the board shall be elected as follows: within 30  
25 days from and after the date upon which this Article comes into  
26 effect in the county, the clerk of the county shall arrange for

1 and hold an election. One employee shall be elected for a term  
2 ending on the first day in the month of December of the first  
3 year next following the effective date; one for a term ending  
4 on December 1st of the following year; and one for a term  
5 ending December 1st of the second following year.

6 Notwithstanding any other provision of this Section, the  
7 term of any person elected under this subsection expires  
8 December 31, 2011.

9 (d) Beginning December 1, 1988, and every 3 years  
10 thereafter until December 31, 2011, an annuitant member of the  
11 board shall be elected as follows: the board shall arrange for  
12 and hold an election in which only those participants who are  
13 currently receiving retirement benefits under this Article  
14 shall be eligible to vote and be elected. Each such member  
15 shall be elected to a term ending on the first day in the month  
16 of December of the third following year.

17 Notwithstanding any other provision of this Section, the  
18 term of any person elected under this subsection expires  
19 December 31, 2011.

20 (d-1) Beginning December 1, 2001, and every 3 years  
21 thereafter until December 31, 2011, an annuitant member of the  
22 board shall be elected as follows: the board shall arrange for  
23 and hold an election in which only those participants who are  
24 currently receiving retirement benefits under this Article  
25 shall be eligible to vote and be elected. Each such member  
26 shall be elected to a term ending on the first day in the month

1 of December of the third following year. Until December 1,  
2 2001, the position created under this subsection (d-1) may be  
3 filled by the board as in the case of a vacancy.

4 Notwithstanding any other provision of this Section, the  
5 term of any person elected under this subsection expires  
6 December 31, 2011.

7 (e) Beginning December 1, 1988 and until December 31, 2011,  
8 if a Forest Preserve District Employees' Annuity and Benefit  
9 Fund shall be in force in such county and the board of this  
10 fund is charged with administering the affairs of such annuity  
11 and benefit fund for employees of such forest preserve  
12 district, a forest preserve district member of the board shall  
13 be elected as of December 1, 1988, and every 3 years thereafter  
14 as follows: the board shall arrange for and hold an election in  
15 which only those employees of such forest preserve district who  
16 are contributors to the annuity and benefit fund for employees  
17 of such forest preserve district shall be eligible to vote and  
18 be elected. Each such member shall be elected to a term ending  
19 on the first day in the month of December of the third  
20 following year.

21 Notwithstanding any other provision of this Section, the  
22 term of any person elected under this subsection expires  
23 December 31, 2011.

24 (f) Beginning December 1, 2001, and every 3 years  
25 thereafter until December 31, 2011, if a Forest Preserve  
26 District Employees' Annuity and Benefit Fund is in force in the

1 county and the board of this Fund is charged with administering  
2 the affairs of that annuity and benefit fund for employees of  
3 the forest preserve district, a forest preserve district  
4 annuitant member of the board shall be elected as follows: the  
5 board shall arrange for and hold an election in which only  
6 those participants who are currently receiving retirement  
7 benefits under Article 10 shall be eligible to vote and be  
8 elected. Each such member shall be elected to a term ending on  
9 the first day in the month of December of the third following  
10 year. Until December 1, 2001, the position created under this  
11 subsection (f) may be filled by the board as in the case of a  
12 vacancy.

13 Notwithstanding any other provision of this Section, the  
14 term of any person elected under this subsection expires  
15 December 31, 2011.

16 (g) Beginning on January 1, 2012, the appointed members  
17 shall be appointed by the President of the Cook County Board of  
18 Commissioners. Each appointed member shall be appointed for a  
19 term expiring on the same date as that of the President of the  
20 Cook County Board of Commissioners and until their successors  
21 are appointed and qualified.

22 (h) A member of the board representing active members of  
23 the Fund created under this Article shall be elected to the  
24 board as follows: the board shall arrange for and hold an  
25 election in which only those active participants under this  
26 Article shall be eligible to vote and be elected. The person



1 first elected to the board under this subsection shall serve  
2 for a term of 2 years, beginning on January 1, 2012.  
3 Thereafter, each person so elected shall serve for a term of 4  
4 years.

5 (i) A member of the board representing annuitant members of  
6 the Fund created under this Article shall be elected to the  
7 board as follows: the board shall arrange for and hold an  
8 election in which only those annuitant members under this  
9 Article shall be eligible to vote and be elected. Each person  
10 selected under this subsection shall serve for a term of 4  
11 years, with the term of the first person so elected beginning  
12 January 1, 2012.

13 (j) A member of the board representing active members of  
14 the Fund created under Article 10 shall be elected to the board  
15 as follows: the board shall arrange for and hold an election in  
16 which only those active participants under Article 10 shall be  
17 eligible to vote and be elected. The person first elected to  
18 the board under this subsection shall serve for a term of 2  
19 years, beginning on January 1, 2012. Thereafter, each person so  
20 elected shall serve for a term of 4 years.

21 (k) A member of the board representing annuitant members of  
22 the Fund created under Article 10 shall be elected to the board  
23 as follows: the board shall arrange for and hold an election in  
24 which only those annuitant members under Article 10 shall be  
25 eligible to vote and be elected. Each person selected under  
26 this subsection shall serve for term of 4 years, with the term

1 of the first person so elected beginning January 1, 2012.

2 (1) If any provision of this Section or its application to  
3 any person or circumstance is held invalid, the invalidity of  
4 that provision does not affect other provisions or applications  
5 of this Section that can be given effect without the invalid  
6 provision or application.

7 (Source: P.A. 92-66, eff. 7-12-01.)

8 (40 ILCS 5/9-219) (from Ch. 108 1/2, par. 9-219)

9 Sec. 9-219. Computation of service.

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

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

20 (a) The time during which he performed the duties of  
21 his position.

22 (b) Vacations, leaves of absence with whole or part  
23 pay, and leaves of absence without pay not longer than 90  
24 days.

25 (c) For an employee who is a member of a county police

1 department or a correctional officer with the county  
2 department of corrections, approved leaves of absence  
3 without pay during which the employee serves as a full-time  
4 officer or employee of an employee association, the  
5 membership of which consists of other participants in the  
6 Fund, provided that the employee contributes to the Fund  
7 (1) the amount that he would have contributed had he  
8 remained an active employee in the position he occupied at  
9 the time the leave of absence was granted, (2) an amount  
10 calculated by the Board representing employer  
11 contributions, and (3) regular interest thereon from the  
12 date of service to the date of payment. However, if the  
13 employee's application to establish credit under this  
14 subsection is received by the Fund on or after July 1, 2002  
15 and before July 1, 2003, the amount representing employer  
16 contributions specified in item (2) shall be waived.

17 For a former member of a county police department who  
18 has received a refund under Section 9-164, periods during  
19 which the employee serves as head of an employee  
20 association, the membership of which consists of other  
21 police officers, provided that the employee contributes to  
22 the Fund (1) the amount that he would have contributed had  
23 he remained an active member of the county police  
24 department in the position he occupied at the time he left  
25 service, (2) an amount calculated by the Board representing  
26 employer contributions, and (3) regular interest thereon

1 from the date of service to the date of payment. However,  
2 if the former member of the county police department  
3 retires on or after January 1, 1993 but no later than March  
4 1, 1993, the amount representing employer contributions  
5 specified in item (2) shall be waived.

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

8 (e) Accumulated vacation or other time for which an  
9 employee who retires on or after November 1, 1990 receives  
10 a lump sum payment at the time of retirement, provided that  
11 contributions were made to the fund at the time such lump  
12 sum payment was received. The service granted for the lump  
13 sum payment shall not change the employee's date of  
14 withdrawal for computing the effective date of the annuity.

15 (f) An employee may receive service credit for annuity  
16 purposes for accumulated sick leave as of the date of the  
17 employee's withdrawal from service, not to exceed a total  
18 of 180 days, provided that the amount of such accumulated  
19 sick leave is certified by the County Comptroller to the  
20 Board and the employee pays an amount equal to the current  
21 contribution rate for the member's applicable benefits  
22 package 8.5% (9% for members of the County Police  
23 Department who are eligible to receive an annuity under  
24 Section 9-128.1) of the amount that would have been paid  
25 had such accumulated sick leave been paid at the employee's  
26 final rate of salary. Such payment shall be made within 30

1 days after the date of withdrawal and prior to receipt of  
2 the first annuity check. The service credit granted for  
3 such accumulated sick leave shall not change the employee's  
4 date of withdrawal for the purpose of computing the  
5 effective date of the annuity.

6 (3) In computing the term of service of an employee on or  
7 after the effective date for ordinary disability benefit  
8 purposes, the following periods of time shall be counted as  
9 periods of service:

10 (a) Unless otherwise specified in Section 9-157, the  
11 time during which he performed the duties of his position.

12 (b) Paid vacations and leaves of absence with whole or  
13 part pay.

14 (c) Any period for which he received duty disability  
15 benefit.

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

18 (4) For an employee who on January 1, 1958, was transferred  
19 by Act of the 70th General Assembly from his position in a  
20 department of welfare of any city located in the county in  
21 which this Article is in force and effect to a similar position  
22 in a department of such county, service shall also be credited  
23 for ordinary disability benefit and child's annuity for such  
24 period of department of welfare service during which period he  
25 was a contributor to a statutory annuity and benefit fund in  
26 such city and for which purposes service credit would otherwise

1 not be credited by virtue of such involuntary transfer.

2 (5) An employee described in subsection (e) of Section  
3 9-108 shall receive credit for child's annuity and ordinary  
4 disability benefit for the period of time for which he was  
5 credited with service in the fund from which he was  
6 involuntarily separated through class or group transfer;  
7 provided, that no such credit shall be allowed to the extent  
8 that it results in a duplication of credits or benefits, and  
9 neither shall such credit be allowed to the extent that it was  
10 or may be forfeited by the application for and acceptance of a  
11 refund from the fund from which the employee was transferred.

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

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

16 (40 ILCS 5/9-220) (from Ch. 108 1/2, par. 9-220)

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

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

21 (1) All periods prior to the effective date shall be  
22 computed in accordance with the provisions governing the  
23 computation of such service.

24 (2) Service on or after the effective date shall  
25 include:

1           (i) The actual period of time the employee  
2           contributes or has contributed to the fund for service  
3           rendered to age 65 plus the actual period of time after  
4           age 65 for which the employee performs the duties of  
5           his position or performs such duties and is given a  
6           county contribution for age and service annuity or  
7           minimum annuity purposes.

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

10          (iii) Accumulated vacation or other time for which  
11          an employee who retires on or after November 1, 1990  
12          receives a lump sum payment at the time of retirement,  
13          provided that contributions were made to the fund at  
14          the time such lump sum payment was received. The  
15          service granted for the lump sum payment shall not  
16          change the employee's date of withdrawal for computing  
17          the effective date of the annuity.

18          (iv) Accumulated sick leave as of the date of the  
19          employee's withdrawal from service, not to exceed a  
20          total of 180 days, provided that the amount of such  
21          accumulated sick leave is certified by the County  
22          Comptroller to the Board and the employee pays an  
23          amount equal to the current contribution rate for the  
24          member's applicable benefits package 8.5% (9% for  
25          members of the County Police Department who are  
26          eligible to receive an annuity under Section 9-128.1)

1 of the amount that would have been paid had such  
2 accumulated sick leave been paid at the employee's  
3 final rate of salary. Such payment shall be made within  
4 30 days after the date of withdrawal and prior to  
5 receipt of the first annuity check. The service credit  
6 granted for such accumulated sick leave shall not  
7 change the employee's date of withdrawal for the  
8 purpose of computing the effective date of the annuity.

9 (v) Periods during which the employee has had  
10 contributions for annuity purposes made for him in  
11 accordance with law while on military leave of absence  
12 during World War II.

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

15 (vii) For any person who first becomes a member on  
16 or after January 1, 2011, the actual period of time the  
17 employee contributes or has contributed to the fund for  
18 service rendered up to the limitation on salary in  
19 subsection (b-5) of Section 1-160 plus the actual  
20 period of time thereafter for which the employee  
21 performs the duties of his position and ceased  
22 contributing due to the salary limitation in  
23 subsection (b-5) of Section 1-160.

24 (3) The right to have certain periods of time  
25 considered as service as stated in paragraph (2) of Section  
26 9-164 shall not apply for annuity purposes unless the



1           refunds shall have been repaid in accordance with this  
2           Article.

3           (4) All service shall be computed in whole calendar  
4           months, and at least 15 days of service in any one calendar  
5           month shall constitute one calendar month of service, and 1  
6           year of service shall be equal to the number of months,  
7           days or hours for which an appropriation was made in the  
8           annual appropriation ordinance for the position held by the  
9           employee.

10          (b) For all other annuity purposes of this Article the  
11          following schedule shall govern the computation of a year of  
12          service of an employee whose salary or wages is on the basis  
13          stated, and any fractional part of a year of service shall be  
14          determined according to said schedule:

15           Annual or Monthly Basis: Service during 4 months in any 1  
16           calendar year;

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

20           Daily Basis: Service during 100 days in any 1 calendar  
21           year, and service during any day shall constitute a day of  
22           service;

23           Hourly Basis: Service during 800 hours in any 1 calendar  
24           year, and service during any hour shall constitute an hour of  
25           service.

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

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

2 Sec. 9-235. Felony conviction.

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

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

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

14 No refund paid to any person who is convicted of a felony  
15 relating to or arising out of or in connection with the  
16 person's service as a member shall include employer  
17 contributions or interest or, in the case of the self-managed  
18 plan authorized under Section 9-170.5, any employer  
19 contributions or investment return on employer contributions.

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

21 (40 ILCS 5/9-240 new)

22 Sec. 9-240. Qualified plan status. No provision of this  
23 Article shall be interpreted in a way that would cause the Fund  
24 to cease to be a qualified plan under Section 401(a) of the

1 Internal Revenue Code.

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

3 Sec. 10-103. Members, contributions and benefits. The  
4 board shall cause the same deductions to be made from salaries  
5 and, subject to Section 10-109, allow the same annuities,  
6 refunds, and benefits, including, but not limited to,  
7 self-managed plan benefits, for employees of the district as  
8 are made and allowed for employees of the county.

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

10 (40 ILCS 5/10-107) (from Ch. 108 1/2, par. 10-107)

11 Sec. 10-107. Financing - Tax levy. The forest preserve  
12 district may levy an annual tax on the value, as equalized or  
13 assessed by the Department of Revenue, of all taxable property  
14 in the district for the purpose of providing revenue for the  
15 fund. The rate of such tax in any year may not exceed the rate  
16 herein specified for that year or the rate which will produce,  
17 when extended, the sum herein stated for that year, whichever  
18 is higher: for any year prior to 1970, .00103% or \$195,000; for  
19 the year 1970, .00111% or \$210,000; for the year 1971, .00116%  
20 or \$220,000. For the year 1972 and each year thereafter, the  
21 Forest Preserve District shall levy a tax annually at a rate on  
22 the dollar of the value, as equalized or assessed by the  
23 Department of Revenue upon all taxable property in the county,  
24 when extended, not to exceed an amount equal to the total

1 amount of contributions by the employees to the fund made in  
2 the calendar year 2 years prior to the year for which the  
3 annual applicable tax is levied, multiplied by 1.25 for the  
4 year 1972; and by 1.30 for the years ~~year~~ 1973 through 2012.  
5 For 2013 and for each year thereafter, the amount levied shall  
6 be equal to the amount levied in 2009.

7 The tax shall be levied and collected in like manner with  
8 the general taxes of the district and shall be in addition to  
9 the maximum of all other tax rates which the district may levy  
10 upon the aggregate valuation of all taxable property and shall  
11 be exclusive of and in addition to the maximum amount and rate  
12 of taxes the district may levy for general purposes or under  
13 and by virtue of any laws which limit the amount of tax which  
14 the district may levy for general purposes. The county clerk of  
15 the county in which the forest preserve district is located in  
16 reducing tax levies under the provisions of "An Act concerning  
17 the levy and extension of taxes", approved May 9, 1901, as  
18 amended, shall not consider any such tax as a part of the  
19 general tax levy for forest preserve purposes, and shall not  
20 include the same in the limitation of 1% of the assessed  
21 valuation upon which taxes are required to be extended, and  
22 shall not reduce the same under the provisions of that Act. The  
23 proceeds of the tax herein authorized shall be kept as a  
24 separate fund.

25 The Board may establish a manpower program reserve, or a  
26 special forest preserve district contribution rate, with

1 respect to employees whose wages are funded as program  
2 participants under the Comprehensive Employment and Training  
3 Act of 1973 in the manner provided in subsection (d) or (e),  
4 respectively, of Section 9-169.

5 (Source: P.A. 81-1509.)

6 (40 ILCS 5/10-109)

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

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

15 All future entrants entering service after the effective  
16 date of this amendatory Act of the 95th General Assembly shall  
17 be deemed to have consented to the provisions of this Section  
18 as a condition of coverage.

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

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

1 (40 ILCS 5/10-110 new)

2 Sec. 10-110. Maximum self-managed plan participation. By  
3 July 1, 2012, the Fund shall certify the total active  
4 participant population. When the number of participants that  
5 elect the self-managed plan is equal to 20% of the total active  
6 participant population, then no participant may elect the  
7 self-managed plan. Beginning in 2015 and every 3 years  
8 thereafter, the Fund shall recertify the total active  
9 participant population and the number of participants in the  
10 self-managed plan. If the number of participants in the  
11 self-managed plan is less than 20% of the recertified total  
12 active participant population, then eligible participants may  
13 elect to participate in the self-managed plan. However,  
14 participants shall be prohibited from electing to participate  
15 once the Fund determines that the number of participants in the  
16 self-managed plan is equal to 20% of the number of total active  
17 participants in the Fund.

18 (40 ILCS 5/10-111 new)

19 Sec. 10-111. Employer contributions to the self-managed  
20 plan. Beginning in fiscal year 2013, for participants electing  
21 benefits under the self-managed plan, an employer contribution  
22 shall be made each fiscal year in an amount equal to 6% of  
23 total pensionable payroll for the respective employee group.

1 (40 ILCS 5/11-123.1 new)

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

6 (40 ILCS 5/11-123.2 new)

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

13 (40 ILCS 5/11-123.3 new)

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

18 (40 ILCS 5/11-124) (from Ch. 108 1/2, par. 11-124)

19 Sec. 11-124. Annuity.

20 "Annuity": Equal monthly payments for life, unless  
21 terminated earlier under Section 11-148, 11-152, 11-153, or  
22 11-230.

23 For annuities taking effect before January 1, 1998, the

1 first payment shall be due and payable one month after the  
2 occurrence of the event upon which payment of the annuity  
3 depends. Until August 1, 1999, payment shall be made for any  
4 part of a monthly period in which death of the annuitant  
5 occurs. Beginning August 1, 1999, all payments shall be made on  
6 the first day of the calendar month and shall be for the entire  
7 calendar month, without proration. The last payment shall be  
8 made on the first day of the calendar month in which the  
9 annuity payment period ends. A pro rata amount shall be paid  
10 for that part of the month from the July 1999 annuity payment  
11 date through July 31, 1999.

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

21 For the purposes of this Section, the "annuity payment  
22 period" means the period beginning on the day after the  
23 occurrence of the event upon which payment of the annuity  
24 depends, and ending on the day upon which the death of the  
25 annuitant or other event terminating the annuity occurs.

26 The provisions of this Section do not apply to participants



1 who are participating in the self-managed plan.

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

3 (40 ILCS 5/11-131.1 new)

4 Sec. 11-131.1. Benefit accruals on and after January 1,  
5 2013.

6 (a) Each participating employee under this Article, other  
7 than a person who first becomes an employee and a participant  
8 on or after January 1, 2011, shall choose which retirement  
9 program he or she wishes to participate in with respect to all  
10 periods of employment occurring on and after January 1, 2013,  
11 except that such participants with more than 5 years of  
12 creditable service at the time of such election shall only be  
13 eligible to elect one of the retirement programs in paragraphs  
14 (1) or (2) of this subsection (a). The retirement program  
15 election made by the participating employee must be made no  
16 later than July 1, 2012. The participating employee shall elect  
17 one of the following retirement programs:

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

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

21 or

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

23 (b) A person who first becomes an employee and a  
24 participant in the Fund on or after January 1, 2011 shall be  
25 given the choice to elect which retirement program he or she

1 wishes to participate in with respect to all periods of covered  
2 employment occurring on and after January 1, 2013. The  
3 participant shall elect one of the retirement programs provided  
4 in paragraph (2) or (3) of subsection (a) of this Section. The  
5 participant must make the election (i) by July 1, 2012 or  
6 within 6 months after the participant's first day of  
7 employment, whichever is later, and (ii) if applicable, every 3  
8 years thereafter.

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

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

22 (1) Each participant in the traditional benefit  
23 package provided under paragraph (1) of subsection (a) of  
24 this Section shall have the opportunity to elect to  
25 terminate participation in the traditional benefit package  
26 and to elect to have retirement benefits for future service

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

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

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

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

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

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

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

8 (g) An individual with less than 5 years of creditable  
9 service and who is a participant in the Fund but is not a  
10 participating employee on July 1, 2012 shall be allowed to  
11 elect, based on the eligibility criteria specified in this  
12 Code, one of the retirement programs provided in paragraph (1),  
13 (2), or (3) of subsection (a) of this Section within 6 months  
14 after becoming a participating employee, based on eligibility.

15 An individual with 5 or more years of creditable service  
16 and who is a participant in the Fund but is not a participating  
17 employee on July 1, 2012 shall be allowed to elect, based on  
18 the eligibility criteria specified in this Code, one of the  
19 retirement programs provided in paragraph (1) or (2) of  
20 subsection (a) of this Section within 6 months after becoming a  
21 participating employee, based on eligibility.

22 (40 ILCS 5/11-131.2 new)

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

24 (a) Purpose. The Laborers' and Retirement Board Employees'  
25 Annuity and Benefit Fund shall establish and administer a

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

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

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

23 The Fund shall periodically review each approved company. A  
24 company may continue to provide administrative services and  
25 funding vehicles for the self-managed plan only so long as it  
26 continues to be an approved company under contract with the

1 Board.

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

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

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

26 An employee under this Section shall be entitled to the

1 benefits of Article 20 of this Code.

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

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

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

23 (g) Vesting; withdrawal; return to service. A participant  
24 in the self-managed plan becomes vested in the employer  
25 contributions credited to his or her account in the  
26 self-managed plan on the earliest to occur of the following:



1 (1) completion of 5 years of creditable service; (2) the death  
2 of the participant while in active service, if the participant  
3 has completed at least 1 1/2 years of service; or (3) the  
4 participant's election to retire and apply the reciprocal  
5 provisions of Article 20 of this Code.

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

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

19 (40 ILCS 5/11-131.3 new)

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

23 (1) If the participant is participating in the  
24 traditional benefit package provided under paragraph (1)  
25 of subsection (a) of Section 11-131.1 of this Code or the

1 revised defined benefit package provided under paragraph  
2 (2) of subsection (a) of Section 11-131.1 of this Code, the  
3 participant shall receive a minimum benefit (commencing on  
4 his or her Social Security retirement age) that is equal to  
5 the annual primary insurance amount the participant would  
6 have under Social Security. For the purposes of this item  
7 (1), the primary insurance amount a participant would have  
8 under Social Security shall be calculated so that the  
9 System meets the requirements necessary to be considered a  
10 "retirement system" under Section 3121(b)(7)(F) of the  
11 Internal Revenue Code and the regulations in effect  
12 thereunder.

13 (2) If the participant is participating in the  
14 self-managed plan provided under Section 11-131.2 of this  
15 Code, the member shall receive a minimum allocation equal  
16 to 7.5% of the participant's compensation for service  
17 during the period. All contributions shall be taken into  
18 account for this purpose. For the purposes of this  
19 paragraph (2), the minimum allocation shall be calculated  
20 so that the System meets the requirements necessary to be  
21 considered a "retirement system" under Section  
22 3121(b)(7)(F) of the Internal Revenue Code and the  
23 regulations in effect thereunder.

24 (40 ILCS 5/11-131.4 new)

25 Sec. 11-131.4. Employer contributions to the self-managed

1 plan. Beginning in fiscal year 2013, for members electing  
2 benefits under paragraph (3) of subsection (a) of Section  
3 11-131.1, an employer contribution shall be made each fiscal  
4 year in an amount equal to 6% of total pensionable payroll for  
5 the respective employee group.

6 (40 ILCS 5/11-169) (from Ch. 108 1/2, par. 11-169)

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

8 (a) Except as provided in subsection (f) of this Section,  
9 the city council of the city shall levy a tax annually upon all  
10 taxable property in the city at the rate that will produce a  
11 sum which, when added to the amounts deducted from the salaries  
12 of the employees or otherwise contributed by them and the  
13 amounts deposited under subsection (f), will be sufficient for  
14 the requirements of this Article. For the years prior to the  
15 year 1950 the tax rate shall be as provided for under "The 1935  
16 Act". Beginning with the year 1950 to and including the year  
17 1969 such tax shall be not more than .036% annually of the  
18 value, as equalized or assessed by the Department of Revenue,  
19 of all taxable property within such city. Beginning with the  
20 year 1970 and each year thereafter the city shall levy a tax  
21 annually at a rate on the dollar of the value, as equalized or  
22 assessed by the Department of Revenue of all taxable property  
23 within such city that will produce, when extended, not to  
24 exceed an amount equal to the total amount of contributions by  
25 the employees to the fund made in the calendar year 2 years

1 prior to the year for which the annual applicable tax is  
2 levied, multiplied by 1.1 for the years 1970, 1971 and 1972;  
3 1.145 for the year 1973; 1.19 for the year 1974; 1.235 for the  
4 year 1975; 1.280 for the year 1976; 1.325 for the year 1977;  
5 1.370 for the years 1978 through 1998; and 1.000 for the years  
6 year 1999 through 2012. For 2013 and for each year thereafter,  
7 the amount levied shall be equal to the amount levied in 2010.

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

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

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

26 (b) On or before January 10, annually, the board shall

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

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

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

1 levy for park purposes, and shall not include the same in any  
2 limitation of the per cent of the assessed valuation upon which  
3 taxes are required to be extended for the park district. The  
4 proceeds of the tax levied by the park district, upon receipt  
5 by the district, shall be immediately paid over to the city  
6 treasurer of the city for the uses and purposes of the fund.

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

16 If it is not possible for the city to make contributions  
17 for age and service annuity and widow's annuity concurrently  
18 with the employee's contributions made for such purposes, such  
19 city shall make such contributions as soon as possible and  
20 practicable thereafter with interest thereon at the effective  
21 rate to the time they shall be made.

22 (d) With respect to employees whose wages are funded as  
23 participants under the Comprehensive Employment and Training  
24 Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L.  
25 93-567, 88 Stat. 1845), hereinafter referred to as CETA,  
26 subsequent to October 1, 1978, and in instances where the board

1 has elected to establish a manpower program reserve, the board  
2 shall compute the amounts necessary to be credited to the  
3 manpower program reserves established and maintained as herein  
4 provided, and shall make a periodic determination of the amount  
5 of required contributions from the City to the reserve to be  
6 reimbursed by the federal government in accordance with rules  
7 and regulations established by the Secretary of the United  
8 States Department of Labor or his designee, and certify the  
9 results thereof to the City Council. Any such amounts shall  
10 become a credit to the City and will be used to reduce the  
11 amount which the City would otherwise contribute during  
12 succeeding years for all employees.

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

25 (f) In lieu of levying all or a portion of the tax required  
26 under this Section in any year, the city may deposit with the

1 city treasurer no later than March 1 of that year for the  
2 benefit of the fund, to be held in accordance with this  
3 Article, an amount that, together with the taxes levied under  
4 this Section for that year, is not less than the amount of the  
5 city contributions for that year as certified by the board to  
6 the city council. The deposit may be derived from any source  
7 legally available for that purpose, including, but not limited  
8 to, the proceeds of city borrowings. The making of a deposit  
9 shall satisfy fully the requirements of this Section for that  
10 year to the extent of the amounts so deposited. Amounts  
11 deposited under this subsection may be used by the fund for any  
12 of the purposes for which the proceeds of the tax levied by the  
13 city under this Section may be used, including the payment of  
14 any amount that is otherwise required by this Article to be  
15 paid from the proceeds of that tax.

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

17 (40 ILCS 5/11-170) (from Ch. 108 1/2, par. 11-170)

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

20 (a) Beginning on the effective date and prior to July 1,  
21 1947, 3 1/4%; and beginning on July 1, 1947 and prior to July  
22 1, 1953, 5%; and beginning July 1, 1953 and prior to January 1,  
23 1972, 6%; and beginning January 1, 1972, 6 1/2% of each payment  
24 of the salary of each present employee, future entrant and  
25 re-entrant shall be contributed to the fund as a deduction from



1 salary for age and service annuity. Such deductions beginning  
2 on the effective date and prior to June 30, 1947, inclusive  
3 shall be made for a future entrant while he is in service until  
4 he attains age 65, and for a present employee while he is in  
5 service until the amount so deducted from his salary with  
6 interest at the rate of 4% per annum shall be equal to the sum  
7 which would have accumulated to his credit from sums deducted  
8 from his salary if deductions at the rate herein stated had  
9 been made during his entire service until he attained age 65  
10 with interest at 4% per annum for the period subsequent to his  
11 attainment of age 65. Such deductions beginning July 1, 1947  
12 shall be made and continued for employees while in the service.

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

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

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

26 (1) Participants who elect the traditional benefit

1 package under paragraph (1) of subsection (a) of Section  
2 11-131.1 of this Code shall contribute:

3 (A) In fiscal year 2013, fiscal year 2014, and  
4 fiscal year 2015, an amount equal to 12.75% of salary.

5 (B) In fiscal year 2016 and in each fiscal year  
6 thereafter, a percentage of salary equal to the  
7 actuarially determined normal cost of the traditional  
8 benefit package, minus an amount equal to 6% of total  
9 pensionable salary. The Fund shall certify the  
10 actuarially determined normal cost of the traditional  
11 benefit package and the amount of required participant  
12 contributions by July 1, 2015 and every 3 years  
13 thereafter.

14 (2) Participants who elect the reformed benefit  
15 package under paragraph (2) of subsection (a) of Section  
16 11-131.1 of this Code shall contribute:

17 (A) In fiscal year 2013, fiscal year 2014, and  
18 fiscal year 2015, an amount equal to 7% of salary.

19 (B) In fiscal year 2016 and in each fiscal year  
20 thereafter, a percentage of salary equal to the  
21 actuarially determined normal cost of the traditional  
22 benefit package, minus an amount equal to 6% of total  
23 pensionable salary. The Fund shall certify the  
24 actuarially determined normal cost of the reformed  
25 benefit package and the amount of required participant  
26 contributions by July 1, 2015 and every 3 years

1           thereafter.

2           (3) Participants who elect the self-managed plan under  
3           paragraph (3) of subsection (a) of Section 11-131.1 of this  
4           Code shall contribute a minimum of 6% of salary.  
5           Participants who elect the self-managed plan provided  
6           under Section 11-131.2 of this Code may elect to increase  
7           their employee contributions in accordance with rules  
8           prescribed by the Board.

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

12          (Source: P.A. 81-1536.)

13           (40 ILCS 5/11-230) (from Ch. 108 1/2, par. 11-230)

14           Sec. 11-230. Felony conviction.

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

18           This section shall not operate to impair any contract or  
19           vested right heretofore acquired under any law or laws  
20           continued in this Article, nor to preclude the right to a  
21           refund.

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

25           No refund paid to any person who is convicted of a felony

1 relating to or arising out of or in connection with the  
2 person's service as an employee shall include employer  
3 contributions or interest or, in the case of the self-managed  
4 plan authorized under Section 11-131.2, any employer  
5 contributions or investment return on employer contributions.

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

7 (40 ILCS 5/11-235 new)

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

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

13 Sec. 12-116. Fiscal year.

14 "Fiscal year": For periods prior to July 1, 2011, the ~~The~~  
15 year commencing with July 1st and ending with June 30th next  
16 following. Beginning January 1, 2012, the year commencing  
17 January 1 and ending December 31. The fiscal year which begins  
18 July 1, 2011 shall end December 31, 2011.

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

20 (40 ILCS 5/12-125.2 new)

21 Sec. 12-125.2. Reformed benefit package. "Reformed benefit  
22 package": The defined benefit retirement program maintained  
23 under the Fund for employees who first become employees in the

1 Fund on or after January 1, 2011.

2 (40 ILCS 5/12-125.3 new)

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

6 (40 ILCS 5/12-125.4 new)

7 Sec. 12-125.4. Traditional benefit package. "Traditional  
8 benefit package": The defined benefit retirement program  
9 maintained under the Fund for employees who first became  
10 employees in the Fund before January 1, 2011.

11 (40 ILCS 5/12-128.1 new)

12 Sec. 12-128.1. Benefit accruals on and after January 1,  
13 2013.

14 (a) Each employee under this Article, other than a person  
15 who first becomes an employee on or after January 1, 2011,  
16 shall choose which retirement program he or she wishes to  
17 participate in with respect to all periods of covered  
18 employment occurring on and after January 1, 2013, except that  
19 such employees with more than 5 years of creditable service at  
20 the time of such election shall only be eligible to elect one  
21 of the of the retirement programs in paragraphs (1) or (2) of  
22 this subsection (a). The retirement program election made by  
23 the employee must be made no later than July 1, 2012. The

1 employee shall elect one of the following retirement programs:

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

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

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

7 (b) A person who first becomes an employee in the Fund on  
8 or after January 1, 2011 shall be given the choice to elect  
9 which retirement program he or she wishes to participate in  
10 with respect to all periods of employment occurring on and  
11 after January 1, 2013. The employee shall elect one of the  
12 retirement programs provided in paragraph (2) or (3) of  
13 subsection (a) of this Section. The participant must make the  
14 election (i) by July 1, 2012 or within 6 months after the  
15 employee's first day of covered employment, whichever is later,  
16 and (ii) if applicable, every 3 years thereafter.

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

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

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

16       (2) Each employee that has less than 5 years of  
17 creditable service and participates in the reformed  
18 benefit package provided under paragraph (2) of subsection  
19 (a) of this Section shall have the opportunity to elect to  
20 terminate participation in the reformed benefit package  
21 and to elect to have retirement benefits for future service  
22 provided under the self-managed plan provided under  
23 paragraph (3) of subsection (a) of this Section.

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

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

21       (f) If an employee with an accrued benefit under the  
22 traditional benefit package or the reformed benefit package  
23 elects the self-managed plan provided under paragraph (3) of  
24 subsection (a) of this Section, the employee's total accrued  
25 benefit for purposes of determining an annuity shall be the  
26 employee's benefit accruals prior to participation in the



1 self-managed plan, based on the employee's pay and service and  
2 frozen with respect to pay for service earned subsequent to  
3 participation in the traditional or reformed benefit package.  
4 However, the employee shall also have an accrued self-managed  
5 plan balance as specified in subsection (h) of Section  
6 12-128.2, for periods of covered employment on or after  
7 participation in the self-managed plan. All rights and features  
8 provided under the traditional benefit package must be  
9 preserved with respect to benefits earned under that package  
10 with respect to service completed prior to the election to  
11 participate in the self-managed plan. All service completed  
12 under the traditional benefit package and the self-managed plan  
13 shall count for purposes of determining retirement eligibility  
14 and vesting under the traditional benefit package and the  
15 self-managed plan.

16 (g) An individual with less than 5 years of creditable  
17 service and who is a participant in the Fund but is not a  
18 participating employee on July 1, 2012 shall be allowed to  
19 elect, based on the eligibility criteria specified in this  
20 Code, one of the retirement programs provided in paragraph (1),  
21 (2), or (3) of subsection (a) of this Section within 6 months  
22 after becoming an employee, based on eligibility.

23 An individual with 5 or more years of creditable service  
24 and who is a participant in the Fund but is not a participating  
25 employee on July 1, 2012 shall be allowed to elect, based on  
26 the eligibility criteria specified in this Code, one of the

1 retirement programs provided in paragraph (1) or (2) of  
2 subsection (a) of this Section within 6 months after becoming  
3 an employee, based on eligibility.

4 (40 ILCS 5/12-128.2 new)

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

6 (a) Purpose. The Park Employees' and Retirement Board  
7 Employees' Annuity and Benefit Fund shall establish and  
8 administer a self-managed plan, which shall offer employees the  
9 opportunity to accumulate assets for retirement through a  
10 combination of employee and employer contributions that may be  
11 invested in mutual funds, collective investment funds, or other  
12 investment products and may be used to purchase annuity  
13 contracts, either fixed or variable or a combination thereof.  
14 The plan must be qualified under the Internal Revenue Code of  
15 1986.

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

25 (c) Selection of service providers and funding vehicles.

1 The Fund may solicit proposals to provide administrative  
2 services and funding vehicles for the self-managed plan from  
3 insurance and annuity companies and mutual fund companies,  
4 banks, trust companies, or other financial institutions  
5 authorized to do business in this State.

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

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

22 (e) Participation. An employee eligible to participate in  
23 the self-managed plan must make a written election under  
24 Section 12-128.1 and the procedures established by the Fund.  
25 Participation in the self-managed plan by an electing employee  
26 shall begin on the first day of the first pay period following

1 the date the employee's election is filed with the Fund.

2 An employee who has elected to participate in the  
3 self-managed plan under this Section must continue  
4 participation while employed in an eligible position.

5 Participation in the self-managed plan under this Section shall  
6 constitute membership in the Park Employees' and Retirement  
7 Board Employees' Annuity and Benefit Fund.

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

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

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

24 The required amount of employer contributions shall be used  
25 for the purpose of providing the disability benefits of the  
26 Fund to the employee. Prior to the beginning of each plan year

1 under the self-managed plan, the Board of Trustees shall  
2 determine, as a percentage of salary, the amount of employer  
3 contributions to be allocated during that plan year for  
4 providing disability benefits for employees in the  
5 self-managed plan.

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

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

23 (h) Benefit amounts. If an employee who is vested in  
24 employer contributions terminates employment, the employee  
25 shall be entitled to a benefit which is based on the account  
26 values attributable to employer and employee contributions and

1 any investment return thereon.

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

9 (40 ILCS 5/12-128.3 new)

10 Sec. 12-128.3. Employer contributions to the self-managed  
11 plan. Beginning in fiscal year 2013, for members electing  
12 benefits under paragraph (3) of subsection (a) of Section  
13 12-128.1, an employer contribution shall be made each fiscal  
14 year in an amount equal to (i) 6% of total pension payroll for  
15 the respective employee group and (ii) an amount determined by  
16 the Fund to be sufficient to fund the disability plan provided  
17 in this Article.

18 (40 ILCS 5/12-149) (from Ch. 108 1/2, par. 12-149)

19 Sec. 12-149. Financing. The board of park commissioners of  
20 any such park district shall annually levy a tax (in addition  
21 to the taxes now authorized by law) upon all taxable property  
22 embraced in the district, at the rate which, when added to the  
23 employee contributions under this Article and applied to the  
24 fund created hereunder, shall be sufficient to provide for the

1 purposes of this Article in accordance with the provisions  
2 thereof. Such tax shall be levied and collected with and in  
3 like manner as the general taxes of such district, and shall  
4 not in any event be included within any limitations of rate for  
5 general park purposes as now or hereafter provided by law, but  
6 shall be excluded therefrom and be in addition thereto. The  
7 amount of such annual tax to and including the year 1977 shall  
8 not exceed .0275% of the value, as equalized or assessed by the  
9 Department of Revenue, of all taxable property embraced within  
10 the park district, provided that for the year 1978, and for  
11 each year thereafter, the amount of such annual tax shall be at  
12 a rate on the dollar of assessed valuation of all taxable  
13 property that will produce, when extended, for the year 1978  
14 the following sum: 0.825 times the amount of employee  
15 contributions during the fiscal year 1976; for the year 1979,  
16 0.85 times the amount of employee contributions during the  
17 fiscal year 1977; for the year 1980, 0.90 times the amount of  
18 employee contributions during the fiscal year 1978; for the  
19 year 1981, 0.95 times the amount of employee contributions  
20 during the fiscal year 1979; for the year 1982, 1.00 times the  
21 amount of employee contributions during the fiscal year 1980;  
22 for the year 1983, 1.05 times the amount of contributions made  
23 on behalf of employees during the fiscal year 1981; and for the  
24 years year 1984 through 2012 ~~and each year thereafter~~, an  
25 amount equal to 1.10 times the employee contributions during  
26 the fiscal year 2-years prior to the year for which the

1 applicable tax is levied. Beginning in 2012 and in each fiscal  
2 year thereafter, the amount levied shall be equal to the amount  
3 levied in 2010. As used in this Section, the term "employee  
4 contributions" means contributions by employees for retirement  
5 annuity, spouse's annuity, automatic increase in retirement  
6 annuity, and death benefit.

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

23 All moneys accruing from the levy and collection of taxes,  
24 pursuant to this section, shall be remitted to the board by the  
25 employers as soon as they are received. Where a city has levied  
26 a tax pursuant to this Section in respect to park district



1 employees transferred to the employment of a city, the  
2 treasurer of such city or other authorized officer shall remit  
3 the moneys accruing from the levy and collection of such tax as  
4 soon as they are received. Such remittances shall be made upon  
5 a pro rata share basis, whereby each employer shall pay to the  
6 board such employer's proportionate percentage of each payment  
7 of taxes received by it, according to the ratio which its tax  
8 levy for this fund bears to the total tax levy of such  
9 employer.

10 Should any board of park commissioners included under the  
11 provisions of this Article be without authority to levy the tax  
12 provided in this Section the corporation authorities (meaning  
13 the supervisor, clerk and assessor) of the town or towns for  
14 which such board shall be the board of park commissioners shall  
15 levy such tax.

16 Employer contributions to the Fund may be reduced by  
17 \$5,000,000 for calendar years 2004 and 2005.

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

19 (40 ILCS 5/12-150) (from Ch. 108 1/2, par. 12-150)

20 Sec. 12-150. Contributions by employees for service  
21 annuity.

22 (a) From each payment of salary to a present employee  
23 beginning August 4, 1961, and prior to September 1, 1971, there  
24 shall be deducted as contributions for service annuity 6% of  
25 such payment. Beginning September 1, 1971, the deduction shall

1 be 6 1/2% of salary. These contributions shall continue until  
2 the amounts thus deducted will provide an accumulation, at  
3 regular interest, at least equal to the amount that would be  
4 provided on such date from employee contributions, assuming  
5 regular interest to such date, if such employee had been  
6 contributing in accordance with the provisions of "The 1919  
7 Act" and this Article from the beginning of his service and the  
8 salary of the employee during his prior service was the same as  
9 it was on July 1, 1919, or on July 1, 1937 in the case of an  
10 employee of the board.

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

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

22 For the period from July 1, 1919, to August 4, 1961 such  
23 deductions for a present employee shall continue until such  
24 date as the amounts deducted will provide an accumulation at  
25 least equal to that which would be provided on such date,  
26 assuming regular interest to such date, from deductions from

1 salary of such employee if such employee had been under the  
2 provisions of "The 1919 Act" and this Article from the  
3 beginning of his service and the salary of such employee during  
4 his period of prior service was the same as it was on July 1,  
5 1919 or on July 1, 1937 in the case of an employee of the board.

6 (d) Any employee shall have the option to contribute for  
7 service annuity an amount, together with regular interest,  
8 equal to the difference between the amount he had accumulated  
9 in the fund on June 30, 1947, from contributions at the rate of  
10 4% of salary, together with regular interest, and the amount he  
11 would have accumulated, together with regular interest, if he  
12 had made contributions at the rate of 5% of salary. All such  
13 contributions shall be subject to salary limitations and other  
14 conditions in effect prior to July 1, 1947. Upon making such  
15 contribution the employer of such employee shall contribute in  
16 the ratio of 2 to 1 with such employee.

17 (e) Notwithstanding any other provision of this Article,  
18 effective January 1, 2013, all employees shall be required to  
19 make the following contributions:

20 (1) Employees who elect the traditional benefit  
21 package under paragraph (1) of subsection (a) of Section  
22 12-128.1 of this Code shall contribute:

23 (A) In fiscal year 2013, fiscal year 2014, and  
24 fiscal year 2015, an amount equal to 12.75% of salary.

25 (B) In fiscal year 2016 and in each fiscal year  
26 thereafter, a percentage of salary equal to the

1           actuarially determined normal cost of the traditional  
2           benefit package, minus an amount equal to 6% of total  
3           pensionable salary. The Fund shall certify the  
4           actuarially determined normal cost of the traditional  
5           benefit package and the amount of required participant  
6           contributions by July 1, 2015 and every 3 years  
7           thereafter.

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

11                   (A) In fiscal year 2013, fiscal year 2014, and  
12                   fiscal year 2015, an amount equal to 7% of salary.

13                   (B) In fiscal year 2016 and in each fiscal year  
14                   thereafter, a percentage of salary equal to the  
15                   actuarially determined normal cost of the traditional  
16                   benefit package, minus an amount equal to 6% of total  
17                   pensionable salary. The Fund shall certify the  
18                   actuarially determined normal cost of the reformed  
19                   benefit package and the amount of required participant  
20                   contributions by July 1, 2015 and every 3 years  
21                   thereafter.

22           (3) Employees who elect the self-managed plan under  
23           paragraph (3) of subsection (a) of Section 12-128.1 of this  
24           Code shall contribute a minimum of 6% of salary.  
25           Participants who elect the self-managed plan provided  
26           under Section 12-128.2 of this Code may elect to increase

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

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

6       (Source: P.A. 86-272.)

7             (40 ILCS 5/12-151.3 new)

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

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

1           (2) If the participant is participating in the  
2           self-managed plan provided under Section 12-128.2 of this  
3           Code, the member shall receive a minimum allocation equal  
4           to 7.5% of the participant's compensation for service  
5           during the period. All contributions shall be taken into  
6           account for this purpose. For the purposes of this  
7           paragraph (2), the minimum allocation shall be calculated  
8           so that the System meets the requirements necessary to be  
9           considered a "retirement system" under Section  
10           3121(b) (7) (F) of the Internal Revenue Code and the  
11           regulations in effect thereunder.

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

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

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

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

1 (b) the total of the liabilities of the employer for prior  
2 service annuities and widow's prior service annuities,  
3 including the present values of such annuities that are entered  
4 upon.

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

6 (40 ILCS 5/12-168) (from Ch. 108 1/2, par. 12-168)

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

8 To have an annual audit of the books, records and reserves  
9 of the fund as of the last day of each fiscal ~~June 30th, in each~~  
10 year, by a certified public accountant. A copy of the report of  
11 such audit shall be filed with the board of park commissioners,  
12 and a synopsis thereof shall be prepared for public  
13 distribution.

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

15 (40 ILCS 5/12-169) (from Ch. 108 1/2, par. 12-169)

16 Sec. 12-169. To appoint employees.

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

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

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

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

3 Sec. 12-183. Annual actuarial valuation.

4 An actuarial valuation shall be made annually of the  
5 liabilities and reserves for present and prospective annuities  
6 and benefits, and beginning January 1, 2012 ~~July 1, 1973~~ a  
7 general investigation shall be made and shall be completed  
8 every 5 years thereafter of the operating experience of the  
9 fund as to mortality, disability, retirement, marital status of  
10 employees, withdrawal from service without right to annuity,  
11 investment earnings and other factors of actuarial criteria.

12 Upon the basis of the annual actuarial valuation and  
13 quinquennial actuarial investigations, the actuary shall  
14 recommend the tables to be used in the annual valuations and in  
15 current operations including the prescribed rate of interest,  
16 and shall advise the board on any matters of actuarial  
17 character affecting the financial condition of the fund and its  
18 operations.

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

20 (40 ILCS 5/12-190.3) (from Ch. 108 1/2, par. 12-190.3)

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



1 None of the benefits provided for in this Article shall be  
2 paid to any person who is convicted of any misdemeanor or  
3 felony relating to or arising out of or in connection with any  
4 attempt to defraud the Fund.

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

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

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

16 (40 ILCS 5/12-193.5 new)

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

21 (40 ILCS 5/14-108.2d new)

22 Sec. 14-108.2d. Benefit accruals on and after July 1, 2012.  
23 (a) Except for members covered under paragraphs (1) and (2)  
24 of subsection (b) of Section 14-110 and noncovered employees

1 who are subject to paragraph (2) of subsection (a) of Section  
2 14-110, each member under this Article, other than a person who  
3 first becomes an employee and a member on or after January 1,  
4 2011, shall elect which retirement program he or she wishes to  
5 participate in with respect to all periods of membership  
6 service occurring on and after July 1, 2012. The retirement  
7 program election made by the member must be made no later than  
8 July 1, 2012 in accordance with rules prescribed by the Board.  
9 The member shall elect one of the following retirement  
10 programs:

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

13 (2) the revised defined benefit package provided by the  
14 System to new employees under Public Act 96-889 and Public  
15 Act 96-1490; or

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

18 (b) A person who first becomes a member of the System on or  
19 after January 1, 2011 shall elect which retirement program he  
20 or she wishes to participate in with respect to all periods of  
21 membership service occurring on and after July 1, 2012. The  
22 member shall elect one of the retirement programs provided in  
23 paragraph (2) or (3) of subsection (a) of this Section. The  
24 member must make that election (i) by June 30, 2012 or within 6  
25 months after the member's first day of covered employment,  
26 whichever is later, and (ii) if applicable, every 3 years

1 thereafter.

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

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

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

24 (2) each participant in the revised defined benefit  
25 package provided under paragraph (2) of subsection (a) of  
26 this Section shall have the opportunity to elect to

1 terminate participation in the revised defined benefit  
2 package and to elect to have retirement benefits for future  
3 service provided under the self-managed plan provided  
4 under paragraph (3) of subsection (a) of this Section; and

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

8 (e) If a member with an accrued benefit under the  
9 traditional benefit package provided by the System prior to  
10 Public Act 96-889 elects the revised defined benefit package  
11 provided under paragraph (2) of subsection (a) of this Section,  
12 the member's total accrued benefit for purposes of determining  
13 an annuity shall be the sum of (i) the member's benefit  
14 accruals before July 1, 2012, based on the member's pay and  
15 service through June 30, 2012 and frozen with respect to pay  
16 after that date and (ii) the member's benefit accruals based on  
17 pay and service on or after July 1, 2012, as modified by the  
18 rules provided in Public Act 96-889. All rights and features  
19 provided under the traditional benefit package will be  
20 preserved with respect to benefits earned under such package  
21 with respect to service completed prior to the election to  
22 participate in the revised benefit package. Furthermore, the  
23 member shall be entitled to the benefit of the survivor's  
24 annuity provided under Public Act 96-889 and Public Act  
25 96-1490. All service completed under the System shall count for  
26 purposes of determining retirement eligibility and vesting

1 under both the traditional benefit package and the revised  
2 benefit package, provided that the vesting requirements of the  
3 traditional benefit package shall continue to govern vesting  
4 for members in the revised benefit package.

5 (f) If a member with an accrued benefit under the  
6 traditional benefit package or revised defined benefit package  
7 elects the self-managed plan provided under paragraph (3) of  
8 subsection (a) of this Section, the member's total accrued  
9 benefit for purposes of determining an annuity shall be the  
10 member's benefit accruals before July 1, 2012, based on the  
11 member's pay and service through June 30, 2012 and frozen with  
12 respect to pay after that date. However, the member shall also  
13 have an accrued self-managed plan benefit as specified in  
14 subsection (g) of Section 14-108.2e, for periods of covered  
15 employment on or after July 1, 2012. All rights and features  
16 provided under the traditional benefit package will be  
17 preserved with respect to benefits earned under such package  
18 with respect to service completed prior to the election to  
19 participate in the self-managed plan. All service completed  
20 under the traditional benefit package and the self-managed plan  
21 shall count for purposes of determining retirement eligibility  
22 and vesting under both the traditional benefit package and the  
23 self-managed plan.

24 (g) An individual who is a member (as that term is defined  
25 in Section 14-103.06 of this Article) in the System, but is not  
26 an employee as of January 1, 2012, shall elect, based on the

1 eligibility criteria specified in this Code, one of the 3  
2 retirement programs provided under paragraphs (1), (2), or (3)  
3 of subsection (a) of this Section within 6 months after  
4 becoming an employee.

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

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

7 (a) The Illinois State Board of Investment created under  
8 Article 22A of this Code shall establish and administer a  
9 self-managed plan on behalf of the retirement system  
10 established under this Article. The plan shall offer  
11 participating employees the opportunity to accumulate assets  
12 for retirement through a combination of employee and employer  
13 contributions that may be invested in mutual funds, collective  
14 investment funds, or other investment products and may be used  
15 to purchase annuity contracts that are fixed, variable, or a  
16 combination thereof. The plan must be qualified under the  
17 Internal Revenue Code of 1986.

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

23 (c) An employee eligible to participate in the self-managed  
24 plan must make a written election in accordance with the  
25 provisions of Section 14-108.2d and the procedures established

1 by the retirement system. Participation in the self-managed  
2 plan by an electing employee shall begin on the beginning of  
3 the month following the date the employee's election is filed  
4 with the retirement system, but in no case prior to July 1,  
5 2012.

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

18 (e) The self-managed plan shall be funded by contributions  
19 pursuant to salary reduction agreements for employees  
20 participating in the self-managed plan and employer  
21 contributions as provided in Section 14-131.1 of this Code.  
22 Employees may make additional contributions to the  
23 self-managed plan in accordance with the procedures prescribed  
24 by the plan sponsor, to the extent permitted under rules  
25 prescribed by the plan sponsor. Employee and employer  
26 contributions shall be paid into the participant's

1 self-managed plan accounts in a manner to be prescribed by the  
2 plan sponsor.

3 (f) A participant in the self-managed plan becomes vested  
4 in the employer contributions credited to his or her accounts  
5 in the self-managed plan on the earliest to occur of the  
6 following: (1) completion of 5 years of service with an  
7 employer covered by Article 14 of this Code or (2) if the  
8 participant has completed at least 1 1/2 years of service, the  
9 death of the participating employee while employed by an  
10 employer covered by Article 14 of this Code.

11 (g) If an employee who is vested in employer contributions  
12 terminates employment, the employee shall be entitled to a  
13 benefit that is based on the account values attributable to  
14 both employer and employee contributions and any investment  
15 return on those contributions. If an employee who is not vested  
16 in employer contributions terminates employment, the employee  
17 shall be entitled to a benefit based solely on the account  
18 values attributable to the employee's contributions and any  
19 investment return on those contributions, and the employer  
20 contributions and any investment return on those contributions  
21 shall be forfeited. Any employer contributions that are  
22 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.

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



1 1986 or any successor Section thereof. In no event shall a  
2 member have an option of receiving these amounts in cash. The  
3 program shall provide for employer contributions to be credited  
4 to each self-managed plan participant at a rate of 6% of the  
5 participating member's salary. The amounts so credited shall be  
6 paid into the member's self-managed plan account in a manner to  
7 be prescribed by the System. The program shall also provide for  
8 employer contributions to be used by the System to provide  
9 disability benefits for the participant. Prior to the beginning  
10 of each plan year under the self-managed plan, the Board of  
11 Trustees shall determine, as a percentage of salary, the amount  
12 of employer contributions to be allocated during that plan year  
13 for providing disability benefits for members in the  
14 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 14-131. The System shall not be  
21 obligated to remit the required employer contributions to any  
22 person or entity until it has received the required employer  
23 contributions from the State.

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

1 (40 ILCS 5/14-109.1 new)

2 Sec. 14-109.1. Minimum benefit and allocation provisions.  
3 Each noncovered member participating in the System shall  
4 receive a minimum benefit or allocation determined as follows:

5 (1) If the noncovered member is participating in the  
6 traditional benefit package provided under paragraph (1)  
7 of subsection (a) of Section 14-108.2d of this Code or the  
8 revised defined benefit package provided under paragraph  
9 (2) of subsection (a) of Section 14-108.2d of this Code,  
10 the employee shall receive a minimum benefit (commencing on  
11 his or her Social Security retirement age) for the  
12 employee's period of service covered by each such defined  
13 benefit package that is equal to the annual primary  
14 insurance amount the employee would have under Social  
15 Security for such period of service. For the purposes of  
16 this item (1), the primary insurance amount an individual  
17 would have under Social Security shall be calculated so  
18 that the System meets the requirements necessary to be  
19 considered a "retirement system" under Section  
20 3121(b)(7)(F) of the Internal Revenue Code and the  
21 regulations in effect thereunder.

22 (2) If the noncovered member is participating in the  
23 self-managed plan provided under Section 14-108.2e of this  
24 Code, the member shall receive a minimum allocation equal  
25 to 7.5% of the member's compensation for service during the  
26 period. All contributions shall be taken into account for

1       this purpose. For the purposes of this paragraph (2), the  
2       minimum allocation shall be calculated so that the System  
3       meets the requirements necessary to be considered a  
4       "retirement system" under Section 3121(b)(7)(F) of the  
5       Internal Revenue Code and the regulations in effect  
6       thereunder.

7       (40 ILCS 5/14-131)

8       Sec. 14-131. Contributions by State.

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

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

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

25      The Board shall also determine a State contribution rate

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

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

18 (c) Contributions shall be made by the several departments  
19 for each pay period by warrants drawn by the State Comptroller  
20 against their respective funds or appropriations based upon  
21 vouchers stating the amount to be so contributed. These amounts  
22 shall be based on the full rate certified by the Board under  
23 Section 14-135.08 for that fiscal year. From the effective date  
24 of this amendatory Act of the 93rd General Assembly through the  
25 payment of the final payroll from fiscal year 2004  
26 appropriations, the several departments shall not make

1 contributions for the remainder of fiscal year 2004 but shall  
2 instead make payments as required under subsection (a-1) of  
3 Section 14.1 of the State Finance Act. The several departments  
4 shall resume those contributions at the commencement of fiscal  
5 year 2005.

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

12 (c-2) For State fiscal year 2010 only, on or as soon as  
13 possible after the 15th day of each month the Board shall  
14 submit vouchers for payment of State contributions to the  
15 System, in a total monthly amount of one-twelfth of the fiscal  
16 year 2010 General Revenue Fund appropriation to the System.

17 (d) If an employee is paid from trust funds or federal  
18 funds, the department or other employer shall pay employer  
19 contributions from those funds to the System at the certified  
20 rate, unless the terms of the trust or the federal-State  
21 agreement preclude the use of the funds for that purpose, in  
22 which case the required employer contributions shall be paid by  
23 the State. From the effective date of this amendatory Act of  
24 the 93rd General Assembly through the payment of the final  
25 payroll from fiscal year 2004 appropriations, the department or  
26 other employer shall not pay contributions for the remainder of

1 fiscal year 2004 but shall instead make payments as required  
2 under subsection (a-1) of Section 14.1 of the State Finance  
3 Act. The department or other employer shall resume payment of  
4 contributions at the commencement of fiscal year 2005.

5 (e) For State fiscal years 2016 ~~2012~~ through 2045, the  
6 minimum contribution to the System to be made by the State for  
7 each fiscal year shall be an amount equal to the sum of (i) the  
8 minimum employer contribution determined under Section  
9 14-131.1, plus (ii) an amount determined by the System to be  
10 sufficient to bring the total assets of the System up to 90% of  
11 the total actuarial liabilities of the System by the end of  
12 State fiscal year 2045. In making the ~~these~~ determinations  
13 under item (ii) of this subsection (e), the required State  
14 contribution shall be calculated each year as a level  
15 percentage of revenue provided by the individual income tax,  
16 sales tax, and corporate income tax assuming a 2.3% average  
17 annual growth rate in these revenues ~~payroll~~ over the years  
18 remaining to and including fiscal year 2045 and shall be  
19 determined under the projected unit credit actuarial cost  
20 method. The contribution required in each fiscal year under  
21 this subsection (e) must not be less than 100% of the prior  
22 fiscal year's contribution.

23 For State fiscal years 2013 ~~1996~~ through 2015 ~~2005~~, the  
24 State contribution to the System, as a percentage of State  
25 revenue from the individual income tax, sales tax, and  
26 corporate income tax ~~the applicable employee payroll~~, shall be

1 increased in equal annual increments so that by State fiscal  
2 year 2016 ~~2011~~, the State is contributing at the rate required  
3 under this Section; except that (i) for State fiscal year 1998,  
4 for all purposes of this Code and any other law of this State,  
5 the certified percentage of the applicable employee payroll  
6 shall be 5.052% for employees earning eligible creditable  
7 service under Section 14-110 and 6.500% for all other  
8 employees, notwithstanding any contrary certification made  
9 under Section 14-135.08 before the effective date of this  
10 amendatory Act of 1997, and (ii) in the following specified  
11 State fiscal years, the State contribution to the System shall  
12 not be less than the following indicated percentages of the  
13 applicable employee payroll, even if the indicated percentage  
14 will produce a State contribution in excess of the amount  
15 otherwise required under this subsection and subsection (a):  
16 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY  
17 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

24 For each of State fiscal years 2008 through 2009, the State  
25 contribution to the System, as a percentage of the applicable  
26 employee payroll, shall be increased in equal annual increments

1 from the required State contribution for State fiscal year  
2 2007, so that by State fiscal year 2011, the State is  
3 contributing at the rate otherwise required under this Section.

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

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

25 Beginning in State fiscal year 2046, the minimum State  
26 contribution shall be an amount equal to the minimum employer



1 contribution determined under Section 14-131.1, plus an amount  
2 sufficient ~~for each fiscal year shall be the amount needed~~ to  
3 maintain the total assets of the System at 90% of the total  
4 actuarial liabilities of the System.

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

17       Notwithstanding any other provision of this Section, the  
18 required State contribution for State fiscal year 2005 and for  
19 fiscal year 2008 and each fiscal year thereafter until fiscal  
20 year 2013, as calculated under this Section and certified under  
21 Section 14-135.08, shall not exceed an amount equal to (i) the  
22 amount of the required State contribution that would have been  
23 calculated under this Section for that fiscal year if the  
24 System had not received any payments under subsection (d) of  
25 Section 7.2 of the General Obligation Bond Act, minus (ii) the  
26 portion of the State's total debt service payments for that

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

16 (f) After the submission of all payments for eligible  
17 employees from personal services line items in fiscal year 2004  
18 have been made, the Comptroller shall provide to the System a  
19 certification of the sum of all fiscal year 2004 expenditures  
20 for personal services that would have been covered by payments  
21 to the System under this Section if the provisions of this  
22 amendatory Act of the 93rd General Assembly had not been  
23 enacted. Upon receipt of the certification, the System shall  
24 determine the amount due to the System based on the full rate  
25 certified by the Board under Section 14-135.08 for fiscal year  
26 2004 in order to meet the State's obligation under this

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

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

18 As of June 30, 2008, the actuarial value of the System's  
19 assets shall be equal to the market value of the assets as of  
20 that date. In determining the actuarial value of the System's  
21 assets for fiscal years after June 30, 2008, any actuarial  
22 gains or losses from investment return incurred in a fiscal  
23 year shall be recognized in equal annual amounts over the  
24 5-year period following that fiscal year.

25 (h) For purposes of determining the required State  
26 contribution to the System for a particular year, the actuarial

1 value of assets shall be assumed to earn a rate of return equal  
2 to the System's actuarially assumed rate of return.

3 (i) 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 2010 have been made, the  
6 Comptroller shall provide to the System a certification of the  
7 sum of all fiscal year 2010 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 2010 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 2010 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 2010 Shortfall" for purposes of this  
19 Section, and the Fiscal Year 2010 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 2010  
23 Overpayment" for purposes of this Section, and the Fiscal Year  
24 2010 Overpayment shall be repaid by the System to the General  
25 Revenue Fund as soon as practicable after the certification.

26 (j) After the submission of all payments for eligible

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

23 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09; 96-45,  
24 eff. 7-15-09; 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11;  
25 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)

1 (40 ILCS 5/14-131.1 new)

2 Sec. 14-131.1. Minimum employer contribution.

3 (a) In fiscal year 2013, fiscal year 2014, and fiscal year  
4 2015, the following rules apply in determining the minimum  
5 employer contributions:

6 (1) With respect to employees who (i) participate in  
7 the traditional or revised benefit package or the  
8 self-managed plan and (ii) are subject to subdivision  
9 (a) (1) of Section 14-133, 4.04% of pensionable payroll.

10 (2) With respect to employees who (i) participate in  
11 the traditional or revised benefit package or the  
12 self-managed plan and (ii) are subject to either paragraph  
13 (3) or (6) of subsection (a) of Section 14-133, 6.00% of  
14 pensionable payroll.

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

20 (b) In fiscal year 2016 and each year thereafter, the  
21 following rules apply in determining the minimum employer  
22 contributions:

23 (1) With respect to employees who elect the revised  
24 defined benefit package provided under paragraph (2) of  
25 subsection (a) of Section 14-108.2d of this Code and who  
26 are covered employees, an amount equal to one-half of the

1       actuarially determined normal cost of such revised defined  
2       benefit package.

3       (2) With respect to employees who elect the revised  
4       defined benefit package provided under paragraph (2) of  
5       subsection (a) of Section 14-108.2d of this Code and who  
6       are noncovered employees, an amount equal to 6% of the  
7       pensionable payroll of the employee group.

8       (3) With respect to employees who elect the traditional  
9       defined benefit package provided under paragraph (1) of  
10       subsection (a) of Section 14-108.2d of this Code and who  
11       are covered employees, an amount equal to one-half of the  
12       actuarially determined normal cost of the revised defined  
13       benefit package provided under paragraph (2) of subsection  
14       (a) of Section 14-108.2d of this Code.

15       (4) With respect to employees who elect the traditional  
16       defined benefit package provided under paragraph (1) of  
17       subsection (a) of Section 14-108.2d of this Code and who  
18       are noncovered employees, an amount equal to 6% of the  
19       pensionable payroll of the employee group.

20       (5) With respect to employees who elect the  
21       self-managed plan provided under paragraph (3) of  
22       subsection (a) of Section 14-108.2d of this Code, the State  
23       shall contribute the following amounts into the  
24       self-managed plan:

25               (A) With respect to employees who are covered  
26               employees, an amount equal to one-half of the

1           actuarially determined normal cost of the revised  
2           defined benefit package provided under paragraph (2)  
3           of subsection (a) of Section 14-108.2d of this Code.

4           (B) With respect to employees who are noncovered  
5           employees, an amount equal to 6% of the payroll of the  
6           employee group.

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

11           (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)  
12           Sec. 14-133. Contributions on behalf of members.

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

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

19           (2) Noncovered employees, except as indicated below,  
20           7% for retirement annuity and 1% for a widow or survivors  
21           annuity;

22           (3) Noncovered employees serving in a position in which  
23           "eligible creditable service" as defined in Section 14-110  
24           may be earned, 1% for a widow or survivors annuity plus the  
25           following amount for retirement annuity: 8.5% through



1 December 31, 2001; 9.5% in 2002; 10.5% in 2003; and 11.5%  
2 in 2004 and thereafter;

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

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

15 (6) Each security employee of the Department of  
16 Corrections or of the Department of Human Services who is  
17 not a covered employee, 1% for a widow or survivors annuity  
18 plus the following amount for retirement annuity: 8.5%  
19 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and  
20 11.5% in 2004 and thereafter.

21 (7) Notwithstanding anything in this Section to the  
22 contrary, effective July 1, 2012, all participating  
23 employees shall be required to make the following  
24 contributions:

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

1           subsection (a) of Section 14-108.2d of this Code and  
2           who are subject to paragraph (1) of subsection (a) of  
3           Section 14-133 shall contribute:

4                   (I) In fiscal year 2013, fiscal year 2014, and  
5                   fiscal year 2015, an amount equal to 9.29% of  
6                   compensation.

7                   (II) In fiscal year 2016 and in each fiscal  
8                   year thereafter, a percentage of compensation  
9                   equal to the actuarially determined normal cost of  
10                  the traditional defined benefit package, minus  
11                  employer contributions under Section 14-131.1,  
12                  provided that no participant's contribution shall  
13                  be less than 6% of pensionable payroll. The System  
14                  shall certify the actuarially determined normal  
15                  cost of such traditional defined benefit package  
16                  and the amount of the required employee  
17                  contributions by January 1, 2015 and every 3 years  
18                  thereafter.

19                  (B) Participants who elect the traditional defined  
20                  benefit package provided under paragraph (1) of  
21                  subsection (a) of Section 14-108.2d of this Code and  
22                  who are subject to either paragraph (3) or (6) of  
23                  subsection (a) of Section 14-133 shall contribute:

24                   (I) In fiscal year 2013, fiscal year 2014, and  
25                   fiscal year 2015, an amount equal to 18.91% of  
26                   compensation.

1           (II) In fiscal year 2016 and in each fiscal  
2           year thereafter, a percentage of compensation  
3           equal to the actuarially determined normal cost of  
4           the traditional defined benefit package, minus  
5           employer contributions under Section 14-131.1,  
6           provided that no participant's contribution shall  
7           be less than 6% of pensionable payroll. The System  
8           shall certify the actuarially determined normal  
9           cost of such traditional defined benefit package  
10           and the amount of the required employee  
11           contributions by January 1, 2015 and every 3 years  
12           thereafter.

13           (C) Participants who elect the traditional defined  
14           benefit package provided under paragraph (1) of  
15           subsection (a) of Section 14-108.2d of this Code and  
16           who are subject to either paragraph (4) or (5) of  
17           subsection (a) of Section 14-133 shall contribute:

18           (I) In fiscal year 2013, fiscal year 2014, and  
19           fiscal year 2015, an amount equal to 16.65% of  
20           compensation.

21           (II) In fiscal year 2016 and in each fiscal  
22           year thereafter, a percentage of compensation  
23           equal to the actuarially determined normal cost of  
24           the traditional defined benefit package, minus  
25           employer contributions under Section 14-131.1,  
26           provided that no participant's contribution shall

1           be less than 6% of pensionable payroll. The System  
2           shall certify the actuarially determined normal  
3           cost of such traditional defined benefit package  
4           and the amount of the required employee  
5           contributions by January 1, 2015 and every 3 years  
6           thereafter.

7           (D) Participants who elect the revised defined  
8           benefit package provided under paragraph (2) of  
9           subsection (a) of Section 14-108.2d of this Code shall  
10           contribute a percentage of compensation determined as  
11           follows:

12                   (I) In fiscal year 2013, fiscal year 2014, and  
13                   fiscal year 2015:

14                           (a) Employees who are subject to paragraph  
15                           (1) of subsection (a) of Section 14-133 shall  
16                           contribute 4.04% of compensation.

17                           (b) Employees who are subject to either  
18                           paragraph (4) or (5) of subsection (a) of  
19                           Section 14-133 shall contribute 4.46% of  
20                           compensation.

21                           (c) Employees who are noncovered employees  
22                           shall contribute an amount equal to the greater  
23                           of (i) 6% of compensation or (ii) one-half of  
24                           the actuarially determined normal cost of the  
25                           revised defined benefit package. The System  
26                           shall certify the actuarially determined

1           normal cost of the revised defined benefit  
2           package and the amount of the required employee  
3           contributions by January 1, 2015.

4           (II) In fiscal year 2016 and each fiscal year  
5           thereafter:

6           (a) Employees who are noncovered  
7           employees, an amount equal to the greater of  
8           (i) 6% of compensation or (ii) one-half of the  
9           actuarially determined normal cost of the  
10           revised defined benefit package. The System  
11           shall certify the actuarially determined  
12           normal cost of the revised defined benefit  
13           package and the amount of the required employee  
14           contributions by January 1, 2015 and every 3  
15           years thereafter.

16           (b) Employees who are covered employees,  
17           an amount equal to one-half of the actuarially  
18           determined normal cost of the revised defined  
19           benefit package. The System shall certify the  
20           actuarially determined normal cost of the  
21           revised defined benefit package and the amount  
22           of the required employee contributions by  
23           January 1, 2015 and every 3 years thereafter.

24           (E) Participants who elect the self-managed plan  
25           provided under paragraph (3) of subsection (a) of  
26           Section 14-108.2d of this Code shall contribute a

1           minimum percentage of compensation determined as  
2           follows:

3                   (I) In fiscal year 2013, fiscal year 2014, and  
4                   fiscal year 2015:

5                           (a) Employees who are subject to paragraph  
6                           (1) of subsection (a) of Section 14-133 shall  
7                           contribute 4.04% of compensation.

8                           (b) Employees who are subject to either  
9                           paragraph (4) or (5) of subsection (a) of  
10                           Section 14-133 shall contribute 4.46% of  
11                           compensation.

12                           (c) Employees who are noncovered employees  
13                           shall contribute a minimum amount equal to 6%  
14                           of compensation.

15                   (II) In fiscal year 2016 and each fiscal year  
16                   thereafter:

17                           (a) Employees who are covered employees shall  
18                           contribute a minimum amount equal to one-half of  
19                           the actuarially determined normal cost of the  
20                           revised defined benefit package provided under  
21                           paragraph (2) of subsection (a) of Section  
22                           14-108.2d of this Code.

23                           (b) Employees who are noncovered employees  
24                           shall contribute a minimum amount equal to 6% of  
25                           compensation.

26                   Participants who elect the self-managed plan

1           provided under paragraph (2) of subsection (a) of  
2           Section 14-108.2d of this Code may elect to increase  
3           the employee contribution in accordance with rules  
4           prescribed by the Board.

5           (b) Contributions shall be in the form of a deduction from  
6           compensation and shall be made notwithstanding that the  
7           compensation paid in cash to the employee shall be reduced  
8           thereby below the minimum prescribed by law or regulation. Each  
9           member is deemed to consent and agree to the deductions from  
10          compensation provided for in this Article, and shall receipt in  
11          full for salary or compensation.

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

13           (40 ILCS 5/14-202 new)

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

18           (40 ILCS 5/15-103.4 new)

19           Sec. 15-103.4. Revised defined benefit package. "Revised  
20           defined benefit package": The defined benefit retirement  
21           program maintained under the System as provided by Public Act  
22           96-889 and described in Section 15-134.6.

23           (40 ILCS 5/15-113.6) (from Ch. 108 1/2, par. 15-113.6)

1           Sec. 15-113.6. Service for employment in public schools.  
2           "Service for employment in public schools": Includes those  
3           periods not exceeding the lesser of 10 years or 2/3 of the  
4           service granted under other Sections of this Article dealing  
5           with service credit, during which a person who entered the  
6           system after September 1, 1974 was employed full time by a  
7           public common school, public college and public university, or  
8           by an agency or instrumentality of any of the foregoing, of any  
9           state, territory, dependency or possession of the United States  
10          of America, including the Philippine Islands, or a school  
11          operated by or under the auspices of any agency or department  
12          of any other state, if the person (1) cannot qualify for a  
13          retirement pension or other benefit based upon employer  
14          contributions from another retirement system, exclusive of  
15          federal social security, based in whole or in part upon this  
16          employment, and (2) pays the lesser of (A) an amount equal to  
17          8% of his or her annual basic compensation on the date of  
18          becoming a participating employee subsequent to this service  
19          multiplied by the number of years of such service, together  
20          with compound interest from the date participation begins to  
21          the date payment is received by the board at the rate of 6% per  
22          annum through August 31, 1982, and at the effective rates after  
23          that date, and (B) 50% of the actuarial value of the increase  
24          in the retirement annuity provided by this service, and (3)  
25          contributes for at least 5 years subsequent to this employment  
26          to one or more of the following systems: the State Universities



1 Retirement System, the Teachers' Retirement System of the State  
2 of Illinois, and the Public School Teachers' Pension and  
3 Retirement Fund of Chicago.

4 The service granted under this Section shall not be  
5 considered in determining whether the person has the minimum of  
6 8 years of service required to qualify for a retirement annuity  
7 at age 55 or the 5 years of service required to qualify for a  
8 retirement annuity at age 62, as provided in Section 15-135, or  
9 the 10 years required by subsection (c) of Section 15-134.6  
10 ~~1-160~~ for a person who first becomes a participant on or after  
11 January 1, 2011. The maximum allowable service of 10 years for  
12 this governmental employment shall be reduced by the service  
13 credit which is validated under paragraph (2) of subsection (b)  
14 of Section 16-127 and paragraph 1 of Section 17-133.

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

16 (40 ILCS 5/15-116) (from Ch. 108 1/2, par. 15-116)

17 Sec. 15-116. Accumulated normal contributions.  
18 "Accumulated normal contributions": The sum of all normal  
19 contributions credited to an employee's account, together with  
20 interest thereon at the effective rate for the respective  
21 years; provided that the normal contributions that are credited  
22 to the employee's account in any period on or after July 1,  
23 2012 shall not exceed the contributions paid pursuant to  
24 subsection (a) of Section 15-157.

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

1 (40 ILCS 5/15-117) (from Ch. 108 1/2, par. 15-117)

2 Sec. 15-117. Accumulated additional contributions.

3 "Accumulated additional contributions": The sum of all  
4 additional contributions credited to an employee's account,  
5 together with interest thereon at the effective rate for the  
6 respective years; provided that the additional contributions  
7 that are credited to the employee's account in any period on or  
8 after July 1, 2012 shall not exceed contributions paid pursuant  
9 to subsection (a) of Section 15-157.

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

11 (40 ILCS 5/15-134) (from Ch. 108 1/2, par. 15-134)

12 Sec. 15-134. Participant.

13 (a) Each person shall, as a condition of employment, become  
14 a participant and be subject to this Article on the date that  
15 he or she becomes an employee, makes an election to participate  
16 in, or otherwise becomes a participant in one of the retirement  
17 programs offered under this Article, whichever date is later.

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

23 (b) A person employed concurrently by 2 or more employers  
24 is eligible to participate in the system on compensation

1 received from all employers.

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

3 (40 ILCS 5/15-134.6 new)

4 Sec. 15-134.6. Provisions applicable to new hires on or  
5 after January 1, 2011.

6 (a) The provisions of this Section apply to a person who,  
7 on or after January 1, 2011, first becomes a participant under  
8 this Article, but do not apply to the self-managed plan  
9 established under this Article.

10 (b) "Final average salary" means the average monthly (or  
11 annual) salary obtained by dividing the total salary or  
12 earnings calculated under this Article applicable to the  
13 participant during the 96 consecutive months (or 8 consecutive  
14 years) of service within the last 120 months (or 10 years) of  
15 service in which the total salary or earnings calculated under  
16 this Article was the highest by the number of months (or years)  
17 of service in that period. For the purposes of a person who  
18 first becomes a participant of this system on or after January  
19 1, 2011, "final average salary" shall be substituted for "final  
20 rate of earnings".

21 (b-5) Beginning on January 1, 2011, for all purposes under  
22 this Code (including without limitation the calculation of  
23 benefits and employee contributions), the annual earnings,  
24 salary, or wages (based on the plan year) of a participant to  
25 whom this Section applies shall not exceed \$106,800; however,

1 that amount shall annually thereafter be increased by the  
2 lesser of (i) 3% of that amount, including all previous  
3 adjustments, or (ii) one half the annual unadjusted percentage  
4 increase (but not less than zero) in the consumer price index u  
5 for the 12 months ending with the September preceding each  
6 November 1, including all previous adjustments.

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

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

24 (d) The retirement annuity of a participant who is retiring  
25 after attaining age 62 with at least 10 years of service credit  
26 shall be reduced by one half of 1% for each full month that the

1 member's age is under age 67.

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

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

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

15 (g) If a person who first becomes a participant of this  
16 system on or after January 1, 2011 is receiving a retirement  
17 annuity under this system and becomes a member or participant  
18 under any other system or fund created by this Code and is  
19 employed on a full-time basis, except for those members or  
20 participants exempted from the provisions of this Section under  
21 subsection (a) of this Section, then the person's retirement  
22 annuity shall be suspended during that employment. Upon  
23 termination of that employment, the person's retirement  
24 annuity shall resume and be recalculated if recalculation is  
25 provided for under this Article.

26 (h) Notwithstanding any other provision of this Section, a

1 person who first becomes a participant of this system on or  
2 after January 1, 2011 shall have the option to enroll in the  
3 self-managed plan created under Section 15-158.2 of this  
4 Article.

5 (i) In the case of a conflict between the provisions of  
6 this Section and any other provision of this Code, the  
7 provisions of this Section shall control.

8 (40 ILCS 5/15-134.7 new)

9 Sec. 15-134.7. Benefits accruals on and after July 1, 2012.

10 (a) Each participating employee under this Article, other  
11 than a person who first becomes an employee and a participant  
12 on or after January 1, 2011 or a person who becomes an employee  
13 and a participant before July 1, 2012 and who elects the  
14 self-managed plan provided under Section 15-158.2, shall elect  
15 which retirement program he or she wishes to participate in  
16 with respect to all periods of covered employment occurring on  
17 and after July 1, 2012. The retirement program election made by  
18 the participating employee must be made no later than July 1,  
19 2012 in the manner prescribed by the System. The participating  
20 employee shall elect one of the following retirement programs:

21 (1) the traditional or portable benefit package;

22 (2) the revised defined benefit package; or

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

24 (b) A person who first becomes an employee and a  
25 participant in the System, on or after January 1, 2011, shall

1 elect which retirement program he or she wishes to participate  
2 in with respect to all periods of covered employment occurring  
3 on and after July 1, 2012. The participant shall elect one of  
4 the retirement programs provided in paragraph (2) or (3) of  
5 subsection (a) of this Section. The participant must make that  
6 election (i) by June 30, 2012 or within 6 months after the  
7 participant's first day of covered employment, whichever is  
8 later, and (ii) if applicable, ever 3 years thereafter.

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

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

22 (1) each participant in the traditional defined  
23 benefit package provided under paragraph (1) of subsection  
24 (a) of this Section shall have the opportunity to elect to  
25 terminate participation in the traditional defined benefit  
26 package and to elect to have retirement benefits for future



1 service provided under either the revised defined benefit  
2 package provided under paragraph (2) of subsection (a) of  
3 this Section or the self-managed plan provided under  
4 paragraph (3) of subsection (a) of this Section;

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

12 (3) the elections permitted under paragraphs (1) and  
13 (2) must be made during a 6-month period in a manner  
14 prescribed by the System.

15 (e) If a participant with an accrued benefit under the  
16 traditional or portable benefit package elects to participate  
17 under the revised defined benefit package, the participant's  
18 total accrued benefit for purposes of determining an annuity  
19 shall be the sum of (i) the participant's benefit accruals  
20 under the traditional or portable benefit package, based on the  
21 participant's pay and service under the traditional or portable  
22 benefit package and frozen with respect to pay for service  
23 earned subsequent to participation under the traditional or  
24 portable benefit package and (ii) the participant's benefit  
25 accruals based on pay and service under the revised defined  
26 benefit package. All rights and features provided under the

1 traditional or portable benefit package will be preserved with  
2 respect to benefits earned under such package with respect to  
3 service completed prior to participation in the revised defined  
4 benefit package. Participants who elect to participate under  
5 the revised defined benefit package shall be entitled to the  
6 benefit of the survivor's annuity provided under the revised  
7 defined benefit package based upon all service completed under  
8 the System. All service completed under the System shall count  
9 for purposes of determining retirement eligibility and vesting  
10 under both the traditional or portable defined benefit package  
11 and the revised defined benefit package, provided that the  
12 vesting requirements of the traditional or portable benefit  
13 package shall govern vesting for participants in the revised  
14 defined benefit package.

15 (f) If a participant with an accrued benefit under the  
16 traditional, portable, or revised defined benefit package  
17 elects to participate under the self-managed plan, the  
18 participant's total accrued benefit for purposes of  
19 determining an annuity shall be the participant's benefit  
20 accruals prior to participation in the self-managed plan, based  
21 on the participant's pay and service, and frozen with respect  
22 to pay for service earned subsequent to participation in the  
23 traditional, portable, or revised benefit package. However,  
24 the participant shall also have an accrued self-managed plan  
25 benefit as specified in subsection (k) of Section 15-158.2, for  
26 periods of covered employment on or after participation in the

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

10 (g) An individual who is a participant (as that term is  
11 defined in Section 15-108 of this Article) in the System, but  
12 is not a participating employee as of January 1, 2012, shall,  
13 based on the eligibility criteria specified in this Code, elect  
14 one of the 3 retirement programs provided under paragraphs (1),  
15 (2), or (3) of subsection (a) of this Section within 6 months  
16 after becoming a participating employee, provided that a  
17 participant who previously elected the self-managed plan  
18 provided under Section 15-158.2 may not make a subsequent  
19 election, as provided in this subsection (g).

20 (40 ILCS 5/15-136.3)

21 Sec. 15-136.3. Minimum retirement annuity.

22 (a) Beginning January 1, 1997, any person who is receiving  
23 a monthly retirement annuity under this Article which, after  
24 inclusion of (1) all one-time and automatic annual increases to  
25 which the person is entitled, (2) any supplemental annuity

1 payable under Section 15-136.1, and (3) any amount deducted  
2 under Section 15-138 or 15-140 to provide a reversionary  
3 annuity, is less than the minimum monthly retirement benefit  
4 amount specified in subsection (b) of this Section, shall be  
5 entitled to a monthly supplemental payment equal to the  
6 difference.

7 (b) For purposes of the calculation in subsection (a), the  
8 minimum monthly retirement benefit amount is the sum of \$25 for  
9 each year of service credit, up to a maximum of 30 years of  
10 service.

11 (c) This Section applies to all persons receiving a  
12 retirement annuity under this Article, without regard to  
13 whether or not employment terminated prior to the effective  
14 date of this Section. The annual increase provided in  
15 subsection (e) of Section 15-134.6 ~~1-160~~ does not apply to any  
16 benefit provided under this Section.

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

18 (40 ILCS 5/15-136.5 new)

19 Sec. 15-136.5. Minimum benefit and allocation provisions.  
20 Each employee participating in the System shall receive a  
21 minimum benefit or allocation determined as follows:

22 (1) If the employee is participating in the traditional  
23 or portable benefit package or the revised defined benefit  
24 package, the employee shall receive a minimum benefit  
25 (commencing on his or her Social Security retirement age)

1       for the employee's period of service covered by each such  
2       defined benefit package that is equal to the annual primary  
3       insurance amount the employee would have under Social  
4       Security for such period of service. For the purposes of  
5       this item (1), the primary insurance amount an individual  
6       would have under Social Security shall be calculated so  
7       that the System meets the requirements necessary to be  
8       considered a "retirement system" under Section  
9       3121(b) (7) (F) of the Internal Revenue Code and the  
10       regulations in effect thereunder.

11       (2) If the employee is participating in the  
12       self-managed plan, the employee shall receive a minimum  
13       allocation equal to 7.5% of the employee's compensation for  
14       service during the period. All contributions shall be taken  
15       into account for this purpose. For the purposes of this  
16       paragraph (2), the minimum allocation shall be calculated  
17       so that the System meets the requirements necessary to be  
18       considered a "retirement system" under Section  
19       3121(b) (7) (F) of the Internal Revenue Code and the  
20       regulations in effect thereunder.

21       (40 ILCS 5/15-146) (from Ch. 108 1/2, par. 15-146)  
22       Sec. 15-146. Survivors insurance benefits - Minimum  
23       amounts.

24       (a) The minimum total survivors annuity payable on account  
25       of the death of a participant shall be 50% of the retirement

1 annuity which would have been provided under Rule 1, Rule 2,  
2 Rule 3, or Rule 5 of Section 15-136 upon the participant's  
3 attainment of the minimum age at which the penalty for early  
4 retirement would not be applicable or the date of the  
5 participant's death, whichever is later, on the basis of  
6 credits earned prior to the time of death.

7 (b) The minimum total survivors annuity payable on account  
8 of the death of an annuitant shall be 50% of the retirement  
9 annuity which is payable under Section 15-136 at the time of  
10 death or 50% of the disability retirement annuity payable under  
11 Section 15-153.2. This minimum survivors annuity shall apply to  
12 each participant and annuitant who dies after September 16,  
13 1979, whether or not his or her employee status terminates  
14 before or after that date.

15 (c) If an annuitant has elected a reversionary annuity, the  
16 retirement annuity referred to in this Section is that which  
17 would have been payable had such election not been filed.

18 (d) Beginning January 1, 2002, any person who is receiving  
19 a survivors annuity under this Article which, after inclusion  
20 of all one-time and automatic annual increases to which the  
21 person is entitled, is less than the sum of \$17.50 for each  
22 year (up to a maximum of 30 years) of the deceased member's  
23 service credit, shall be entitled to a monthly supplemental  
24 payment equal to the difference.

25 If 2 or more persons are receiving survivors annuities  
26 based on the same deceased member, the calculation of the

1 supplemental payment under this subsection shall be based on  
2 the total of those annuities and divided pro rata. The  
3 supplemental payment is not subject to any limitation on the  
4 maximum amount of the annuity and shall not be included in the  
5 calculation of any automatic annual increase under Section  
6 15-145. The annual increase provided in subsection (f) of  
7 Section 15-134.6 ~~1-160~~ does not apply to any benefit provided  
8 under this subsection.

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

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

11 Sec. 15-155. Employer contributions.

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

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

24 (a-1) For State fiscal years 2016 ~~2012~~ through 2045, the  
25 minimum contribution to the System to be made by the State for

1 each fiscal year shall be an amount equal to the sum of (i) the  
2 minimum employer contribution determined under Section  
3 15-155.1, plus (ii) an amount determined by the System to be  
4 sufficient to bring the total assets of the System up to 90% of  
5 the total actuarial liabilities of the System by the end of  
6 State fiscal year 2045. In making the ~~these~~ determinations  
7 under item (ii) of this subsection (a-1), the required State  
8 contribution shall be calculated each year as a level  
9 percentage of revenue provided by the individual income tax,  
10 sales tax, and corporate income tax assuming a 2.3% average  
11 annual growth rate in these revenues ~~payroll~~ over the years  
12 remaining to and including fiscal year 2045 and shall be  
13 determined under the projected unit credit actuarial cost  
14 method. The contribution required in each fiscal year under  
15 this subsection (a-1) must not be less than 100% of the prior  
16 fiscal year's contribution.

17 For State fiscal years 2013 ~~1996~~ through 2015 ~~2005~~, the  
18 State contribution to the System, as a percentage of State  
19 revenue from the individual income tax, sales tax, and  
20 corporate income tax ~~the applicable employee payroll~~, shall be  
21 increased in equal annual increments so that by State fiscal  
22 year 2016 ~~2011~~, the State is contributing at the rate required  
23 under this Section.

24 Notwithstanding any other provision of this Article, the  
25 total required State contribution for State fiscal year 2006 is  
26 \$166,641,900.



1           Notwithstanding any other provision of this Article, the  
2 total required State contribution for State fiscal year 2007 is  
3 \$252,064,100.

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 \$702,514,000 and shall be made from the State Pensions Fund and  
13 proceeds of bonds sold in fiscal year 2010 pursuant to Section  
14 7.2 of the General Obligation Bond Act, less (i) the pro rata  
15 share of bond sale expenses determined by the System's share of  
16 total bond proceeds, (ii) any amounts received from the General  
17 Revenue Fund in fiscal year 2010, (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 15-165 and shall be made from the State  
24 Pensions Fund and proceeds of bonds sold in fiscal year 2011  
25 pursuant to Section 7.2 of the General Obligation Bond Act,  
26 less (i) the pro rata share of bond sale expenses determined by

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

5 Notwithstanding any other provision of this Article, the  
6 total required State contribution for fiscal year 2011 is  
7 \$775,781,000 and the total required State contribution for  
8 fiscal year 2012 is 980,485,000.

9 Beginning in State fiscal year 2046, the minimum State  
10 contribution for each fiscal year shall be an amount equal to  
11 the minimum employer contribution determined under Section  
12 15-155.1, plus the amount needed to maintain the total assets  
13 of the System at 90% of the total actuarial liabilities of the  
14 System.

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

1           Notwithstanding any other provision of this Section, the  
2           required State contribution for State fiscal year 2005 and for  
3           fiscal year 2008 and each fiscal year thereafter until fiscal  
4           year 2013, as calculated under this Section and certified under  
5           Section 15-165, shall not exceed an amount equal to (i) the  
6           amount of the required State contribution that would have been  
7           calculated under this Section for that fiscal year if the  
8           System had not received any payments under subsection (d) of  
9           Section 7.2 of the General Obligation Bond Act, minus (ii) the  
10          portion of the State's total debt service payments for that  
11          fiscal year on the bonds issued in fiscal year 2003 for the  
12          purposes of that Section 7.2, as determined and certified by  
13          the Comptroller, that is the same as the System's portion of  
14          the total moneys distributed under subsection (d) of Section  
15          7.2 of the General Obligation Bond Act. In determining this  
16          maximum for State fiscal years 2008 through 2010, however, the  
17          amount referred to in item (i) shall be increased, as a  
18          percentage of the applicable employee payroll, in equal  
19          increments calculated from the sum of the required State  
20          contribution for State fiscal year 2007 plus the applicable  
21          portion of the State's total debt service payments for fiscal  
22          year 2007 on the bonds issued in fiscal year 2003 for the  
23          purposes of Section 7.2 of the General Obligation Bond Act, so  
24          that, by State fiscal year 2011, the State is contributing at  
25          the rate otherwise required under this Section.

26           (b) If an employee is paid from trust or federal funds, the

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

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

1 in the same manner as employee contributions.

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

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

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

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

1 redemption premium or interest on any bonds issued by the Board  
2 or any expenses incurred or deposits required in connection  
3 therewith.

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

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

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

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

18 (h) This subsection (h) applies only to payments made or  
19 salary increases given on or after June 1, 2005 but before July  
20 1, 2011. The changes made by Public Act 94-1057 shall not  
21 require the System to refund any payments received before July  
22 31, 2006 (the effective date of Public Act 94-1057).

23 When assessing payment for any amount due under subsection  
24 (g), the System shall exclude earnings increases paid to  
25 participants under contracts or collective bargaining  
26 agreements entered into, amended, or renewed before June 1,

1 2005.

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

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

20 When assessing payment for any amount due under subsection  
21 (g), the System shall exclude any earnings increase resulting  
22 from (i) a promotion for which the employee moves from one  
23 classification to a higher classification under the State  
24 Universities Civil Service System, (ii) a promotion in academic  
25 rank for a tenured or tenure-track faculty position, or (iii) a  
26 promotion that the Illinois Community College Board has



1 recommended in accordance with subsection (k) of this Section.  
2 These earnings increases shall be excluded only if the  
3 promotion is to a position that has existed and been filled by  
4 a member for no less than one complete academic year and the  
5 earnings increase as a result of the promotion is an increase  
6 that results in an amount no greater than the average salary  
7 paid for other similar positions.

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

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

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

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

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

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

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

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

26                As of June 30, 2008, the actuarial value of the System's

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

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

11 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;  
12 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.  
13 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)

14 (40 ILCS 5/15-155.1 new)

15 Sec. 15-155.1. Minimum employer contribution. The  
16 following rules apply in determining the minimum employer  
17 contribution in State fiscal year 2013 and each fiscal year  
18 thereafter:

19 (1) With respect to employees who elect the traditional  
20 or portable defined benefit package, an amount equal to 6%  
21 of the pensionable payroll of the employee group.

22 (2) With respect to employees who elect the revised  
23 defined benefit package, an amount equal to 6% of the  
24 pensionable payroll of the employee group.

25 (3) With respect to employees who elect the

1        self-managed plan, an amount equal to (i) 6% of pensionable  
2        payroll of the employee group and (ii) an amount determined  
3        by the System to fund the disability plan provided in this  
4        Article.

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

6        Sec. 15-157. Employee Contributions.

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

17       Each participant who is a police officer or firefighter  
18       shall make normal contributions of 8% of each payment of  
19       earnings applicable to employment as a police officer or  
20       firefighter under this system on or after September 1, 1981,  
21       unless he or she files with the board within 60 days after the  
22       effective date of this amendatory Act of 1991 or 60 days after  
23       the board receives notice that he or she is employed as a  
24       police officer or firefighter, whichever is later, a written  
25       notice waiving the retirement formula provided by Rule 4 of

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

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

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

1 contributions for purposes of this Article if the employee is  
2 covered under the traditional benefit package, and such  
3 contributions shall be considered as additional contributions  
4 for purposes of this Article if the employee is participating  
5 in the self-managed plan or has elected to participate in the  
6 portable benefit package and has completed the applicable  
7 one-year waiting period. Contributions in excess of \$80 during  
8 any fiscal year beginning before August 31, 1969 and in excess  
9 of \$120 during any fiscal year thereafter until September 1,  
10 1971 shall be considered as additional contributions for  
11 purposes of this Article.

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

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

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

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

9 (h) Notwithstanding anything in this Section to the  
10 contrary, effective July 1, 2012, all participating employees  
11 shall be required to make the following contributions:

12 (1) Participants who elect the traditional or portable  
13 defined benefit package shall contribute:

14 (A) In fiscal year 2013, fiscal year 2014, and  
15 fiscal year 2015, an amount equal to 15.31% of salary.

16 (B) In fiscal year 2016 and in each fiscal year  
17 thereafter, a percentage of salary equal to the  
18 actuarially determined normal cost of the traditional  
19 defined benefit package, minus employer contributions  
20 under Section 15-155.1, provided that no participant's  
21 contribution shall be less than 6% of pensionable  
22 payroll. The System shall certify the actuarially  
23 determined normal cost of such traditional defined  
24 benefit package and the amount of the required employee  
25 contributions by January 1, 2015 and every 3 years  
26 thereafter.

1           (2) Participants who elect the revised defined benefit  
2           package shall contribute a percentage of compensation  
3           equal to the actuarially determined normal cost of the  
4           revised defined benefit package, minus employer  
5           contributions under Section 15-155, provided that no  
6           participant's contribution shall be less than 6% of  
7           pensionable payroll. The System shall certify the  
8           actuarially determined normal cost of such revised defined  
9           benefit package and the amount of the required employee  
10           contribution for fiscal year 2013 and every 3 years  
11           thereafter.

12           (3) Participants who elect the self-managed plan shall  
13           contribute a minimum of 6% of compensation. Participants  
14           who elect the self-managed plan may elect to increase their  
15           employee contribution in accordance with rules prescribed  
16           by the Board.

17           (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,  
18           eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;  
19           90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

20           (40 ILCS 5/15-199 new)

21           Sec. 15-199. Qualified plan status. No provision of this  
22           Article shall be interpreted in a way that would cause the  
23           System to cease to be a qualified plan under Section 401(a) of  
24           the Internal Revenue Code.



1 (40 ILCS 5/16-101.1 new)

2 Sec. 16-101.1. Exclusive benefit rule. Prior to the  
3 satisfaction of all liabilities to members or their  
4 beneficiaries, no part of the corpus or income of the System  
5 shall be used for, or diverted to, purposes other than for the  
6 exclusive benefit of such members or their beneficiaries.

7 (40 ILCS 5/16-122) (from Ch. 108 1/2, par. 16-122)

8 Sec. 16-122. Actuarial equivalent. "Actuarial equivalent":  
9 A benefit or sum of equal value to another benefit or sum when  
10 computed on the basis of mortality tables and interest rates  
11 adopted by the board.

12 The mortality tables and interest rates as so adopted by  
13 the board from time to time shall apply to this Article as  
14 though such provisions were fully set forth in this Article as  
15 a part thereof. This Section shall apply beginning July 1,  
16 1984.

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

18 (40 ILCS 5/16-133.6 new)

19 Sec. 16-133.6. Benefits on and after July 1, 2012.

20 (a) Each member under this Article, other than a person who  
21 first becomes a member on or after January 1, 2011, shall  
22 choose which retirement program he or she wishes to participate  
23 in with respect to all periods of covered employment occurring  
24 on and after July 1, 2012. The retirement program election made

1 by the participating member must be made no later than July 1,  
2 2012 in accordance with rules prescribed by the System or 6  
3 months from the first date of membership. The participating  
4 member shall elect one of the following retirement programs:

5 (1) the benefit offered under Sections 16-133 through  
6 16-133.2, except that future contributions will be  
7 remitted as required under Section 16-152;

8 (2) the benefit offered under Section 16-133.7; and

9 (3) the self-managed plan offered under Section  
10 16-133.8.

11 (b) A person who first becomes a member in the System, on  
12 or after January 1, 2011, shall elect, based on the eligibility  
13 criteria specified in this Code, which retirement program he or  
14 she wishes to participate in with respect to all periods of  
15 covered employment occurring on and after July 1, 2012. The  
16 member shall elect one of the retirement programs provided in  
17 paragraph (2) or (3) of subsection (a) of this Section. The  
18 member must make that election (i) by June 30, 2012 or within 6  
19 months after the participant's first day of covered employment,  
20 whichever is later, and (ii) if applicable, every 3 years  
21 thereafter.

22 An individual who is a member (as that term is defined in  
23 Section 16-107 of this Article) in the System, but is not an  
24 employee as of January 1, 2012, shall be allowed to elect one  
25 of the 3 retirement programs provided under paragraphs (1),  
26 (2), or (3) of subsection (a) of this Section within 6 months

1 after becoming an employee.

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

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

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

24 (2) each participant in the revised defined benefit  
25 package provided under paragraph (2) of subsection (a) of  
26 this Section shall have the opportunity to elect to

1 terminate participation in the revised defined benefit  
2 package and to elect to have retirement benefits for future  
3 service provided under the self-managed plan provided  
4 under paragraph (3) of subsection (a) of this Section; and

5 (3) the elections permitted under paragraphs (1) and  
6 (2) must be made during the 6-month period in the manner  
7 prescribed by the System.

8 (e) If a member with an accrued benefit under Sections  
9 16-133 through 16-133.2 of this Code elects the revised defined  
10 benefit package provided under paragraph (2) of subsection (a)  
11 of this Section, the member's total accrued benefit for  
12 purposes of determining an annuity shall be the sum of (i) the  
13 member's benefit accruals before July 1, 2012, based on the  
14 member's pay and service through June 30, 2012 and fixed with  
15 respect to pay on July 1, 2012, and (ii) the member's benefit  
16 accruals based on pay and service on or after July 1, 2012. All  
17 rights and features provided under the benefit package will be  
18 preserved with respect to benefits earned under such package  
19 with respect to service completed prior to the election to  
20 participate in the revised benefit package. Furthermore, the  
21 participant shall be entitled to the benefit of the survivor's  
22 annuity provided under Public Act 96-889 and Public Act  
23 96-1490. All service completed under the System shall count for  
24 purposes of determining retirement eligibility and vesting  
25 under both the retirement programs offered under paragraphs (1)  
26 and (2) of subsection (a), provided that the vesting

1 requirements shall continue to govern vesting for participants  
2 in both the retirement programs offered under paragraphs (1)  
3 and (2) of subsection (a).

4 (f) If a member with an accrued benefit under Sections  
5 16-133 through 16-133.2 or under Section 16-133.7 elects the  
6 self-managed plan provided under paragraph (3) of subsection  
7 (a) of this Section, the member's total accrued benefit for  
8 purposes of determining an annuity shall be the participant's  
9 benefit accruals before July 1, 2012, based on the member's pay  
10 and service through June 30, 2012 and fixed with respect to pay  
11 and service after that date. However, the member shall also  
12 have an accrued self-managed plan balance as specified in  
13 Section 16-133.8, for periods of covered employment on and  
14 after July 1, 2012. All accrued benefits will be preserved with  
15 respect to benefits earned under such package with respect to  
16 service completed prior to the election to participate in the  
17 self-managed plan. All service completed shall count for  
18 purposes of determining retirement eligibility and vesting  
19 under both the retirement programs offered under paragraphs (1)  
20 and (3) of subsection (a) of this Section.

21 (40 ILCS 5/16-133.7 new)

22 Sec. 16-133.7. Provisions applicable to persons hired on or  
23 after January 1, 2011.

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

1 Article.

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

9 (b-5) Beginning on January 1, 2011, the annual earnings,  
10 salary, or wages of a member shall not exceed \$106,800;  
11 however, that amount shall annually thereafter be increased by  
12 the lesser of (i) 3% of that amount, including all previous  
13 adjustments, or (ii) one-half the annual unadjusted percentage  
14 increase (but not less than zero) in the consumer price index-u  
15 for the 12 months ending with the September preceding each  
16 November 1, including all previous adjustments.

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

26 (c) A member is entitled to a retirement annuity upon

1 written application if he or she has attained age 67 and has at  
2 least 10 years of service credit and is otherwise eligible  
3 under the requirements of this Article. A member who has  
4 attained age 62 and has at least 10 years of service credit and  
5 is otherwise eligible under the requirements of this Article  
6 may elect to receive the lower retirement annuity provided in  
7 subsection (d) of this Section.

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

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

24 (f) The initial survivor's annuity of an otherwise eligible  
25 survivor of a retired member who first became a member on or  
26 after January 1, 2011 shall be in the amount of 66 2/3% of the

1 retired member's retirement annuity at the date of death. In  
2 the case of the death of a member who has not retired and who  
3 first became a member on or after January 1, 2011, eligibility  
4 for a survivor's or widow's annuity shall be determined by this  
5 Article. The initial benefit shall be 66 2/3% of the earned  
6 annuity without a reduction due to age. Any survivor's annuity  
7 shall be increased (1) on each January 1 occurring on or after  
8 the commencement of the annuity if the deceased member died  
9 while receiving a retirement annuity or (2) in other cases, on  
10 each January 1 occurring after the first anniversary of the  
11 commencement of the annuity. Each annual increase shall be  
12 calculated at 3% or one-half the annual unadjusted percentage  
13 increase (but not less than zero) in the consumer price index-u  
14 for the 12 months ending with the September preceding each  
15 November 1, whichever is less, of the originally granted  
16 survivor's annuity. If the annual unadjusted percentage change  
17 in the consumer price index-u for the 12 months ending with the  
18 September preceding each November 1 is zero or there is a  
19 decrease, then the annuity shall not be increased.

20 (g) If a person who first becomes a member on or after  
21 January 1, 2011 is receiving a retirement annuity and becomes a  
22 member or participant under any other system or fund created by  
23 this Code and is employed on a full-time basis, then the  
24 person's retirement annuity shall be suspended during that  
25 employment. Upon termination of that employment, the person's  
26 retirement annuity payments shall resume and be recalculated.



1       (h) Notwithstanding any other provision of this Section, a  
2 person who first becomes a member on or after January 1, 2011  
3 shall have the option to enroll in the self-managed plan  
4 created under Section 16-133.8 of this Code.

5           (40 ILCS 5/16-133.8 new)

6       Sec. 16-133.8. Self-managed plan.

7       (a) Purpose. The Teachers' Retirement System of the State  
8 of Illinois shall establish and administer a self-managed plan,  
9 which shall offer members the opportunity to accumulate assets  
10 for retirement through a combination of employee and employer  
11 contributions that may be invested in mutual funds, collective  
12 investment funds, or other investment products and used to  
13 purchase annuity contracts, either fixed or variable or a  
14 combination thereof. The plan must be qualified under the  
15 Internal Revenue Code of 1986.

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

25       (c) Selection of service providers and funding vehicles.

1 The System may solicit proposals to provide administrative  
2 services and funding vehicles for the self-managed plan from  
3 insurance and annuity companies and mutual fund companies,  
4 banks, trust companies, or other financial institutions  
5 authorized to do business in this State.

6 The System shall periodically review each approved  
7 company. A company may continue to provide administrative  
8 services and funding vehicles for the self-managed plan only so  
9 long as it continues to be an approved company under contract  
10 with the Board.

11 (d) Member direction. Members who are participating in the  
12 program must be allowed to direct the transfer of their account  
13 balances among the various investment options offered, subject  
14 to applicable contractual provisions. The member shall not be  
15 deemed a fiduciary by reason of providing such investment  
16 direction. A person who is a fiduciary shall not be liable for  
17 any loss resulting from such investment direction and shall not  
18 be deemed to have breached any fiduciary duty by acting in  
19 accordance with that direction. Neither the System nor the  
20 member's employer guarantees any of the investments in the  
21 member's account balances.

22 (e) Participation. A member eligible to participate in the  
23 self-managed plan must make a written election under Section  
24 16-133.6 and the procedures established by the System.

25 A member who has elected to participate in the self-managed  
26 plan under Section 16-133.6 must continue participation while

1 employed in an eligible position. Participation in the  
2 self-managed plan under this Section shall constitute  
3 membership in the Teachers' Retirement System.

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

6 (f) Contributions. The self-managed plan shall be funded by  
7 contributions pursuant to salary reduction agreements for  
8 employees participating in the self-managed plan and employer  
9 contributions as provided in this Section.

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

19 An additional amount of employer contributions shall be  
20 used for the purpose of providing the disability benefits of  
21 the System to the member. Prior to the beginning of each plan  
22 year under the self-managed plan, the Board of Trustees shall  
23 determine, as a percentage of salary, the amount of employer  
24 contributions to be allocated during that plan year for  
25 providing disability benefits for members in the self-managed  
26 plan.

1       The State of Illinois shall make contributions by  
2 appropriations to the System of the employer contributions  
3 required for employees who participate in the self-managed plan  
4 under this Section. The amount required and the payment  
5 schedule shall be certified by the Board of Trustees of the  
6 System and paid by the State in accordance with Section  
7 16-158.2. The System shall not be obligated to remit the  
8 required State or employer contributions to any person or  
9 entity until it has received the required State or employer  
10 contributions from the State.

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

19       (h) If a member who is vested in employer contributions  
20 terminates employment, the member shall be entitled to the  
21 account values attributable to State, employer, and member  
22 contributions and any investment return thereon.

23       If a member who is not vested in employer contributions  
24 terminates employment, the member shall be entitled to the  
25 account values attributable to the member's contributions and  
26 any investment return thereon, and the employer contributions

1 and any investment return thereon shall be forfeited. Any  
2 employer contributions which are forfeited shall become part of  
3 the trust.

4 (40 ILCS 5/16-133.10 new)

5 Sec. 16-133.10. TRS trust fund. The System may offer, as  
6 investment option to members under Section 16-133.8 investment  
7 into the TRS trust fund, or a unitized portion thereof,  
8 consistent with all applicable laws.

9 (40 ILCS 5/16-136.2) (from Ch. 108 1/2, par. 16-136.2)

10 Sec. 16-136.2. Minimum retirement annuity.

11 (a) Any annuitant receiving a retirement annuity under this  
12 Article is entitled to such additional amount of retirement  
13 annuity under this Section, if necessary, that is sufficient to  
14 provide a minimum retirement annuity of \$10 per month for each  
15 year of creditable service forming the basis of the retirement  
16 annuity, up to \$300 per month for 30 or more years of  
17 creditable service. Effective January 1, 1984, the minimum  
18 retirement annuity under this Section is \$15 per month per year  
19 of service up to \$450 per month. Beginning January 1, 1996, the  
20 minimum retirement annuity payable under this Section shall be  
21 \$25 per month for each year of creditable service, up to a  
22 maximum of \$750 per month for 30 or more years of creditable  
23 service.

24 An annuitant entitled to an increase in retirement annuity

1 under this Section shall be entitled to such increase in  
2 retirement annuity effective the later of (1) September 1  
3 following attainment of age 60; (2) September 1 following the  
4 first anniversary in retirement; or (3) the first of the month  
5 following receipt of the required qualifying contribution from  
6 the annuitant.

7 (b) An annuitant who qualifies for an additional amount of  
8 retirement annuity under subsection (a) of this Section must  
9 make a one-time payment of 1% of the monthly average salary for  
10 each full year of the creditable service forming the basis of  
11 the retirement annuity or, if the retirement annuity was not  
12 computed using average salary, 1% of the original monthly  
13 retirement annuity for each full year of service forming the  
14 basis of the retirement annuity.

15 (c) The minimum retirement annuity provided under this  
16 Section shall continue to be paid only to the extent that funds  
17 are available in the minimum retirement annuity reserve  
18 established under Section 16-186.3.

19 (d) The annual increase provided on and after September 1,  
20 1977 under Section 16-136.1 and on and after January 1, 1978  
21 under Section 16-133.1 shall be paid in addition to the minimum  
22 retirement annuity. Where an initial increase is first payable  
23 on or after September 1, 1977, only that portion of the  
24 increase based on the period in retirement after August 31,  
25 1976, under Section 16-136.1 and after December 31, 1976, under  
26 Section 16-133.1 may be added to the minimum retirement

1 annuity.

2 (e) Notwithstanding any other provisions of this Article,  
3 the minimum retirement annuity for service on or after July 1,  
4 2012 shall be calculated as follows:

5 (1) If the member chooses a retirement program under  
6 paragraph (2) of subsection (a) of Section 16-133.6, the  
7 member shall receive a minimum benefit (commencing on his  
8 or her Social Security retirement age) for the employee's  
9 period of service covered by each such defined benefit  
10 package that is equal to the annual primary insurance  
11 amount the member would have under Social Security for such  
12 period of service. For the purposes of this item (1), the  
13 primary insurance amount a member would have under Social  
14 Security shall be calculated so that the System meets the  
15 requirements necessary to be considered a "retirement  
16 system" under Section 3121(b)(7)(F) of the Internal  
17 Revenue Code and the regulations in effect thereunder.

18 (2) If the member chooses a retirement program under  
19 paragraph (2) of subsection (a) of Section 16-133.6, the  
20 member shall receive a minimum benefit equal to 7.5% of the  
21 member's compensation for service during the period. All  
22 contributions shall be taken into account for this purpose.  
23 For the purposes of this paragraph (2), the minimum  
24 allocation shall be calculated so that the System meets the  
25 requirements necessary to be considered a "retirement  
26 system" under Section 3121(b)(7)(F) of the Internal

1           Revenue Code and the regulations in effect thereunder.

2           (Source: P.A. 89-21, eff. 6-6-95; 89-25, eff. 6-21-95.)

3           (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

4           Sec. 16-152. Contributions by members.

5           (a) Each member shall make contributions for membership  
6 service to this System as follows:

7           (1) Effective July 1, 1998, contributions of 7.50% of  
8 salary towards the cost of the retirement annuity. Such  
9 contributions shall be deemed "normal contributions".

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

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

18          (4) Effective July 1, 2005, contributions of 0.40% of  
19 salary toward the cost of the early retirement without  
20 discount option provided under Section 16-133.2. This  
21 contribution shall cease upon termination of the early  
22 retirement without discount option as provided in Section  
23 16-176.

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



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

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

13 (e) A member's contributions toward the cost of early  
14 retirement without discount made under item (a)(4) of this  
15 Section shall not be refunded if the member has elected early  
16 retirement without discount under Section 16-133.2 and has  
17 begun to receive a retirement annuity under this Article  
18 calculated in accordance with that election. Otherwise, a  
19 member's contributions toward the cost of early retirement  
20 without discount made under item (a)(4) of this Section shall  
21 be refunded according to whichever one of the following  
22 circumstances occurs first:

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

1           (2) The contributions shall be included, without  
2 interest, in any refund claimed by the member under Section  
3 16-151.

4           (3) The contributions shall be refunded to the member's  
5 designated beneficiary (or if there is no beneficiary, to  
6 the member's estate), without interest, if the member dies  
7 without having begun to receive a retirement annuity under  
8 this Article.

9           (4) The contributions shall be refunded to the member,  
10 without interest, within 120 days after the early  
11 retirement without discount option provided under Section  
12 16-133.2 is terminated under Section 16-176.

13           (f) Notwithstanding anything in this Section to the  
14 contrary, effective July 1, 2012, all participating employees  
15 shall be required to make the following contributions:

16           (1) Participants who elect the traditional defined  
17 benefit package provided under paragraph (1) of subsection  
18 (a) of Section 16-133.6 of this Code shall contribute:

19           (A) In fiscal year 2013, fiscal year 2014, and  
20 fiscal year 2015, an amount equal to 13.77% of salary.

21           (B) In fiscal year 2016 and in each fiscal year  
22 thereafter, a percentage of salary equal to the  
23 actuarially determined total normal cost of the  
24 traditional defined benefit package, minus employer  
25 contributions under Section 16-158.2, provided that no  
26 participant's contribution shall be less than 6% of

1           pensionable salary. The System shall certify the  
2           actuarially determined normal cost of such traditional  
3           defined benefit package and the amount of the required  
4           employee contributions by January 1, 2015 and every 3  
5           years thereafter.

6           (2) Participants who elect the revised defined benefit  
7           package provided under paragraph (2) of subsection (a) of  
8           Section 16-133.6 of this Code shall contribute an amount  
9           equal to the actuarially determined normal cost of the  
10           revised defined benefit package, minus employer  
11           contributions under Section 16-158.2, provided that no  
12           participant's contribution shall be less than 6% of  
13           pensionable salary. The System shall certify the  
14           actuarially determined normal cost of such revised defined  
15           benefit package and the amount of the required employee  
16           contributions for fiscal year 2013 and every 3 years  
17           thereafter.

18           (3) Participants who elect the self-managed plan  
19           provided under Section 16-133.8 of this Code shall  
20           contribute a minimum of 6% of compensation. Participants  
21           who elect the self-managed plan provided under Section  
22           16-133.8 of this Code may elect to increase their employee  
23           contribution in accordance with rules prescribed by the  
24           Board.

25           (Source: P.A. 93-320, eff. 7-23-03; 94-4, eff. 6-1-05.)

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

2 Sec. 16-158. Contributions by State and other employing  
3 units.

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

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

16 (a-1) Annually, on or before November 15, the Board shall  
17 certify to the Governor the amount of the required State  
18 contribution for the coming fiscal year. The certification  
19 shall include a copy of the actuarial recommendations upon  
20 which it is based.

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

1           On or before July 1, 2005 ~~April 1, 2011~~, the Board shall  
2 recalculate and recertify to the Governor the amount of the  
3 required State contribution to the System for State fiscal year  
4 2006, taking into account the changes in required State  
5 contributions made by this amendatory Act of the 94th General  
6 Assembly.

7           On or before April 1, 2011 ~~June 15, 2010~~, the Board shall  
8 recalculate and recertify to the Governor the amount of the  
9 required State contribution to the System for State fiscal year  
10 2011, applying the changes made by Public Act 96-889 to the  
11 System's assets and liabilities as of June 30, 2009 as though  
12 Public Act 96-889 was approved on that date.

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

16           (b-1) Beginning in State fiscal year 1996, on the 15th day  
17 of each month, or as soon thereafter as may be practicable, the  
18 Board shall submit vouchers for payment of State contributions  
19 to the System, in a total monthly amount of one-twelfth of the  
20 required annual State contribution certified under subsection  
21 (a-1). From the effective date of this amendatory Act of the  
22 93rd General Assembly through June 30, 2004, the Board shall  
23 not submit vouchers for the remainder of fiscal year 2004 in  
24 excess of the fiscal year 2004 certified contribution amount  
25 determined under this Section after taking into consideration  
26 the transfer to the System under subsection (a) of Section

1 6z-61 of the State Finance Act. These vouchers shall be paid by  
2 the State Comptroller and Treasurer by warrants drawn on the  
3 funds appropriated to the System for that fiscal year.

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

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

16 (b-3) For State fiscal years 2016 ~~2012~~ through 2045, the  
17 minimum contribution to the System to be made by the State for  
18 each fiscal year shall be an amount determined by the System to  
19 be sufficient to bring the total assets of the System up to 90%  
20 of the total actuarial liabilities of the System by the end of  
21 State fiscal year 2045. In making these determinations, the  
22 required State contribution shall be calculated each year as a  
23 level percentage of revenue provided by the individual income  
24 tax, sales tax, and corporate income tax assuming a 2.3%  
25 average annual growth rate in these revenues ~~payroll~~ over the  
26 years remaining to and including fiscal year 2045 and shall be

1 determined under the projected unit credit actuarial cost  
2 method. For State fiscal years beginning in fiscal year 2013,  
3 this payment shall include any contributions required under  
4 Section 16-158.2. The contribution required in each fiscal year  
5 under this subsection (b-3) must not be less than 100% of the  
6 prior fiscal year's contribution.

7 For State fiscal years 2013 ~~1996~~ through 2015 ~~2005~~, the  
8 State contribution to the System, as a percentage of State  
9 revenue from the individual income tax, sales tax, and  
10 corporate income tax ~~the applicable employee payroll~~, shall be  
11 increased in equal annual increments so that by State fiscal  
12 year 2016 ~~2011~~, the State is contributing at the rate required  
13 under this Section; except that in the following specified  
14 State fiscal years, the State contribution to the System shall  
15 not be less than the following indicated percentages of the  
16 applicable employee payroll, even if the indicated percentage  
17 will produce a State contribution in excess of the amount  
18 otherwise required under this subsection and subsection (a),  
19 and notwithstanding any contrary certification made under  
20 subsection (a-1) before the effective date of this amendatory  
21 Act of 1998: 10.02% in FY 1999; 10.77% in FY 2000; 11.47% in FY  
22 2001; 12.16% in FY 2002; 12.86% in FY 2003; and 13.56% in FY  
23 2004.

24 Notwithstanding any other provision of this Article, the  
25 total required State contribution for State fiscal year 2006 is  
26 \$534,627,700.

1           Notwithstanding any other provision of this Article, the  
2 total required State contribution for State fiscal year 2007 is  
3 \$738,014,500.

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 \$2,089,268,000 and shall be made from the proceeds of bonds  
13 sold 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 Common School Fund  
17 in fiscal year 2010, and (iii) any reduction in bond proceeds  
18 due to the issuance of discounted bonds, if applicable.

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



1 the Common School Fund in fiscal year 2011, and (iii) any  
2 reduction in bond proceeds due to the issuance of discounted  
3 bonds, if applicable. This amount shall include, in addition to  
4 the amount certified by the System, an amount necessary to meet  
5 employer contributions required by the State as an employer  
6 under paragraph (e) of this Section, which may also be used by  
7 the System for contributions required by paragraph (a) of  
8 Section 16-127.

9 Beginning in State fiscal year 2046, the minimum State  
10 contribution for each fiscal year shall be the amount needed to  
11 maintain the total assets of the System at 90% of the total  
12 actuarial liabilities of the System, plus the contributions  
13 required under Section 16-158.2.

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

26 Notwithstanding any other provision of this Section, the

1 required State contribution for State fiscal year 2005 and for  
2 fiscal year 2008 and each fiscal year thereafter until fiscal  
3 year 2013, as calculated under this Section and certified under  
4 subsection (a-1), shall not exceed an amount equal to (i) the  
5 amount of the required State contribution that would have been  
6 calculated under this Section for that fiscal year if the  
7 System had not received any payments under subsection (d) of  
8 Section 7.2 of the General Obligation Bond Act, minus (ii) the  
9 portion of the State's total debt service payments for that  
10 fiscal year on the bonds issued in fiscal year 2003 for the  
11 purposes of that Section 7.2, as determined and certified by  
12 the Comptroller, that is the same as the System's portion of  
13 the total moneys distributed under subsection (d) of Section  
14 7.2 of the General Obligation Bond Act. In determining this  
15 maximum for State fiscal years 2008 through 2010, however, the  
16 amount referred to in item (i) shall be increased, as a  
17 percentage of the applicable employee payroll, in equal  
18 increments calculated from the sum of the required State  
19 contribution for State fiscal year 2007 plus the applicable  
20 portion of the State's total debt service payments for fiscal  
21 year 2007 on the bonds issued in fiscal year 2003 for the  
22 purposes of Section 7.2 of the General Obligation Bond Act, so  
23 that, by State fiscal year 2011, the State is contributing at  
24 the rate otherwise required under this Section.

25 (c) Payment of the required State contributions and of all  
26 pensions, retirement annuities, death benefits, refunds, and

1 other benefits granted under or assumed by this System, and all  
2 expenses in connection with the administration and operation  
3 thereof, are obligations of the State.

4 If members are paid from special trust or federal funds  
5 which are administered by the employing unit, whether school  
6 district or other unit, the employing unit shall pay to the  
7 System from such funds the full accruing retirement costs based  
8 upon that service, as determined by the System. Employer  
9 contributions, based on salary paid to members from federal  
10 funds, may be forwarded by the distributing agency of the State  
11 of Illinois to the System prior to allocation, in an amount  
12 determined in accordance with guidelines established by such  
13 agency and the System.

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

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

1 the teacher. For the purposes of Sections 16-133.4 and  
2 16-133.5, a teacher as defined in paragraph (8) of Section  
3 16-106 who is serving in that capacity while on leave of  
4 absence from another employer under this Article shall not be  
5 considered an employee of the employer from which the teacher  
6 is on leave.

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

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

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

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

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

24 Each employer of teachers is entitled to a credit against  
25 the contributions required under this subsection (e) with  
26 respect to salaries paid to teachers for the period January 1,

1 2002 through June 30, 2003, equal to the amount paid by that  
2 employer under subsection (a-5) of Section 6.6 of the State  
3 Employees Group Insurance Act of 1971 with respect to salaries  
4 paid to teachers for that period.

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

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

22 (f) If the amount of a teacher's salary for any school year  
23 used to determine final average salary exceeds the member's  
24 annual full-time salary rate with the same employer for the  
25 previous school year by more than 6%, the teacher's employer  
26 shall pay to the System, in addition to all other payments

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

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

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

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

18 (g) This subsection (g) applies only to payments made or  
19 salary increases given on or after June 1, 2005 but before July  
20 1, 2011. The changes made by Public Act 94-1057 shall not  
21 require the System to refund any payments received before July  
22 31, 2006 (the effective date of Public Act 94-1057).

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

1           When assessing payment for any amount due under subsection  
2 (f), the System shall exclude salary increases paid to a  
3 teacher at a time when the teacher is 10 or more years from  
4 retirement eligibility under Section 16-132 or 16-133.2.

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

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



1 the collective bargaining agreement for a similar position  
2 requiring the same certification.

3 When assessing payment for any amount due under subsection  
4 (f), the System shall exclude any payment to the teacher from  
5 the State of Illinois or the State Board of Education over  
6 which the employer does not have discretion, notwithstanding  
7 that the payment is included in the computation of final  
8 average salary.

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

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

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

25 (2) The dollar amount by which each employer's  
26 contribution to the System was changed due to

1 recalculations required by Public Act 94-1057.

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

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

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

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

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

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

1 (40 ILCS 5/16-158.2 new)

2 Sec. 16-158.2. Additional State contributions. In addition  
3 to any amounts required to amortize the unfunded liabilities of  
4 the System, as required of the employer in Section 16-158, the  
5 following amounts shall be required of the State of Illinois  
6 for fiscal year 2013 and each fiscal year thereafter:

7 (a) For all members electing benefits under paragraphs (1)  
8 or (2) of subsection (a) of Section 16-133.6, an amount equal  
9 to 6% of total pensionable payroll for the respective employee  
10 groups.

11 (b) For all members electing benefits under paragraph (3)  
12 of subsection (a) of Section 16-133.6, an employer contribution  
13 equal to (i) 6% of total pensionable payroll for the respective  
14 employee group and (ii) an amount determined by the System to  
15 fund the disability plan provided in this Article.

16 (40 ILCS 5/16-204 new)

17 Sec. 16-204. Qualified plan status. No provision of this  
18 Article shall be interpreted in a way that would cause the  
19 System to cease to be a qualified plan under Section 401(a) of  
20 the Internal Revenue Code.

21 (40 ILCS 5/16-204.1 new)

22 Sec. 16-204.1. USERRA compliance. The provisions of  
23 Section 1-118 entitled "Veterans' rights" shall be effective  
24 with respect to the System on December 12, 1994.

1 (40 ILCS 5/16-205 new)

2 Sec. 16-205. Required Minimum Distributions. The  
3 provisions of Section 1-116.1 entitled "Required  
4 Distributions" shall be effective with respect to the System  
5 beginning January 1, 1987.

6 (40 ILCS 5/16-206 new)

7 Sec. 16-206. Federal contribution and benefit limitations.  
8 The System shall comply with the applicable contribution and  
9 benefit limitations imposed by Section 415 of the U.S. Internal  
10 Revenue Code, as amended. This Section is effective for years  
11 beginning after December 31, 1975 and through the effective  
12 date of Section 1-116.

13 (40 ILCS 5/17-109.3 new)

14 Sec. 17-109.3. Reformed benefit package. "Reformed benefit  
15 package": The defined benefit retirement program maintained  
16 under the Fund for members who first become members in the Fund  
17 on or after January 1, 2011.

18 (40 ILCS 5/17-109.4 new)

19 Sec. 17-109.4. Self-managed plan. "Self-managed plan": The  
20 defined contribution retirement program maintained under the  
21 Fund as described in Section 17-130.5. The self-managed plan  
22 does not include service retirement pensions, early retirement

1 pensions, reversionary pensions, survivor's benefits,  
2 children's benefits, death benefits, or automatic increases in  
3 pensions.

4 (40 ILCS 5/17-109.5 new)

5 Sec. 17-109.5. Traditional benefit package. "Traditional  
6 benefit package": The defined benefit retirement program  
7 maintained under the Fund for members who first became members  
8 in the Fund before January 1, 2011.

9 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)

10 Sec. 17-116. Service retirement pension. The provisions of  
11 this Section do not apply to participants who are participating  
12 in the self-managed plan.

13 (a) Each teacher having 20 years of service upon attainment  
14 of age 55, or who thereafter attains age 55 shall be entitled  
15 to a service retirement pension upon or after attainment of age  
16 55; and each teacher in service on or after July 1, 1971, with  
17 5 or more but less than 20 years of service shall be entitled  
18 to receive a service retirement pension upon or after  
19 attainment of age 62.

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

23 (1) For creditable service earned before July 1, 1998  
24 that has not been augmented under Section 17-119.1: 1.67%

1 for each of the first 10 years of service; 1.90% for each  
2 of the next 10 years of service; 2.10% for each year of  
3 service in excess of 20 but not exceeding 30; and 2.30% for  
4 each year of service in excess of 30, based upon average  
5 salary as herein defined.

6 (2) For creditable service earned on or after July 1,  
7 1998 by a member who has at least 30 years of creditable  
8 service on July 1, 1998 and who does not elect to augment  
9 service under Section 17-119.1: 2.3% of average salary for  
10 each year of creditable service earned on or after July 1,  
11 1998.

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

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

16 1. Average salary shall consist of the average annual  
17 rate of salary for the 4 consecutive years of validated  
18 service within the last 10 years of service when such  
19 average annual rate was highest. In the determination of  
20 average salary for retirement allowance purposes, for  
21 members who commenced employment after August 31, 1979,  
22 that part of the salary for any year shall be excluded  
23 which exceeds the annual full-time salary rate for the  
24 preceding year by more than 20%. In the case of a member  
25 who commenced employment before August 31, 1979 and who  
26 receives salary during any year after September 1, 1983

1           which exceeds the annual full time salary rate for the  
2           preceding year by more than 20%, an Employer and other  
3           employers of eligible contributors as defined in Section  
4           17-106 shall pay to the Fund an amount equal to the present  
5           value of the additional service retirement pension  
6           resulting from such excess salary. The present value of the  
7           additional service retirement pension shall be computed by  
8           the Board on the basis of actuarial tables adopted by the  
9           Board. If a member elects to receive a pension from this  
10          Fund provided by Section 20-121, his salary under the State  
11          Universities Retirement System and the Teachers'  
12          Retirement System of the State of Illinois shall be  
13          considered in determining such average salary. Amounts  
14          paid after the effective date of this amendatory Act of  
15          1991 for unused vacation time earned after that effective  
16          date shall not under any circumstances be included in the  
17          calculation of average salary or the annual rate of salary  
18          for the purposes of this Article.

19                2. Proportionate credit shall be given for validated  
20                service of less than one year.

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

23                4. For separation from service below age 60 to a  
24                minimum age of 55, the pension shall be discounted at the  
25                rate of 1/2 of one per cent for each month that the age of  
26                the contributor is less than 60, but a teacher may elect to

1 defer the effective date of pension in order to eliminate  
2 or reduce this discount. This discount shall not be  
3 applicable to any participant who has at least 34 years of  
4 service or a retirement pension of at least 74.6% of  
5 average salary on the date the retirement annuity begins.

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

10 6. Service retirement pensions shall begin on the  
11 effective date of resignation, retirement, the day  
12 following the close of the payroll period for which service  
13 credit was validated, or the time the person resigning or  
14 retiring attains age 55, or on a date elected by the  
15 teacher, whichever shall be latest.

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

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



1 (Source: P.A. 90-566, eff. 1-2-98; 90-582, eff. 5-27-98.)

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

3 Sec. 17-130. Participants' contributions by payroll  
4 deductions.

5 (a) There shall be deducted from the salary of each teacher  
6 7.50% of his salary for service or disability retirement  
7 pension and 0.5% of salary for the annual increase in base  
8 pension.

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

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

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

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

10 (d-5) Notwithstanding any other provision of this Article,  
11 effective January 1, 2013, all members shall be required to  
12 make the following contributions:

13 (1) Members who elect the traditional benefit package  
14 under paragraph (1) of subsection (a) of Section 17-130.4  
15 of this Code shall contribute:

16 (A) In fiscal year 2013, fiscal year 2014, and  
17 fiscal year 2015, an amount equal to 12.75% of salary.

18 (B) In fiscal year 2016 and in each fiscal year  
19 thereafter, a percentage of salary equal to the  
20 actuarially determined normal cost of the traditional  
21 benefit package, minus an amount equal to 6% of total  
22 pensionable salary. The Fund shall certify the  
23 actuarially determined normal cost of the traditional  
24 benefit package and the amount of required participant  
25 contributions by July 1, 2015 and every 3 years  
26 thereafter.

1           (2) Members who elect the reformed benefit package  
2           under paragraph (2) of subsection (a) of Section 17-130.4  
3           of this Code shall contribute:

4           (A) In fiscal year 2013, fiscal year 2014, and  
5           fiscal year 2015, an amount equal to 7% of salary.

6           (B) In fiscal year 2016 and in each fiscal year  
7           thereafter, a percentage of salary equal to the  
8           actuarially determined normal cost of the traditional  
9           benefit package, minus an amount equal to 6% of total  
10           pensionable salary. The Fund shall certify the  
11           actuarially determined normal cost of the reformed  
12           benefit package and the amount of required employee  
13           contributions by July 1, 2015 and every 3 years  
14           thereafter.

15           (3) Members who elect the self-managed plan under  
16           paragraph (3) of subsection (a) of Section 17-130.4 of this  
17           Code shall contribute a minimum of 6% of salary.  
18           Participants who elect the self-managed plan provided  
19           under Section 17-130.4 of this Code may elect to increase  
20           their employee contributions in accordance with rules  
21           prescribed by the Board.

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

25           (Source: P.A. 94-1105, eff. 6-1-07.)

1 (40 ILCS 5/17-130.4 new)

2 Sec. 17-130.4. Benefit accruals on and after January 1,  
3 2013.

4 (a) Each participating member under this Article, other  
5 than a person who first becomes a member and a participant on  
6 or after January 1, 2011, shall choose which retirement program  
7 he or she wishes to participate in with respect to all periods  
8 of employment occurring on and after January 1, 2013, except  
9 that such participants with more than 5 years of creditable  
10 service shall only be eligible to elect one of the retirement  
11 programs in paragraphs (1) or (2) of this subsection (a). The  
12 retirement program election made by the participating member  
13 must be made no later than July 1, 2012. The participating  
14 member shall elect one of the following retirement programs:

15 (1) the traditional benefit package provided by the  
16 Fund;

17 (2) the reformed benefit package provided by the Fund;  
18 or

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

20 (b) A person who first becomes a member and a participant  
21 in the Fund on or after January 1, 2011 shall be given the  
22 choice to elect which retirement program he or she wishes to  
23 participate in with respect to all periods of employment  
24 occurring on and after January 1, 2013. The participant shall  
25 elect one of the retirement programs provided in paragraph (2)  
26 or (3) of subsection (a) of this Section. The participant must

1 make the election (i) by July 1, 2012 or within 6 months after  
2 the participant's first day of employment, whichever is later,  
3 and (ii) if applicable, every 3 years thereafter.

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

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

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

1       shall be prohibited from electing the self-managed plan  
2       provided under paragraph (3) of subsection (a) of this  
3       Section.

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

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

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

1 benefits earned under such package with respect to service  
2 completed prior to the election to participate in the reformed  
3 benefit package. Furthermore, the participant shall be  
4 entitled to the benefit of the survivor's annuity provided in  
5 Public Act 96-889 and Public Act 96-1490. All service completed  
6 under the Fund shall count for purposes of determining  
7 retirement eligibility and vesting under both the traditional  
8 benefit package and the reformed benefit package, provided that  
9 the vesting requirements of the traditional benefit package  
10 shall continue to govern vesting for participants in the  
11 reformed benefit package.

12 (f) If a participant with an accrued benefit under the  
13 traditional benefit package or the reformed benefit package  
14 elects the self-managed plan provided under paragraph (3) of  
15 subsection (a) of this Section, the participant's total accrued  
16 benefit for purposes of determining an annuity shall be the  
17 participant's benefit accruals prior to participation in the  
18 self-managed plan, based on the participant's salary and  
19 service and frozen with respect to salary for service earned  
20 subsequent to participation in the traditional or reformed  
21 benefit package. However, the participant shall also have an  
22 accrued self-managed plan balance as specified in subsection  
23 (h) of Section 17-130.5, for periods of covered employment on  
24 or after participation in the self-managed plan. All rights and  
25 features provided under the traditional benefit package will be  
26 preserved with respect to benefits earned under such package

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

7 (g) An individual with less than 5 years of creditable  
8 service and who is a participant in the Fund but is not a  
9 participating employee on July 1, 2012 shall be allowed to  
10 elect, based on the eligibility criteria specified in this  
11 Code, one of the retirement programs provided in paragraph (1),  
12 (2), or (3) of subsection (a) of this Section within 6 months  
13 after becoming an employee, based on eligibility.

14 An individual with 5 or more years of creditable service  
15 and who is a participant in the Fund but is not a participating  
16 employee on July 1, 2012 shall be allowed to elect, based on  
17 the eligibility criteria specified in this Code, one of the  
18 retirement programs provided in paragraph (1) or (2) of  
19 subsection (a) of this Section within 6 months after becoming  
20 an employee, based on eligibility.

21 (40 ILCS 5/17-130.5 new)

22 Sec. 17-130.5. Self-managed plan.

23 (a) Purpose. The Public School Teachers' Pension and  
24 Retirement Fund shall establish and administer a self-managed  
25 plan, which shall offer members the opportunity to accumulate



1 assets for retirement through a combination of employee and  
2 employer contributions that may be invested in mutual funds,  
3 collective investment funds, or other investment products and  
4 used to purchase annuity contracts, either fixed or variable or  
5 a combination thereof. The plan must be qualified under the  
6 Internal Revenue Code of 1986.

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

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

22 The Fund shall periodically review each approved company. A  
23 company may continue to provide administrative services and  
24 funding vehicles for the self-managed plan only so long as it  
25 continues to be an approved company under contract with the  
26 Board.

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

12       (e) Participation. A member eligible to participate in the  
13 self-managed plan must make a written election under Section  
14 17-130.4 and the procedures established by the Fund.

15       A member who has elected to participate in the self-managed  
16 plan under this Section must continue participation while  
17 employed in an eligible position. Participation in the  
18 self-managed plan under this Section shall constitute  
19 membership in the Public School Teachers' Pension and  
20 Retirement Fund.

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

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

26       This required contribution shall be made as an "employer

1 pick up" under Section 414(h) of the Internal Revenue Code of  
2 1986 or any successor Section thereof. In no event shall a  
3 member have an option of receiving these amounts in cash. The  
4 program shall provide for employer contributions to be credited  
5 to each self-managed plan participant at a rate of 6% of the  
6 participating member's salary, less the amount used by the  
7 System to provide disability benefits for the member. The  
8 amounts so credited shall be paid into the member's  
9 self-managed plan account in a manner to be prescribed by the  
10 Fund.

11 The required amount of employer contributions shall be used  
12 for the purpose of providing the disability benefits of the  
13 Fund to the member. Prior to the beginning of each plan year  
14 under the self-managed plan, the Board of Trustees shall  
15 determine, as a percentage of salary, the amount of employer  
16 contributions to be allocated during that plan year for  
17 providing disability benefits for members in the self-managed  
18 plan.

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

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

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

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

21       (40 ILCS 5/17-130.6 new)

22       Sec. 17-130.6. Minimum benefit and allocation provisions.  
23 Each participant in the System shall receive a minimum benefit  
24 or allocation determined as follows:

25       (1) If the participant is participating in the

1 traditional benefit package provided under paragraph (1)  
2 of subsection (a) of Section 17-130.4 of this Code or the  
3 revised defined benefit package provided under paragraph  
4 (2) of subsection (a) of Section 17-130.4 of this Code, the  
5 participant shall receive a minimum benefit (commencing on  
6 his or her Social Security retirement age) that is equal to  
7 the annual primary insurance amount the participant would  
8 have under Social Security. For the purposes of this item  
9 (1), the primary insurance amount a participant would have  
10 under Social Security shall be calculated so that the  
11 System meets the requirements necessary to be considered a  
12 "retirement system" under Section 3121(b)(7)(F) of the  
13 Internal Revenue Code and the regulations in effect  
14 thereunder.

15 (2) If the participant is participating in the  
16 self-managed plan provided under Section 17-130.5 of this  
17 Code, the member shall receive a minimum allocation equal  
18 to 7.5% of the participant's compensation for service  
19 during the period. All contributions shall be taken into  
20 account for this purpose. For the purposes of this  
21 paragraph (2), the minimum allocation shall be calculated  
22 so that the System meets the requirements necessary to be  
23 considered a "retirement system" under Section  
24 3121(b)(7)(F) of the Internal Revenue Code and the  
25 regulations in effect thereunder.

1 (40 ILCS 5/17-130.7 new)

2 Sec. 17-130.7. Additional employer contributions. In  
3 addition to any amounts required to amortize the unfunded  
4 liabilities of this Fund, the following amounts shall be  
5 required by the employer for fiscal year 2013 and each fiscal  
6 year thereafter:

7 (1) For all members electing benefits under paragraphs  
8 (1) or (2) of subsection (a) of Section 17-130.4, an amount  
9 equal to 6% of total pensionable payroll for the respective  
10 employee groups.

11 (2) For members electing benefits under paragraph (3)  
12 of subsection (a) of Section 17-130.4, an employer  
13 contribution equal to (i) 6% of total pensionable payroll  
14 for the respective employee group and (ii) an amount  
15 determined by the Fund to be sufficient to fund the  
16 disability plan provided in this Article.

17 (40 ILCS 5/17-149.1) (from Ch. 108 1/2, par. 17-149.1)

18 Sec. 17-149.1. Felony conviction. None of the benefits  
19 provided for in this Article shall be paid to any person who is  
20 convicted of any felony relating to or arising out of or in  
21 connection with his or her service as a teacher.

22 This Section shall not operate to impair any contract or  
23 vested right acquired prior to January 1, 1988, nor to preclude  
24 the right to a refund.

25 All teachers entering service after January 1, 1988 shall

1 be deemed to have consented to the provisions of this Section  
2 as a condition of membership.

3 No refund paid to any person who is convicted of a felony  
4 relating to or arising out of or in connection with the  
5 person's service as a member shall include employer  
6 contributions or interest or, in the case of the self-managed  
7 plan authorized under Section 17-130.5, any employer  
8 contributions or investment return on employer contributions.

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

10 (40 ILCS 5/17-160 new)

11 Sec. 17-160. Qualified plan status. No provision of this  
12 Article shall be interpreted in a way that would cause the Fund  
13 to cease to be a qualified plan under Section 401(a) of the  
14 Internal Revenue Code.

15 (40 ILCS 5/17-165 new)

16 Sec. 17-165. Public School Teachers' Pension and  
17 Retirement Fund Trust Fund. The Fund may offer, as investment  
18 option to members under Section 17-130.5 investment into the  
19 Public School Teachers' Pension and Retirement Fund Trust Fund,  
20 or a unitized portion thereof, consistent with all applicable  
21 laws.

22 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

23 Sec. 18-131. Financing; employer contributions.

1 (a) The State of Illinois shall make contributions to this  
2 System by appropriations of the amounts which, together with  
3 the contributions of participants, net earnings on  
4 investments, and other income, will meet the costs of  
5 maintaining and administering this System on a 90% funded basis  
6 in accordance with actuarial recommendations.

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

12 (c) For State fiscal years 2016 ~~2012~~ through 2045, the  
13 minimum contribution to the System to be made by the State for  
14 each fiscal year shall be an amount determined by the System to  
15 be sufficient to bring the total assets of the System up to 90%  
16 of the total actuarial liabilities of the System by the end of  
17 State fiscal year 2045. In making these determinations, the  
18 required State contribution shall be calculated each year as a  
19 level percentage of revenue provided by the individual income  
20 tax, sales tax, and corporate income tax assuming a 2.3%  
21 average annual growth rate in these revenues ~~payroll~~ over the  
22 years remaining to and including fiscal year 2045 and shall be  
23 determined under the projected unit credit actuarial cost  
24 method. The contribution required in each fiscal year under  
25 this subsection (c) must not be less than 100% of the prior  
26 fiscal year's contribution.



1 For State fiscal years 2013 ~~1996~~ through 2015 ~~2005~~, the  
2 State contribution to the System, as a percentage of State  
3 revenue from the individual income tax, sales tax, and  
4 corporate income tax ~~the applicable employee payroll~~, shall be  
5 increased in equal annual increments so that by State fiscal  
6 year 2016 ~~2011~~, the State is contributing at the rate required  
7 under this Section.

8 Notwithstanding any other provision of this Article, the  
9 total required State contribution for State fiscal year 2006 is  
10 \$29,189,400.

11 Notwithstanding any other provision of this Article, the  
12 total required State contribution for State fiscal year 2007 is  
13 \$35,236,800.

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

20 Notwithstanding any other provision of this Article, the  
21 total required State contribution for State fiscal year 2010 is  
22 \$78,832,000 and shall be made from the proceeds of bonds sold  
23 in fiscal year 2010 pursuant to Section 7.2 of the General  
24 Obligation Bond Act, less (i) the pro rata share of bond sale  
25 expenses determined by the System's share of total bond  
26 proceeds, (ii) any amounts received from the General Revenue

1 Fund in fiscal year 2010, and (iii) any reduction in bond  
2 proceeds due to the issuance of discounted bonds, if  
3 applicable.

4 Notwithstanding any other provision of this Article, the  
5 total required State contribution for State fiscal year 2011 is  
6 the amount recertified by the System on or before April 1, 2011  
7 pursuant to Section 18-140 and shall be made from the proceeds  
8 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of  
9 the General Obligation Bond Act, less (i) the pro rata share of  
10 bond sale expenses determined by the System's share of total  
11 bond proceeds, (ii) any amounts received from the General  
12 Revenue Fund in fiscal year 2011, and (iii) any reduction in  
13 bond proceeds due to the issuance of discounted bonds, if  
14 applicable.

15 Beginning in State fiscal year 2046, the minimum State  
16 contribution for each fiscal year shall be the amount needed to  
17 maintain the total assets of the System at 90% of the total  
18 actuarial liabilities of the System.

19 Amounts received by the System pursuant to Section 25 of  
20 the Budget Stabilization Act or Section 8.12 of the State  
21 Finance Act in any fiscal year do not reduce and do not  
22 constitute payment of any portion of the minimum State  
23 contribution required under this Article in that fiscal year.  
24 Such amounts shall not reduce, and shall not be included in the  
25 calculation of, the required State contributions under this  
26 Article in any future year until the System has reached a

1 funding ratio of at least 90%. A reference in this Article to  
2 the "required State contribution" or any substantially similar  
3 term does not include or apply to any amounts payable to the  
4 System under Section 25 of the Budget Stabilization Act.

5 Notwithstanding any other provision of this Section, the  
6 required State contribution for State fiscal year 2005 and for  
7 fiscal year 2008 and each fiscal year thereafter until fiscal  
8 year 2013, as calculated under this Section and certified under  
9 Section 18-140, shall not exceed an amount equal to (i) the  
10 amount of the required State contribution that would have been  
11 calculated under this Section for that fiscal year if the  
12 System had not received any payments under subsection (d) of  
13 Section 7.2 of the General Obligation Bond Act, minus (ii) the  
14 portion of the State's total debt service payments for that  
15 fiscal year on the bonds issued in fiscal year 2003 for the  
16 purposes of that Section 7.2, as determined and certified by  
17 the Comptroller, that is the same as the System's portion of  
18 the total moneys distributed under subsection (d) of Section  
19 7.2 of the General Obligation Bond Act. In determining this  
20 maximum for State fiscal years 2008 through 2010, however, the  
21 amount referred to in item (i) shall be increased, as a  
22 percentage of the applicable employee payroll, in equal  
23 increments calculated from the sum of the required State  
24 contribution for State fiscal year 2007 plus the applicable  
25 portion of the State's total debt service payments for fiscal  
26 year 2007 on the bonds issued in fiscal year 2003 for the

1 purposes of Section 7.2 of the General Obligation Bond Act, so  
2 that, by State fiscal year 2011, the State is contributing at  
3 the rate otherwise required under this Section.

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

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

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

19 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09;  
20 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11; 96-1554, eff.  
21 3-18-11; revised 4-6-11.)

22 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

23 Sec. 20-121. Calculation of proportional retirement  
24 annuities. Upon retirement of the employee, a proportional  
25 retirement annuity shall be computed by each participating

1 system in which pension credit has been established on the  
2 basis of pension credits under each system. The computation  
3 shall be in accordance with the formula or method prescribed by  
4 each participating system which is in effect at the date of the  
5 employee's latest withdrawal from service covered by any of the  
6 systems in which he has pension credits which he elects to have  
7 considered under this Article. However, the amount of any  
8 retirement annuity payable under a ~~the~~ self-managed plan  
9 established under Section 2-119.03, 8-190.2, 9-170.5,  
10 11-131.2, 12-128.2, 14-108.2e, 15-158.2, 16-133.8, or 17-130.5  
11 of this Code depends solely on the value of the participant's  
12 vested account balances and is not subject to any proportional  
13 adjustment under this Section.

14 Combined pension credit under all retirement systems  
15 subject to this Article shall be considered in determining  
16 whether the minimum qualification has been met and the formula  
17 or method of computation which shall be applied. If a system  
18 has a step-rate formula for calculation of the retirement  
19 annuity, pension credits covering previous service which have  
20 been established under another system shall be considered in  
21 determining which range or ranges of the step-rate formula are  
22 to be applicable to the employee.

23 Interest on pension credit shall continue to accumulate in  
24 accordance with the provisions of the law governing the  
25 retirement system in which the same has been established during  
26 the time an employee is in the service of another employer, on

1 the assumption such employee, for interest purposes for pension  
2 credit, is continuing in the service covered by such retirement  
3 system.

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

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

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

18 For persons who participate in a ~~the~~ self-managed plan  
19 established under Section 2-119.03, 8-190.2, 9-170.5,  
20 11-131.2, 12-128.2, 14-108.2e, 15-158.2, 16-133.8, or 17-130.5  
21 or the portable benefit package established under Section  
22 15-136.4, pension credit established under Article 15 may be  
23 considered in determining eligibility for or the amount of the  
24 survivor's annuity that is payable by any other participating  
25 system, but pension credit established in any other system

1 shall not result in any right to a survivor's annuity under the  
2 Article 15 system.

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

4 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

5 Sec. 20-124. Maximum benefits. In no event shall the  
6 combined retirement or survivors annuities exceed the highest  
7 annuity which would have been payable by any participating  
8 system in which the employee has pension credits, if all of his  
9 pension credits had been validated in that system.

10 If the combined annuities should exceed the highest maximum  
11 as determined in accordance with this Section, the respective  
12 annuities shall be reduced proportionately according to the  
13 ratio which the amount of each proportional annuity bears to  
14 the aggregate of all such annuities.

15 In the case of a participant in a ~~the~~ self-managed plan  
16 established under Section 2-119.03, 8-190.2, 9-170.5,  
17 11-131.2, 12-128.2, 14-108.2e, 15-158.2, 16-133.8, or 17-130.5  
18 of this Code to whom the provisions of this Article apply:

19 (i) For purposes of calculating the combined  
20 retirement annuity and the proportionate reduction, if  
21 any, in a retirement annuity other than one payable under  
22 the self-managed plan, the amount of the ~~Article 15~~  
23 retirement annuity shall be deemed to be the highest  
24 annuity to which the annuitant would have been entitled if  
25 he or she had participated in the traditional benefit

1 package ~~as defined in Section 15-103.1~~ rather than the  
2 self-managed plan.

3 (ii) For purposes of calculating the combined  
4 survivor's annuity and the proportionate reduction, if  
5 any, in a survivor's annuity other than one payable under  
6 the self-managed plan, the amount of the ~~Article 15~~  
7 survivor's annuity shall be deemed to be the highest  
8 survivor's annuity to which the survivor would have been  
9 entitled if the deceased employee had participated in the  
10 traditional benefit package ~~as defined in Section 15-103.1~~  
11 rather than the self-managed plan.

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

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

15 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

16 Sec. 20-125. Return to employment - suspension of benefits.  
17 If a retired employee returns to employment which is covered by  
18 a system from which he is receiving a proportional annuity  
19 under this Article, his proportional annuity from all  
20 participating systems shall be suspended during the period of  
21 re-employment, except that this suspension does not apply to  
22 any distributions payable under a ~~the~~ self-managed plan  
23 established under Section 2-119.03, 8-190.2, 9-170.5,  
24 11-131.2, 12-128.2, 14-108.2e, 15-158.2, 16-133.8, or 17-130.5  
25 of this Code.



1           The provisions of the Article under which such employment  
2 would be covered shall govern the determination of whether the  
3 employee has returned to employment, and if applicable the  
4 exemption of temporary employment or employment not exceeding a  
5 specified duration or frequency, for all participating systems  
6 from which the retired employee is receiving a proportional  
7 annuity under this Article, notwithstanding any contrary  
8 provisions in the other Articles governing such systems.

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

10           (40 ILCS 5/20-131) (from Ch. 108 1/2, par. 20-131)

11           Sec. 20-131. Retirement Annuities and Survivors Annuities  
12 - Guarantees.

13           (a) This amendatory Act of 1975 (P.A. 79-782) shall not be  
14 applied to deprive any person or his survivor of eligibility  
15 for an annuity or to reduce the annuity or to deprive such  
16 person of rights to which he or his survivor would have been  
17 entitled under the provisions of Article 20 which were in  
18 effect immediately prior to September 5, 1975, if he was an  
19 employee immediately prior to that date.

20           (b) If the combined retirement annuity benefits provided  
21 under Public Act 79-782 are less than the combined retirement  
22 annuity benefits that would have been payable under the  
23 alternative formula of Section 20-122, the system under which  
24 retirement would have occurred, as provided by Section 20-122,  
25 shall increase the proportional retirement annuity by an amount

1 equal to the difference.

2 (c) Subsection (b) of this Section does not apply to the  
3 retirement annuity benefits payable under a ~~the~~ self-managed  
4 plan established under Section 2-119.03, 8-190.2, 9-170.5,  
5 11-131.2, 12-128.2, 14-108.2e, 15-158.2, 16-133.8, or 17-130.5  
6 of this Code.

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

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

10 Section 99. Effective date. This Act takes effect upon  
11 becoming law."