

SB0001



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

SB0001

Introduced 1/9/2013, by Sen. John J. Cullerton

SYNOPSIS AS INTRODUCED:

See Index

Amends the General Provisions, General Assembly, Illinois Municipal Retirement Fund (IMRF), State Employee, State Universities, Downstate Teacher, and Judges Articles of the Illinois Pension Code. Contains a Part A, which is intended by the General Assembly as a stand-alone reform of the General Assembly, State Employee, State Universities, and Downstate Teacher Articles of the Illinois Pension Code and takes effect upon becoming law. Contains a Part B, which is intended to provide alternative provisions that take effect only if and when a corresponding portion of Part A is determined to be unconstitutional or otherwise invalid or unenforceable. In Part A, caps pensionable salary, temporarily suspends and reduces the amount of automatic annual increases, requires the systems to be 100% funded by 2043, and increases required employee contributions. In Part B, requires persons to make an election either to accept reductions in the amount of, as well as delays in eligibility for, automatic annual increases or to forgo certain healthcare benefits and future increases in pensionable income. Effective upon becoming law, except that specified portions of Part B take effect upon the date following the date upon which certain contingencies occur.

LRB098 05457 JDS 35491 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 "PART A

5 Section A-3. The Illinois Public Labor Relations Act is
6 amended by changing Sections 2, 4, 14, and 15 as follows:

7 (5 ILCS 315/2) (from Ch. 48, par. 1602)

8 Sec. 2. Policy. It is the public policy of the State of
9 Illinois to grant public employees full freedom of association,
10 self-organization, and designation of representatives of their
11 own choosing for the purpose of negotiating wages, hours and
12 other conditions of employment or other mutual aid or
13 protection.

14 It is the purpose of this Act to regulate labor relations
15 between public employers and employees, including the
16 designation of employee representatives, negotiation of wages,
17 hours and other conditions of employment, and resolution of
18 disputes arising under collective bargaining agreements.

19 It is the purpose of this Act to prescribe the legitimate
20 rights of both public employees and public employers, to
21 protect the public health and safety of the citizens of
22 Illinois, and to provide peaceful and orderly procedures for

1 protection of the rights of all. To prevent labor strife and to
2 protect the public health and safety of the citizens of
3 Illinois, all collective bargaining disputes involving persons
4 designated by the Board as performing essential services and
5 those persons defined herein as security employees shall be
6 submitted to impartial arbitrators, who shall be authorized to
7 issue awards in order to resolve such disputes; except that
8 such arbitration and awards shall not alter or affect the
9 changes, the impact of the changes, or the implementation of
10 the changes set forth in this amendatory Act of the 98th
11 General Assembly, which are prohibited subjects of bargaining.

12 It is the public policy of the State of Illinois that where the
13 right of employees to strike is prohibited by law, it is
14 necessary to afford an alternate, expeditious, equitable and
15 effective procedure for the resolution of labor disputes
16 subject to approval procedures mandated by this Act. To that
17 end, the provisions for such awards shall be liberally
18 construed.

19 (Source: P.A. 83-1012.)"; and

20 (5 ILCS 315/4) (from Ch. 48, par. 1604)

21 Sec. 4. Management Rights. Employers shall not be required
22 to bargain over matters of inherent managerial policy, which
23 shall include such areas of discretion or policy as the
24 functions of the employer, standards of services, its overall
25 budget, the organizational structure and selection of new

1 employees, examination techniques and direction of employees.
2 Employers, however, shall be required to bargain collectively
3 with regard to policy matters directly affecting wages, hours
4 and terms and conditions of employment as well as the impact
5 thereon upon request by employee representatives, but
6 excluding the changes, the impact of changes, and the
7 implementation of the changes set forth in this amendatory Act
8 of the 98th General Assembly, which are prohibited subjects of
9 bargaining.

10 To preserve the rights of employers and exclusive
11 representatives which have established collective bargaining
12 relationships or negotiated collective bargaining agreements
13 prior to the effective date of this Act, employers shall be
14 required to bargain collectively with regard to any matter
15 concerning wages, hours or conditions of employment about which
16 they have bargained for and agreed to in a collective
17 bargaining agreement prior to the effective date of this Act,
18 but excluding the changes, the impact of changes, and the
19 implementation of the changes set forth in this amendatory Act
20 of the 98th General Assembly, which are prohibited subjects of
21 bargaining.

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

1 Nothing in this amendatory Act of the 94th General Assembly
2 shall be construed to intrude upon the judicial functions of
3 any court. This amendatory Act of the 94th General Assembly
4 applies only to nonjudicial administrative matters relating to
5 the collective bargaining rights of court reporters.

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

7 (5 ILCS 315/14) (from Ch. 48, par. 1614)

8 Sec. 14. Security Employee, Peace Officer and Fire Fighter
9 Disputes.

10 (a) In the case of collective bargaining agreements
11 involving units of security employees of a public employer,
12 Peace Officer Units, or units of fire fighters or paramedics,
13 and in the case of disputes under Section 18, unless the
14 parties mutually agree to some other time limit, mediation
15 shall commence 30 days prior to the expiration date of such
16 agreement or at such later time as the mediation services
17 chosen under subsection (b) of Section 12 can be provided to
18 the parties. In the case of negotiations for an initial
19 collective bargaining agreement, mediation shall commence upon
20 15 days notice from either party or at such later time as the
21 mediation services chosen pursuant to subsection (b) of Section
22 12 can be provided to the parties. In mediation under this
23 Section, if either party requests the use of mediation services
24 from the Federal Mediation and Conciliation Service, the other
25 party shall either join in such request or bear the additional

1 cost of mediation services from another source. The mediator
2 shall have a duty to keep the Board informed on the progress of
3 the mediation. If any dispute has not been resolved within 15
4 days after the first meeting of the parties and the mediator,
5 or within such other time limit as may be mutually agreed upon
6 by the parties, either the exclusive representative or employer
7 may request of the other, in writing, arbitration, and shall
8 submit a copy of the request to the Board.

9 (b) Within 10 days after such a request for arbitration has
10 been made, the employer shall choose a delegate and the
11 employees' exclusive representative shall choose a delegate to
12 a panel of arbitration as provided in this Section. The
13 employer and employees shall forthwith advise the other and the
14 Board of their selections.

15 (c) Within 7 days after the request of either party, the
16 parties shall request a panel of impartial arbitrators from
17 which they shall select the neutral chairman according to the
18 procedures provided in this Section. If the parties have agreed
19 to a contract that contains a grievance resolution procedure as
20 provided in Section 8, the chairman shall be selected using
21 their agreed contract procedure unless they mutually agree to
22 another procedure. If the parties fail to notify the Board of
23 their selection of neutral chairman within 7 days after receipt
24 of the list of impartial arbitrators, the Board shall appoint,
25 at random, a neutral chairman from the list. In the absence of
26 an agreed contract procedure for selecting an impartial

1 arbitrator, either party may request a panel from the Board.
2 Within 7 days of the request of either party, the Board shall
3 select from the Public Employees Labor Mediation Roster 7
4 persons who are on the labor arbitration panels of either the
5 American Arbitration Association or the Federal Mediation and
6 Conciliation Service, or who are members of the National
7 Academy of Arbitrators, as nominees for impartial arbitrator of
8 the arbitration panel. The parties may select an individual on
9 the list provided by the Board or any other individual mutually
10 agreed upon by the parties. Within 7 days following the receipt
11 of the list, the parties shall notify the Board of the person
12 they have selected. Unless the parties agree on an alternate
13 selection procedure, they shall alternatively strike one name
14 from the list provided by the Board until only one name
15 remains. A coin toss shall determine which party shall strike
16 the first name. If the parties fail to notify the Board in a
17 timely manner of their selection for neutral chairman, the
18 Board shall appoint a neutral chairman from the Illinois Public
19 Employees Mediation/Arbitration Roster.

20 (d) The chairman shall call a hearing to begin within 15
21 days and give reasonable notice of the time and place of the
22 hearing. The hearing shall be held at the offices of the Board
23 or at such other location as the Board deems appropriate. The
24 chairman shall preside over the hearing and shall take
25 testimony. Any oral or documentary evidence and other data
26 deemed relevant by the arbitration panel may be received in

1 evidence. The proceedings shall be informal. Technical rules of
2 evidence shall not apply and the competency of the evidence
3 shall not thereby be deemed impaired. A verbatim record of the
4 proceedings shall be made and the arbitrator shall arrange for
5 the necessary recording service. Transcripts may be ordered at
6 the expense of the party ordering them, but the transcripts
7 shall not be necessary for a decision by the arbitration panel.
8 The expense of the proceedings, including a fee for the
9 chairman, established in advance by the Board, shall be borne
10 equally by each of the parties to the dispute. The delegates,
11 if public officers or employees, shall continue on the payroll
12 of the public employer without loss of pay. The hearing
13 conducted by the arbitration panel may be adjourned from time
14 to time, but unless otherwise agreed by the parties, shall be
15 concluded within 30 days of the time of its commencement.
16 Majority actions and rulings shall constitute the actions and
17 rulings of the arbitration panel. Arbitration proceedings
18 under this Section shall not be interrupted or terminated by
19 reason of any unfair labor practice charge filed by either
20 party at any time.

21 (e) The arbitration panel may administer oaths, require the
22 attendance of witnesses, and the production of such books,
23 papers, contracts, agreements and documents as may be deemed by
24 it material to a just determination of the issues in dispute,
25 and for such purpose may issue subpoenas. If any person refuses
26 to obey a subpoena, or refuses to be sworn or to testify, or if

1 any witness, party or attorney is guilty of any contempt while
2 in attendance at any hearing, the arbitration panel may, or the
3 attorney general if requested shall, invoke the aid of any
4 circuit court within the jurisdiction in which the hearing is
5 being held, which court shall issue an appropriate order. Any
6 failure to obey the order may be punished by the court as
7 contempt.

8 (f) At any time before the rendering of an award, the
9 chairman of the arbitration panel, if he is of the opinion that
10 it would be useful or beneficial to do so, may remand the
11 dispute to the parties for further collective bargaining for a
12 period not to exceed 2 weeks. If the dispute is remanded for
13 further collective bargaining the time provisions of this Act
14 shall be extended for a time period equal to that of the
15 remand. The chairman of the panel of arbitration shall notify
16 the Board of the remand.

17 (g) At or before the conclusion of the hearing held
18 pursuant to subsection (d), the arbitration panel shall
19 identify the economic issues in dispute, and direct each of the
20 parties to submit, within such time limit as the panel shall
21 prescribe, to the arbitration panel and to each other its last
22 offer of settlement on each economic issue. The determination
23 of the arbitration panel as to the issues in dispute and as to
24 which of these issues are economic shall be conclusive. The
25 arbitration panel, within 30 days after the conclusion of the
26 hearing, or such further additional periods to which the

1 parties may agree, shall make written findings of fact and
2 promulgate a written opinion and shall mail or otherwise
3 deliver a true copy thereof to the parties and their
4 representatives and to the Board. As to each economic issue,
5 the arbitration panel shall adopt the last offer of settlement
6 which, in the opinion of the arbitration panel, more nearly
7 complies with the applicable factors prescribed in subsection
8 (h). The findings, opinions and order as to all other issues
9 shall be based upon the applicable factors prescribed in
10 subsection (h).

11 (h) Where there is no agreement between the parties, or
12 where there is an agreement but the parties have begun
13 negotiations or discussions looking to a new agreement or
14 amendment of the existing agreement, and wage rates or other
15 conditions of employment under the proposed new or amended
16 agreement are in dispute, the arbitration panel shall base its
17 findings, opinions and order upon the following factors, as
18 applicable:

19 (1) The lawful authority of the employer.

20 (2) Stipulations of the parties.

21 (3) The interests and welfare of the public and the
22 financial ability of the unit of government to meet those
23 costs.

24 (4) Comparison of the wages, hours and conditions of
25 employment of the employees involved in the arbitration
26 proceeding with the wages, hours and conditions of

1 employment of other employees performing similar services
2 and with other employees generally:

3 (A) In public employment in comparable
4 communities.

5 (B) In private employment in comparable
6 communities.

7 (5) The average consumer prices for goods and services,
8 commonly known as the cost of living.

9 (6) The overall compensation presently received by the
10 employees, including direct wage compensation, vacations,
11 holidays and other excused time, insurance and pensions,
12 medical and hospitalization benefits, the continuity and
13 stability of employment and all other benefits received.

14 (7) Changes in any of the foregoing circumstances
15 during the pendency of the arbitration proceedings.

16 (8) Such other factors, not confined to the foregoing,
17 which are normally or traditionally taken into
18 consideration in the determination of wages, hours and
19 conditions of employment through voluntary collective
20 bargaining, mediation, fact-finding, arbitration or
21 otherwise between the parties, in the public service or in
22 private employment.

23 (i) In the case of peace officers, the arbitration decision
24 shall be limited to wages, hours, and conditions of employment
25 (which may include residency requirements in municipalities
26 with a population under 1,000,000, but those residency

1 requirements shall not allow residency outside of Illinois) and
2 shall not include the following: i) residency requirements in
3 municipalities with a population of at least 1,000,000; ii) the
4 type of equipment, other than uniforms, issued or used; iii)
5 manning; iv) the total number of employees employed by the
6 department; v) mutual aid and assistance agreements to other
7 units of government; ~~and~~ vi) the criterion pursuant to which
8 force, including deadly force, can be used; and vii) the
9 changes, the impact of the changes, and the implementation of
10 the changes set forth in this amendatory Act of the 98th
11 General Assembly, which are prohibited subjects of bargaining;
12 provided, nothing herein shall preclude an arbitration
13 decision regarding equipment or manning levels if such decision
14 is based on a finding that the equipment or manning
15 considerations in a specific work assignment involve a serious
16 risk to the safety of a peace officer beyond that which is
17 inherent in the normal performance of police duties. Limitation
18 of the terms of the arbitration decision pursuant to this
19 subsection shall not be construed to limit the factors upon
20 which the decision may be based, as set forth in subsection
21 (h).

22 In the case of fire fighter, and fire department or fire
23 district paramedic matters, the arbitration decision shall be
24 limited to wages, hours, and conditions of employment (which
25 may include residency requirements in municipalities with a
26 population under 1,000,000, but those residency requirements

1 shall not allow residency outside of Illinois) and shall not
2 include the following matters: i) residency requirements in
3 municipalities with a population of at least 1,000,000; ii) the
4 type of equipment (other than uniforms and fire fighter turnout
5 gear) issued or used; iii) the total number of employees
6 employed by the department; iv) mutual aid and assistance
7 agreements to other units of government; ~~and~~ v) the criterion
8 pursuant to which force, including deadly force, can be used;
9 and vi) the changes, the impact of the changes, and the
10 implementation of the changes set forth in this amendatory Act
11 of the 98th General Assembly, which are prohibited subjects of
12 bargaining; provided, however, nothing herein shall preclude
13 an arbitration decision regarding equipment levels if such
14 decision is based on a finding that the equipment
15 considerations in a specific work assignment involve a serious
16 risk to the safety of a fire fighter beyond that which is
17 inherent in the normal performance of fire fighter duties.
18 Limitation of the terms of the arbitration decision pursuant to
19 this subsection shall not be construed to limit the facts upon
20 which the decision may be based, as set forth in subsection
21 (h).

22 The changes to this subsection (i) made by Public Act
23 90-385 (relating to residency requirements) do not apply to
24 persons who are employed by a combined department that performs
25 both police and firefighting services; these persons shall be
26 governed by the provisions of this subsection (i) relating to

1 peace officers, as they existed before the amendment by Public
2 Act 90-385.

3 To preserve historical bargaining rights, this subsection
4 shall not apply to any provision of a fire fighter collective
5 bargaining agreement in effect and applicable on the effective
6 date of this Act; provided, however, nothing herein shall
7 preclude arbitration with respect to any such provision.

8 In the case of security employees or employees deemed to be
9 essential workers pursuant to Section 18 of this Act, an
10 arbitration decision shall not alter or affect the changes, the
11 impact of the changes, or the implementation of the changes set
12 forth in this amendatory Act of the 98th General Assembly,
13 which are prohibited subjects of bargaining.

14 (j) Arbitration procedures shall be deemed to be initiated
15 by the filing of a letter requesting mediation as required
16 under subsection (a) of this Section. The commencement of a new
17 municipal fiscal year after the initiation of arbitration
18 procedures under this Act, but before the arbitration decision,
19 or its enforcement, shall not be deemed to render a dispute
20 moot, or to otherwise impair the jurisdiction or authority of
21 the arbitration panel or its decision. Increases in rates of
22 compensation awarded by the arbitration panel may be effective
23 only at the start of the fiscal year next commencing after the
24 date of the arbitration award. If a new fiscal year has
25 commenced either since the initiation of arbitration
26 procedures under this Act or since any mutually agreed

1 extension of the statutorily required period of mediation under
2 this Act by the parties to the labor dispute causing a delay in
3 the initiation of arbitration, the foregoing limitations shall
4 be inapplicable, and such awarded increases may be retroactive
5 to the commencement of the fiscal year, any other statute or
6 charter provisions to the contrary, notwithstanding. At any
7 time the parties, by stipulation, may amend or modify an award
8 of arbitration.

9 (k) Orders of the arbitration panel shall be reviewable,
10 upon appropriate petition by either the public employer or the
11 exclusive bargaining representative, by the circuit court for
12 the county in which the dispute arose or in which a majority of
13 the affected employees reside, but only for reasons that the
14 arbitration panel was without or exceeded its statutory
15 authority; the order is arbitrary, or capricious; or the order
16 was procured by fraud, collusion or other similar and unlawful
17 means. Such petitions for review must be filed with the
18 appropriate circuit court within 90 days following the issuance
19 of the arbitration order. The pendency of such proceeding for
20 review shall not automatically stay the order of the
21 arbitration panel. The party against whom the final decision of
22 any such court shall be adverse, if such court finds such
23 appeal or petition to be frivolous, shall pay reasonable
24 attorneys' fees and costs to the successful party as determined
25 by said court in its discretion. If said court's decision
26 affirms the award of money, such award, if retroactive, shall

1 bear interest at the rate of 12 percent per annum from the
2 effective retroactive date.

3 (l) During the pendency of proceedings before the
4 arbitration panel, existing wages, hours, and other conditions
5 of employment shall not be changed by action of either party
6 without the consent of the other but a party may so consent
7 without prejudice to his rights or position under this Act. The
8 proceedings are deemed to be pending before the arbitration
9 panel upon the initiation of arbitration procedures under this
10 Act.

11 (m) Security officers of public employers, and Peace
12 Officers, Fire Fighters and fire department and fire protection
13 district paramedics, covered by this Section may not withhold
14 services, nor may public employers lock out or prevent such
15 employees from performing services at any time.

16 (n) All of the terms decided upon by the arbitration panel
17 shall be included in an agreement to be submitted to the public
18 employer's governing body for ratification and adoption by law,
19 ordinance or the equivalent appropriate means.

20 The governing body shall review each term decided by the
21 arbitration panel. If the governing body fails to reject one or
22 more terms of the arbitration panel's decision by a 3/5 vote of
23 those duly elected and qualified members of the governing body,
24 within 20 days of issuance, or in the case of firefighters
25 employed by a state university, at the next regularly scheduled
26 meeting of the governing body after issuance, such term or

1 terms shall become a part of the collective bargaining
2 agreement of the parties. If the governing body affirmatively
3 rejects one or more terms of the arbitration panel's decision,
4 it must provide reasons for such rejection with respect to each
5 term so rejected, within 20 days of such rejection and the
6 parties shall return to the arbitration panel for further
7 proceedings and issuance of a supplemental decision with
8 respect to the rejected terms. Any supplemental decision by an
9 arbitration panel or other decision maker agreed to by the
10 parties shall be submitted to the governing body for
11 ratification and adoption in accordance with the procedures and
12 voting requirements set forth in this Section. The voting
13 requirements of this subsection shall apply to all disputes
14 submitted to arbitration pursuant to this Section
15 notwithstanding any contrary voting requirements contained in
16 any existing collective bargaining agreement between the
17 parties.

18 (o) If the governing body of the employer votes to reject
19 the panel's decision, the parties shall return to the panel
20 within 30 days from the issuance of the reasons for rejection
21 for further proceedings and issuance of a supplemental
22 decision. All reasonable costs of such supplemental proceeding
23 including the exclusive representative's reasonable attorney's
24 fees, as established by the Board, shall be paid by the
25 employer.

26 (p) Notwithstanding the provisions of this Section the

1 employer and exclusive representative may agree to submit
2 unresolved disputes concerning wages, hours, terms and
3 conditions of employment to an alternative form of impasse
4 resolution.

5 (Source: P.A. 96-813, eff. 10-30-09.)

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 and the changes, impact of changes, and the implementation of
13 the changes made by this amendatory Act of the 98th ~~96th~~
14 General Assembly), executive order or administrative
15 regulation relating to wages, hours and conditions of
16 employment and employment relations, the provisions of this Act
17 or any collective bargaining agreement negotiated thereunder
18 shall prevail and control. Nothing in this Act shall be
19 construed to replace or diminish the rights of employees
20 established by Sections 28 and 28a of the Metropolitan Transit
21 Authority Act, Sections 2.15 through 2.19 of the Regional
22 Transportation Authority Act. The provisions of this Act are
23 subject to the changes made by this amendatory Act of the 98th
24 General Assembly and Section 5 of the State Employees Group
25 Insurance Act of 1971. Nothing in this Act shall be construed

1 to replace the necessity of complaints against a sworn peace
2 officer, as defined in Section 2(a) of the Uniform Peace
3 Officer Disciplinary Act, from having a complaint supported by
4 a sworn affidavit.

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

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

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

24 Section A-5. The Governor's Office of Management and Budget
25 Act is amended by changing Sections 7 and 8 as follows:

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

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

- 14 (1) Personal services
- 15 (2) State contribution for employee group insurance
- 16 (3) Contractual services
- 17 (4) Travel
- 18 (5) Commodities
- 19 (6) Equipment
- 20 (7) Permanent improvements
- 21 (8) Land
- 22 (9) Electronic Data Processing
- 23 (10) Telecommunication services
- 24 (11) Operation of Automotive Equipment
- 25 (12) Contingencies

- 1 (13) Reserve
2 (14) Interest
3 (15) Awards and Grants
4 (16) Debt Retirement
5 (17) Non-cost Charges-
6 (18) State retirement contribution for annual normal cost
7 (19) State retirement contribution for unfunded accrued
8 liability.
9 (Source: P.A. 93-25, eff. 6-20-03.)

10 (20 ILCS 3005/8) (from Ch. 127, par. 418)

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

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

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

23 Section A-10. The State Finance Act is amended by changing
24 Section 13 and by adding Sections 24.12 and 24.13 as follows:

1 (30 ILCS 105/13) (from Ch. 127, par. 149)

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

4 (1) Personal services;

5 (2) State contribution for employee group insurance;

6 (3) Contractual services;

7 (4) Travel;

8 (5) Commodities;

9 (6) Equipment;

10 (7) Permanent improvements;

11 (8) Land;

12 (9) Electronic Data Processing;

13 (10) Operation of automotive equipment;

14 (11) Telecommunications services;

15 (12) Contingencies;

16 (13) Reserve;

17 (14) Interest;

18 (15) Awards and Grants;

19 (16) Debt Retirement;

20 (17) Non-Cost Charges;

21 (18) State retirement contribution for annual normal cost;

22 (19) State retirement contribution for unfunded accrued
23 liability;

24 (20) ~~(18)~~ Purchase Contract for Real Estate.

25 When an appropriation is made to an officer, department,

1 institution, board, commission or other agency, or to a private
2 association or corporation, in one or more of the items above
3 specified, such appropriation shall be construed in accordance
4 with the definitions and limitations specified in this Act,
5 unless the appropriation act otherwise provides.

6 An appropriation for a purpose other than one specified and
7 defined in this Act may be made only as an additional, separate
8 and distinct item, specifically stating the object and purpose
9 thereof.

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

11 (30 ILCS 105/24.12 new)

12 Sec. 24.12. "State retirement contribution for annual
13 normal cost" defined. The term "State retirement contribution
14 for annual normal cost" means the portion of the total required
15 State contribution to a retirement system for a fiscal year
16 that represents the State's portion of the System's projected
17 normal cost for that fiscal year, as determined and certified
18 by the board of trustees of the retirement system in
19 conformance with the applicable provisions of the Illinois
20 Pension Code.

21 (30 ILCS 105/24.13 new)

22 Sec. 24.13. "State retirement contribution for unfunded
23 accrued liability" defined. The term "State retirement
24 contribution for unfunded accrued liability" means the portion

1 of the total required State contribution to a retirement system
2 for a fiscal year that is not included in the State retirement
3 contribution for annual normal cost.

4 Section A-15. The Budget Stabilization Act is amended by
5 changing Sections 20 and 25 as follows:

6 (30 ILCS 122/20)

7 Sec. 20. Pension Stabilization Fund.

8 (a) The Pension Stabilization Fund is hereby created as a
9 special fund in the State treasury. Moneys in the fund shall be
10 used for the sole purpose of making payments to the designated
11 retirement systems as provided in Section 25.

12 (b) For each fiscal year when the General Assembly's
13 appropriations and transfers or diversions as required by law
14 from general funds do not exceed 99% of the estimated general
15 funds revenues pursuant to subsection (a) of Section 10, the
16 Comptroller shall transfer from the General Revenue Fund as
17 provided by this Section a total amount equal to 0.5% of the
18 estimated general funds revenues to the Pension Stabilization
19 Fund.

20 (c) For each fiscal year through State fiscal year 2013,
21 when the General Assembly's appropriations and transfers or
22 diversions as required by law from general funds do not exceed
23 98% of the estimated general funds revenues pursuant to
24 subsection (b) of Section 10, the Comptroller shall transfer

1 from the General Revenue Fund as provided by this Section a
2 total amount equal to 1.0% of the estimated general funds
3 revenues to the Pension Stabilization Fund.

4 (c-10) In State fiscal year 2020 and each fiscal year
5 thereafter, the State Comptroller shall order transferred and
6 the State Treasurer shall transfer \$1,000,000,000 from the
7 General Revenue Fund to the Pension Stabilization Fund.

8 (c-15) The transfers made pursuant to subsection (c-10) of
9 this Section shall continue through State fiscal year 2045 or
10 until each of the designated retirement systems, as defined in
11 Section 25, has achieved the funding ratio prescribed by law
12 for that retirement system, whichever occurs first; provided
13 that those transfers shall not be made after any provision of
14 this Act that is designated as inseverable in Section 97 of
15 this Act is declared to be unconstitutional or invalid other
16 than as applied.

17 (d) The Comptroller shall transfer 1/12 of the total amount
18 to be transferred each fiscal year under this Section into the
19 Pension Stabilization Fund on the first day of each month of
20 that fiscal year or as soon thereafter as possible; except that
21 the final transfer of the fiscal year shall be made as soon as
22 practical after the August 31 following the end of the fiscal
23 year.

24 Until State fiscal year 2014, before ~~Before~~ the final
25 transfer for a fiscal year is made, the Comptroller shall
26 reconcile the estimated general funds revenues used in

1 calculating the other transfers under this Section for that
2 fiscal year with the actual general funds revenues for that
3 fiscal year. The final transfer for the fiscal year shall be
4 adjusted so that the total amount transferred under this
5 Section for that fiscal year is equal to the percentage
6 specified in subsection (b) or (c) of this Section, whichever
7 is applicable, of the actual general funds revenues for that
8 fiscal year. The actual general funds revenues for the fiscal
9 year shall be calculated in a manner consistent with subsection
10 (c) of Section 10 of this Act.

11 (Source: P.A. 94-839, eff. 6-6-06.)

12 (30 ILCS 122/25)

13 Sec. 25. Transfers from the Pension Stabilization Fund.

14 (a) As used in this Section, "designated retirement
15 systems" means:

16 (1) the State Employees' Retirement System of
17 Illinois;

18 (2) the Teachers' Retirement System of the State of
19 Illinois;

20 (3) the State Universities Retirement System;

21 (4) the Judges Retirement System of Illinois; and

22 (5) the General Assembly Retirement System.

23 (b) As soon as may be practical after any money is
24 deposited into the Pension Stabilization Fund, the State
25 Comptroller shall apportion the deposited amount among the

1 designated retirement systems and the State Comptroller and
2 State Treasurer shall pay the apportioned amounts to the
3 designated retirement systems. The amount deposited shall be
4 apportioned among the designated retirement systems in the same
5 proportion as their respective portions of the total actuarial
6 reserve deficiency of the designated retirement systems, as
7 most recently determined by the Governor's Office of Management
8 and Budget. Amounts received by a designated retirement system
9 under this Section shall be used for funding the unfunded
10 liabilities of the retirement system. Payments under this
11 Section are authorized by the continuing appropriation under
12 Section 1.7 of the State Pension Funds Continuing Appropriation
13 Act.

14 (c) At the request of the State Comptroller, the Governor's
15 Office of Management and Budget shall determine the individual
16 and total actuarial reserve deficiencies of the designated
17 retirement systems. For this purpose, the Governor's Office of
18 Management and Budget shall consider the latest available audit
19 and actuarial reports of each of the retirement systems and the
20 relevant reports and statistics of the Public Pension Division
21 of the Department of Financial and Professional Regulation.

22 (d) Payments to the designated retirement systems under
23 this Section shall be in addition to, and not in lieu of, any
24 State contributions required under Section 2-124, 14-131,
25 15-155, 16-158, or 18-131 of the Illinois Pension Code.

26 Payments to the designated retirement systems under this

1 Section, transferred after the effective date of this
2 amendatory Act of the 98th General Assembly, do not reduce and
3 do not constitute payment of any portion of the required State
4 contribution under Article 2, 14, 15, 16, or 18 of the Illinois
5 Pension Code in that fiscal year. Such amounts shall not
6 reduce, and shall not be included in the calculation of, the
7 required State Contribution under Article 2, 14, 15, 16, or 18
8 of the Illinois Pension Code in any future year, until the
9 designated retirement system has received payment of
10 contributions pursuant to this Act.

11 (Source: P.A. 94-839, eff. 6-6-06.)

12 Section A-20. The Illinois Pension Code is amended by
13 changing Sections 1-103.3, 2-108, 2-119.1, 2-121.1, 2-124,
14 2-125, 2-126, 2-134, 2-162, 7-109, 14-103.10, 14-106, 14-114,
15 14-131, 14-132, 14-133, 14-135.08, 14-152.1, 15-106, 15-107,
16 15-111, 15-113.2, 15-136, 15-155, 15-156, 15-157, 15-165,
17 15-198, 16-106, 16-121, 16-127, 16-133, 16-133.1, 16-152,
18 16-158, 16-203, and 18-131 and by adding Sections 2-105.1,
19 2-105.2, 14-103.40, 14-103.41, 15-107.1, 15-107.2, 16-106.4,
20 16-106.5, and 16-158.2 as follows:

21 (40 ILCS 5/1-103.3)

22 Sec. 1-103.3. Application of 1994 amendment; funding
23 standard.

24 (a) The provisions of Public Act 88-593 ~~this amendatory Act~~

1 ~~of 1994~~ that change the method of calculating, certifying, and
2 paying the required State contributions to the retirement
3 systems established under Articles 2, 14, 15, 16, and 18 shall
4 first apply to the State contributions required for State
5 fiscal year 1996.

6 (b) (Blank) ~~The General Assembly declares that a funding~~
7 ~~ratio (the ratio of a retirement system's total assets to its~~
8 ~~total actuarial liabilities) of 90% is an appropriate goal for~~
9 ~~State funded retirement systems in Illinois, and it finds that~~
10 ~~a funding ratio of 90% is now the generally recognized norm~~
11 ~~throughout the nation for public employee retirement systems~~
12 ~~that are considered to be financially secure and funded in an~~
13 ~~appropriate and responsible manner.~~

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

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

1 Sec. 2-105.1. Tier I participant. "Tier I participant": A
2 participant who first became a participant before January 1,
3 2011.

4 (40 ILCS 5/2-105.2 new)

5 Sec. 2-105.2. Tier I retiree. "Tier I retiree" means a
6 former Tier I participant who is receiving a retirement
7 annuity.

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

9 Sec. 2-108. Salary. "Salary": (1) For members of the
10 General Assembly, the total compensation paid to the member by
11 the State for one year of service, including the additional
12 amounts, if any, paid to the member as an officer pursuant to
13 Section 1 of "An Act in relation to the compensation and
14 emoluments of the members of the General Assembly", approved
15 December 6, 1907, as now or hereafter amended.

16 (2) For the State executive officers specified in Section
17 2-105, the total compensation paid to the member for one year
18 of service.

19 (3) For members of the System who are participants under
20 Section 2-117.1, or who are serving as Clerk or Assistant Clerk
21 of the House of Representatives or Secretary or Assistant
22 Secretary of the Senate, the total compensation paid to the
23 member for one year of service, but not to exceed the salary of
24 the highest salaried officer of the General Assembly.

1 However, in the event that federal law results in any
2 participant receiving imputed income based on the value of
3 group term life insurance provided by the State, such imputed
4 income shall not be included in salary for the purposes of this
5 Article.

6 Notwithstanding any other provision of this Code, the
7 salary of a Tier I participant for the purposes of this Code
8 shall not exceed, for periods of service in a term of office
9 beginning on or after the effective date of this amendatory Act
10 of the 98th General Assembly, the greater of (i) the annual
11 contribution and benefit base established for the applicable
12 year by the Commissioner of Social Security under the federal
13 Social Security Act or (ii) the annual salary of the
14 participant during the 365 days immediately preceding the
15 effective date of this Section.

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

17 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

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

1 amount of the originally granted retirement annuity increased
2 as follows: for each year through 1971, 1 1/2%; for each year
3 from 1972 through 1979, 2%; and for 1980 and each year
4 thereafter, 3%. Annuitants who have received an initial
5 increase under this subsection prior to the effective date of
6 this amendatory Act of 1991 shall continue to receive their
7 annual increases in the same month as the initial increase.

8 (a-1) Notwithstanding any other provision of this Article,
9 for a Tier I retiree, the amount of each automatic increase in
10 retirement annuity occurring on or after the effective date of
11 this amendatory Act of the 98th General Assembly shall be the
12 lesser of (i) \$750 or (ii) 3% of the total annuity payable at
13 the time of the increase, including previous increases granted.

14 (a-2) Notwithstanding any other provision of this Article,
15 the System shall not grant any new or additional automatic
16 increase in retirement annuity to a Tier I retiree on or after
17 the effective date of this amendatory Act of the 98th General
18 Assembly and before January 1, 2017.

19 Notwithstanding any other provision of this Article, the
20 System shall not grant any new or additional automatic increase
21 in retirement annuity to a Tier I retiree who has not yet
22 attained the age of 67, regardless of any age augmentation
23 granted under this Article as an early retirement incentive.

24 If on the effective date of this amendatory Act of the 98th
25 General Assembly a Tier I retiree has already received an
26 annual increase under this Section but does not yet meet the

1 new eligibility requirements of this subsection, the annual
2 increases already received shall continue in force, but no
3 additional annual increase shall be granted until the Tier I
4 retiree meets the new eligibility requirements.

5 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)
6 and (a-2) apply without regard to whether or not the Tier I
7 retiree is in active service under this Article on or after the
8 effective date of this amendatory Act of the 98th General
9 Assembly.

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

24 This subsection (b) does not apply to any person who first
25 becomes a member of the System after August 8, 2003 (the
26 effective date of Public Act 93-494) ~~this amendatory Act of the~~

1 ~~93rd General Assembly.~~

2 (b-5) Notwithstanding any other provision of this Article,
3 a participant who first becomes a participant on or after
4 January 1, 2011 (the effective date of Public Act 96-889)
5 shall, in January or July next following the first anniversary
6 of retirement, whichever occurs first, and in the same month of
7 each year thereafter, but in no event prior to age 67, have the
8 amount of the originally granted retirement annuity ~~then being~~
9 ~~paid~~ increased by 3% or one-half the annual unadjusted
10 percentage increase in the Consumer Price Index for All Urban
11 Consumers as determined by the Public Pension Division of the
12 Department of Insurance under subsection (a) of Section
13 2-108.1, whichever is less. The changes made to this subsection
14 by this amendatory Act of the 98th General Assembly do not
15 apply to any automatic annual increase granted under this
16 subsection before the effective date of this amendatory Act.

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

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

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

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

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

19 (40 ILCS 5/2-121.1) (from Ch. 108 1/2, par. 2-121.1)

20 Sec. 2-121.1. Survivor's annuity - amount.

21 (a) A surviving spouse shall be entitled to 66 2/3% of the
22 amount of retirement annuity to which the participant or
23 annuitant was entitled on the date of death, without regard to
24 whether the participant had attained age 55 prior to his or her
25 death, subject to a minimum payment of 10% of salary. If a

1 surviving spouse, regardless of age, has in his or her care at
2 the date of death any eligible child or children of the
3 participant, the survivor's annuity shall be the greater of the
4 following: (1) 66 2/3% of the amount of retirement annuity to
5 which the participant or annuitant was entitled on the date of
6 death, or (2) 30% of the participant's salary increased by 10%
7 of salary on account of each such child, subject to a total
8 payment for the surviving spouse and children of 50% of salary.
9 If eligible children survive but there is no surviving spouse,
10 or if the surviving spouse dies or becomes disqualified by
11 remarriage while eligible children survive, each eligible
12 child shall be entitled to an annuity of 20% of salary, subject
13 to a maximum total payment for all such children of 50% of
14 salary.

15 However, the survivor's annuity payable under this Section
16 shall not be less than 100% of the amount of retirement annuity
17 to which the participant or annuitant was entitled on the date
18 of death, if he or she is survived by a dependent disabled
19 child.

20 The salary to be used for determining these benefits shall
21 be the salary used for determining the amount of retirement
22 annuity as provided in Section 2-119.01.

23 (b) Upon the death of a participant after the termination
24 of service or upon death of an annuitant, the maximum total
25 payment to a surviving spouse and eligible children, or to
26 eligible children alone if there is no surviving spouse, shall

1 be 75% of the retirement annuity to which the participant or
2 annuitant was entitled, unless there is a dependent disabled
3 child among the survivors.

4 (c) When a child ceases to be an eligible child, the
5 annuity to that child, or to the surviving spouse on account of
6 that child, shall thereupon cease, and the annuity payable to
7 the surviving spouse or other eligible children shall be
8 recalculated if necessary.

9 Upon the ineligibility of the last eligible child, the
10 annuity shall immediately revert to the amount payable upon
11 death of a participant or annuitant who leaves no eligible
12 children. If the surviving spouse is then under age 50, the
13 annuity as revised shall be deferred until the attainment of
14 age 50.

15 (d) Beginning January 1, 1990, every survivor's annuity
16 shall be increased (1) on each January 1 occurring on or after
17 the commencement of the annuity if the deceased member died
18 while receiving a retirement annuity, or (2) in other cases, on
19 each January 1 occurring on or after the first anniversary of
20 the commencement of the annuity, by an amount equal to 3% of
21 the current amount of the annuity, including any previous
22 increases under this Article. Such increases shall apply
23 without regard to whether the deceased member was in service on
24 or after the effective date of this amendatory Act of 1991, but
25 shall not accrue for any period prior to January 1, 1990.

26 (d-5) Notwithstanding any other provision of this Article,

1 the initial survivor's annuity of a survivor of a participant
2 who first becomes a participant on or after January 1, 2011
3 (the effective date of Public Act 96-889) shall be in the
4 amount of 66 2/3% of the amount of the retirement annuity to
5 which the participant or annuitant was entitled on the date of
6 death and shall be increased (1) on each January 1 occurring on
7 or after the commencement of the annuity if the deceased member
8 died while receiving a retirement annuity or (2) in other
9 cases, on each January 1 occurring on or after the first
10 anniversary of the commencement of the annuity, by an amount
11 equal to 3% or one-half the annual unadjusted percentage
12 increase in the Consumer Price Index for All Urban Consumers as
13 determined by the Public Pension Division of the Department of
14 Insurance under subsection (a) of Section 2-108.1, whichever is
15 less, of the originally granted survivor's annuity ~~then being~~
16 ~~paid~~. The changes made to this subsection by this amendatory
17 Act of the 98th General Assembly do not apply to any automatic
18 annual increase granted under this subsection before the
19 effective date of this amendatory Act.

20 (e) Notwithstanding any other provision of this Article,
21 beginning January 1, 1990, the minimum survivor's annuity
22 payable to any person who is entitled to receive a survivor's
23 annuity under this Article shall be \$300 per month, without
24 regard to whether or not the deceased participant was in
25 service on the effective date of this amendatory Act of 1989.

26 (f) In the case of a proportional survivor's annuity

1 arising under the Retirement Systems Reciprocal Act where the
2 amount payable by the System on January 1, 1993 is less than
3 \$300 per month, the amount payable by the System shall be
4 increased beginning on that date by a monthly amount equal to
5 \$2 for each full year that has expired since the annuity began.
6 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

7 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

8 Sec. 2-124. Contributions by State.

9 (a) The State shall make contributions to the System by
10 appropriations of amounts which, together with the
11 contributions of participants, interest earned on investments,
12 and other income will meet the cost of maintaining and
13 administering the System on a 100% ~~90%~~ funded basis in
14 accordance with actuarial recommendations by the end of State
15 fiscal year 2043.

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

21 (c) For State fiscal years 2014 through 2043, the minimum
22 contribution to the System to be made by the State for each
23 fiscal year shall be an amount determined by the System to be
24 equal to the sum of (1) the State's portion of the projected
25 normal cost for that fiscal year, plus (2) an amount sufficient

1 to bring the total assets of the System up to 100% of the total
2 actuarial liabilities of the System by the end of State fiscal
3 year 2043. In making these determinations, the required State
4 contribution shall be calculated each year as a level
5 percentage of payroll over the years remaining to and including
6 fiscal year 2043 and shall be determined under the projected
7 unit credit actuarial cost method.

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

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

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

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2007 is
2 \$5,220,300.

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

9 Notwithstanding any other provision of this Article, the
10 total required State contribution for State fiscal year 2010 is
11 \$10,454,000 and shall be made from the proceeds of bonds sold
12 in fiscal year 2010 pursuant to Section 7.2 of the General
13 Obligation Bond Act, less (i) the pro rata share of bond sale
14 expenses determined by the System's share of total bond
15 proceeds, (ii) any amounts received from the General Revenue
16 Fund in fiscal year 2010, and (iii) any reduction in bond
17 proceeds due to the issuance of discounted bonds, if
18 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 Section 2-134 and shall be made from the proceeds
23 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
24 the General Obligation Bond Act, less (i) the pro rata share of
25 bond sale expenses determined by the System's share of total
26 bond proceeds, (ii) any amounts received from the General

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

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

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

12 Amounts received by the System pursuant to Section 25 of
13 the Budget Stabilization Act or Section 8.12 of the State
14 Finance Act in any fiscal year do not reduce and do not
15 constitute payment of any portion of the minimum State
16 contribution required under this Article in that fiscal year.
17 Such amounts shall not reduce, and shall not be included in the
18 calculation of, the required State contributions under this
19 Article in any future year until the System has reached a
20 funding ratio of at least 100% ~~90%~~. A reference in this Article
21 to the "required State contribution" or any substantially
22 similar term does not include or apply to any amounts payable
23 to the System under Section 25 of the Budget Stabilization Act.

24 Notwithstanding any other provision of this Code or the
25 Budget Stabilization Act, amounts transferred to the System
26 pursuant to the Budget Stabilization Act after the effective

1 date of this amendatory Act of the 98th General Assembly do not
2 reduce and do not constitute payment of any portion of the
3 required State contribution under this Article in that fiscal
4 year. Such amounts shall not reduce, and shall not be included
5 in the calculation of, the required State contributions under
6 this Article in any future year until the System has received
7 payment of contributions pursuant to the Budget Stabilization
8 Act.

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

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

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

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

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

23 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
24 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
25 7-13-12.)

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

2 Sec. 2-125. Obligations of State; funding guarantee.

3 (a) The payment of (1) the required State contributions,
4 (2) all benefits granted under this system and (3) all expenses
5 of administration and operation are obligations of the State to
6 the extent specified in this Article.

7 (b) All income, interest and dividends derived from
8 deposits and investments shall be credited to the account of
9 the system in the State Treasury and used to pay benefits under
10 this Article.

11 (c) Beginning July 1, 2013, the State shall be
12 contractually obligated to contribute to the System under
13 Section 2-124 in each State fiscal year an amount not less than
14 the sum of (i) the State's normal cost for that year and (ii)
15 the portion of the unfunded accrued liability assigned to that
16 year by law in accordance with a schedule that distributes
17 payments equitably over a reasonable period of time and in
18 accordance with accepted actuarial practices. The obligations
19 created under this subsection (c) are contractual obligations
20 protected and enforceable under Article I, Section 16 and
21 Article XIII, Section 5 of the Illinois Constitution.

22 Notwithstanding any other provision of law, if the State
23 fails to pay in a State fiscal year the amount guaranteed under
24 this subsection, the System may bring a mandamus action in the
25 Circuit Court of Sangamon County to compel the State to make
26 that payment, irrespective of other remedies that may be

1 available to the System. In ordering the State to make the
2 required payment, the court may order a reasonable payment
3 schedule to enable the State to make the required payment
4 without significantly imperiling the public health, safety, or
5 welfare.

6 Any payments required to be made by the State pursuant to
7 this subsection (c) are expressly subordinated to the payment
8 of the principal, interest, and premium, if any, on any bonded
9 debt obligation of the State or any other State-created entity,
10 either currently outstanding or to be issued, for which the
11 source of repayment or security thereon is derived directly or
12 indirectly from tax revenues collected by the State or any
13 other State-created entity. Payments on such bonded
14 obligations include any statutory fund transfers or other
15 prefunding mechanisms or formulas set forth, now or hereafter,
16 in State law or bond indentures, into debt service funds or
17 accounts of the State related to such bonded obligations,
18 consistent with the payment schedules associated with such
19 obligations.

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

21 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

22 Sec. 2-126. Contributions by participants.

23 (a) Each participant shall contribute toward the cost of
24 his or her retirement annuity a percentage of each payment of
25 salary received by him or her for service as a member as

1 follows: for service between October 31, 1947 and January 1,
2 1959, 5%; for service between January 1, 1959 and June 30,
3 1969, 6%; for service between July 1, 1969 and January 10,
4 1973, 6 1/2%; for service after January 10, 1973, 7%; for
5 service after December 31, 1981, 8 1/2%.

6 (a-5) In addition to the contributions otherwise required
7 under this Article, each Tier I participant shall also make the
8 following contributions toward the cost of his or her
9 retirement annuity from each payment of salary received by him
10 or her for service as a member:

11 (1) beginning July 1, 2013 and through June 30, 2014,
12 1% of salary; and

13 (2) beginning on July 1, 2014, 2% of salary.

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

17 A participant who has no eligible survivor's annuity
18 beneficiary may elect to cease making contributions for
19 survivor's annuity under this subsection. A survivor's annuity
20 shall not be payable upon the death of a person who has made
21 this election, unless prior to that death the election has been
22 revoked and the amount of the contributions that would have
23 been paid under this subsection in the absence of the election
24 is paid to the System, together with interest at the rate of 4%
25 per year from the date the contributions would have been made
26 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 (Source: P.A. 96-1490, eff. 1-1-11.)

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

6 Sec. 2-134. To certify required State contributions and
7 submit vouchers.

8 (a) The Board shall certify to the Governor on or before
9 December 15 of each year through ~~until~~ December 15, 2011 the
10 amount of the required State contribution to the System for the
11 next fiscal year ~~and shall specifically identify the System's~~
12 ~~projected State normal cost for that fiscal year.~~ The
13 certification shall include a copy of the actuarial
14 recommendations upon which it is based ~~and shall specifically~~
15 ~~identify the System's projected State normal cost for that~~
16 ~~fiscal year.~~

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

1 identifying, if necessary, recommended changes in actuarial
2 assumptions that the Board must consider before finalizing its
3 certification of the required State contributions.

4 On or before January 15, 2013 and every January 15
5 thereafter, the Board shall certify to the Governor and the
6 General Assembly the amount of the required State contribution
7 for the next fiscal year. The Board's certification shall
8 include a copy of the actuarial recommendations upon which it
9 is based and shall specifically identify the System's projected
10 State normal cost for that fiscal year. The Board's
11 certification must note any deviations from the State Actuary's
12 recommended changes, the reason or reasons for not following
13 the State Actuary's recommended changes, and the fiscal impact
14 of not following the State Actuary's recommended changes on the
15 required State contribution.

16 (a-7) On or before May 1, 2004, the Board shall recalculate
17 and recertify to the Governor the amount of the required State
18 contribution to the System for State fiscal year 2005, taking
19 into account the amounts appropriated to and received by the
20 System under subsection (d) of Section 7.2 of the General
21 Obligation Bond Act.

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

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

7 (b) Beginning in State fiscal year 1996, on or as soon as
8 possible after the 15th day of each month the Board shall
9 submit vouchers for payment of State contributions to the
10 System, in a total monthly amount of one-twelfth of the
11 required annual State contribution certified under subsection
12 (a). From the effective date of this amendatory Act of the 93rd
13 General Assembly through June 30, 2004, the Board shall not
14 submit vouchers for the remainder of fiscal year 2004 in excess
15 of the fiscal year 2004 certified contribution amount
16 determined under this Section after taking into consideration
17 the transfer to the System under subsection (d) of Section
18 6z-61 of the State Finance Act. These vouchers shall be paid by
19 the State Comptroller and Treasurer by warrants drawn on the
20 funds appropriated to the System for that fiscal year. If in
21 any month the amount remaining unexpended from all other
22 appropriations to the System for the applicable fiscal year
23 (including the appropriations to the System under Section 8.12
24 of the State Finance Act and Section 1 of the State Pension
25 Funds Continuing Appropriation Act) is less than the amount
26 lawfully vouchered under this Section, the difference shall be

1 paid from the General Revenue Fund under the continuing
2 appropriation authority provided in Section 1.1 of the State
3 Pension Funds Continuing Appropriation Act.

4 (c) The full amount of any annual appropriation for the
5 System for State fiscal year 1995 shall be transferred and made
6 available to the System at the beginning of that fiscal year at
7 the request of the Board. Any excess funds remaining at the end
8 of any fiscal year from appropriations shall be retained by the
9 System as a general reserve to meet the System's accrued
10 liabilities.

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

13 (40 ILCS 5/2-162)

14 Sec. 2-162. Application and expiration of new benefit
15 increases.

16 (a) As used in this Section, "new benefit increase" means
17 an increase in the amount of any benefit provided under this
18 Article, or an expansion of the conditions of eligibility for
19 any benefit under this Article, that results from an amendment
20 to this Code that takes effect after the effective date of this
21 amendatory Act of the 94th General Assembly. "New benefit
22 increase", however, does not include any benefit increase
23 resulting from the changes made to this Article by this
24 amendatory Act of the 98th General Assembly.

25 (b) Notwithstanding any other provision of this Code or any

1 subsequent amendment to this Code, every new benefit increase
2 is subject to this Section and shall be deemed to be granted
3 only in conformance with and contingent upon compliance with
4 the provisions of this Section.

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

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

25 (d) Every new benefit increase shall expire 5 years after
26 its effective date or on such earlier date as may be specified

1 in the language enacting the new benefit increase or provided
2 under subsection (c). This does not prevent the General
3 Assembly from extending or re-creating a new benefit increase
4 by law.

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

15 (Source: P.A. 94-4, eff. 6-1-05.)

16 (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)
17 Sec. 7-109. Employee.

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

19 (a) 1. Receives earnings as payment for the performance
20 of personal services or official duties out of the
21 general fund of a municipality, or out of any special
22 fund or funds controlled by a municipality, or by an
23 instrumentality thereof, or a participating
24 instrumentality, including, in counties, the fees or
25 earnings of any county fee office; and

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

11 (b) Serves as a township treasurer appointed under the
12 School Code, as heretofore or hereafter amended, and who
13 receives for such services regular compensation as
14 distinguished from per diem compensation, and any regular
15 employee in the office of any township treasurer whether or
16 not his earnings are paid from the income of the permanent
17 township fund or from funds subject to distribution to the
18 several school districts and parts of school districts as
19 provided in the School Code, or from both such sources; or
20 is the chief executive officer, chief educational officer,
21 chief fiscal officer, or other employee of a Financial
22 Oversight Panel established pursuant to Article 1H of the
23 School Code, other than a superintendent or certified
24 school business official, except that such person shall not
25 be treated as an employee under this Section if that person
26 has negotiated with the Financial Oversight Panel, in

1 conjunction with the school district, a contractual
2 agreement for exclusion from this Section.

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

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

6 (a) Are eligible for inclusion under any of the
7 following laws:

8 1. "An Act in relation to an Illinois State
9 Teachers' Pension and Retirement Fund", approved May
10 27, 1915, as amended;

11 2. Articles 15 and 16 of this Code.

12 However, such persons shall be included as employees to
13 the extent of earnings that are not eligible for inclusion
14 under the foregoing laws for services not of an
15 instructional nature of any kind.

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

21 (b) Are designated by the governing body of a
22 municipality in which a pension fund is required by law to
23 be established for policemen or firemen, respectively, as
24 performing police or fire protection duties, except that
25 when such persons are the heads of the police or fire
26 department and are not eligible to be included within any

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

17 (c) After August 26, 2011 (the effective date of Public
18 Act 97-609), are contributors to or eligible to contribute
19 to a Taft-Hartley pension plan established on or before
20 June 1, 2011 and are employees of a theatre, arena, or
21 convention center that is located in a municipality located
22 in a county with a population greater than 5,000,000, and
23 to which the participating municipality is required to
24 contribute as the person's employer based on earnings from
25 the municipality. Nothing in this paragraph shall affect
26 service credit or creditable service for any period of

1 service prior to August 26, 2011, and this paragraph shall
2 not apply to individuals who are participating in the Fund
3 prior to August 26, 2011.

4 (d) Become an employee of any of the following
5 participating instrumentalities on or after the effective
6 date of this amendatory Act of the 98th General Assembly:
7 the Illinois Municipal League; the Illinois Association of
8 Park Districts; the Illinois Supervisors, County
9 Commissioners and Superintendents of Highways Association;
10 an association, or not-for-profit corporation, membership
11 in which is authorized under Section 85-15 of the Township
12 Code; the United Counties Council; or the Will County
13 Governmental League.

14 (3) All persons, including, without limitation, public
15 defenders and probation officers, who receive earnings from
16 general or special funds of a county for performance of
17 personal services or official duties within the territorial
18 limits of the county, are employees of the county (unless
19 excluded by subsection (2) of this Section) notwithstanding
20 that they may be appointed by and are subject to the direction
21 of a person or persons other than a county board or a county
22 officer. It is hereby established that an employer-employee
23 relationship under the usual common law rules exists between
24 such employees and the county paying their salaries by reason
25 of the fact that the county boards fix their rates of
26 compensation, appropriate funds for payment of their earnings

1 and otherwise exercise control over them. This finding and this
2 amendatory Act shall apply to all such employees from the date
3 of appointment whether such date is prior to or after the
4 effective date of this amendatory Act and is intended to
5 clarify existing law pertaining to their status as
6 participating employees in the Fund.

7 (Source: P.A. 97-429, eff. 8-16-11; 97-609, eff. 8-26-11;
8 97-813, eff. 7-13-12.)

9 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

10 Sec. 14-103.10. Compensation.

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

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

22 (b) For periods of service on and after January 1, 1978,
23 all remuneration for personal services performed defined as
24 "wages" under the Social Security Enabling Act, including that
25 part of such remuneration which is in excess of any maximum

1 limitation provided in such Act, and including any benefits
2 received by an employee under a sick pay plan in effect before
3 January 1, 1981, but excluding lump sum salary payments:

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

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

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

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

1 exclude lump sum salary payments:

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

6 (f) Notwithstanding any other provision of this Code, the
7 compensation of a Tier I member for the purposes of this Code
8 shall not exceed, for periods of service on or after the
9 effective date of this amendatory Act of the 98th General
10 Assembly, the greater of (i) the annual contribution and
11 benefit base established for the applicable year by the
12 Commissioner of Social Security under the federal Social
13 Security Act or (ii) the annual compensation of the member
14 during the 365 days immediately preceding the effective date of
15 this Section; except that this limitation does not apply to a
16 member's compensation that is determined under an employment
17 contract or collective bargaining agreement that is in effect
18 on the effective date of this amendatory Act of the 98th
19 General Assembly and has not been amended or renewed after that
20 date.

21 (g) Notwithstanding the other provisions of this Section,
22 for an employee who first becomes a participant on or after the
23 effective date of this amendatory Act of the 98th General
24 Assembly, "compensation" does not include any payments or
25 reimbursements for travel vouchers.

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

1 (40 ILCS 5/14-103.40 new)

2 Sec. 14-103.40. Tier I member. "Tier I member": A member of
3 this System who first became a member or participant before
4 January 1, 2011 under any reciprocal retirement system or
5 pension fund established under this Code other than a
6 retirement system or pension fund established under Article 2,
7 3, 4, 5, 6, or 18 of this Code.

8 (40 ILCS 5/14-103.41 new)

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

11 (40 ILCS 5/14-106) (from Ch. 108 1/2, par. 14-106)

12 Sec. 14-106. Membership service credit.

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

1 (b) For a member who is employed and paid on an
2 academic-year basis rather than on a 12-month annual basis,
3 employment for a full academic year shall constitute a full
4 year of membership service, except that the member shall not
5 receive more than one year of membership service credit (plus
6 any additional service credit granted for unused sick leave)
7 for service during any 12-month period. This subsection (b)
8 applies to all such service for which the member has not begun
9 to receive a retirement annuity before January 1, 2001.

10 (c) A member who first participated in this System before
11 the effective date of this amendatory Act of the 98th General
12 Assembly shall be entitled to additional service credit, under
13 rules prescribed by the Board, for accumulated unused sick
14 leave credited to his account in the last Department on the
15 date of withdrawal from service or for any period for which he
16 would have been eligible to receive benefits under a sick pay
17 plan authorized by law, if he had suffered a sickness or
18 accident on the date of withdrawal from service. It shall be
19 the responsibility of the last Department to certify to the
20 Board the length of time salary or benefits would have been
21 paid to the member based upon the accumulated unused sick leave
22 or the applicable sick pay plan if he had become entitled
23 thereto because of sickness on the date that his status as an
24 employee terminated. This period of service credit granted
25 under this paragraph shall not be considered in determining the
26 date the retirement annuity is to begin, or final average

1 compensation.

2 Service credit is not available for unused sick leave
3 accumulated by a person who first participates in this System
4 on or after the effective date of this amendatory Act of the
5 98th General Assembly.

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

7 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

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

9 (a) Except as provided in subsections (a-1) and (a-2), any
10 ~~Any~~ person receiving a retirement annuity under this Article
11 who retires having attained age 60, or who retires before age
12 60 having at least 35 years of creditable service, or who
13 retires on or after January 1, 2001 at an age which, when added
14 to the number of years of his or her creditable service, equals
15 at least 85, shall, on January 1 next following the first full
16 year of retirement, have the amount of the then fixed and
17 payable monthly retirement annuity increased 3%. Any person
18 receiving a retirement annuity under this Article who retires
19 before attainment of age 60 and with less than (i) 35 years of
20 creditable service if retirement is before January 1, 2001, or
21 (ii) the number of years of creditable service which, when
22 added to the member's age, would equal 85, if retirement is on
23 or after January 1, 2001, shall have the amount of the fixed
24 and payable retirement annuity increased by 3% on the January 1
25 occurring on or next following (1) attainment of age 60, or (2)

1 the first anniversary of retirement, whichever occurs later.
2 However, for persons who receive the alternative retirement
3 annuity under Section 14-110, references in this subsection (a)
4 to attainment of age 60 shall be deemed to refer to attainment
5 of age 55. For a person receiving early retirement incentives
6 under Section 14-108.3 whose retirement annuity began after
7 January 1, 1992 pursuant to an extension granted under
8 subsection (e) of that Section, the first anniversary of
9 retirement shall be deemed to be January 1, 1993. For a person
10 who retires on or after June 28, 2001 and on or before October
11 1, 2001, and whose retirement annuity is calculated, in whole
12 or in part, under Section 14-110 or subsection (g) or (h) of
13 Section 14-108, the first anniversary of retirement shall be
14 deemed to be January 1, 2002.

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

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

23 (a-1) Notwithstanding any other provision of this Article,
24 for a Tier I retiree, the amount of each automatic increase in
25 retirement annuity occurring on or after the effective date of
26 this amendatory Act of the 98th General Assembly shall be the

1 lesser of (i) \$600 (\$750 if the annuity is based primarily upon
2 service as a noncovered employee) or (ii) 3% of the total
3 annuity payable at the time of the increase, including previous
4 increases granted.

5 (a-2) Notwithstanding any other provision of this Article,
6 the System shall not grant any new or additional automatic
7 increase in retirement annuity to a Tier I retiree on or after
8 the effective date of this amendatory Act of the 98th General
9 Assembly and before January 1, 2017.

10 Notwithstanding any other provision of this Article, the
11 System shall not grant any new or additional automatic increase
12 in retirement annuity to a Tier I retiree who has not yet
13 attained the age of 67, regardless of any age augmentation
14 granted under this Article as an early retirement incentive.

15 If on the effective date of this amendatory Act of the 98th
16 General Assembly a Tier I retiree has already received an
17 annual increase under this Section but does not yet meet the
18 new eligibility requirements of this subsection, the annual
19 increases already received shall continue in force, but no
20 additional annual increase shall be granted until the Tier I
21 retiree meets the new eligibility requirements.

22 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)
23 and (a-2) apply without regard to whether or not the Tier I
24 retiree is in active service under this Article on or after the
25 effective date of this amendatory Act of the 98th General
26 Assembly.

1 (b) The provisions of subsection (a) of this Section shall
2 be applicable to an employee only if the employee makes the
3 additional contributions required after December 31, 1969 for
4 the purpose of the automatic increases for not less than the
5 equivalent of one full year. If an employee becomes an
6 annuitant before his additional contributions equal one full
7 year's contributions based on his salary at the date of
8 retirement, the employee may pay the necessary balance of the
9 contributions to the system, without interest, and be eligible
10 for the increasing annuity authorized by this Section.

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

16 (d) In addition to other increases which may be provided by
17 this Section, on January 1, 1981 any annuitant who was
18 receiving a retirement annuity on or before January 1, 1971
19 shall have his retirement annuity then being paid increased \$1
20 per month for each year of creditable service. On January 1,
21 1982, any annuitant who began receiving a retirement annuity on
22 or before January 1, 1977, shall have his retirement annuity
23 then being paid increased \$1 per month for each year of
24 creditable service.

25 On January 1, 1987, any annuitant who began receiving a
26 retirement annuity on or before January 1, 1977, shall have the

1 monthly retirement annuity increased by an amount equal to 8¢
2 per year of creditable service times the number of years that
3 have elapsed since the annuity began.

4 (e) Every person who receives the alternative retirement
5 annuity under Section 14-110 and who is eligible to receive the
6 3% increase under subsection (a) on January 1, 1986, shall also
7 receive on that date a one-time increase in retirement annuity
8 equal to the difference between (1) his actual retirement
9 annuity on that date, including any increases received under
10 subsection (a), and (2) the amount of retirement annuity he
11 would have received on that date if the amendments to
12 subsection (a) made by Public Act 84-162 had been in effect
13 since the date of his retirement.

14 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
15 92-651, eff. 7-11-02.)

16 (40 ILCS 5/14-131)

17 Sec. 14-131. Contributions by State.

18 (a) The State shall make contributions to the System by
19 appropriations of amounts which, together with other employer
20 contributions from trust, federal, and other funds, employee
21 contributions, investment income, and other income, will be
22 sufficient to meet the cost of maintaining and administering
23 the System on a 100% ~~90%~~ funded basis in accordance with
24 actuarial recommendations by the end of State fiscal year 2043.

25 For the purposes of this Section and Section 14-135.08,

1 references to State contributions refer only to employer
2 contributions and do not include employee contributions that
3 are picked up or otherwise paid by the State or a department on
4 behalf of the employee.

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

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

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

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

15 (c-1) Notwithstanding subsection (c) of this Section, for
16 fiscal years 2010, 2012, and 2013 only, contributions by the
17 several departments are not required to be made for General
18 Revenue Funds payrolls processed by the Comptroller. Payrolls
19 paid by the several departments from all other State funds must
20 continue to be processed pursuant to subsection (c) of this
21 Section.

22 (c-2) For State fiscal years 2010, 2012, and 2013 only, on
23 or as soon as possible after the 15th day of each month, the
24 Board shall submit vouchers for payment of State contributions
25 to the System, in a total monthly amount of one-twelfth of the
26 fiscal year General Revenue Fund contribution as certified by

1 the System pursuant to Section 14-135.08 of the Illinois
2 Pension Code.

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

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

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

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

13 For State fiscal years 1996 through 2005, the State
14 contribution to the System, as a percentage of the applicable
15 employee payroll, shall be increased in equal annual increments
16 so that by State fiscal year 2011, the State is contributing at
17 the rate required under this Section; except that (i) for State
18 fiscal year 1998, for all purposes of this Code and any other
19 law of this State, the certified percentage of the applicable
20 employee payroll shall be 5.052% for employees earning eligible
21 creditable service under Section 14-110 and 6.500% for all
22 other employees, notwithstanding any contrary certification
23 made under Section 14-135.08 before the effective date of this
24 amendatory Act of 1997, and (ii) in the following specified
25 State fiscal years, the State contribution to the System shall
26 not be less than the following indicated percentages of the

1 applicable employee payroll, even if the indicated percentage
2 will produce a State contribution in excess of the amount
3 otherwise required under this subsection and subsection (a):
4 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
5 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

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

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

1 bonds, if applicable.

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

13 Beginning in State fiscal year 2044, the minimum State
14 contribution for each fiscal year shall be the amount needed to
15 maintain the total assets of the System at 100% of the total
16 actuarial liabilities of the System.

17 ~~Beginning in State fiscal year 2046, the minimum State~~
18 ~~contribution for each fiscal year shall be the amount needed to~~
19 ~~maintain the total assets of the System at 90% of the total~~
20 ~~actuarial liabilities of the System.~~

21 Amounts received by the System pursuant to Section 25 of
22 the Budget Stabilization Act or Section 8.12 of the State
23 Finance Act in any fiscal year do not reduce and do not
24 constitute payment of any portion of the minimum State
25 contribution required under this Article in that fiscal year.
26 Such amounts shall not reduce, and shall not be included in the

1 calculation of, the required State contributions under this
2 Article in any future year until the System has reached a
3 funding ratio of at least 100% ~~90%~~. A reference in this Article
4 to the "required State contribution" or any substantially
5 similar term does not include or apply to any amounts payable
6 to the System under Section 25 of the Budget Stabilization Act.

7 Notwithstanding any other provision of this Code or the
8 Budget Stabilization Act, amounts transferred to the System
9 pursuant to the Budget Stabilization Act after the effective
10 date of this amendatory Act of the 98th General Assembly do not
11 reduce and do not constitute payment of any portion of the
12 required State contribution under this Article in that fiscal
13 year. Such amounts shall not reduce, and shall not be included
14 in the calculation of, the required State contributions under
15 this Article in any future year until the System has received
16 payment of contributions pursuant to the Budget Stabilization
17 Act.

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

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

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

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

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

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

24 (k) For fiscal years 2012 and 2013 only, after the
25 submission of all payments for eligible employees from personal
26 services line items paid from the General Revenue Fund in the

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

19 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;
20 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.
21 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11; 97-732,
22 eff. 6-30-12.)

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

24 Sec. 14-132. Obligations of State; funding guarantee.

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

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

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

9 (c) Beginning July 1, 2013, the State shall be
10 contractually obligated to contribute to the System under
11 Section 14-131 in each State fiscal year an amount not less
12 than the sum of (i) the State's normal cost for that year and
13 (ii) the portion of the unfunded accrued liability assigned to
14 that year by law in accordance with a schedule that distributes
15 payments equitably over a reasonable period of time and in
16 accordance with accepted actuarial practices. The obligations
17 created under this subsection (c) are contractual obligations
18 protected and enforceable under Article I, Section 16 and
19 Article XIII, Section 5 of the Illinois Constitution.

20 Notwithstanding any other provision of law, if the State
21 fails to pay in a State fiscal year the amount guaranteed under
22 this subsection, the System may bring a mandamus action in the
23 Circuit Court of Sangamon County to compel the State to make
24 that payment, irrespective of other remedies that may be
25 available to the System. In ordering the State to make the
26 required payment, the court may order a reasonable payment

1 schedule to enable the State to make the required payment
2 without significantly imperiling the public health, safety, or
3 welfare.

4 Any payments required to be made by the State pursuant to
5 this subsection (c) are expressly subordinated to the payment
6 of the principal, interest, and premium, if any, on any bonded
7 debt obligation of the State or any other State-created entity,
8 either currently outstanding or to be issued, for which the
9 source of repayment or security thereon is derived directly or
10 indirectly from tax revenues collected by the State or any
11 other State-created entity. Payments on such bonded
12 obligations include any statutory fund transfers or other
13 prefunding mechanisms or formulas set forth, now or hereafter,
14 in State law or bond indentures, into debt service funds or
15 accounts of the State related to such bonded obligations,
16 consistent with the payment schedules associated with such
17 obligations.

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

19 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

21 (a) Each participating employee shall make contributions
22 to the System, based on the employee's compensation, as
23 follows:

24 (1) Covered employees, except as indicated below, 3.5%
25 for retirement annuity, and 0.5% for a widow or survivors

1 annuity;

2 (2) Noncovered employees, except as indicated below,
3 7% for retirement annuity and 1% for a widow or survivors
4 annuity;

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

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

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

23 (6) Each security employee of the Department of
24 Corrections or of the Department of Human Services who is
25 not a covered employee, 1% for a widow or survivors annuity
26 plus the following amount for retirement annuity: 8.5%

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

3 (a-5) In addition to the contributions otherwise required
4 under this Article, each Tier I member shall also make the
5 following contributions for retirement annuity from each
6 payment of compensation:

7 (1) beginning July 1, 2013 and through June 30, 2014,
8 1% of compensation; and

9 (2) beginning on July 1, 2014, 2% of compensation.

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

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

18 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)
19 Sec. 14-135.08. To certify required State contributions.

20 (a) To certify to the Governor and to each department, on
21 or before November 15 of each year through ~~until~~ November 15,
22 2011, the required rate for State contributions to the System
23 for the next State fiscal year, as determined under subsection
24 (b) of Section 14-131. The certification to the Governor under
25 this subsection (a) shall include a copy of the actuarial

1 recommendations upon which the rate is based ~~and shall~~
2 ~~specifically identify the System's projected State normal cost~~
3 ~~for that fiscal year.~~

4 (a-5) On or before November 1 of each year, beginning
5 November 1, 2012, the Board shall submit to the State Actuary,
6 the Governor, and the General Assembly a proposed certification
7 of the amount of the required State contribution to the System
8 for the next fiscal year, along with all of the actuarial
9 assumptions, calculations, and data upon which that proposed
10 certification is based. On or before January 1 of each year,
11 beginning January 1, 2013, the State Actuary shall issue a
12 preliminary report concerning the proposed certification and
13 identifying, if necessary, recommended changes in actuarial
14 assumptions that the Board must consider before finalizing its
15 certification of the required State contributions.

16 On or before January 15, 2013 and each January 15
17 thereafter, the Board shall certify to the Governor and the
18 General Assembly the amount of the required State contribution
19 for the next fiscal year. The certification shall include a
20 copy of the actuarial recommendations upon which it is based
21 and shall specifically identify the System's projected State
22 normal cost for that fiscal year. The Board's certification
23 must note any deviations from the State Actuary's recommended
24 changes, the reason or reasons for not following the State
25 Actuary's recommended changes, and the fiscal impact of not
26 following the State Actuary's recommended changes on the

1 required State contribution.

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

20 On or before May 1, 2004, the Board shall recalculate and
21 recertify to the Governor and to each department the amount of
22 the required State contribution to the System and the required
23 rates for State contributions to the System for State fiscal
24 year 2005, taking into account the amounts appropriated to and
25 received by the System under subsection (d) of Section 7.2 of
26 the General Obligation Bond Act.

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

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

14 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
15 97-694, eff. 6-18-12.)

16 (40 ILCS 5/14-152.1)

17 Sec. 14-152.1. Application and expiration of new benefit
18 increases.

19 (a) As used in this Section, "new benefit increase" means
20 an increase in the amount of any benefit provided under this
21 Article, or an expansion of the conditions of eligibility for
22 any benefit under this Article, that results from an amendment
23 to this Code that takes effect after June 1, 2005 (the
24 effective date of Public Act 94-4). "New benefit increase",
25 however, does not include any benefit increase resulting from

1 the changes made to this Article by Public Act 96-37 or by this
2 amendatory Act of the 98th ~~96th~~ General Assembly.

3 (b) Notwithstanding any other provision of this Code or any
4 subsequent amendment to this Code, every new benefit increase
5 is subject to this Section and shall be deemed to be granted
6 only in conformance with and contingent upon compliance with
7 the provisions of this Section.

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

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

1 the certification is made.

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

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

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

19 (40 ILCS 5/15-106) (from Ch. 108 1/2, par. 15-106)

20 Sec. 15-106. Employer. "Employer": The University of
21 Illinois, Southern Illinois University, Chicago State
22 University, Eastern Illinois University, Governors State
23 University, Illinois State University, Northeastern Illinois
24 University, Northern Illinois University, Western Illinois
25 University, the State Board of Higher Education, the Illinois

1 Mathematics and Science Academy, the University Civil Service
2 Merit Board, the Board of Trustees of the State Universities
3 Retirement System, the Illinois Community College Board,
4 community college boards, any association of community college
5 boards organized under Section 3-55 of the Public Community
6 College Act, the Board of Examiners established under the
7 Illinois Public Accounting Act, and, only during the period for
8 which employer contributions required under Section 15-155 are
9 paid, the following organizations: the alumni associations,
10 the foundations and the athletic associations which are
11 affiliated with the universities and colleges included in this
12 Section as employers. An individual that begins employment
13 after the effective date of this amendatory Act of the 98th
14 General Assembly with an entity not defined as an employer in
15 this Section shall not be deemed an employee for the purposes
16 of this Article with respect to that employment and shall not
17 be eligible to participate in the System with respect to that
18 employment; provided, however, that those individuals who are
19 both employed and already participants in the System on the
20 effective date of this amendatory Act of the 98th General
21 Assembly shall be allowed to continue as participants in the
22 System for the duration of that employment.

23 Notwithstanding any provision of law to the contrary, an
24 individual who begins employment with any of the following
25 employers on or after the effective date of this amendatory Act
26 of the 98th General Assembly shall not be deemed an employee

1 and shall not be eligible to participate in the System with
2 respect to that employment: any association of community
3 college boards organized under Section 3-55 of the Public
4 Community College Act, the Association of Illinois
5 Middle-Grade Schools, the Illinois Association of School
6 Administrators, the Illinois Association for Supervision and
7 Curriculum Development, the Illinois Principals Association,
8 the Illinois Association of School Business Officials, or the
9 Illinois Special Olympics; provided, however, that those
10 individuals who are both employed and already participants in
11 the System on the effective date of this amendatory Act of the
12 98th General Assembly shall be allowed to continue as
13 participants in the System for the duration of that employment.

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

25 The cities of Champaign and Urbana shall be considered
26 employers, but only during the period for which contributions

1 are required to be made under subsection (b-1) of Section
2 15-155 and only with respect to individuals described in
3 subsection (h) of Section 15-107.

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

6 (40 ILCS 5/15-107) (from Ch. 108 1/2, par. 15-107)
7 Sec. 15-107. Employee.

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

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

22 (1) is a student enrolled in and regularly attending
23 classes in a college or university which is an employer,
24 and is employed on a temporary basis at less than full
25 time;

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

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

5 (4) is eligible to participate in the Federal Civil
6 Service Retirement System and is currently making
7 contributions to that system based upon earnings paid by an
8 employer;

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

12 (6) is hired after June 30, 1979 as a public service
13 employment program participant under the Federal
14 Comprehensive Employment and Training Act and receives
15 earnings in whole or in part from funds provided under that
16 Act; or

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

22 (b) Any employer may, by filing a written notice with the
23 board, exclude from the definition of "employee" all persons
24 employed pursuant to a federally funded contract entered into
25 after July 1, 1982 with a federal military department in a
26 program providing training in military courses to federal

1 military personnel on a military site owned by the United
2 States Government, if this exclusion is not prohibited by the
3 federally funded contract or federal laws or rules governing
4 the administration of the contract.

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

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

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

21 (f) Absences without pay, other than formal leaves of
22 absence, of less than 30 calendar days, are not considered as
23 an interruption of a person's status as an employee. If such
24 absences during any period of 12 months exceed 30 work days,
25 the employee status of the person is considered as interrupted
26 as of the 31st work day.

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

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

21 (i) An individual who is employed on a full-time basis as
22 an officer or employee of a statewide teacher organization that
23 serves System participants or an officer of a national teacher
24 organization that serves System participants may participate
25 in the System and shall be deemed an employee, provided that
26 (1) the individual has previously earned creditable service

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

17 A person who is an employee as defined in this subsection
18 (i) may establish service credit for similar employment prior
19 to becoming an employee under this subsection by paying to the
20 System for that employment the contributions specified in this
21 subsection, plus interest at the effective rate from the date
22 of service to the date of payment. However, credit shall not be
23 granted under this subsection for any such prior employment for
24 which the applicant received credit under any other provision
25 of this Code, or during which the applicant was on a leave of
26 absence under Section 15-113.2.

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

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

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

13 (40 ILCS 5/15-107.1 new)

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

21 (40 ILCS 5/15-107.2 new)

22 Sec. 15-107.2. Tier I retiree. "Tier I retiree": A former
23 Tier I participant who is receiving a retirement annuity.

24 A person does not become a Tier I retiree by virtue of

1 receiving a reversionary, survivors, beneficiary, or
2 disability annuity.

3 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

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

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

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

23 (2) "Earnings" includes transition pay paid to the
24 employee before the effective date of this amendatory Act
25 of the 91st General Assembly only if (i) employee

1 contributions under Section 15-157 have been withheld from
2 that transition pay or (ii) the employee pays to the System
3 before January 1, 2001 an amount representing employee
4 contributions under Section 15-157 on that transition pay.
5 Employee contributions under item (ii) may be paid in a
6 lump sum, by withholding from additional transition pay
7 accruing before January 1, 2001, or in any other manner
8 approved by the System. Upon payment of the employee
9 contributions on transition pay, the corresponding
10 employer contributions become an obligation of the State.

11 Notwithstanding any other provision of this Code, the
12 earnings of a Tier I participant for the purposes of this Code
13 shall not exceed, for periods of service on or after the
14 effective date of this amendatory Act of the 98th General
15 Assembly, the greater of (i) the annual contribution and
16 benefit base established for the applicable year by the
17 Commissioner of Social Security under the federal Social
18 Security Act or (ii) the annual earnings of the participant
19 during the 365 days immediately preceding the effective date of
20 this Section; except that this limitation does not apply to a
21 participant's earnings that are determined under an employment
22 contract or collective bargaining agreement that is in effect
23 on the effective date of this amendatory Act of the 98th
24 General Assembly and has not been amended or renewed after that
25 date.

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

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

2 Sec. 15-113.2. Service for leaves of absence. "Service for
3 leaves of absence" includes those periods of leaves of absence
4 at less than 50% pay, except military leave and periods of
5 disability leave in excess of 60 days, for which the employee
6 pays the contributions required under Section 15-157 in
7 accordance with rules prescribed by the board based upon the
8 employee's basic compensation on the date the leave begins, or
9 in the case of leave for service with a teacher organization,
10 based upon the actual compensation received by the employee for
11 such service after January 26, 1988, if the employee so elects
12 within 30 days of that date or the date the leave for service
13 with a teacher organization begins, whichever is later;
14 provided that the employee (1) returns to employment covered by
15 this system at the expiration of the leave, or within 30 days
16 after the termination of a disability which occurs during the
17 leave and continues this employment at a percentage of time
18 equal to or greater than the percentage of time immediately
19 preceding the leave of absence for at least 8 consecutive
20 months or a period equal to the period of the leave, whichever
21 is less, or (2) is precluded from meeting the foregoing
22 conditions because of disability or death. If service credit is
23 denied because the employee fails to meet these conditions, the
24 contributions covering the leave of absence shall be refunded
25 without interest. The return to employment condition does not

1 apply if the leave of absence is for service with a teacher
2 organization.

3 Service credit provided under this Section shall not exceed
4 3 years in any period of 10 years, unless the employee is on
5 special leave granted by the employer for service with a
6 teacher organization. Commencing with the fourth year in any
7 period of 10 years, a participant on such special leave is also
8 required to pay employer contributions equal to the normal cost
9 as defined in Section 15-155, based upon the employee's basic
10 compensation on the date the leave begins, or based upon the
11 actual compensation received by the employee for service with a
12 teacher organization if the employee has so elected.

13 Notwithstanding any other provision of this Article, a
14 participant shall not be eligible to make contributions or
15 receive service credit for a leave of absence for service with
16 a teacher organization if that leave of absence for service
17 with a teacher organization begins on or after the effective
18 date of this amendatory Act of the 98th General Assembly.

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

20 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

21 Sec. 15-136. Retirement annuities - Amount. The provisions
22 of this Section 15-136 apply only to those participants who are
23 participating in the traditional benefit package or the
24 portable benefit package and do not apply to participants who
25 are participating in the self-managed plan.

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

5 Rule 1: The retirement annuity shall be 1.67% of final rate
6 of earnings for each of the first 10 years of service, 1.90%
7 for each of the next 10 years of service, 2.10% for each year
8 of service in excess of 20 but not exceeding 30, and 2.30% for
9 each year in excess of 30; or for persons who retire on or
10 after January 1, 1998, 2.2% of the final rate of earnings for
11 each year of service.

12 Rule 2: The retirement annuity shall be the sum of the
13 following, determined from amounts credited to the participant
14 in accordance with the actuarial tables and the effective rate
15 of interest in effect at the time the retirement annuity
16 begins:

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

20 (ii) an annuity from employer contributions of an
21 amount equal to that which can be provided on an
22 actuarially equivalent basis from the accumulated normal
23 contributions made by the participant under Section
24 15-113.6 and Section 15-113.7 plus 1.4 times all other
25 accumulated normal contributions made by the participant;
26 and

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

4 For the purpose of calculating an annuity under this Rule
5 2, the contribution required under subsection (c-5) of Section
6 15-157 shall not be considered when determining the
7 participant's accumulated normal contributions under clause
8 (i) or the employer contribution under clause (ii).

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

15 The amount of a retirement annuity calculated under this
16 Rule 2 shall be computed solely on the basis of the
17 participant's accumulated normal contributions, as specified
18 in this Rule and defined in Section 15-116. Neither an employee
19 or employer contribution for early retirement under Section
20 15-136.2 nor any other employer contribution shall be used in
21 the calculation of the amount of a retirement annuity under
22 this Rule 2.

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

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

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

21 Rule 4: A participant who is at least age 50 and has 25 or
22 more years of service as a police officer or firefighter, and a
23 participant who is age 55 or over and has at least 20 but less
24 than 25 years of service as a police officer or firefighter,
25 shall be entitled to a retirement annuity of 2 1/4% of the
26 final rate of earnings for each of the first 10 years of

1 service as a police officer or firefighter, 2 1/2% for each of
2 the next 10 years of service as a police officer or
3 firefighter, and 2 3/4% for each year of service as a police
4 officer or firefighter in excess of 20. The retirement annuity
5 for all other service shall be computed under Rule 1.

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

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

10 (ii) in the case of an individual who was a
11 participating employee employed in the fire department of
12 the University of Illinois's Champaign-Urbana campus
13 immediately prior to the elimination of that fire
14 department and who immediately after the elimination of
15 that fire department transferred to another job with the
16 University of Illinois, service performed as an employee of
17 the University of Illinois in a position other than police
18 officer or firefighter, from the date of that transfer
19 until the employee's next termination of service with the
20 University of Illinois.

21 Rule 5: The retirement annuity of a participant who elected
22 early retirement under the provisions of Section 15-136.2 and
23 who, on or before February 16, 1995, brought administrative
24 proceedings pursuant to the administrative rules adopted by the
25 System to challenge the calculation of his or her retirement
26 annuity shall be the sum of the following, determined from

1 amounts credited to the participant in accordance with the
2 actuarial tables and the prescribed rate of interest in effect
3 at the time the retirement annuity begins:

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

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

14 (iii) an annuity which can be provided on an
15 actuarially equivalent basis from the employee
16 contribution for early retirement under Section 15-136.2,
17 and an annuity from employer contributions of an amount
18 equal to that which can be provided on an actuarially
19 equivalent basis from the employee contribution for early
20 retirement under Section 15-136.2.

21 In no event shall a retirement annuity under this Rule 5 be
22 lower than the amount obtained by adding (1) the monthly amount
23 obtained by dividing the combined employee and employer
24 contributions made under Section 15-136.2 by the System's
25 annuity factor for the age of the participant at the beginning
26 of the annuity payment period and (2) the amount equal to the

1 participant's annuity if calculated under Rule 1, reduced under
2 Section 15-136(b) as if no contributions had been made under
3 Section 15-136.2.

4 With respect to a participant who is qualified for a
5 retirement annuity under this Rule 5 whose retirement annuity
6 began before the effective date of this amendatory Act of the
7 91st General Assembly, and for whom an employee contribution
8 was made under Section 15-136.2, the System shall recalculate
9 the retirement annuity under this Rule 5 and shall pay any
10 additional amounts due in the manner provided in Section
11 15-186.1 for benefits mistakenly set too low.

12 The amount of a retirement annuity calculated under this
13 Rule 5 shall be computed solely on the basis of those
14 contributions specifically set forth in this Rule 5. Except as
15 provided in clause (iii) of this Rule 5, neither an employee
16 nor employer contribution for early retirement under Section
17 15-136.2, nor any other employer contribution, shall be used in
18 the calculation of the amount of a retirement annuity under
19 this Rule 5.

20 The General Assembly has adopted the changes set forth in
21 Section 25 of this amendatory Act of the 91st General Assembly
22 in recognition that the decision of the Appellate Court for the
23 Fourth District in *Mattis v. State Universities Retirement*
24 *System et al.* might be deemed to give some right to the
25 plaintiff in that case. The changes made by Section 25 of this
26 amendatory Act of the 91st General Assembly are a legislative

1 implementation of the decision of the Appellate Court for the
2 Fourth District in *Mattis v. State Universities Retirement*
3 *System et al.* with respect to that plaintiff.

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

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

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

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

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

25 (c) The maximum retirement annuity provided under Rules 1,
26 2, 4, and 5 shall be the lesser of (1) the annual limit of

1 benefits as specified in Section 415 of the Internal Revenue
2 Code of 1986, as such Section may be amended from time to time
3 and as such benefit limits shall be adjusted by the
4 Commissioner of Internal Revenue, and (2) 80% of final rate of
5 earnings.

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

10 Effective January 1 immediately following the date the
11 retirement annuity begins, the annuitant shall receive an
12 increase in his or her monthly retirement annuity of 0.125% of
13 the monthly retirement annuity provided under Rule 1, Rule 2,
14 Rule 3, Rule 4, or Rule 5, contained in this Section,
15 multiplied by the number of full months which elapsed from the
16 date the retirement annuity payments began to January 1, 1972,
17 plus 0.1667% of such annuity, multiplied by the number of full
18 months which elapsed from January 1, 1972, or the date the
19 retirement annuity payments began, whichever is later, to
20 January 1, 1978, plus 0.25% of such annuity multiplied by the
21 number of full months which elapsed from January 1, 1978, or
22 the date the retirement annuity payments began, whichever is
23 later, to the effective date of the increase.

24 The annuitant shall receive an increase in his or her
25 monthly retirement annuity on each January 1 thereafter during
26 the annuitant's life of 3% of the monthly annuity provided

1 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in
2 this Section. The change made under this subsection by P.A.
3 81-970 is effective January 1, 1980 and applies to each
4 annuitant whose status as an employee terminates before or
5 after that date.

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

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

14 (d-1) Notwithstanding any other provision of this Article,
15 for a Tier I retiree, the amount of each automatic increase in
16 retirement annuity occurring on or after the effective date of
17 this amendatory Act of the 98th General Assembly shall be the
18 lesser of (i) \$750 or (ii) 3% of the total annuity payable at
19 the time of the increase, including previous increases granted.

20 (d-2) Notwithstanding any other provision of this Article,
21 the System shall not grant any new or additional automatic
22 increase in retirement annuity to a Tier I retiree on or after
23 the effective date of this amendatory Act of the 98th General
24 Assembly and before January 1, 2017.

25 Notwithstanding any other provision of this Article, the
26 System shall not grant any new or additional automatic increase

1 in retirement annuity to a Tier I retiree who has not yet
2 attained the age of 67, regardless of any age augmentation
3 granted under this Article as an early retirement incentive.

4 If on the effective date of this amendatory Act of the 98th
5 General Assembly a Tier I retiree has already received an
6 annual increase under this Section but does not yet meet the
7 new eligibility requirements of this subsection, the annual
8 increases already received shall continue in force, but no
9 additional annual increase shall be granted until the Tier I
10 retiree meets the new eligibility requirements.

11 (d-3) Notwithstanding Section 1-103.1, subsections (d-1)
12 and (d-2) apply without regard to whether or not the Tier I
13 retiree is in active service under this Article on or after the
14 effective date of this amendatory Act of the 98th General
15 Assembly.

16 (e) If, on January 1, 1987, or the date the retirement
17 annuity payment period begins, whichever is later, the sum of
18 the retirement annuity provided under Rule 1 or Rule 2 of this
19 Section and the automatic annual increases provided under the
20 preceding subsection or Section 15-136.1, amounts to less than
21 the retirement annuity which would be provided by Rule 3, the
22 retirement annuity shall be increased as of January 1, 1987, or
23 the date the retirement annuity payment period begins,
24 whichever is later, to the amount which would be provided by
25 Rule 3 of this Section. Such increased amount shall be
26 considered as the retirement annuity in determining benefits

1 provided under other Sections of this Article. This paragraph
2 applies without regard to whether status as an employee
3 terminated before the effective date of this amendatory Act of
4 1987, provided that the annuitant was employed at least
5 one-half time during the period on which the final rate of
6 earnings was based.

7 (f) A participant is entitled to such additional annuity as
8 may be provided on an actuarially equivalent basis, by any
9 accumulated additional contributions to his or her credit.
10 However, the additional contributions made by the participant
11 toward the automatic increases in annuity provided under this
12 Section and the contributions made under subsection (c-5) of
13 Section 15-157 by this amendatory Act of the 98th General
14 Assembly shall not be taken into account in determining the
15 amount of such additional annuity.

16 (g) If, (1) by law, a function of a governmental unit, as
17 defined by Section 20-107 of this Code, is transferred in whole
18 or in part to an employer, and (2) a participant transfers
19 employment from such governmental unit to such employer within
20 6 months after the transfer of the function, and (3) the sum of
21 (A) the annuity payable to the participant under Rule 1, 2, or
22 3 of this Section (B) all proportional annuities payable to the
23 participant by all other retirement systems covered by Article
24 20, and (C) the initial primary insurance amount to which the
25 participant is entitled under the Social Security Act, is less
26 than the retirement annuity which would have been payable if

1 all of the participant's pension credits validated under
2 Section 20-109 had been validated under this system, a
3 supplemental annuity equal to the difference in such amounts
4 shall be payable to the participant.

5 (h) On January 1, 1981, an annuitant who was receiving a
6 retirement annuity on or before January 1, 1971 shall have his
7 or her retirement annuity then being paid increased \$1 per
8 month for each year of creditable service. On January 1, 1982,
9 an annuitant whose retirement annuity began on or before
10 January 1, 1977, shall have his or her retirement annuity then
11 being paid increased \$1 per month for each year of creditable
12 service.

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

18 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12.)

19 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

20 Sec. 15-155. Employer contributions.

21 (a) The State of Illinois shall make contributions by
22 appropriations of amounts which, together with the other
23 employer contributions from trust, federal, and other funds,
24 employee contributions, income from investments, and other
25 income of this System, will be sufficient to meet the cost of

1 maintaining and administering the System on a 100% ~~90%~~ funded
2 basis in accordance with actuarial recommendations by the end
3 of State fiscal year 2043.

4 The Board shall determine the amount of State contributions
5 required for each fiscal year on the basis of the actuarial
6 tables and other assumptions adopted by the Board and the
7 recommendations of the actuary, using the formula in subsection
8 (a-1).

9 (a-1) For State fiscal years 2014 through 2043, the minimum
10 contribution to the System to be made by the State for each
11 fiscal year shall be an amount determined by the System to be
12 equal to the sum of (1) the State's portion of the projected
13 normal cost for that fiscal year, plus (2) an amount sufficient
14 to bring the total assets of the System up to 100% of the total
15 actuarial liabilities of the System by the end of State fiscal
16 year 2043. In making these determinations, the required State
17 contribution shall be calculated each year as a level
18 percentage of payroll over the years remaining to and including
19 fiscal year 2043 and shall be determined under the projected
20 unit credit actuarial cost method.

21 For State fiscal year 2044 and thereafter, the minimum
22 State contribution for each fiscal year shall be the amount
23 needed to maintain the total assets of the System at 100% of
24 the total actuarial liabilities of the System.

25 For State fiscal years 2012 and 2013 ~~through 2045~~, the
26 minimum contribution to the System to be made by the State for

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

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

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

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

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

26 Notwithstanding any other provision of this Article, the

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

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

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

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

1 Finance Act in any fiscal year do not reduce and do not
2 constitute payment of any portion of the minimum State
3 contribution required under this Article in that fiscal year.
4 Such amounts shall not reduce, and shall not be included in the
5 calculation of, the required State contributions under this
6 Article in any future year until the System has reached a
7 funding ratio of at least 100% ~~90%~~. A reference in this Article
8 to the "required State contribution" or any substantially
9 similar term does not include or apply to any amounts payable
10 to the System under Section 25 of the Budget Stabilization Act.

11 Notwithstanding any other provision of this Code or the
12 Budget Stabilization Act, amounts transferred to the System
13 pursuant to the Budget Stabilization Act after the effective
14 date of this amendatory Act of the 98th General Assembly do not
15 reduce and do not constitute payment of any portion of the
16 required State contribution under this Article in that fiscal
17 year. Such amounts shall not reduce, and shall not be included
18 in the calculation of, the required State contributions under
19 this Article in any future year until the System has received
20 payment of contributions pursuant to the Budget Stabilization
21 Act.

22 Notwithstanding any other provision of this Section, the
23 required State contribution for State fiscal year 2005 and for
24 fiscal year 2008 and each fiscal year thereafter through State
25 fiscal year 2013, as calculated under this Section and
26 certified under Section 15-165, shall not exceed an amount

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

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

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

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

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

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

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

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

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

25 (g) If the amount of a participant's earnings for any
26 academic year used to determine the final rate of earnings,

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

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

1 (h) or (i). Upon receiving a timely application for
2 recalculation, the System shall review the application and, if
3 appropriate, recalculate the amount due.

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

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

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

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

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

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

1 that results in an amount no greater than the average salary
2 paid for other similar positions.

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

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

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

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

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

25 (4) The increase in the required State contribution
26 resulting from the changes made to this Section by Public

1 Act 94-1057.

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

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

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

1 5-year period following that fiscal year.

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

6 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
7 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
8 7-13-12; revised 10-17-12.)

9 (40 ILCS 5/15-156) (from Ch. 108 1/2, par. 15-156)

10 Sec. 15-156. Obligations of State; funding guarantees.

11 (a) The payment of (1) the required State contributions,
12 (2) all benefits granted under this system and (3) all expenses
13 in connection with the administration and operation thereof are
14 obligations of the State of Illinois to the extent specified in
15 this Article. The accumulated employee normal, additional and
16 survivors insurance contributions credited to the accounts of
17 active and inactive participants shall not be used to pay the
18 State's share of the obligations.

19 (b) Beginning July 1, 2013, the State shall be
20 contractually obligated to contribute to the System under
21 Section 15-155 in each State fiscal year an amount not less
22 than the sum of (i) the State's normal cost for that year and
23 (ii) the portion of the unfunded accrued liability assigned to
24 that year by law in accordance with a schedule that distributes
25 payments equitably over a reasonable period of time and in

1 accordance with accepted actuarial practices. The obligations
2 created under this subsection (b) are contractual obligations
3 protected and enforceable under Article I, Section 16 and
4 Article XIII, Section 5 of the Illinois Constitution.

5 Notwithstanding any other provision of law, if the State
6 fails to pay in a State fiscal year the amount guaranteed under
7 this subsection, the System may bring a mandamus action in the
8 Circuit Court of Sangamon County to compel the State to make
9 that payment, irrespective of other remedies that may be
10 available to the System. In ordering the State to make the
11 required payment, the court may order a reasonable payment
12 schedule to enable the State to make the required payment
13 without significantly imperiling the public health, safety, or
14 welfare.

15 Any payments required to be made by the State pursuant to
16 this subsection (b) are expressly subordinated to the payment
17 of the principal, interest, and premium, if any, on any bonded
18 debt obligation of the State or any other State-created entity,
19 either currently outstanding or to be issued, for which the
20 source of repayment or security thereon is derived directly or
21 indirectly from tax revenues collected by the State or any
22 other State-created entity. Payments on such bonded
23 obligations include any statutory fund transfers or other
24 prefunding mechanisms or formulas set forth, now or hereafter,
25 in State law or bond indentures, into debt service funds or
26 accounts of the State related to such bonded obligations,

1 consistent with the payment schedules associated with such
2 obligations.

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

4 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

5 Sec. 15-157. Employee Contributions.

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

16 Each participant who is a police officer or firefighter
17 shall make normal contributions of 8% of each payment of
18 earnings applicable to employment as a police officer or
19 firefighter under this system on or after September 1, 1981,
20 unless he or she files with the board within 60 days after the
21 effective date of this amendatory Act of 1991 or 60 days after
22 the board receives notice that he or she is employed as a
23 police officer or firefighter, whichever is later, a written
24 notice waiving the retirement formula provided by Rule 4 of
25 Section 15-136. This waiver shall be irrevocable. If a

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

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

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

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

11 (c-5) In addition to the contributions otherwise required
12 under this Article, each Tier I participant shall also make the
13 following contributions toward the retirement benefits payable
14 under the retirement program applicable to the employee from
15 each payment of earnings applicable to employment under this
16 system:

17 (1) beginning July 1, 2013 and through June 30, 2014,

18 1% of earnings; and

19 (2) beginning on July 1, 2014, 2% of earnings.

20 Except as otherwise specified, these contributions are to
21 be considered as normal contributions for purposes of this
22 Article.

23 (d) If the board by board rule so permits and subject to
24 such conditions and limitations as may be specified in its
25 rules, a participant may make other additional contributions of
26 such percentage of earnings or amounts as the participant shall

1 elect in a written notice thereof received by the board.

2 (e) That fraction of a participant's total accumulated
3 normal contributions, the numerator of which is equal to the
4 number of years of service in excess of that which is required
5 to qualify for the maximum retirement annuity, and the
6 denominator of which is equal to the total service of the
7 participant, shall be considered as accumulated additional
8 contributions. The determination of the applicable maximum
9 annuity and the adjustment in contributions required by this
10 provision shall be made as of the date of the participant's
11 retirement.

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

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

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

23 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)
24 Sec. 15-165. To certify amounts and submit vouchers.

25 (a) The Board shall certify to the Governor on or before

1 November 15 of each year through ~~until~~ November 15, 2011 the
2 appropriation required from State funds for the purposes of
3 this System for the following fiscal year. The certification
4 under this subsection (a) shall include a copy of the actuarial
5 recommendations upon which it is based ~~and shall specifically~~
6 ~~identify the System's projected State normal cost for that~~
7 ~~fiscal year and the projected State cost for the self managed~~
8 ~~plan for that fiscal year.~~

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

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

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

26 (a-5) On or before November 1 of each year, beginning

1 November 1, 2012, the Board shall submit to the State Actuary,
2 the Governor, and the General Assembly a proposed certification
3 of the amount of the required State contribution to the System
4 for the next fiscal year, along with all of the actuarial
5 assumptions, calculations, and data upon which that proposed
6 certification is based. On or before January 1 of each year,
7 beginning January 1, 2013, the State Actuary shall issue a
8 preliminary report concerning the proposed certification and
9 identifying, if necessary, recommended changes in actuarial
10 assumptions that the Board must consider before finalizing its
11 certification of the required State contributions.

12 On or before January 15, 2013 and each January 15
13 thereafter, the Board shall certify to the Governor and the
14 General Assembly the amount of the required State contribution
15 for the next fiscal year. The certification shall include a
16 copy of the actuarial recommendations upon which it is based
17 and shall specifically identify the System's projected State
18 normal cost for that fiscal year and the projected State cost
19 for the self-managed plan for that fiscal year. The Board's
20 certification must note, in a written response to the State
21 Actuary, any deviations from the State Actuary's recommended
22 changes, the reason or reasons for not following the State
23 Actuary's recommended changes, and the fiscal impact of not
24 following the State Actuary's recommended changes on the
25 required State contribution.

26 (b) The Board shall certify to the State Comptroller or

1 employer, as the case may be, from time to time, by its
2 president and secretary, with its seal attached, the amounts
3 payable to the System from the various funds.

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

18 If in any month the amount remaining unexpended from all
19 other appropriations to the System for the applicable fiscal
20 year (including the appropriations to the System under Section
21 8.12 of the State Finance Act and Section 1 of the State
22 Pension Funds Continuing Appropriation Act) is less than the
23 amount lawfully vouchered under this Section, the difference
24 shall be paid from the General Revenue Fund under the
25 continuing appropriation authority provided in Section 1.1 of
26 the State Pension Funds Continuing Appropriation Act.

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

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

21 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
22 97-694, eff. 6-18-12.)

23 (40 ILCS 5/15-198)

24 Sec. 15-198. Application and expiration of new benefit
25 increases.

1 (a) As used in this Section, "new benefit increase" means
2 an increase in the amount of any benefit provided under this
3 Article, or an expansion of the conditions of eligibility for
4 any benefit under this Article or Article 1, that results from
5 an amendment to this Code that takes effect after the effective
6 date of this amendatory Act of the 94th General Assembly. "New
7 benefit increase", however, does not include any benefit
8 increase resulting from the changes made to this Article or
9 Article 1 by this amendatory Act of the 98th General Assembly.

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

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

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

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

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

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

25 (Source: P.A. 94-4, eff. 6-1-05.)

1 (40 ILCS 5/16-106) (from Ch. 108 1/2, par. 16-106)
2 Sec. 16-106. Teacher. "Teacher": The following
3 individuals, provided that, for employment prior to July 1,
4 1990, they are employed on a full-time basis, or if not
5 full-time, on a permanent and continuous basis in a position in
6 which services are expected to be rendered for at least one
7 school term:

8 (1) Any educational, administrative, professional or
9 other staff employed in the public common schools included
10 within this system in a position requiring certification
11 under the law governing the certification of teachers;

12 (2) Any educational, administrative, professional or
13 other staff employed in any facility of the Department of
14 Children and Family Services or the Department of Human
15 Services, in a position requiring certification under the
16 law governing the certification of teachers, and any person
17 who (i) works in such a position for the Department of
18 Corrections, (ii) was a member of this System on May 31,
19 1987, and (iii) did not elect to become a member of the
20 State Employees' Retirement System pursuant to Section
21 14-108.2 of this Code; except that "teacher" does not
22 include any person who (A) becomes a security employee of
23 the Department of Human Services, as defined in Section
24 14-110, after June 28, 2001 (the effective date of Public
25 Act 92-14), or (B) becomes a member of the State Employees'
26 Retirement System pursuant to Section 14-108.2c of this

1 Code;

2 (3) Any regional superintendent of schools, assistant
3 regional superintendent of schools, State Superintendent
4 of Education; any person employed by the State Board of
5 Education as an executive; any executive of the boards
6 engaged in the service of public common school education in
7 school districts covered under this system of which the
8 State Superintendent of Education is an ex-officio member;

9 (4) Any employee of a school board association
10 operating in compliance with Article 23 of the School Code
11 who is certificated under the law governing the
12 certification of teachers, provided that he or she becomes
13 such an employee before the effective date of this
14 amendatory Act of the 98th General Assembly;

15 (5) Any person employed by the retirement system who:

16 (i) was an employee of and a participant in the
17 system on August 17, 2001 (the effective date of Public
18 Act 92-416), or

19 (ii) becomes an employee of the system on or after
20 August 17, 2001;

21 (6) Any educational, administrative, professional or
22 other staff employed by and under the supervision and
23 control of a regional superintendent of schools, provided
24 such employment position requires the person to be
25 certificated under the law governing the certification of
26 teachers and is in an educational program serving 2 or more

1 districts in accordance with a joint agreement authorized
2 by the School Code or by federal legislation;

3 (7) Any educational, administrative, professional or
4 other staff employed in an educational program serving 2 or
5 more school districts in accordance with a joint agreement
6 authorized by the School Code or by federal legislation and
7 in a position requiring certification under the laws
8 governing the certification of teachers;

9 (8) Any officer or employee of a statewide teacher
10 organization or officer of a national teacher organization
11 who is certified under the law governing certification of
12 teachers, provided: (i) the individual had previously
13 established creditable service under this Article, (ii)
14 the individual files with the system an irrevocable
15 election to become a member before the effective date of
16 this amendatory Act of the 97th General Assembly, (iii) the
17 individual does not receive credit for such service under
18 any other Article of this Code, and (iv) the individual
19 first became an officer or employee of the teacher
20 organization and becomes a member before the effective date
21 of this amendatory Act of the 97th General Assembly;

22 (9) Any educational, administrative, professional, or
23 other staff employed in a charter school operating in
24 compliance with the Charter Schools Law who is certificated
25 under the law governing the certification of teachers; ~~;~~

26 (10) Any person employed, on the effective date of this

1 amendatory Act of the 94th General Assembly, by the
2 Macon-Piatt Regional Office of Education in a
3 birth-through-age-three pilot program receiving funds
4 under Section 2-389 of the School Code who is required by
5 the Macon-Piatt Regional Office of Education to hold a
6 teaching certificate, provided that the Macon-Piatt
7 Regional Office of Education makes an election, within 6
8 months after the effective date of this amendatory Act of
9 the 94th General Assembly, to have the person participate
10 in the system. Any service established prior to the
11 effective date of this amendatory Act of the 94th General
12 Assembly for service as an employee of the Macon-Piatt
13 Regional Office of Education in a birth-through-age-three
14 pilot program receiving funds under Section 2-389 of the
15 School Code shall be considered service as a teacher if
16 employee and employer contributions have been received by
17 the system and the system has not refunded those
18 contributions.

19 An annuitant receiving a retirement annuity under this
20 Article or under Article 17 of this Code who is employed by a
21 board of education or other employer as permitted under Section
22 16-118 or 16-150.1 is not a "teacher" for purposes of this
23 Article. A person who has received a single-sum retirement
24 benefit under Section 16-136.4 of this Article is not a
25 "teacher" for purposes of this Article.

26 (Source: P.A. 97-651, eff. 1-5-12; revised 8-3-12.)

1 (40 ILCS 5/16-106.4 new)

2 Sec. 16-106.4. Tier I member. "Tier I member": A member
3 under this Article who first became a member or participant
4 before January 1, 2011 under any reciprocal retirement system
5 or pension fund established under this Code other than a
6 retirement system or pension fund established under Article 2,
7 3, 4, 5, 6, or 18 of this Code.

8 (40 ILCS 5/16-106.5 new)

9 Sec. 16-106.5. Tier I retiree. "Tier I retiree": A former
10 Tier I member who is receiving a retirement annuity.

11 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

12 Sec. 16-121. Salary. "Salary": The actual compensation
13 received by a teacher during any school year and recognized by
14 the system in accordance with rules of the board. For purposes
15 of this Section, "school year" includes the regular school term
16 plus any additional period for which a teacher is compensated
17 and such compensation is recognized by the rules of the board.

18 Notwithstanding any other provision of this Code, the
19 salary of a Tier I member for the purposes of this Code shall
20 not exceed, for periods of service on or after the effective
21 date of this amendatory Act of the 98th General Assembly, the
22 greater of (i) the annual contribution and benefit base
23 established for the applicable year by the Commissioner of

1 Social Security under the federal Social Security Act or (ii)
2 the annual salary of the member during the 365 days immediately
3 preceding the effective date of this Section; except that this
4 limitation does not apply to a member's salary that is
5 determined under an employment contract or collective
6 bargaining agreement that is in effect on the effective date of
7 this amendatory Act of the 98th General Assembly and has not
8 been amended or renewed after that date.

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

10 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)

11 Sec. 16-127. Computation of creditable service.

12 (a) Each member shall receive regular credit for all
13 service as a teacher from the date membership begins, for which
14 satisfactory evidence is supplied and all contributions have
15 been paid.

16 (b) The following periods of service shall earn optional
17 credit and each member shall receive credit for all such
18 service for which satisfactory evidence is supplied and all
19 contributions have been paid as of the date specified:

20 (1) Prior service as a teacher.

21 (2) Service in a capacity essentially similar or
22 equivalent to that of a teacher, in the public common
23 schools in school districts in this State not included
24 within the provisions of this System, or of any other
25 State, territory, dependency or possession of the United

1 States, or in schools operated by or under the auspices of
2 the United States, or under the auspices of any agency or
3 department of any other State, and service during any
4 period of professional speech correction or special
5 education experience for a public agency within this State
6 or any other State, territory, dependency or possession of
7 the United States, and service prior to February 1, 1951 as
8 a recreation worker for the Illinois Department of Public
9 Safety, for a period not exceeding the lesser of 2/5 of the
10 total creditable service of the member or 10 years. The
11 maximum service of 10 years which is allowable under this
12 paragraph shall be reduced by the service credit which is
13 validated by other retirement systems under paragraph (i)
14 of Section 15-113 and paragraph 1 of Section 17-133. Credit
15 granted under this paragraph may not be used in
16 determination of a retirement annuity or disability
17 benefits unless the member has at least 5 years of
18 creditable service earned subsequent to this employment
19 with one or more of the following systems: Teachers'
20 Retirement System of the State of Illinois, State
21 Universities Retirement System, and the Public School
22 Teachers' Pension and Retirement Fund of Chicago. Whenever
23 such service credit exceeds the maximum allowed for all
24 purposes of this Article, the first service rendered in
25 point of time shall be considered. The changes to this
26 subdivision (b) (2) made by Public Act 86-272 shall apply

1 not only to persons who on or after its effective date
2 (August 23, 1989) are in service as a teacher under the
3 System, but also to persons whose status as such a teacher
4 terminated prior to such effective date, whether or not
5 such person is an annuitant on that date.

6 (3) Any periods immediately following teaching
7 service, under this System or under Article 17, (or
8 immediately following service prior to February 1, 1951 as
9 a recreation worker for the Illinois Department of Public
10 Safety) spent in active service with the military forces of
11 the United States; periods spent in educational programs
12 that prepare for return to teaching sponsored by the
13 federal government following such active military service;
14 if a teacher returns to teaching service within one
15 calendar year after discharge or after the completion of
16 the educational program, a further period, not exceeding
17 one calendar year, between time spent in military service
18 or in such educational programs and the return to
19 employment as a teacher under this System; and a period of
20 up to 2 years of active military service not immediately
21 following employment as a teacher.

22 The changes to this Section and Section 16-128 relating
23 to military service made by P.A. 87-794 shall apply not
24 only to persons who on or after its effective date are in
25 service as a teacher under the System, but also to persons
26 whose status as a teacher terminated prior to that date,

1 whether or not the person is an annuitant on that date. In
2 the case of an annuitant who applies for credit allowable
3 under this Section for a period of military service that
4 did not immediately follow employment, and who has made the
5 required contributions for such credit, the annuity shall
6 be recalculated to include the additional service credit,
7 with the increase taking effect on the date the System
8 received written notification of the annuitant's intent to
9 purchase the credit, if payment of all the required
10 contributions is made within 60 days of such notice, or
11 else on the first annuity payment date following the date
12 of payment of the required contributions. In calculating
13 the automatic annual increase for an annuity that has been
14 recalculated under this Section, the increase attributable
15 to the additional service allowable under P.A. 87-794 shall
16 be included in the calculation of automatic annual
17 increases accruing after the effective date of the
18 recalculation.

19 Credit for military service shall be determined as
20 follows: if entry occurs during the months of July, August,
21 or September and the member was a teacher at the end of the
22 immediately preceding school term, credit shall be granted
23 from July 1 of the year in which he or she entered service;
24 if entry occurs during the school term and the teacher was
25 in teaching service at the beginning of the school term,
26 credit shall be granted from July 1 of such year. In all

1 other cases where credit for military service is allowed,
2 credit shall be granted from the date of entry into the
3 service.

4 The total period of military service for which credit
5 is granted shall not exceed 5 years for any member unless
6 the service: (A) is validated before July 1, 1964, and (B)
7 does not extend beyond July 1, 1963. Credit for military
8 service shall be granted under this Section only if not
9 more than 5 years of the military service for which credit
10 is granted under this Section is used by the member to
11 qualify for a military retirement allotment from any branch
12 of the armed forces of the United States. The changes to
13 this subdivision (b) (3) made by Public Act 86-272 shall
14 apply not only to persons who on or after its effective
15 date (August 23, 1989) are in service as a teacher under
16 the System, but also to persons whose status as such a
17 teacher terminated prior to such effective date, whether or
18 not such person is an annuitant on that date.

19 (4) Any periods served as a member of the General
20 Assembly.

21 (5) (i) Any periods for which a teacher, as defined in
22 Section 16-106, is granted a leave of absence, provided he
23 or she returns to teaching service creditable under this
24 System or the State Universities Retirement System
25 following the leave; (ii) periods during which a teacher is
26 involuntarily laid off from teaching, provided he or she

1 returns to teaching following the lay-off; (iii) periods
2 prior to July 1, 1983 during which a teacher ceased covered
3 employment due to pregnancy, provided that the teacher
4 returned to teaching service creditable under this System
5 or the State Universities Retirement System following the
6 pregnancy and submits evidence satisfactory to the Board
7 documenting that the employment ceased due to pregnancy;
8 and (iv) periods prior to July 1, 1983 during which a
9 teacher ceased covered employment for the purpose of
10 adopting an infant under 3 years of age or caring for a
11 newly adopted infant under 3 years of age, provided that
12 the teacher returned to teaching service creditable under
13 this System or the State Universities Retirement System
14 following the adoption and submits evidence satisfactory
15 to the Board documenting that the employment ceased for the
16 purpose of adopting an infant under 3 years of age or
17 caring for a newly adopted infant under 3 years of age.
18 However, total credit under this paragraph (5) may not
19 exceed 3 years.

20 Any qualified member or annuitant may apply for credit
21 under item (iii) or (iv) of this paragraph (5) without
22 regard to whether service was terminated before the
23 effective date of this amendatory Act of 1997. In the case
24 of an annuitant who establishes credit under item (iii) or
25 (iv), the annuity shall be recalculated to include the
26 additional service credit. The increase in annuity shall

1 take effect on the date the System receives written
2 notification of the annuitant's intent to purchase the
3 credit, if the required evidence is submitted and the
4 required contribution paid within 60 days of that
5 notification, otherwise on the first annuity payment date
6 following the System's receipt of the required evidence and
7 contribution. The increase in an annuity recalculated
8 under this provision shall be included in the calculation
9 of automatic annual increases in the annuity accruing after
10 the effective date of the recalculation.

11 Optional credit may be purchased under this subsection
12 (b) (5) for periods during which a teacher has been granted
13 a leave of absence pursuant to Section 24-13 of the School
14 Code. A teacher whose service under this Article terminated
15 prior to the effective date of P.A. 86-1488 shall be
16 eligible to purchase such optional credit. If a teacher who
17 purchases this optional credit is already receiving a
18 retirement annuity under this Article, the annuity shall be
19 recalculated as if the annuitant had applied for the leave
20 of absence credit at the time of retirement. The difference
21 between the entitled annuity and the actual annuity shall
22 be credited to the purchase of the optional credit. The
23 remainder of the purchase cost of the optional credit shall
24 be paid on or before April 1, 1992.

25 The change in this paragraph made by Public Act 86-273
26 shall be applicable to teachers who retire after June 1,

1 1989, as well as to teachers who are in service on that
2 date.

3 (6) Any days of unused and uncompensated accumulated
4 sick leave earned by a teacher who first became a
5 participant in the System before the effective date of this
6 amendatory Act of the 98th General Assembly. The service
7 credit granted under this paragraph shall be the ratio of
8 the number of unused and uncompensated accumulated sick
9 leave days to 170 days, subject to a maximum of 2 years of
10 service credit. Prior to the member's retirement, each
11 former employer shall certify to the System the number of
12 unused and uncompensated accumulated sick leave days
13 credited to the member at the time of termination of
14 service. The period of unused sick leave shall not be
15 considered in determining the effective date of
16 retirement. A member is not required to make contributions
17 in order to obtain service credit for unused sick leave.

18 Credit for sick leave shall, at retirement, be granted
19 by the System for any retiring regional or assistant
20 regional superintendent of schools who first became a
21 participant in this System before the effective date of
22 this amendatory Act of the 98th General Assembly at the
23 rate of 6 days per year of creditable service or portion
24 thereof established while serving as such superintendent
25 or assistant superintendent.

26 Service credit is not available for unused sick leave

1 accumulated by a teacher who first becomes a participant in
2 this System on or after the effective date of this amendatory
3 Act of the 98th General Assembly.

4 (7) Periods prior to February 1, 1987 served as an
5 employee of the Illinois Mathematics and Science Academy
6 for which credit has not been terminated under Section
7 15-113.9 of this Code.

8 (8) Service as a substitute teacher for work performed
9 prior to July 1, 1990.

10 (9) Service as a part-time teacher for work performed
11 prior to July 1, 1990.

12 (10) Up to 2 years of employment with Southern Illinois
13 University - Carbondale from September 1, 1959 to August
14 31, 1961, or with Governors State University from September
15 1, 1972 to August 31, 1974, for which the teacher has no
16 credit under Article 15. To receive credit under this item
17 (10), a teacher must apply in writing to the Board and pay
18 the required contributions before May 1, 1993 and have at
19 least 12 years of service credit under this Article.

20 (b-1) A member may establish optional credit for up to 2
21 years of service as a teacher or administrator employed by a
22 private school recognized by the Illinois State Board of
23 Education, provided that the teacher (i) was certified under
24 the law governing the certification of teachers at the time the
25 service was rendered, (ii) applies in writing on or after
26 August 1, 2009 and on or before August 1, 2012, (iii) supplies

1 satisfactory evidence of the employment, (iv) completes at
2 least 10 years of contributing service as a teacher as defined
3 in Section 16-106, and (v) pays the contribution required in
4 subsection (d-5) of Section 16-128. The member may apply for
5 credit under this subsection and pay the required contribution
6 before completing the 10 years of contributing service required
7 under item (iv), but the credit may not be used until the item
8 (iv) contributing service requirement has been met.

9 (c) The service credits specified in this Section shall be
10 granted only if: (1) such service credits are not used for
11 credit in any other statutory tax-supported public employee
12 retirement system other than the federal Social Security
13 program; and (2) the member makes the required contributions as
14 specified in Section 16-128. Except as provided in subsection
15 (b-1) of this Section, the service credit shall be effective as
16 of the date the required contributions are completed.

17 Any service credits granted under this Section shall
18 terminate upon cessation of membership for any cause.

19 Credit may not be granted under this Section covering any
20 period for which an age retirement or disability retirement
21 allowance has been paid.

22 (Source: P.A. 96-546, eff. 8-17-09.)

23 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

24 Sec. 16-133. Retirement annuity; amount.

25 (a) The amount of the retirement annuity shall be (i) in

1 the case of a person who first became a teacher under this
2 Article before July 1, 2005, the larger of the amounts
3 determined under paragraphs (A) and (B) below, or (ii) in the
4 case of a person who first becomes a teacher under this Article
5 on or after July 1, 2005, the amount determined under the
6 applicable provisions of paragraph (B):

7 (A) An amount consisting of the sum of the following:

8 (1) An amount that can be provided on an
9 actuarially equivalent basis by the member's
10 accumulated contributions at the time of retirement;
11 and

12 (2) The sum of (i) the amount that can be provided
13 on an actuarially equivalent basis by the member's
14 accumulated contributions representing service prior
15 to July 1, 1947, and (ii) the amount that can be
16 provided on an actuarially equivalent basis by the
17 amount obtained by multiplying 1.4 times the member's
18 accumulated contributions covering service subsequent
19 to June 30, 1947; and

20 (3) If there is prior service, 2 times the amount
21 that would have been determined under subparagraph (2)
22 of paragraph (A) above on account of contributions
23 which would have been made during the period of prior
24 service creditable to the member had the System been in
25 operation and had the member made contributions at the
26 contribution rate in effect prior to July 1, 1947.

1 For the purpose of calculating the sum provided under
2 this paragraph (A), the contribution required under
3 subsection (a-5) of Section 16-152 shall not be considered
4 when determining the amount of the member's accumulated
5 contributions under subparagraph (1) or (2).

6 This paragraph (A) does not apply to a person who first
7 becomes a teacher under this Article on or after July 1,
8 2005.

9 (B) An amount consisting of the greater of the
10 following:

11 (1) For creditable service earned before July 1,
12 1998 that has not been augmented under Section
13 16-129.1: 1.67% of final average salary for each of the
14 first 10 years of creditable service, 1.90% of final
15 average salary for each year in excess of 10 but not
16 exceeding 20, 2.10% of final average salary for each
17 year in excess of 20 but not exceeding 30, and 2.30% of
18 final average salary for each year in excess of 30; and

19 For creditable service earned on or after July 1,
20 1998 by a member who has at least 24 years of
21 creditable service on July 1, 1998 and who does not
22 elect to augment service under Section 16-129.1: 2.2%
23 of final average salary for each year of creditable
24 service earned on or after July 1, 1998 but before the
25 member reaches a total of 30 years of creditable
26 service and 2.3% of final average salary for each year

1 of creditable service earned on or after July 1, 1998
2 and after the member reaches a total of 30 years of
3 creditable service; and

4 For all other creditable service: 2.2% of final
5 average salary for each year of creditable service; or

6 (2) 1.5% of final average salary for each year of
7 creditable service plus the sum \$7.50 for each of the
8 first 20 years of creditable service.

9 The amount of the retirement annuity determined under this
10 paragraph (B) shall be reduced by 1/2 of 1% for each month
11 that the member is less than age 60 at the time the
12 retirement annuity begins. However, this reduction shall
13 not apply (i) if the member has at least 35 years of
14 creditable service, or (ii) if the member retires on
15 account of disability under Section 16-149.2 of this
16 Article with at least 20 years of creditable service, or
17 (iii) if the member (1) has earned during the period
18 immediately preceding the last day of service at least one
19 year of contributing creditable service as an employee of a
20 department as defined in Section 14-103.04, (2) has earned
21 at least 5 years of contributing creditable service as an
22 employee of a department as defined in Section 14-103.04,
23 (3) retires on or after January 1, 2001, and (4) retires
24 having attained an age which, when added to the number of
25 years of his or her total creditable service, equals at
26 least 85. Portions of years shall be counted as decimal

1 equivalents.

2 (b) For purposes of this Section, final average salary
3 shall be the average salary for the highest 4 consecutive years
4 within the last 10 years of creditable service as determined
5 under rules of the board. The minimum final average salary
6 shall be considered to be \$2,400 per year.

7 In the determination of final average salary for members
8 other than elected officials and their appointees when such
9 appointees are allowed by statute, that part of a member's
10 salary for any year beginning after June 30, 1979 which exceeds
11 the member's annual full-time salary rate with the same
12 employer for the preceding year by more than 20% shall be
13 excluded. The exclusion shall not apply in any year in which
14 the member's creditable earnings are less than 50% of the
15 preceding year's mean salary for downstate teachers as
16 determined by the survey of school district salaries provided
17 in Section 2-3.103 of the School Code.

18 (c) In determining the amount of the retirement annuity
19 under paragraph (B) of this Section, a fractional year shall be
20 granted proportional credit.

21 (d) The retirement annuity determined under paragraph (B)
22 of this Section shall be available only to members who render
23 teaching service after July 1, 1947 for which member
24 contributions are required, and to annuitants who re-enter
25 under the provisions of Section 16-150.

26 (e) The maximum retirement annuity provided under

1 paragraph (B) of this Section shall be 75% of final average
2 salary.

3 (f) A member retiring after the effective date of this
4 amendatory Act of 1998 shall receive a pension equal to 75% of
5 final average salary if the member is qualified to receive a
6 retirement annuity equal to at least 74.6% of final average
7 salary under this Article or as proportional annuities under
8 Article 20 of this Code.

9 (Source: P.A. 94-4, eff. 6-1-05.)

10 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

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

12 (a) Each member with creditable service and retiring on or
13 after August 26, 1969 is entitled to the automatic annual
14 increases in annuity provided under this Section while
15 receiving a retirement annuity or disability retirement
16 annuity from the system.

17 An annuitant shall first be entitled to an initial increase
18 under this Section on the January 1 next following the first
19 anniversary of retirement, or January 1 of the year next
20 following attainment of age 61, whichever is later. At such
21 time, the system shall pay an initial increase determined as
22 follows or as provided in subsections (a-1) and (a-2):

23 (1) 1.5% of the originally granted retirement annuity
24 or disability retirement annuity multiplied by the number
25 of years elapsed, if any, from the date of retirement until

1 January 1, 1972, plus

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

6 (3) 3% of the originally granted annuity multiplied by
7 the number of years elapsed from the date of retirement or
8 January 1, 1978, whichever is later, until the effective
9 date of the initial increase.

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

16 Following the initial increase, automatic annual increases
17 in annuity shall be payable on each January 1 thereafter during
18 the lifetime of the annuitant, determined as a percentage of
19 the originally granted retirement annuity or disability
20 retirement annuity for increases granted prior to January 1,
21 1990, and calculated as a percentage of the total amount of
22 annuity, including previous increases under this Section, for
23 increases granted on or after January 1, 1990, as follows: 1.5%
24 for periods prior to January 1, 1972, 2% for periods after
25 December 31, 1971 and prior to January 1, 1978, and 3% for
26 periods after December 31, 1977, or as provided in subsections

1 (a-1) and (a-2).

2 (a-1) Notwithstanding any other provision of this Article,
3 for a Tier I retiree, the amount of each automatic increase in
4 retirement annuity occurring on or after the effective date of
5 this amendatory Act of the 98th General Assembly shall be the
6 lesser of (i) \$750 or (ii) 3% of the total annuity payable at
7 the time of the increase, including previous increases granted.

8 (a-2) Notwithstanding any other provision of this Article,
9 the System shall not grant any new or additional automatic
10 increase in retirement annuity to a Tier I retiree on or after
11 the effective date of this amendatory Act of the 98th General
12 Assembly and before January 1, 2017.

13 Notwithstanding any other provision of this Article, the
14 System shall not grant any new or additional automatic increase
15 in retirement annuity to a Tier I retiree who has not yet
16 attained the age of 67, regardless of any age augmentation
17 granted under this Article as an early retirement incentive.

18 If on the effective date of this amendatory Act of the 98th
19 General Assembly a Tier I retiree has already received an
20 annual increase under this Section but does not yet meet the
21 new eligibility requirements of this subsection, the annual
22 increases already received shall continue in force, but no
23 additional annual increase shall be granted until the Tier I
24 retiree meets the new eligibility requirements.

25 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)
26 and (a-2) apply without regard to whether or not the Tier I

1 retiree is in active service under this Article on or after the
2 effective date of this amendatory Act of the 98th General
3 Assembly.

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

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

17 (d) An annuitant receiving a retirement annuity or
18 disability retirement annuity on July 1, 1969, who subsequently
19 re-enters service as a teacher is eligible for the automatic
20 annual increases in annuity provided under this Section if he
21 or she renders at least one year of creditable service
22 following the latest re-entry.

23 (e) In addition to the automatic annual increases in
24 annuity provided under this Section, an annuitant who meets the
25 service requirements of this Section and whose retirement
26 annuity or disability retirement annuity began on or before

1 January 1, 1971 shall receive, on January 1, 1981, an increase
2 in the annuity then being paid of one dollar per month for each
3 year of creditable service. On January 1, 1982, an annuitant
4 whose retirement annuity or disability retirement annuity
5 began on or before January 1, 1977 shall receive an increase in
6 the annuity then being paid of one dollar per month for each
7 year of creditable service.

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

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

14 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

15 Sec. 16-152. Contributions by members.

16 (a) Each member shall make contributions for membership
17 service to this System as follows:

18 (1) Effective July 1, 1998, contributions of 7.50% of
19 salary towards the cost of the retirement annuity. Such
20 contributions shall be deemed "normal contributions".

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

24 (3) Effective July 24, 1959, contributions of 1% of
25 salary towards the cost of survivor benefits. Such

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

4 (4) Effective July 1, 2005, contributions of 0.40% of
5 salary toward the cost of the early retirement without
6 discount option provided under Section 16-133.2. This
7 contribution shall cease upon termination of the early
8 retirement without discount option as provided in Section
9 16-176.

10 (a-5) In addition to the contributions otherwise required
11 under this Article, each Tier I member shall also make the
12 following contributions toward the cost of the retirement
13 annuity from each payment of salary:

14 (1) beginning July 1, 2013 and through June 30, 2014,
15 1% of salary; and

16 (2) beginning on July 1, 2014, 2% of salary.

17 Except as otherwise specified, these contributions are to
18 be considered as normal contributions for purposes of this
19 Article.

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

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

25 (d) A person who (i) was a member before July 1, 1998, (ii)
26 retires with more than 34 years of creditable service, and

1 (iii) does not elect to qualify for the augmented rate under
2 Section 16-129.1 shall be entitled, at the time of retirement,
3 to receive a partial refund of contributions made under this
4 Section for service occurring after the later of June 30, 1998
5 or attainment of 34 years of creditable service, in an amount
6 equal to 1.00% of the salary upon which those contributions
7 were based.

8 (e) A member's contributions toward the cost of early
9 retirement without discount made under item (a)(4) of this
10 Section shall not be refunded if the member has elected early
11 retirement without discount under Section 16-133.2 and has
12 begun to receive a retirement annuity under this Article
13 calculated in accordance with that election. Otherwise, a
14 member's contributions toward the cost of early retirement
15 without discount made under item (a)(4) of this Section shall
16 be refunded according to whichever one of the following
17 circumstances occurs first:

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

22 (2) The contributions shall be included, without
23 interest, in any refund claimed by the member under Section
24 16-151.

25 (3) The contributions shall be refunded to the member's
26 designated beneficiary (or if there is no beneficiary, to

1 the member's estate), without interest, if the member dies
2 without having begun to receive a retirement annuity under
3 this Article.

4 (4) The contributions shall be refunded to the member,
5 without interest, within 120 days after the early
6 retirement without discount option provided under Section
7 16-133.2 is terminated under Section 16-176.

8 (Source: P.A. 93-320, eff. 7-23-03; 94-4, eff. 6-1-05.)

9 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

10 Sec. 16-158. Contributions by State and other employing
11 units.

12 (a) The State shall make contributions to the System by
13 means of appropriations from the Common School Fund and other
14 State funds of amounts which, together with other employer
15 contributions, employee contributions, investment income, and
16 other income, will be sufficient to meet the cost of
17 maintaining and administering the System on a 100% ~~90%~~ funded
18 basis in accordance with actuarial recommendations by the end
19 of State fiscal year 2043.

20 The Board shall determine the amount of State contributions
21 required for each fiscal year on the basis of the actuarial
22 tables and other assumptions adopted by the Board and the
23 recommendations of the actuary, using the formula in subsection
24 (b-3).

25 (a-1) Annually, on or before November 15 through ~~until~~

1 November 15, 2011, the Board shall certify to the Governor the
2 amount of the required State contribution for the coming fiscal
3 year. The certification under this subsection (a-1) shall
4 include a copy of the actuarial recommendations upon which it
5 is based ~~and shall specifically identify the System's projected~~
6 ~~State normal cost for that fiscal year.~~

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

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

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

24 (a-5) On or before November 1 of each year, beginning
25 November 1, 2012, the Board shall submit to the State Actuary,
26 the Governor, and the General Assembly a proposed certification

1 of the amount of the required State contribution to the System
2 for the next fiscal year, along with all of the actuarial
3 assumptions, calculations, and data upon which that proposed
4 certification is based. On or before January 1 of each year,
5 beginning January 1, 2013, the State Actuary shall issue a
6 preliminary report concerning the proposed certification and
7 identifying, if necessary, recommended changes in actuarial
8 assumptions that the Board must consider before finalizing its
9 certification of the required State contributions.

10 On or before January 15, 2013 and each January 15
11 thereafter, the Board shall certify to the Governor and the
12 General Assembly the amount of the required State contribution
13 for the next fiscal year. The certification shall include a
14 copy of the actuarial recommendations upon which it is based
15 and shall specifically identify the System's projected State
16 normal cost for that fiscal year. The Board's certification
17 must note any deviations from the State Actuary's recommended
18 changes, the reason or reasons for not following the State
19 Actuary's recommended changes, and the fiscal impact of not
20 following the State Actuary's recommended changes on the
21 required State contribution.

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

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

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

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

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

25 (b-3) For State fiscal years 2014 through 2043, the minimum
26 contribution to the System to be made by the State for each

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

11 For State fiscal year 2044 and thereafter, the minimum
12 State contribution for each fiscal year shall be the amount
13 needed to maintain the total assets of the System at 100% of
14 the total actuarial liabilities of the System.

15 For State fiscal years 2012 and 2013 ~~through 2045~~, the
16 minimum contribution to the System to be made by the State for
17 each fiscal year shall be an amount determined by the System to
18 be sufficient to bring the total assets of the System up to 90%
19 of the total actuarial liabilities of the System by the end of
20 State fiscal year 2045. In making these determinations, the
21 required State contribution shall be calculated each year as a
22 level percentage of payroll over the years remaining to and
23 including fiscal year 2045 and shall be determined under the
24 projected unit credit actuarial cost method.

25 For State fiscal years 1996 through 2005, the State
26 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual increments
2 so that by State fiscal year 2011, the State is contributing at
3 the rate required under this Section; except that in the
4 following specified State fiscal years, the State contribution
5 to the System shall not be less than the following indicated
6 percentages of the applicable employee payroll, even if the
7 indicated percentage will produce a State contribution in
8 excess of the amount otherwise required under this subsection
9 and subsection (a), and notwithstanding any contrary
10 certification made under subsection (a-1) before the effective
11 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
12 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
13 2003; and 13.56% in FY 2004.

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2006 is
16 \$534,627,700.

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2007 is
19 \$738,014,500.

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

26 Notwithstanding any other provision of this Article, the

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

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

25 ~~Beginning in State fiscal year 2046, the minimum State~~
26 ~~contribution for each fiscal year shall be the amount needed to~~

1 ~~maintain the total assets of the System at 90% of the total~~
2 ~~actuarial liabilities of the System.~~

3 Amounts received by the System pursuant to Section 25 of
4 the Budget Stabilization Act or Section 8.12 of the State
5 Finance Act in any fiscal year do not reduce and do not
6 constitute payment of any portion of the minimum State
7 contribution required under this Article in that fiscal year.
8 Such amounts shall not reduce, and shall not be included in the
9 calculation of, the required State contributions under this
10 Article in any future year until the System has reached a
11 funding ratio of at least 100% ~~90%~~. A reference in this Article
12 to the "required State contribution" or any substantially
13 similar term does not include or apply to any amounts payable
14 to the System under Section 25 of the Budget Stabilization Act.

15 Notwithstanding any other provision of this Code or the
16 Budget Stabilization Act, amounts transferred to the System
17 pursuant to the Budget Stabilization Act after the effective
18 date of this amendatory Act of the 98th General Assembly do not
19 reduce and do not constitute payment of any portion of the
20 required State contribution under this Article in that fiscal
21 year. Such amounts shall not reduce, and shall not be included
22 in the calculation of, the required State contributions under
23 this Article in any future year until the System has received
24 payment of contributions pursuant to the Budget Stabilization
25 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 through State
3 fiscal year 2013, as calculated under this Section and
4 certified under subsection (a-1), shall not exceed an amount
5 equal to (i) the amount of the required State contribution that
6 would have been calculated under this Section for that fiscal
7 year if the System had not received any payments under
8 subsection (d) of Section 7.2 of the General Obligation Bond
9 Act, minus (ii) the portion of the State's total debt service
10 payments for that fiscal year on the bonds issued in fiscal
11 year 2003 for the purposes of that Section 7.2, as determined
12 and certified by the Comptroller, that is the same as the
13 System's portion of the total moneys distributed under
14 subsection (d) of Section 7.2 of the General Obligation Bond
15 Act. In determining this maximum for State fiscal years 2008
16 through 2010, however, the amount referred to in item (i) shall
17 be increased, as a percentage of the applicable employee
18 payroll, in equal increments calculated from the sum of the
19 required State contribution for State fiscal year 2007 plus the
20 applicable portion of the State's total debt service payments
21 for fiscal year 2007 on the bonds issued in fiscal year 2003
22 for the purposes of Section 7.2 of the General Obligation Bond
23 Act, so that, by State fiscal year 2011, the State is
24 contributing at 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. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
24 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
25 6-18-12; 97-813, eff. 7-13-12.)

1 (40 ILCS 5/16-158.2 new)

2 Sec. 16-158.2. Obligations of State; funding guarantee.

3 Beginning July 1, 2013, the State shall be contractually
4 obligated to contribute to the System under Section 16-158 in
5 each State fiscal year an amount not less than the sum of (i)
6 the State's normal cost for that year and (ii) the portion of
7 the unfunded accrued liability assigned to that year by law in
8 accordance with a schedule that distributes payments equitably
9 over a reasonable period of time and in accordance with
10 accepted actuarial practices. The obligations created under
11 this subsection (b) are contractual obligations protected and
12 enforceable under Article I, Section 16 and Article XIII,
13 Section 5 of the Illinois Constitution.

14 Notwithstanding any other provision of law, if the State
15 fails to pay in a State fiscal year the amount guaranteed under
16 this subsection, the System may bring a mandamus action in the
17 Circuit Court of Sangamon County to compel the State to make
18 that payment, irrespective of other remedies that may be
19 available to the System. In ordering the State to make the
20 required payment, the court may order a reasonable payment
21 schedule to enable the State to make the required payment
22 without significantly imperiling the public health, safety, or
23 welfare.

24 Any payments required to be made by the State pursuant to
25 this Section are expressly subordinated to the payment of the
26 principal, interest, and premium, if any, on any bonded debt

1 obligation of the State or any other State-created entity,
2 either currently outstanding or to be issued, for which the
3 source of repayment or security thereon is derived directly or
4 indirectly from tax revenues collected by the State or any
5 other State-created entity. Payments on such bonded
6 obligations include any statutory fund transfers or other
7 prefunding mechanisms or formulas set forth, now or hereafter,
8 in State law or bond indentures, into debt service funds or
9 accounts of the State related to such bonded obligations,
10 consistent with the payment schedules associated with such
11 obligations.

12 (40 ILCS 5/16-203)

13 Sec. 16-203. Application and expiration of new benefit
14 increases.

15 (a) As used in this Section, "new benefit increase" means
16 an increase in the amount of any benefit provided under this
17 Article, or an expansion of the conditions of eligibility for
18 any benefit under this Article, that results from an amendment
19 to this Code that takes effect after June 1, 2005 (the
20 effective date of Public Act 94-4). "New benefit increase",
21 however, does not include any benefit increase resulting from
22 the changes made to this Article or Article 1 by Public Act
23 95-910 or this amendatory Act of the 98th ~~95th~~ General
24 Assembly.

25 (b) Notwithstanding any other provision of this Code or any

1 subsequent amendment to this Code, every new benefit increase
2 is subject to this Section and shall be deemed to be granted
3 only in conformance with and contingent upon compliance with
4 the provisions of this Section.

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

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

25 (d) Every new benefit increase shall expire 5 years after
26 its effective date or on such earlier date as may be specified

1 in the language enacting the new benefit increase or provided
2 under subsection (c). This does not prevent the General
3 Assembly from extending or re-creating a new benefit increase
4 by law.

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

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

16 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

17 Sec. 18-131. Financing; employer contributions.

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

24 (b) The Board shall determine the amount of State
25 contributions required for each fiscal year on the basis of the

1 actuarial tables and other assumptions adopted by the Board and
2 the prescribed rate of interest, using the formula in
3 subsection (c).

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

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

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2006 is
21 \$29,189,400.

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2007 is
24 \$35,236,800.

25 For each of State fiscal years 2008 through 2009, the State
26 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual increments
2 from the required State contribution for State fiscal year
3 2007, so that by State fiscal year 2011, the State is
4 contributing at the rate otherwise required under this Section.

5 Notwithstanding any other provision of this Article, the
6 total required State contribution for State fiscal year 2010 is
7 \$78,832,000 and shall be made from the proceeds of bonds sold
8 in fiscal year 2010 pursuant to Section 7.2 of the General
9 Obligation Bond Act, less (i) the pro rata share of bond sale
10 expenses determined by the System's share of total bond
11 proceeds, (ii) any amounts received from the General Revenue
12 Fund in fiscal year 2010, and (iii) any reduction in bond
13 proceeds due to the issuance of discounted bonds, if
14 applicable.

15 Notwithstanding any other provision of this Article, the
16 total required State contribution for State fiscal year 2011 is
17 the amount recertified by the System on or before April 1, 2011
18 pursuant to Section 18-140 and shall be made from the proceeds
19 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
20 the General Obligation Bond Act, less (i) the pro rata share of
21 bond sale expenses determined by the System's share of total
22 bond proceeds, (ii) any amounts received from the General
23 Revenue Fund in fiscal year 2011, and (iii) any reduction in
24 bond proceeds due to the issuance of discounted bonds, if
25 applicable.

26 Beginning in State fiscal year 2046, the minimum State

1 contribution 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 Code or the
17 Budget Stabilization Act, amounts transferred to the System
18 pursuant to the Budget Stabilization Act after the effective
19 date of this amendatory Act of the 98th General Assembly do not
20 reduce and do not constitute payment of any portion of the
21 required State contribution under this Article in that fiscal
22 year. Such amounts shall not reduce, and shall not be included
23 in the calculation of, the required State contributions under
24 this Article in any future year until the System has received
25 payment of contributions pursuant to the Budget Stabilization
26 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, as calculated
4 under this Section and certified under Section 18-140, shall
5 not exceed an amount equal to (i) the amount of the required
6 State contribution that would have been calculated under this
7 Section for that fiscal year if the System had not received any
8 payments under subsection (d) of Section 7.2 of the General
9 Obligation Bond Act, minus (ii) the portion of the State's
10 total debt service payments for that fiscal year on the bonds
11 issued in fiscal year 2003 for the purposes of that Section
12 7.2, as determined and certified by the Comptroller, that is
13 the same as the System's portion of the total moneys
14 distributed under subsection (d) of Section 7.2 of the General
15 Obligation Bond Act. In determining this maximum for State
16 fiscal years 2008 through 2010, however, the amount referred to
17 in item (i) shall be increased, as a percentage of the
18 applicable employee payroll, in equal increments calculated
19 from the sum of the required State contribution for State
20 fiscal year 2007 plus the applicable portion of the State's
21 total debt service payments for fiscal year 2007 on the bonds
22 issued in fiscal year 2003 for the purposes of Section 7.2 of
23 the General Obligation Bond Act, so that, by State fiscal year
24 2011, the State is contributing at the rate otherwise required
25 under this Section.

26 (d) For purposes of determining the required State

1 contribution to the System, the value of the System's assets
2 shall be equal to the actuarial value of the System's assets,
3 which shall be calculated as follows:

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

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

15 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
16 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
17 7-13-12.)

18 Section A-25. The Illinois Educational Labor Relations Act
19 is amended by changing Sections 4 and 17 as follows:

20 (115 ILCS 5/4) (from Ch. 48, par. 1704)

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

1 organizational structure and selection of new employees and
2 direction of employees. Employers, however, shall be required
3 to bargain collectively with regard to policy matters directly
4 affecting wages, hours and terms and conditions of employment
5 as well as the impact thereon upon request by employee
6 representatives, but excluding the changes, the impact of
7 changes, and the implementation of the changes set forth in
8 this amendatory Act of the 98th General Assembly. To preserve
9 the rights of employers and exclusive representatives which
10 have established collective bargaining relationships or
11 negotiated collective bargaining agreements prior to the
12 effective date of this Act, employers shall be required to
13 bargain collectively with regard to any matter concerning
14 wages, hours or conditions of employment about which they have
15 bargained for and agreed to in a collective bargaining
16 agreement prior to the effective date of this Act, but
17 excluding the changes, the impact of changes, and the
18 implementation of the changes set forth in this amendatory Act
19 of the 98th General Assembly.

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

21 (115 ILCS 5/17) (from Ch. 48, par. 1717)

22 Sec. 17. Effect on other laws. In case of any conflict
23 between the provisions of this Act and any other law (other
24 than the changes, the impact of changes, and the implementation
25 of the changes made to the Illinois Pension Code by this

1 amendatory Act of the 98th General Assembly), executive order
2 or administrative regulation, the provisions of this Act shall
3 prevail and control. The provisions of this Act are subject to
4 the changes made by this amendatory Act of the 98th General
5 Assembly. Nothing in this Act shall be construed to replace or
6 diminish the rights of employees established by Section 36d of
7 "An Act to create the State Universities Civil Service System",
8 approved May 11, 1905, as amended or modified.
9 (Source: P.A. 83-1014.)

10 Section A-90. The State Mandates Act is amended by adding
11 Section 8.37 as follows:

12 (30 ILCS 805/8.37 new)

13 Sec. 8.37. Exempt mandate. Notwithstanding Sections 6 and 8
14 of this Act, no reimbursement by the State is required for the
15 implementation of any mandate created by this amendatory Act of
16 the 98th General Assembly.

17 Section A-90. The State Mandates Act is amended by adding
18 Section 8.36 as follows:

19 Section A-97. Severability and inseverability. The changes
20 made by this Part A to Acts other than the Illinois Pension
21 Code are severable from the other changes made by this Act. The
22 changes made by this Part A to an Article of the Illinois

1 Pension Code are severable from the changes made by this Part A
2 to another Article of the Illinois Pension Code. However, the
3 changes made by this Part A in an Article of the Illinois
4 Pension Code that relate to (i) automatic annual increases,
5 (ii) employee or member contributions, (iii) State or employer
6 contributions, (iv) State funding guarantees, or (v) salary,
7 earnings, or compensation are mutually dependent and
8 inseverable.

9 PART B

10 Section B-1. The Illinois Pension Code is amended by adding
11 Section 1-103.5 as follows:

12 (40 ILCS 5/1-103.5 new)

13 Sec. 1-103.5. Explanation of House Bill 3865.

14 (a) Part A of House Bill 3865 is intended by the General
15 Assembly as a stand-alone reform of certain Articles of this
16 Code, which takes effect upon becoming law. Part B of House
17 Bill 3865 contains alternative provisions that take effect only
18 if and when a corresponding portion of Part A is determined to
19 be unconstitutional or otherwise invalid or unenforceable.

20 (b) If one or more of the changes made in Part A to
21 portions of a specific Article of the Illinois Pension Code
22 that are designated as inseverable under Section 97 of Part A
23 are determined to be unconstitutional or otherwise invalid by a

1 final judgment of the Illinois Supreme Court or by a final
2 unappealable judgment of the Illinois Appellate Court or a
3 court of competent jurisdiction, then the invalid provisions of
4 Part A and the provisions of Part A that are inseverable from
5 those provisions shall be superseded by the Sections of Part B
6 that take effect due to that invalidity.

7 Section B-5. If and only if Section B-30, B-35, B-40, or
8 B-45 of this Part B take effect, then the Illinois Public Labor
9 Relations Act is amended by changing Sections 4 and 15 as
10 follows:

11 (5 ILCS 315/4) (from Ch. 48, par. 1604)

12 Sec. 4. Management Rights. Employers shall not be required
13 to bargain over matters of inherent managerial policy, which
14 shall include such areas of discretion or policy as the
15 functions of the employer, standards of services, its overall
16 budget, the organizational structure and selection of new
17 employees, examination techniques and direction of employees.
18 Employers, however, shall be required to bargain collectively
19 with regard to policy matters directly affecting wages (but
20 subject to any applicable restrictions in Section 14-106.5,
21 15-132.9, or 16-122.9 of the Illinois Pension Code), hours and
22 terms and conditions of employment as well as the impact
23 thereon upon request by employee representatives, but
24 excluding the changes, the impact of changes, and the

1 implementation of the changes set forth in this amendatory Act
2 of the 98th General Assembly.

3 To preserve the rights of employers and exclusive
4 representatives which have established collective bargaining
5 relationships or negotiated collective bargaining agreements
6 prior to the effective date of this Act, employers shall be
7 required to bargain collectively with regard to any matter
8 concerning wages (but subject to any applicable restrictions in
9 Section 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension
10 Code), hours or conditions of employment about which they have
11 bargained for and agreed to in a collective bargaining
12 agreement prior to the effective date of this Act, but
13 excluding the changes, the impact of changes, and the
14 implementation of the changes set forth in this amendatory Act
15 of the 98th General Assembly.

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

21 Nothing in this amendatory Act of the 94th General Assembly
22 shall be construed to intrude upon the judicial functions of
23 any court. This amendatory Act of the 94th General Assembly
24 applies only to nonjudicial administrative matters relating to
25 the collective bargaining rights of court reporters.

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

1 (5 ILCS 315/15) (from Ch. 48, par. 1615)

2 Sec. 15. Act Takes Precedence.

3 (a) In case of any conflict between the provisions of this
4 Act and any other law (other than Section 5 of the State
5 Employees Group Insurance Act of 1971 and other than the
6 changes made to the Illinois Pension Code by Public Act 96-889
7 and the changes, impact of changes, and the implementation of
8 the changes made to the Illinois Pension Code and the State
9 Employees Group Insurance Act of 1971 by this amendatory Act of
10 the 98th ~~96th~~ General Assembly), executive order or
11 administrative regulation relating to wages, hours and
12 conditions of employment and employment relations, the
13 provisions of this Act or any collective bargaining agreement
14 negotiated thereunder shall prevail and control. Nothing in
15 this Act shall be construed to replace or diminish the rights
16 of employees established by Sections 28 and 28a of the
17 Metropolitan Transit Authority Act, Sections 2.15 through 2.19
18 of the Regional Transportation Authority Act. The provisions of
19 this Act are subject to the changes made by this amendatory Act
20 of the 98th General Assembly, including Sections 14-106.5,
21 15-132.9, and 16-122.9 of the Illinois Pension Code, and
22 Section 5 of the State Employees Group Insurance Act of 1971.
23 Nothing in this Act shall be construed to replace the necessity
24 of complaints against a sworn peace officer, as defined in
25 Section 2(a) of the Uniform Peace Officer Disciplinary Act,

1 from having a complaint supported by a sworn affidavit.

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

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

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

21 Section B-10. If and only if any of the changes made by
22 Title A of this Act to provisions in Article 15 of the Illinois
23 Pension Code concerning (i) automatic annual increases, (ii)
24 employee or member contributions, (iii) State or employer
25 contributions, (iv) State funding guarantees, or (v) salary,

1 earnings, or compensation is declared to be unconstitutional or
2 otherwise invalid, then the State Employees Group Insurance Act
3 of 1971 is amended by changing Sections 6.9 and 6.10 and by
4 adding 6.10A as follows:

5 (5 ILCS 375/6.9)

6 Sec. 6.9. Health benefits for community college benefit
7 recipients and community college dependent beneficiaries.

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

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

21 (c) Eligibility. All community college benefit recipients
22 and community college dependent beneficiaries shall be
23 eligible to participate in the program established under this
24 Section, without any interruption or delay in coverage or
25 limitation as to pre-existing medical conditions. Eligibility

1 to participate shall be determined by the State Universities
2 Retirement System. Eligibility information shall be
3 communicated to the Department of Central Management Services
4 in a format acceptable to the Department.

5 (d) Coverage. The health benefit coverage provided under
6 this Section shall be a program of health, dental, and vision
7 benefits.

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

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

21 The cost of health benefits under the program shall be paid
22 as follows:

23 (1) For a community college benefit recipient, costs
24 shall be an amount equal to the difference between the
25 projected costs of health benefits under the program and
26 projected contributions from community college districts,

1 active contributors, and other income of the program. Other
2 income of the program shall exclude contributions made by
3 the State to retire unpaid claims of the program up to 75%
4 ~~of the total insurance rate shall be paid from the~~
5 ~~Community College Health Insurance Security Fund.~~

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

1 (f) Financing. All revenues arising from the
2 administration of the health benefit program established under
3 this Section shall be deposited into the Community College
4 Health Insurance Security Fund, which is hereby created as a
5 nonappropriated trust fund to be held outside the State
6 Treasury, with the State Treasurer as custodian. Any interest
7 earned on moneys in the Community College Health Insurance
8 Security Fund shall be deposited into the Fund.

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

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

1 (h) Continuation of program. It is the intention of the
2 General Assembly that the program of health benefits provided
3 under this Section be maintained on an ongoing, affordable
4 basis. The program of health benefits provided under this
5 Section may be amended by the State and is not intended to be a
6 pension or retirement benefit subject to protection under
7 Article XIII, Section 5 of the Illinois Constitution.

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

22 This Act does not prohibit any community college district
23 from offering additional health benefits for its retirees or
24 their dependents or survivors.

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

1 (5 ILCS 375/6.10)

2 Sec. 6.10. Contributions to the Community College Health
3 Insurance Security Fund.

4
5 (a) Beginning January 1, 1999, every active contributor of
6 the State Universities Retirement System (established under
7 Article 15 of the Illinois Pension Code) who (1) is a full-time
8 employee of a community college district (other than a
9 community college district subject to Article VII of the Public
10 Community College Act) or an association of community college
11 boards and (2) is not an employee as defined in Section 3 of
12 this Act shall make contributions toward the cost of community
13 college annuitant and survivor health benefits at the rate of
14 0.50% of salary. Beginning with the first State fiscal year to
15 occur after the end of the election period specified in Section
16 15-132.9, the contribution rate under this subsection (a) shall
17 be 1.25% of salary. Beginning with the second State fiscal year
18 to occur after the end of the election period specified in
19 Section 15-132.9, the contribution rate under this subsection
20 (a) shall be a percentage of salary determined by the
21 Department of Central Management Services, or its successor, by
22 rule, which in each fiscal year shall not exceed 108% of the
23 percentage of salary actually required to be contributed in the
24 previous fiscal year. However, the required contribution rate
25 determined by the Department or its successor under this
26 subsection (a) shall equal the required contribution rate

1 determined by the Department or its successor under subsection
2 (b) of this Section.

3 These contributions shall be deducted by the employer and
4 paid to the State Universities Retirement System as service
5 agent for the Department of Central Management Services. The
6 System may use the same processes for collecting the
7 contributions required by this subsection that it uses to
8 collect the contributions received from those employees under
9 Section 15-157 of the Illinois Pension Code. An employer may
10 agree to pick up or pay the contributions required under this
11 subsection on behalf of the employee; such contributions shall
12 be deemed to have been paid by the employee.

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

23 (b) Beginning January 1, 1999, every community college
24 district (other than a community college district subject to
25 Article VII of the Public Community College Act) or association
26 of community college boards that is an employer under the State

1 Universities Retirement System shall contribute toward the
2 cost of the community college health benefits provided under
3 Section 6.9 of this Act an amount equal to 0.50% of the salary
4 paid to its full-time employees who participate in the State
5 Universities Retirement System and are not members as defined
6 in Section 3 of this Act. Beginning with the first State fiscal
7 year to occur after the end of the election period specified in
8 Section 15-132.9, the contribution rate under this subsection
9 (b) shall be 1.25% of salary. Beginning with the second State
10 fiscal year to occur after the end of the election period
11 specified in Section 15-132.9, the contribution rate under this
12 subsection (b) shall be a percentage of salary determined by
13 the Department of Central Management Services, or its
14 successor, by rule, which in each fiscal year shall not exceed
15 108% of the percentage of salary actually required to be
16 contributed in the previous fiscal year. However, the required
17 contribution rate determined by the Department or its successor
18 under this subsection (b) shall equal the required contribution
19 rate determined by the Department or its successor under
20 subsection (a) of this Section.

21 These contributions shall be paid by the employer to the
22 State Universities Retirement System as service agent for the
23 Department of Central Management Services. The System may use
24 the same processes for collecting the contributions required by
25 this subsection that it uses to collect the contributions
26 received from those employers under Section 15-155 of the

1 Illinois Pension Code.

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

12 The Department of Healthcare and Family Services, or any
13 successor agency designated to procure healthcare contracts
14 pursuant to this Act, is authorized to establish funds,
15 separate accounts provided by any bank or banks as defined by
16 the Illinois Banking Act, or separate accounts provided by any
17 savings and loan association or associations as defined by the
18 Illinois Savings and Loan Act of 1985 to be held by the
19 Director, outside the State treasury, for the purpose of
20 receiving the transfer of moneys from the Community College
21 Health Insurance Security Fund. The Department may promulgate
22 rules further defining the methodology for the transfers. Any
23 interest earned by moneys in the funds or accounts shall inure
24 to the Community College Health Insurance Security Fund. The
25 transferred moneys, and interest accrued thereon, shall be used
26 exclusively for transfers to administrative service

1 organizations or their financial institutions for payments of
2 claims to claimants and providers under the self-insurance
3 health plan. The transferred moneys, and interest accrued
4 thereon, shall not be used for any other purpose including, but
5 not limited to, reimbursement of administration fees due the
6 administrative service organization pursuant to its contract
7 or contracts with the Department.

8 (c) On or before November 15 of each year, the Board of
9 Trustees of the State Universities Retirement System shall
10 certify to the Governor, the Director of Central Management
11 Services, and the State Comptroller its estimate of the total
12 amount of contributions to be paid under subsection (a) of this
13 Section for the next fiscal year, except that no certification
14 shall be made under this subsection (c) on or after the
15 effective date of the changes made to this Section by this
16 amendatory Act of the 98th General Assembly. Beginning in
17 fiscal year 2008, the amount certified shall be decreased or
18 increased each year by the amount that the actual active
19 employee contributions either fell short of or exceeded the
20 estimate used by the Board in making the certification for the
21 previous fiscal year. The State Universities Retirement System
22 shall calculate the amount of actual active employee
23 contributions in fiscal years 1999 through 2005. Based upon
24 this calculation, the fiscal year 2008 certification shall
25 include an amount equal to the cumulative amount that the
26 actual active employee contributions either fell short of or

1 exceeded the estimate used by the Board in making the
2 certification for those fiscal years. The certification shall
3 include a detailed explanation of the methods and information
4 that the Board relied upon in preparing its estimate. As soon
5 as possible after the effective date of this Section, the Board
6 shall submit its estimate for fiscal year 1999.

7 (d) Beginning in fiscal year 1999, on the first day of each
8 month, or as soon thereafter as may be practical, the State
9 Treasurer and the State Comptroller shall transfer from the
10 General Revenue Fund to the Community College Health Insurance
11 Security Fund 1/12 of the annual amount appropriated for that
12 fiscal year to the State Comptroller for deposit into the
13 Community College Health Insurance Security Fund under Section
14 1.4 of the State Pension Funds Continuing Appropriation Act.

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

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

19 (5 ILCS 375/6.10A new)

20 Sec. 6.10A. City colleges; optional participation in
21 program of health benefits. Notwithstanding any other
22 provision of this Act, the Department of Central Management
23 Services shall adopt rules authorizing optional participation
24 in the program of health benefits for community college benefit
25 recipients and community college dependent beneficiaries by

1 any person who is otherwise ineligible to participate in that
2 program solely as a result of that or another person's
3 employment with a community college district subject to Article
4 VII of the Public Community College Act.

5 Section B-12. If and only if any of the changes made by
6 Title A of this Act to provisions in Article 2, 14, 15, or 16 of
7 the Illinois Pension Code concerning (i) automatic annual
8 increases, (ii) employee or member contributions, (iii) State
9 or employer contributions, (iv) State funding guarantees, or
10 (v) salary, earnings, or compensation is declared to be
11 unconstitutional or otherwise invalid, then the State
12 Employees Group Insurance Act of 1971 is amended by adding
13 Section 6.16 as follows:

14 (5 ILCS 375/6.16 new)

15 Sec. 6.16. Health benefit election for Tier I employees and
16 Tier I retirees.

17 (a) For purposes of this Section:

18 "Eligible Tier I employee" means an individual who makes or
19 is deemed to have made an election under paragraph (1) of
20 subsection (a) of Section 2-110.3, 14-106.5, 15-132.9, or
21 16-122.9 of the Illinois Pension Code.

22 "Eligible Tier I retiree" means an individual who makes or
23 is deemed to have made an election under paragraph (1) of
24 subsection (a-5) of Section 2-110.3, 14-106.5, 15-132.9, or

1 16-122.9 of the Illinois Pension Code.

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

10 (b) As adequate and legal consideration for making the
11 election under paragraph (1) of subsection (a) or (a-5) of
12 Section 2-110.3, 14-106.5, 15-132.9, or 16-122.9 of the
13 Illinois Pension Code, each eligible Tier I employee and each
14 eligible Tier I retiree shall receive a vested and enforceable
15 contractual right to participate in a program of health
16 benefits while he or she qualifies as an annuitant or retired
17 employee. That right also extends to such a person's dependents
18 and survivors who are eligible under the applicable program of
19 health benefits.

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

24 (d) The vested and enforceable contractual right to a
25 program of health benefits is not offered as, and shall not be
26 considered, a pension benefit under Article XIII, Section 5 of

1 the Illinois Constitution, the Illinois Pension Code, or any
2 subsequent or successor enactment providing pension benefits.

3 (e) Notwithstanding any other provision of this Act, a Tier
4 I employee or Tier I retiree who has made an election under
5 paragraph (2) of subsection (a) or (a-5) of Section 2-110.3,
6 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code
7 shall not be entitled to participate in the program of health
8 benefits as an annuitant or retired employee receiving a
9 retirement annuity, regardless of any contrary election
10 pursuant to any of those Sections under any other retirement
11 system.

12 Notwithstanding any other provision of this Act, a Tier I
13 employee who is not entitled to participate in the program of
14 health benefits as an annuitant or retired employee receiving a
15 retirement annuity, due to an election under paragraph (2) of
16 subsection (a) or (a-5) of Section 2-110.3, 14-106.5, 15-132.9,
17 or 16-122.9 of the Illinois Pension Code shall not be required
18 to make contributions toward the program of health benefits
19 while he or she is an employee or active contributor. However,
20 an active employee may be required to make contributions toward
21 health benefits he or she receives during active service.

22 (f) The Department shall coordinate with each retirement
23 system administering an election in accordance with this
24 amendatory Act of the 98th General Assembly to provide
25 information concerning the impact of the election of health
26 benefits. Each System shall include information prepared by the

1 Department in the required election packet. The Department
2 shall make information available to Tier I employees and Tier I
3 retirees through video materials, group presentations,
4 consultation by telephone or other electronic means, or any
5 combination of these methods.

6 Section B-15. If and only if Section B-30, B-35, B-40, or
7 B-45 of this Part B take effect, then the Governor's Office of
8 Management and Budget Act is amended by changing Sections 7 and
9 8 as follows:

10 (20 ILCS 3005/7) (from Ch. 127, par. 417)

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

23 (1) Personal services

24 (2) State contribution for employee group insurance

- 1 (3) Contractual services
- 2 (4) Travel
- 3 (5) Commodities
- 4 (6) Equipment
- 5 (7) Permanent improvements
- 6 (8) Land
- 7 (9) Electronic Data Processing
- 8 (10) Telecommunication services
- 9 (11) Operation of Automotive Equipment
- 10 (12) Contingencies
- 11 (13) Reserve
- 12 (14) Interest
- 13 (15) Awards and Grants
- 14 (16) Debt Retirement
- 15 (17) Non-cost Charges-
- 16 (18) State retirement contribution for annual normal cost
- 17 (19) State retirement contribution for unfunded accrued
- 18 liability.

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

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

21 Sec. 8. When used in connection with a State budget or
22 expenditure or estimate, items (1) through (16) in the
23 classification of objects stated in Section 7 shall have the
24 meanings ascribed to those items in Sections 14 through 24.7,
25 respectively, of the State Finance Act. ~~"An Act in relation to~~

1 ~~State finance", approved June 10, 1919, as amended.~~

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

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

8 Section B-20. If and only if Section B-30, B-35, B-40, or
9 B-45 of this Part B take effect, then the State Finance Act is
10 amended by changing Section 13 and by adding Sections 24.12 and
11 24.13 as follows:

12 (30 ILCS 105/13) (from Ch. 127, par. 149)

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

- 15 (1) Personal services;
- 16 (2) State contribution for employee group insurance;
- 17 (3) Contractual services;
- 18 (4) Travel;
- 19 (5) Commodities;
- 20 (6) Equipment;
- 21 (7) Permanent improvements;
- 22 (8) Land;
- 23 (9) Electronic Data Processing;
- 24 (10) Operation of automotive equipment;

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

12 When an appropriation is made to an officer, department,

13 institution, board, commission or other agency, or to a private

14 association or corporation, in one or more of the items above

15 specified, such appropriation shall be construed in accordance

16 with the definitions and limitations specified in this Act,

17 unless the appropriation act otherwise provides.

18 An appropriation for a purpose other than one specified and

19 defined in this Act may be made only as an additional, separate

20 and distinct item, specifically stating the object and purpose

21 thereof.

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

23 (30 ILCS 105/24.12 new)

24 Sec. 24.12. "State retirement contribution for annual

25 normal cost" defined. The term "State retirement contribution

1 for annual normal cost" means the portion of the total required
2 State contribution to a retirement system for a fiscal year
3 that represents the State's portion of the System's projected
4 normal cost for that fiscal year, as determined and certified
5 by the board of trustees of the retirement system in
6 conformance with the applicable provisions of the Illinois
7 Pension Code.

8 (30 ILCS 105/24.13 new)

9 Sec. 24.13. "State retirement contribution for unfunded
10 accrued liability" defined. The term "State retirement
11 contribution for unfunded accrued liability" means the portion
12 of the total required State contribution to a retirement system
13 for a fiscal year that is not included in the State retirement
14 contribution for annual normal cost.

15 Section B-25. If and only if Section B-35, B-40, or B-45 of
16 this Part B take effect, then the Illinois Pension Code is
17 amended by changing Section 1-103.3 and adding Section 1-162 as
18 follows:

19 (40 ILCS 5/1-103.3)

20 Sec. 1-103.3. Application of 1994 amendment; funding
21 standard.

22 (a) The provisions of Public Act 88-593 ~~this amendatory Act~~
23 ~~of 1994~~ that change the method of calculating, certifying, and

1 paying the required State contributions to the retirement
2 systems established under Articles 2, 14, 15, 16, and 18 shall
3 first apply to the State contributions required for State
4 fiscal year 1996.

5 (b) (Blank). ~~The General Assembly declares that a funding~~
6 ~~ratio (the ratio of a retirement system's total assets to its~~
7 ~~total actuarial liabilities) of 90% is an appropriate goal for~~
8 ~~State funded retirement systems in Illinois, and it finds that~~
9 ~~a funding ratio of 90% is now the generally recognized norm~~
10 ~~throughout the nation for public employee retirement systems~~
11 ~~that are considered to be financially secure and funded in an~~
12 ~~appropriate and responsible manner.~~

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

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

24 (40 ILCS 5/1-162 new)

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

1 (a) Participation and Applicability. Beginning 12 months
2 after the effective date of this Section, any Tier I employee
3 who has made the election under paragraph (1) of subsection (a)
4 or (a-5) of Section 14-106.5, 15-132.9, or 16-122.9 may elect
5 to participate in the optional cash balance plan created under
6 this Section.

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

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

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

26 "Account" means the notional cash balance account

1 established under this Section for a participant in the
2 optional cash balance plan.

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

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

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

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

23 Whenever necessary for the prompt calculation or
24 administration, or when the System lacks information necessary
25 to the calculation or administration otherwise required of or
26 for a benefit under this Section, the applicable retirement

1 system may estimate an amount to be credited to or debited from
2 a participant's cash balance account and then adjust the amount
3 so credited or debited when more accurate information becomes
4 available.

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

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

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

1 credited to the participant's cash balance account upon receipt
2 and after the retirement system's reconciliation of the
3 contribution.

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

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

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

25 (i) the assumed treasury rate, plus

26 (ii) two-thirds of the amount of the actual rate of

1 investment earnings for the previous fiscal year that
2 exceeds the assumed treasury rate.

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

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

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

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

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

1 participant's cash balance account. A participant in the
2 optional cash balance plan shall be allowed only one
3 distribution under this subsection. The remaining balance in
4 the participant's account shall be used for the determination
5 of other benefits provided under this Section.

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

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

24 The amount of the retirement annuity shall be calculated by
25 the retirement system, based on the balance in the cash balance
26 account, the assumption of future investment returns as

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

18 The annuity payment shall begin on the date specified by
19 the participant submitting a written application, which date
20 shall not be prior to termination of employment or more than
21 one year before the application is received by the board;
22 however, if the participant is not an employee of an employer
23 participating in this System or in a participating system as
24 defined in Article 20 of this Code on April 1 of the calendar
25 year next following the calendar year in which the participant
26 attains age 70 1/2, the annuity payment period shall begin on

1 that date regardless of whether an application has been filed.

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

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

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

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

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

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

18 In the case of a participant in the optional cash balance
19 plan who had at least 5 years of service under the applicable
20 Article and had not begun receiving a retirement annuity, the
21 eligible survivor shall be entitled to receive a survivor's
22 annuity beginning at age 59 1/2 upon written application. The
23 survivor's annuity shall be calculated in the same manner as a
24 retirement annuity under subsection (g). At any time before
25 receiving a survivor's annuity, the eligible survivor may claim
26 a distribution under subsection (f-10) or a refund under

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

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

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

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

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

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

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

26 (4) provisions authorizing any form of retirement

1 annuity or survivor's annuity not authorized under this
2 Section;

3 (5) provisions authorizing a reversionary annuity
4 (other than the survivor's annuity under subsection (g));

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

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

16 (8) a level income option.

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

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

26 (n) Rules. The Board of Trustees of the applicable

1 retirement system may adopt rules and procedures for the
2 implementation of this Section, including but not limited to
3 determinations of how to integrate the administration of this
4 Section with the requirements of the applicable Article and any
5 other applicable provisions of this Code.

6 (o) Actual Employer Contributions. Payment of employer
7 contributions with respect to participants in the optional cash
8 balance plan shall be the responsibility of the actual
9 employer. Optional additional contributions by employers may
10 be paid in any amount, but must be paid in the manner specified
11 by the applicable retirement system.

12 (p) Prospective Modification. The provisions set forth in
13 this Section are subject to prospective changes made by law
14 provided that any such changes shall not apply to any benefits
15 accrued under this Section prior to the effective date of any
16 amendatory Act of the General Assembly.

17 (q) Qualified Plan Status. No provision of this Section
18 shall be interpreted in a way that would cause the applicable
19 retirement system to cease to be a qualified plan under Section
20 401(a) of the Internal Revenue Code of 1986.

21 Section B-30. If and only if any of the changes made by
22 Title A of this Act to provisions in Article 2 of the Illinois
23 Pension Code concerning (i) automatic annual increases, (ii)
24 employee or member contributions, (iii) State or employer
25 contributions, (iv) State funding guarantees, or (v) salary,

1 earnings, or compensation is declared to be unconstitutional or
2 otherwise invalid, then the Illinois Pension Code is amended by
3 changing Sections 2-108, 2-119.1, 2-124, and 2-134 and adding
4 Sections 2-105.1, 2-105.2, 2-107.9, and 2-110.3 as follows:

5 (40 ILCS 5/2-105.1 new)

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

9 (40 ILCS 5/2-105.2 new)

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

12 (40 ILCS 5/2-107.9 new)

13 Sec. 2-107.9. Future increase in income. "Future increase
14 in income": Any increase in income in any form offered for
15 service as a member under this Article after the end of the
16 election period specified in Section 2-110.3 that would qualify
17 as "salary", as defined in Section 2-108, but for the fact that
18 the increase in income was offered to the member on the
19 condition that it not qualify as salary and was accepted by the
20 member subject to that condition.

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

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

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

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

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

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

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

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

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

3 (40 ILCS 5/2-110.3 new)

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

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

8 (1) to agree to the following:

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

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

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

21 The election required under this subsection (a) shall be
22 made by each Tier I employee no earlier than 6 months after the
23 effective date of this Section and no later than 11 months
24 after the effective date of this Section, except that:

25 (i) a person who becomes a Tier I employee under this

1 Article later than 6 months after the effective date of
2 this Section must make the election under this subsection
3 (a) within 60 days after becoming a Tier I employee;

4 (ii) a person who returns to active service as a Tier I
5 employee under this Article later than 6 months after the
6 effective date of this Section and has not yet made an
7 election under this Section must make the election under
8 this subsection (a) within 60 days after returning to
9 active service as a Tier I employee; and

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

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

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

20 (1) to agree to the following:

21 (i) to have the amount of the automatic annual
22 increases in his or her retirement annuity that are
23 otherwise provided for in this Article calculated,
24 instead, as provided in subsection (a-1) of Section
25 2-119.1; and

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

1 annual increases in retirement annuity postponed as
2 provided in subsection (a-2) of Section 2-119.1 and to
3 relinquish the additional increases provided in
4 subsection (b) of Section 2-119.1; or

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

7 The election required under this subsection (a-5) shall be
8 made by each Tier I retiree no earlier than 6 months after the
9 effective date of this Section and no later than 11 months
10 after the effective date of this Section, except that:

11 (i) a person who becomes a Tier I retiree under this
12 Article later than 6 months after the effective date of
13 this Section must make the election under this subsection
14 (a-5) within 60 days after becoming a Tier I retiree; and

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

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

23 (a-10) All elections under subsection (a) or (a-5) that are
24 made or deemed to be made within 11 months after the effective
25 date of this Section shall take effect 12 months after the
26 effective date of this Section. Elections that are made or

1 deemed to be made more than 11 months after the effective date
2 of this Section shall take effect on the first day of the month
3 following the month in which the election is made or deemed to
4 be made.

5 (b) As adequate and legal consideration provided under this
6 amendatory Act of the 98th General Assembly for making the
7 election under paragraph (1) of subsection (a) of this Section,
8 any future increases in income offered for service as a member
9 under this Article to a Tier I employee who has made the
10 election under paragraph (1) of subsection (a) of this Section
11 shall be offered expressly and irrevocably as constituting
12 salary under Section 2-108.

13 As adequate and legal consideration provided under this
14 amendatory Act of the 98th General Assembly for making the
15 election under paragraph (1) of subsection (a-5) of this
16 Section, any future increases in income offered for service as
17 a member under this Article to a Tier I retiree who returns to
18 active service after having made the election under paragraph
19 (1) of subsection (a-5) of this Section shall be offered
20 expressly and irrevocably as constituting salary under Section
21 2-108.

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

1 a Tier I employee who has made the election under paragraph (2)
2 of subsection (a) of this Section shall be offered expressly
3 and irrevocably as not constituting salary under Section 2-108,
4 and the member may not accept any future increase in income
5 that is offered in violation of this requirement.

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

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

1 forum.

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

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

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

1 System shall coordinate with the Illinois Department of Central
2 Management Services and each other retirement system
3 administering an election in accordance with this amendatory
4 Act of the 98th General Assembly to provide information
5 concerning the impact of the election set forth in this
6 Section.

7 (e) Notwithstanding any other provision of law, any future
8 increases in income offered for service as a member must be
9 offered expressly and irrevocably as not constituting "salary"
10 under Section 2-108 to any Tier I employee, or Tier I retiree
11 returning to active service, who has made an election under
12 paragraph (2) or subsection (a) or (a-5) of Section 2-110.3. A
13 Tier I employee, or Tier I retiree returning to active service,
14 who has made an election under paragraph (2) or subsection (a)
15 or (a-5) of Section 2-110.3 shall not accept any future
16 increase in income that is offered for service as a member
17 under this Article in violation of the requirement set forth in
18 this subsection.

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

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

25 (h) If this Section is determined to be unconstitutional or
26 otherwise invalid by a final unappealable decision of an

1 Illinois court or a court of competent jurisdiction as applied
2 to Tier I employees but not as applied to Tier I retirees, then
3 this Section and the changes deriving from the election
4 required under this Section shall be null and void as applied
5 to Tier I employees but shall remain in full effect for Tier I
6 retirees.

7 (i) If this Section is determined to be unconstitutional or
8 otherwise invalid by a final unappealable decision of an
9 Illinois court or a court of competent jurisdiction as applied
10 to Tier I retirees but not as applied to Tier I employees, then
11 this Section and the changes deriving from the election
12 required under this Section shall be null and void as applied
13 to Tier I retirees but shall remain in full effect for Tier I
14 employees.

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

23 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

25 (a) Except as provided in subsections (a-1) and (a-2), a A

1 participant who retires after June 30, 1967, and who has not
2 received an initial increase under this Section before the
3 effective date of this amendatory Act of 1991, shall, in
4 January or July next following the first anniversary of
5 retirement, whichever occurs first, and in the same month of
6 each year thereafter, but in no event prior to age 60, have the
7 amount of the originally granted retirement annuity increased
8 as follows: for each year through 1971, 1 1/2%; for each year
9 from 1972 through 1979, 2%; and for 1980 and each year
10 thereafter, 3%. Annuitants who have received an initial
11 increase under this subsection prior to the effective date of
12 this amendatory Act of 1991 shall continue to receive their
13 annual increases in the same month as the initial increase.

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

1 United States city average, all items, 1982-84 = 100.

2 (a-2) For a Tier I employee or Tier I retiree who made the
3 election under paragraph (1) of subsection (a) or (a-5) of
4 Section 2-110.3, the monthly retirement annuity shall first be
5 subject to annual increases on the January 1 occurring on or
6 next after the attainment of age 67 or the January 1 occurring
7 on or next after the fifth anniversary of the annuity start
8 date, whichever occurs earlier. If on the effective date of the
9 election under paragraph (1) of subsection (a-5) of Section
10 2-110.3 a Tier I retiree has already received an annual
11 increase under this Section but does not yet meet the new
12 eligibility requirements of this subsection, the annual
13 increases already received shall continue in force, but no
14 additional annual increase shall be granted until the Tier I
15 retiree meets the new eligibility requirements.

16 (b) Beginning January 1, 1990, for eligible participants
17 who remain in service after attaining 20 years of creditable
18 service, the 3% increases provided under subsection (a) shall
19 begin to accrue on the January 1 next following the date upon
20 which the participant (1) attains age 55, or (2) attains 20
21 years of creditable service, whichever occurs later, and shall
22 continue to accrue while the participant remains in service;
23 such increases shall become payable on January 1 or July 1,
24 whichever occurs first, next following the first anniversary of
25 retirement. For any person who has service credit in the System
26 for the entire period from January 15, 1969 through December

1 31, 1992, regardless of the date of termination of service, the
2 reference to age 55 in clause (1) of this subsection (b) shall
3 be deemed to mean age 50.

4 This subsection (b) does not apply to any person who first
5 becomes a member of the System after August 8, 2003 (the
6 effective date of Public Act 93-494) or (ii) has made the
7 election under paragraph (1) of subsection (a) or (a-5) of
8 Section 2-110.3; except that if on the effective date of the
9 election under paragraph (1) of subsection (a-5) of Section
10 2-110.3 a Tier I retiree has already received a retirement
11 annuity based on any annual increases under this subsection,
12 those annual increases under this subsection shall continue in
13 force ~~this amendatory Act of the 93rd General Assembly.~~

14 (b-5) Notwithstanding any other provision of this Article,
15 a participant who first becomes a participant on or after
16 January 1, 2011 (the effective date of Public Act 96-889)
17 shall, in January or July next following the first anniversary
18 of retirement, whichever occurs first, and in the same month of
19 each year thereafter, but in no event prior to age 67, have the
20 amount of the retirement annuity then being paid increased by
21 3% or the annual unadjusted percentage increase in the Consumer
22 Price Index for All Urban Consumers as determined by the Public
23 Pension Division of the Department of Insurance under
24 subsection (a) of Section 2-108.1, whichever is less.

25 (c) The foregoing provisions relating to automatic
26 increases are not applicable to a participant who retires

1 before having made contributions (at the rate prescribed in
2 Section 2-126) for automatic increases for less than the
3 equivalent of one full year. However, in order to be eligible
4 for the automatic increases, such a participant may make
5 arrangements to pay to the system the amount required to bring
6 the total contributions for the automatic increase to the
7 equivalent of one year's contributions based upon his or her
8 last salary.

9 (d) A participant who terminated service prior to July 1,
10 1967, with at least 14 years of service is entitled to an
11 increase in retirement annuity beginning January, 1976, and to
12 additional increases in January of each year thereafter.

13 The initial increase shall be 1 1/2% of the originally
14 granted retirement annuity multiplied by the number of full
15 years that the annuitant was in receipt of such annuity prior
16 to January 1, 1972, plus 2% of the originally granted
17 retirement annuity for each year after that date. The
18 subsequent annual increases shall be at the rate of 2% of the
19 originally granted retirement annuity for each year through
20 1979 and at the rate of 3% for 1980 and thereafter.

21 (e) Beginning January 1, 1990, all automatic annual
22 increases payable under this Section shall be calculated as a
23 percentage of the total annuity payable at the time of the
24 increase, including previous increases granted under this
25 Article.

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

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

2 Sec. 2-124. Contributions by State.

3 (a) Except as otherwise provided in this Section, the ~~The~~
4 State shall make contributions to the System by appropriations
5 of amounts which, together with the contributions of
6 participants, interest earned on investments, and other income
7 will meet the cost of maintaining and administering the System
8 on a 90% funded basis in accordance with actuarial
9 recommendations.

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

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

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

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2006 is
8 \$4,157,000.

9 Notwithstanding any other provision of this Article, the
10 total required State contribution for State fiscal year 2007 is
11 \$5,220,300.

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

18 Notwithstanding any other provision of this Article, the
19 total required State contribution for State fiscal year 2010 is
20 \$10,454,000 and shall be made from the proceeds of bonds sold
21 in fiscal year 2010 pursuant to Section 7.2 of the General
22 Obligation Bond Act, less (i) the pro rata share of bond sale
23 expenses determined by the System's share of total bond
24 proceeds, (ii) any amounts received from the General Revenue
25 Fund in fiscal year 2010, and (iii) any reduction in bond
26 proceeds due to the issuance of discounted bonds, if

1 applicable.

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

13 Except as otherwise provided in this Section, beginning
14 ~~Beginning~~ in State fiscal year 2046, the minimum State
15 contribution for each fiscal year shall be the amount needed to
16 maintain the total assets of the System at 90% of the total
17 actuarial liabilities of the System.

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

1 the "required State contribution" or any substantially similar
2 term does not include or apply to any amounts payable to the
3 System under Section 25 of the Budget Stabilization Act.

4 Notwithstanding any other provision of this Section, the
5 required State contribution for State fiscal year 2005 and for
6 fiscal year 2008 and each fiscal year thereafter, as calculated
7 under this Section and certified under Section 2-134, shall not
8 exceed an amount equal to (i) the amount of the required State
9 contribution that would have been calculated under this Section
10 for that fiscal year if the System had not received any
11 payments under subsection (d) of Section 7.2 of the General
12 Obligation Bond Act, minus (ii) the portion of the State's
13 total debt service payments for that fiscal year on the bonds
14 issued in fiscal year 2003 for the purposes of that Section
15 7.2, as determined and certified by the Comptroller, that is
16 the same as the System's portion of the total moneys
17 distributed under subsection (d) of Section 7.2 of the General
18 Obligation Bond Act. In determining this maximum for State
19 fiscal years 2008 through 2010, however, the amount referred to
20 in item (i) shall be increased, as a percentage of the
21 applicable employee payroll, in equal increments calculated
22 from the sum of the required State contribution for State
23 fiscal year 2007 plus the applicable portion of the State's
24 total debt service payments for fiscal year 2007 on the bonds
25 issued in fiscal year 2003 for the purposes of Section 7.2 of
26 the General Obligation Bond Act, so that, by State fiscal year

1 2011, the State is contributing at the rate otherwise required
2 under this Section.

3 (c-1) If at least 50% of Tier I employees making an
4 election under Section 2-110.3 within 11 months after the
5 effective date of that Section choose the option under
6 paragraph (1) of subsection (a) of that Section, then beginning
7 in the next State fiscal year to begin after the end of the
8 election period, instead of the contributions specified in
9 subsection (c) of this Section, the State contributions
10 specified in subsection (c-3) of this Section shall be paid.

11 In making its initial certification of the annual required
12 contribution by the State for the next State fiscal year to
13 begin after the end of the election period, the Board shall
14 assume that the new funding formula provided in subsection
15 (c-3) of this Section applies. If fewer than 50% of Tier I
16 employees making an election under Section 2-110.3 within 11
17 months after the effective date of this Section choose the
18 option under paragraph (1) of subsection (a) of that Section,
19 then:

20 (1) Instead of the contributions specified in
21 subsection (c-3) of this Section, the State contributions
22 specified in subsection (c) shall continue to be paid.

23 (2) The Board shall, if necessary, promptly recertify
24 the annual required contribution by the State for the
25 affected State fiscal year.

26 (c-3) As provided in subsection (c-1), in lieu of the State

1 contributions required under subsection (c):

2 (1) For the 30 State fiscal years immediately following
3 the end of the election period specified in Section
4 2-110.3, the minimum contribution to the System to be made
5 by the State for each fiscal year shall be an amount
6 determined by the System to be equal to the sum of (1) the
7 State's portion of the projected normal cost for that
8 fiscal year, plus (2) an amount sufficient to bring the
9 total assets of the System up to 100% of the total
10 actuarial liabilities of the System by the end of the 30th
11 State fiscal year following the end of the election period
12 specified in Section 2-110.3. In making these
13 determinations, the required State contribution shall be
14 calculated each year as a level percentage of payroll over
15 the years remaining to and including the 30th State fiscal
16 year and shall be determined under the projected unit
17 credit actuarial cost method.

18 (2) Beginning in 31st State fiscal year immediately
19 following the end of the election period specified in
20 Section 2-110.3, the minimum State contribution for each
21 fiscal year shall be the amount needed to maintain the
22 total assets of the System at 100% of the total actuarial
23 liabilities of the System.

24 (c-5) Notwithstanding subsection (c-1), if the Tier I
25 employee or Tier I retiree elections under Section 2-110.3, or
26 any of the consequences that are expressly dependent upon

1 either of those elections, are determined to be
2 unconstitutional or otherwise invalid on appeal by a final
3 unappealable decision of an Illinois court or a court of
4 competent jurisdiction, other than as applied to a particular
5 individual or circumstance, then:

6 (1) Beginning with the next fiscal year after the date
7 of that final decision, the annual required contribution to
8 the System to be made by the State shall be determined
9 under subsection (c) of this Section.

10 (2) The Board shall, if necessary, promptly recertify
11 the annual required contribution by the State for that next
12 State fiscal year.

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

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

24 (e) For purposes of determining the required State
25 contribution to the system for a particular year, the actuarial
26 value of assets shall be assumed to earn a rate of return equal

1 to the system's actuarially assumed rate of return.

2 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
3 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
4 7-13-12.)

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

6 Sec. 2-134. To certify required State contributions and
7 submit vouchers.

8 (a) The Board shall certify to the Governor on or before
9 December 15 of each year through ~~until~~ December 15, 2011 the
10 amount of the required State contribution to the System for the
11 next fiscal year ~~and shall specifically identify the System's~~
12 ~~projected State normal cost for that fiscal year.~~ The
13 certification under this subsection (a) shall include a copy of
14 the actuarial recommendations upon which it is based ~~and shall~~
15 ~~specifically identify the System's projected State normal cost~~
16 ~~for that fiscal year.~~

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

1 identifying, if necessary, recommended changes in actuarial
2 assumptions that the Board must consider before finalizing its
3 certification of the required State contributions.

4 On or before January 15, 2013 and every January 15
5 thereafter, the Board shall certify to the Governor and the
6 General Assembly the amount of the required State contribution
7 for the next fiscal year. The certification shall include a
8 copy of the actuarial recommendations upon which it is based
9 and shall specifically identify the System's projected State
10 normal cost for that fiscal year. The Board's certification
11 must note any deviations from the State Actuary's recommended
12 changes, the reason or reasons for not following the State
13 Actuary's recommended changes, and the fiscal impact of not
14 following the State Actuary's recommended changes on the
15 required State contribution.

16 (a-7) On or before May 1, 2004, the Board shall recalculate
17 and recertify to the Governor the amount of the required State
18 contribution to the System for State fiscal year 2005, taking
19 into account the amounts appropriated to and received by the
20 System under subsection (d) of Section 7.2 of the General
21 Obligation Bond Act.

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

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

7 (b) Beginning in State fiscal year 1996, on or as soon as
8 possible after the 15th day of each month the Board shall
9 submit vouchers for payment of State contributions to the
10 System, in a total monthly amount of one-twelfth of the
11 required annual State contribution certified under subsection
12 (a). From the effective date of this amendatory Act of the 93rd
13 General Assembly through June 30, 2004, the Board shall not
14 submit vouchers for the remainder of fiscal year 2004 in excess
15 of the fiscal year 2004 certified contribution amount
16 determined under this Section after taking into consideration
17 the transfer to the System under subsection (d) of Section
18 6z-61 of the State Finance Act. These vouchers shall be paid by
19 the State Comptroller and Treasurer by warrants drawn on the
20 funds appropriated to the System for that fiscal year. If in
21 any month the amount remaining unexpended from all other
22 appropriations to the System for the applicable fiscal year
23 (including the appropriations to the System under Section 8.12
24 of the State Finance Act and Section 1 of the State Pension
25 Funds Continuing Appropriation Act) is less than the amount
26 lawfully vouchered under this Section, the difference shall be

1 paid from the General Revenue Fund under the continuing
2 appropriation authority provided in Section 1.1 of the State
3 Pension Funds Continuing Appropriation Act.

4 (c) The full amount of any annual appropriation for the
5 System for State fiscal year 1995 shall be transferred and made
6 available to the System at the beginning of that fiscal year at
7 the request of the Board. Any excess funds remaining at the end
8 of any fiscal year from appropriations shall be retained by the
9 System as a general reserve to meet the System's accrued
10 liabilities.

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

13 Section B-35. If and only if any of the changes made by
14 Title A of this Act to provisions in Article 14 of the Illinois
15 Pension Code concerning (i) automatic annual increases, (ii)
16 employee or member contributions, (iii) State or employer
17 contributions, (iv) State funding guarantees, or (v) salary,
18 earnings, or compensation is declared to be unconstitutional or
19 otherwise invalid, then the Illinois Pension Code is amended by
20 changing Sections 14-103.10, 14-114, 14-131, 14-132, 14-133,
21 14-135.08, and 14-152.1 and by adding Sections 14-103.40,
22 14-103.41, 14-103.42, and 14-106.5 as follows:

23 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

24 Sec. 14-103.10. Compensation.

1 (a) For periods of service prior to January 1, 1978, the
2 full rate of salary or wages payable to an employee for
3 personal services performed if he worked the full normal
4 working period for his position, subject to the following
5 maximum amounts: (1) prior to July 1, 1951, \$400 per month or
6 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957
7 inclusive, \$625 per month or \$7,500 per year; (3) beginning
8 July 1, 1957, no limitation.

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

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

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

23 (c) For periods of service on or after December 16, 1978,
24 compensation also includes any benefits, other than lump sum
25 salary payments made at termination of employment, which an
26 employee receives or is eligible to receive under a sick pay

1 plan authorized by law.

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

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

- 17 (1) for vacation;
18 (2) for accumulated unused sick leave;
19 (3) upon discharge or dismissal; and
20 (4) for approved holidays.

21 (f) Notwithstanding any other provision of this Section,
22 "compensation" does not include any future increase in income
23 offered by a department under this Article pursuant to the
24 requirements of subsection (c) of Section 14-106.5 that is
25 accepted by a Tier I employee, or a Tier I retiree returning to
26 active service, who has made an election under paragraph (2) of

1 subsection (a) or (a-5) of Section 14-106.5.

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

3 (40 ILCS 5/14-103.40 new)

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

10 (40 ILCS 5/14-103.41 new)

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

13 (40 ILCS 5/14-103.42 new)

14 Sec. 14-103.42. Future increase in income. "Future
15 increase in income": Any increase in income in any form offered
16 by a department to an employee under this Article after the end
17 of the election period in Section 14-106.5 that would qualify
18 as "compensation", as defined in Section 14-103.10, but for the
19 fact that the department offered the increase in income to the
20 employee on the condition that it not qualify as compensation
21 and the employee accepted the increase in income subject to
22 that condition. The term "future increase in income" does not
23 include an increase in income in any form that is paid to a

1 Tier I employee under an employment contract or collective
2 bargaining agreement that is in effect on the effective date of
3 this Section but does include an increase in income in any form
4 pursuant to an extension, amendment, or renewal of any such
5 employment contract or collective bargaining agreement on or
6 after the effective date of this amendatory Act of the 98th
7 General Assembly.

8 (40 ILCS 5/14-106.5 new)

9 Sec. 14-106.5. Election by Tier I employees and Tier I
10 retirees.

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

13 (1) to agree to the following:

14 (i) to have the amount of the automatic annual
15 increases in his or her retirement annuity that are
16 otherwise provided for in this Article calculated,
17 instead, as provided in subsection (a-1) of Section
18 14-114; and

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

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

24 The election required under this subsection (a) shall be
25 made by each Tier I employee no earlier than 6 months after the

1 effective date of this Section and no later than 11 months
2 after the effective date of this Section, except that:

3 (i) a person who becomes a Tier I employee under this
4 Article later than 6 months after the effective date of
5 this Section must make the election under this subsection
6 (a) within 60 days after becoming a Tier I employee;

7 (ii) a person who returns to active service as a Tier I
8 employee under this Article later than 6 months after the
9 effective date of this Section and has not yet made an
10 election under this Section must make the election under
11 this subsection (a) within 60 days after returning to
12 active service as a Tier I employee; and

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

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

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

23 (1) to agree to the following:

24 (i) to have the amount of the automatic annual
25 increases in his or her retirement annuity that are
26 otherwise provided for in this Article calculated,

1 instead, as provided in subsection (a-1) of Section
2 14-114; and

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

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

8 The election required under this subsection (a-5) shall be
9 made by each Tier I retiree no earlier than 6 months after the
10 effective date of this Section and no later than 11 months
11 after the effective date of this Section, except that:

12 (i) a person who becomes a Tier I retiree under this
13 Article later than 6 months after the effective date of
14 this Section must make the election under this subsection
15 (a-5) within 60 days after becoming a Tier I retiree; and

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

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

24 (a-10) All elections under subsection (a) or (a-5) that are
25 made or deemed to be made within 11 months after the effective
26 date of this Section shall take effect 12 months after the

1 effective date of this Section. Elections that are made or
2 deemed to be made more than 11 months after the effective date
3 of this Section shall take effect on the first day of the month
4 following the month in which the election is made or deemed to
5 be made.

6 (b) As adequate and legal consideration provided under this
7 amendatory Act of the 98th General Assembly for making the
8 election under paragraph (1) of subsection (a) of this Section,
9 any future increases in income offered by a department under
10 this Article to a Tier I employee who has made the election
11 under paragraph (1) of subsection (a) of this Section shall be
12 offered expressly and irrevocably as constituting compensation
13 under Section 14-103.10. In addition, a Tier I employee who has
14 made the election under paragraph (1) of subsection (a) of this
15 Section shall receive the right to also participate in the
16 optional cash balance plan established under Section 1-162.

17 As adequate and legal consideration provided under this
18 amendatory Act of the 98th General Assembly for making the
19 election under paragraph (1) of subsection (a-5) of this
20 Section, any future increases in income offered by a department
21 under this Article to a Tier I retiree who returns to active
22 service after having made the election under paragraph (1) of
23 subsection (a-5) of this Section shall be offered expressly and
24 irrevocably as constituting compensation under Section
25 14-103.10. In addition, a Tier I retiree who returns to active
26 service and has made the election under paragraph (1) of

1 subsection (a) of this Section shall receive the right to also
2 participate in the optional cash balance plan established under
3 Section 1-162.

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

18 A Tier I retiree who makes the election under paragraph (2)
19 of subsection (a-5) of this Section shall not be subject to
20 items (i) and (ii) set forth in paragraph (1) of subsection
21 (a-5) of this Section. However, any future increases in income
22 offered by a department under this Article to a Tier I retiree
23 who returns to active service and has made the election under
24 paragraph (2) of subsection (a-5) of this Section shall be
25 offered by the department expressly and irrevocably as not
26 constituting compensation under Section 14-103.10, and the

1 employee may not accept any future increase in income that is
2 offered in violation of this requirement. In addition, a Tier I
3 retiree who returns to active service and has made the election
4 under paragraph (2) of subsection (a) of this Section shall not
5 receive the right to participate in the optional cash balance
6 plan established under Section 1-162.

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

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

1 person or by telephone or other electronic means, or any
2 combination of those methods. The System shall not provide
3 advice or counseling with respect to which election a Tier I
4 employee or Tier I retiree should make or specific to the legal
5 or tax circumstances of or consequences to the Tier I employee
6 or Tier I retiree.

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

14 In no event shall the System, its staff, or the Board be
15 held liable for any information given to a member, beneficiary,
16 or annuitant regarding the elections under this Section. The
17 System shall coordinate with the Illinois Department of Central
18 Management Services and each other retirement system
19 administering an election in accordance with this amendatory
20 Act of the 98th General Assembly to provide information
21 concerning the impact of the election set forth in this
22 Section.

23 (e) Notwithstanding any other provision of law, a
24 department under this Article is required to offer any future
25 increases in income expressly and irrevocably as not
26 constituting "compensation" under Section 14-103.10 to any

1 Tier I employee, or Tier I retiree returning to active service,
2 who has made an election under paragraph (2) of subsection (a)
3 or (a-5) of Section 14-106.5. A Tier I employee, or Tier I
4 retiree returning to active service, who has made an election
5 under paragraph (2) of subsection (a) or (a-5) of Section
6 14-106.5 shall not accept any future increase in income that is
7 offered by an employer under this Article in violation of the
8 requirement set forth in this subsection.

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

12 (g) An employee who has made the election under paragraph
13 (1) of subsection (a) or (a-5) of this Section may elect to
14 participate in the optional cash balance plan under Section
15 1-162.

16 The election to participate in the optional cash balance
17 plan shall be made in writing, in the manner provided by the
18 applicable retirement system.

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

22 (i) If this Section is determined to be unconstitutional or
23 otherwise invalid by a final unappealable decision of an
24 Illinois court or a court of competent jurisdiction as applied
25 to Tier I employees but not as applied to Tier I retirees, then
26 this Section and the changes deriving from the election

1 required under this Section shall be null and void as applied
2 to Tier I employees but shall remain in full effect for Tier I
3 retirees.

4 (j) If this Section is determined to be unconstitutional or
5 otherwise invalid by a final unappealable decision of an
6 Illinois court or a court of competent jurisdiction as applied
7 to Tier I retirees but not as applied to Tier I employees, then
8 this Section and the changes deriving from the election
9 required under this Section shall be null and void as applied
10 to Tier I retirees but shall remain in full effect for Tier I
11 employees.

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

20 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

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

22 (a) Subject to the provisions of subsections (a-1) and
23 (a-2), any ~~Any~~ person receiving a retirement annuity under this
24 Article who retires having attained age 60, or who retires
25 before age 60 having at least 35 years of creditable service,

1 or who retires on or after January 1, 2001 at an age which,
2 when added to the number of years of his or her creditable
3 service, equals at least 85, shall, on January 1 next following
4 the first full year of retirement, have the amount of the then
5 fixed and payable monthly retirement annuity increased 3%. Any
6 person receiving a retirement annuity under this Article who
7 retires before attainment of age 60 and with less than (i) 35
8 years of creditable service if retirement is before January 1,
9 2001, or (ii) the number of years of creditable service which,
10 when added to the member's age, would equal 85, if retirement
11 is on or after January 1, 2001, shall have the amount of the
12 fixed and payable retirement annuity increased by 3% on the
13 January 1 occurring on or next following (1) attainment of age
14 60, or (2) the first anniversary of retirement, whichever
15 occurs later. However, for persons who receive the alternative
16 retirement annuity under Section 14-110, references in this
17 subsection (a) to attainment of age 60 shall be deemed to refer
18 to attainment of age 55. For a person receiving early
19 retirement incentives under Section 14-108.3 whose retirement
20 annuity began after January 1, 1992 pursuant to an extension
21 granted under subsection (e) of that Section, the first
22 anniversary of retirement shall be deemed to be January 1,
23 1993. For a person who retires on or after June 28, 2001 and on
24 or before October 1, 2001, and whose retirement annuity is
25 calculated, in whole or in part, under Section 14-110 or
26 subsection (g) or (h) of Section 14-108, the first anniversary

1 of retirement shall be deemed to be January 1, 2002.

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

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

10 (a-1) Notwithstanding any other provision of this Article,
11 for a Tier I employee or Tier I retiree who made the election
12 under paragraph (1) of subsection (a) or (a-5) of Section
13 14-106.5, the amount of each automatic annual increase in
14 retirement annuity occurring on or after the effective date of
15 that election shall be 3% or one-half of the annual unadjusted
16 percentage increase, if any, in the Consumer Price Index-U for
17 the 12 months ending with the preceding September, whichever is
18 less, of the originally granted retirement annuity. For the
19 purposes of this Section, "Consumer Price Index-U" means the
20 index published by the Bureau of Labor Statistics of the United
21 States Department of Labor that measures the average change in
22 prices of goods and services purchased by all urban consumers,
23 United States city average, all items, 1982-84 = 100.

24 (a-2) Notwithstanding any other provision of this Article,
25 for a Tier I employee or Tier I retiree who made the election
26 under paragraph (1) of subsection (a) or (a-5) of Section

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

13 (b) The provisions of subsection (a) of this Section shall
14 be applicable to an employee only if the employee makes the
15 additional contributions required after December 31, 1969 for
16 the purpose of the automatic increases for not less than the
17 equivalent of one full year. If an employee becomes an
18 annuitant before his additional contributions equal one full
19 year's contributions based on his salary at the date of
20 retirement, the employee may pay the necessary balance of the
21 contributions to the system, without interest, and be eligible
22 for the increasing annuity authorized by this Section.

23 (c) The provisions of subsection (a) of this Section shall
24 not be applicable to any annuitant who is on retirement on
25 December 31, 1969, and thereafter returns to State service,
26 unless the member has established at least one year of

1 additional creditable service following reentry into service.

2 (d) In addition to other increases which may be provided by
3 this Section, on January 1, 1981 any annuitant who was
4 receiving a retirement annuity on or before January 1, 1971
5 shall have his retirement annuity then being paid increased \$1
6 per month for each year of creditable service. On January 1,
7 1982, any annuitant who began receiving a retirement annuity on
8 or before January 1, 1977, shall have his retirement annuity
9 then being paid increased \$1 per month for each year of
10 creditable service.

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

16 (e) Every person who receives the alternative retirement
17 annuity under Section 14-110 and who is eligible to receive the
18 3% increase under subsection (a) on January 1, 1986, shall also
19 receive on that date a one-time increase in retirement annuity
20 equal to the difference between (1) his actual retirement
21 annuity on that date, including any increases received under
22 subsection (a), and (2) the amount of retirement annuity he
23 would have received on that date if the amendments to
24 subsection (a) made by Public Act 84-162 had been in effect
25 since the date of his retirement.

26 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;

1 92-651, eff. 7-11-02.)

2 (40 ILCS 5/14-131)

3 Sec. 14-131. Contributions by State.

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

11 For the purposes of this Section and Section 14-135.08,
12 references to State contributions refer only to employer
13 contributions and do not include employee contributions that
14 are picked up or otherwise paid by the State or a department on
15 behalf of the employee.

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

20 The Board shall also determine a State contribution rate
21 for each fiscal year, expressed as a percentage of payroll,
22 based on the total required State contribution for that fiscal
23 year (less the amount received by the System from
24 appropriations under Section 8.12 of the State Finance Act and
25 Section 1 of the State Pension Funds Continuing Appropriation

1 Act, if any, for the fiscal year ending on the June 30
2 immediately preceding the applicable November 15 certification
3 deadline), the estimated payroll (including all forms of
4 compensation) for personal services rendered by eligible
5 employees, and the recommendations of the actuary.

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

13 (c) Contributions shall be made by the several departments
14 for each pay period by warrants drawn by the State Comptroller
15 against their respective funds or appropriations based upon
16 vouchers stating the amount to be so contributed. These amounts
17 shall be based on the full rate certified by the Board under
18 Section 14-135.08 for that fiscal year. From the effective date
19 of this amendatory Act of the 93rd General Assembly through the
20 payment of the final payroll from fiscal year 2004
21 appropriations, the several departments shall not make
22 contributions for the remainder of fiscal year 2004 but shall
23 instead make payments as required under subsection (a-1) of
24 Section 14.1 of the State Finance Act. The several departments
25 shall resume those contributions at the commencement of fiscal
26 year 2005.

1 (c-1) Notwithstanding subsection (c) of this Section, for
2 fiscal years 2010, 2012, and 2013 only, contributions by the
3 several departments are not required to be made for General
4 Revenue Funds payrolls processed by the Comptroller. Payrolls
5 paid by the several departments from all other State funds must
6 continue to be processed pursuant to subsection (c) of this
7 Section.

8 (c-2) For State fiscal years 2010, 2012, and 2013 only, on
9 or as soon as possible after the 15th day of each month, the
10 Board shall submit vouchers for payment of State contributions
11 to the System, in a total monthly amount of one-twelfth of the
12 fiscal year General Revenue Fund contribution as certified by
13 the System pursuant to Section 14-135.08 of the Illinois
14 Pension Code.

15 (d) If an employee is paid from trust funds or federal
16 funds, the department or other employer shall pay employer
17 contributions from those funds to the System at the certified
18 rate, unless the terms of the trust or the federal-State
19 agreement preclude the use of the funds for that purpose, in
20 which case the required employer contributions shall be paid by
21 the State. From the effective date of this amendatory Act of
22 the 93rd General Assembly through the payment of the final
23 payroll from fiscal year 2004 appropriations, the department or
24 other employer shall not pay contributions for the remainder of
25 fiscal year 2004 but shall instead make payments as required
26 under subsection (a-1) of Section 14.1 of the State Finance

1 Act. The department or other employer shall resume payment of
2 contributions at the commencement of fiscal year 2005.

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

14 For State fiscal years 1996 through 2005, the State
15 contribution to the System, as a percentage of the applicable
16 employee payroll, shall be increased in equal annual increments
17 so that by State fiscal year 2011, the State is contributing at
18 the rate required under this Section; except that (i) for State
19 fiscal year 1998, for all purposes of this Code and any other
20 law of this State, the certified percentage of the applicable
21 employee payroll shall be 5.052% for employees earning eligible
22 creditable service under Section 14-110 and 6.500% for all
23 other employees, notwithstanding any contrary certification
24 made under Section 14-135.08 before the effective date of this
25 amendatory Act of 1997, and (ii) in the following specified
26 State fiscal years, the State contribution to the System shall

1 not be less than the following indicated percentages of the
2 applicable employee payroll, even if the indicated percentage
3 will produce a State contribution in excess of the amount
4 otherwise required under this subsection and subsection (a):
5 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
6 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

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

19 Notwithstanding any other provision of this Article, the
20 total required State General Revenue Fund contribution for
21 State fiscal year 2010 is \$723,703,100 and shall be made from
22 the proceeds of bonds sold in fiscal year 2010 pursuant to
23 Section 7.2 of the General Obligation Bond Act, less (i) the
24 pro rata share of bond sale expenses determined by the System's
25 share of total bond proceeds, (ii) any amounts received from
26 the General Revenue Fund in fiscal year 2010, and (iii) any

1 reduction in bond proceeds due to the issuance of discounted
2 bonds, if applicable.

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

14 Except as otherwise provided in this Section, beginning
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, as calculated
8 under this Section and certified under Section 14-135.08, shall
9 not exceed an amount equal to (i) the amount of the required
10 State contribution that would have been calculated under this
11 Section for that fiscal year if the System had not received any
12 payments under subsection (d) of Section 7.2 of the General
13 Obligation Bond Act, minus (ii) the portion of the State's
14 total debt service payments for that fiscal year on the bonds
15 issued in fiscal year 2003 for the purposes of that Section
16 7.2, as determined and certified by the Comptroller, that is
17 the same as the System's portion of the total moneys
18 distributed under subsection (d) of Section 7.2 of the General
19 Obligation Bond Act. In determining this maximum for State
20 fiscal years 2008 through 2010, however, the amount referred to
21 in item (i) shall be increased, as a percentage of the
22 applicable employee payroll, in equal increments calculated
23 from the sum of the required State contribution for State
24 fiscal year 2007 plus the applicable portion of the State's
25 total debt service payments for fiscal year 2007 on the bonds
26 issued in fiscal year 2003 for the purposes of Section 7.2 of

1 the General Obligation Bond Act, so that, by State fiscal year
2 2011, the State is contributing at the rate otherwise required
3 under this Section.

4 (e-1) If at least 50% of Tier I employees making an
5 election under Section 14-106.5 within 11 months after the
6 effective date of that Section choose the option under
7 paragraph (1) of subsection (a) of that Section, then beginning
8 in the next State fiscal year to begin after the end of the
9 election period, instead of the contributions specified in
10 subsection (e) of this Section, the State contributions
11 specified in subsection (e-3) of this Section shall be paid.

12 In making its initial certification of the annual required
13 contribution by the State for the next State fiscal year to
14 begin after the end of the election period, the Board shall
15 assume that the new funding formula provided in subsection
16 (e-3) of this Section applies. If fewer than 50% of Tier I
17 employees making an election under Section 14-106.5 within 11
18 months after the effective date of this Section choose the
19 option under paragraph (1) of subsection (a) of that Section,
20 then:

21 (1) Instead of the contributions specified in
22 subsection (e-3) of this Section, the State contributions
23 specified in subsection (e) shall continue to be paid.

24 (2) The Board shall, if necessary, promptly recertify
25 the annual required contribution by the State for the
26 affected State fiscal year.

1 (e-3) As provided in subsection (e-1), in lieu of the State
2 contributions required under subsection (e):

3 (1) For the 30 State fiscal years immediately following
4 the end of the election period specified in Section
5 14-106.5, the minimum contribution to the System to be made
6 by the State for each fiscal year shall be an amount
7 determined by the System to be equal to the sum of (1) the
8 State's portion of the projected normal cost for that
9 fiscal year, plus (2) an amount sufficient to bring the
10 total assets of the System up to 100% of the total
11 actuarial liabilities of the System by the end of the 30th
12 State fiscal year following the end of the election period
13 specified in Section 14-106.5. In making these
14 determinations, the required State contribution shall be
15 calculated each year as a level percentage of payroll over
16 the years remaining to and including the 30th State fiscal
17 year and shall be determined under the projected unit
18 credit actuarial cost method.

19 (2) Beginning in 31st State fiscal year immediately
20 following the end of the election period specified in
21 Section 14-106.5, the minimum State contribution for each
22 fiscal year shall be the amount needed to maintain the
23 total assets of the System at 100% of the total actuarial
24 liabilities of the System.

25 (e-5) Notwithstanding subsection (e-1), if the Tier I
26 employee or Tier I retiree elections under Section 14-106.5, or

1 any of the consequences that are expressly dependent upon
2 either of those elections, are determined to be
3 unconstitutional or otherwise invalid on appeal by a final
4 unappealable decision of an Illinois court or a court of
5 competent jurisdiction, other than as applied to a particular
6 individual or circumstance, then:

7 (1) Beginning with the next fiscal year after the date
8 of that final decision, the annual required contribution to
9 the System to be made by the State shall be determined
10 under subsection (e) of this Section.

11 (2) The Board shall, if necessary, promptly recertify
12 the annual required contribution by the State for that next
13 State fiscal year.

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

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

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

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

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

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

24 (j) After the submission of all payments for eligible
25 employees from personal services line items paid from the
26 General Revenue Fund in fiscal year 2011 have been made, the

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

21 (k) For fiscal years 2012 and 2013 only, after the
22 submission of all payments for eligible employees from personal
23 services line items paid from the General Revenue Fund in the
24 fiscal year have been made, the Comptroller shall provide to
25 the System a certification of the sum of all expenditures in
26 the fiscal year for personal services. Upon receipt of the

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

16 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;
17 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.
18 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11; 97-732,
19 eff. 6-30-12.)

20 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

21 Sec. 14-132. Obligations of State.

22 (a) The payment of the required department contributions,
23 all allowances, annuities, benefits granted under this
24 Article, and all expenses of administration of the system are
25 obligations of the State of Illinois to the extent specified in

1 this Article.

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

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

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

24 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

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

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

7 (2) Noncovered employees, except as indicated below,
8 7% for retirement annuity and 1% for a widow or survivors
9 annuity;

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

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

22 (5) Each security employee of the Department of
23 Corrections or of the Department of Human Services who is a
24 covered employee, 0.5% for a widow or survivors annuity
25 plus the following amount for retirement annuity: 5%
26 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%

1 in 2004 and thereafter;

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

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

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

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

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

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

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

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

23 On or before January 15, 2013 and each January 15
24 thereafter, the Board shall certify to the Governor and the
25 General Assembly the amount of the required State contribution
26 for the next fiscal year. The certification shall include a

1 copy of the actuarial recommendations upon which it is based
2 and shall specifically identify the System's projected State
3 normal cost for that fiscal year. The Board's certification
4 must note any deviations from the State Actuary's recommended
5 changes, the reason or reasons for not following the State
6 Actuary's recommended changes, and the fiscal impact of not
7 following the State Actuary's recommended changes on the
8 required State contribution.

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

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

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

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

21 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
22 97-694, eff. 6-18-12.)

23 (40 ILCS 5/14-152.1)

24 Sec. 14-152.1. Application and expiration of new benefit
25 increases.

1 (a) As used in this Section, "new benefit increase" means
2 an increase in the amount of any benefit provided under this
3 Article, or an expansion of the conditions of eligibility for
4 any benefit under this Article, that results from an amendment
5 to this Code that takes effect after June 1, 2005 (the
6 effective date of Public Act 94-4). "New benefit increase",
7 however, does not include any benefit increase resulting from
8 the changes made to this Article or Article 1 by Public Act
9 96-37 or this amendatory Act of the 98th ~~96th~~ General Assembly.

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

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

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

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

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

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

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

1 Section B-40. If and only if any of the changes made by
2 Title A of this Act to provisions in Article 15 of the Illinois
3 Pension Code concerning (i) automatic annual increases, (ii)
4 employee or member contributions, (iii) State or employer
5 contributions, (iv) State funding guarantees, or (v) salary,
6 earnings, or compensation is declared to be unconstitutional or
7 otherwise invalid, then the Illinois Pension Code is amended by
8 changing Sections 15-111, 15-136, 15-155, 15-157, 15-163, and
9 15-165 and by adding Sections 15-108.1, 15-108.2, 15-112.1, and
10 15-132.9 as follows:

11 (40 ILCS 5/15-108.1 new)

12 Sec. 15-108.1. Tier I employee. "Tier I employee": An
13 employee under this Article, other than a participant in the
14 self-managed plan under Section 15-158.2, who first became a
15 member or participant before January 1, 2011 under any
16 reciprocal retirement system or pension fund established under
17 this Code other than a retirement system or pension fund
18 established under Article 2, 3, 4, 5, 6, or 18 of this Code.

19 (40 ILCS 5/15-108.2 new)

20 Sec. 15-108.2. Tier I retiree. "Tier I retiree": A former
21 Tier I employee who is receiving a retirement annuity.

22 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

23 Sec. 15-111. Earnings. "Earnings": An amount paid for

1 personal services equal to the sum of the basic compensation
2 plus extra compensation for summer teaching, overtime or other
3 extra service. For periods for which an employee receives
4 service credit under subsection (c) of Section 15-113.1 or
5 Section 15-113.2, earnings are equal to the basic compensation
6 on which contributions are paid by the employee during such
7 periods. Compensation for employment which is irregular,
8 intermittent and temporary shall not be considered earnings,
9 unless the participant is also receiving earnings from the
10 employer as an employee under Section 15-107.

11 With respect to transition pay paid by the University of
12 Illinois to a person who was a participating employee employed
13 in the fire department of the University of Illinois's
14 Champaign-Urbana campus immediately prior to the elimination
15 of that fire department:

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

19 (2) "Earnings" includes transition pay paid to the
20 employee before the effective date of this amendatory Act
21 of the 91st General Assembly only if (i) employee
22 contributions under Section 15-157 have been withheld from
23 that transition pay or (ii) the employee pays to the System
24 before January 1, 2001 an amount representing employee
25 contributions under Section 15-157 on that transition pay.
26 Employee contributions under item (ii) may be paid in a

1 lump sum, by withholding from additional transition pay
2 accruing before January 1, 2001, or in any other manner
3 approved by the System. Upon payment of the employee
4 contributions on transition pay, the corresponding
5 employer contributions become an obligation of the State.

6 Notwithstanding any other provision of this Section,
7 "earnings" does not include any future increase in income
8 offered by an employer under this Article pursuant to the
9 requirements of subsection (c) of Section 15-132.9 that is
10 accepted by a Tier I employee, or a Tier I retiree returning to
11 active service, who has made an election under paragraph (2) of
12 subsection (a) or (a-5) of Section 15-132.9.

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

14 (40 ILCS 5/15-112.1 new)

15 Sec. 15-112.1. Future increase in income. "Future increase
16 in income": Any increase in income in any form offered by an
17 employer to an employee under this Article after the end of the
18 election period in Section 15-132.9 that would qualify as
19 "earnings", as defined in Section 15-111, but for the fact that
20 the employer offered the increase in income to the employee on
21 the condition that it not qualify as earnings and the employee
22 accepted the increase in income subject to that condition. The
23 term "future increase in income" does not include an increase
24 in income in any form that is paid to a Tier I employee under an
25 employment contract or collective bargaining agreement that is

1 in effect on the effective date of this Section but does
2 include an increase in income in any form pursuant to an
3 extension, amendment, or renewal of any such employment
4 contract or collective bargaining agreement on or after the
5 effective date of this amendatory Act of the 98th General
6 Assembly.

7 (40 ILCS 5/15-132.9 new)

8 Sec. 15-132.9. Election by Tier I employees and Tier I
9 retirees.

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

12 (1) to agree to the following:

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

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

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

23 The election required under this subsection (a) shall be
24 made by each Tier I employee no earlier than 6 months after the
25 effective date of this Section and no later than 11 months

1 after the effective date of this Section, except that:

2 (i) a person who becomes a Tier I employee under this
3 Article later than 6 months after the effective date of
4 this Section must make the election under this subsection
5 (a) within 60 days after becoming a Tier I employee;

6 (ii) a person who returns to active service as a Tier I
7 employee under this Article later than 6 months after the
8 effective date of this Section and has not yet made an
9 election under this Section must make the election under
10 this subsection (a) within 60 days after returning to
11 active service as a Tier I employee; and

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

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

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

22 (1) to agree to the following:

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

1 15-136; and

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

7 The election required under this subsection (a-5) shall be
8 made by each Tier I retiree no earlier than 6 months after the
9 effective date of this Section and no later than 11 months
10 after the effective date of this Section, except that:

11 (i) a person who becomes a Tier I retiree under this
12 Article later than 6 months after the effective date of
13 this Section must make the election under this subsection
14 (a-5) within 60 days after becoming a Tier I retiree; and

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

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

23 (a-10) All elections under subsection (a) or (a-5) that are
24 made or deemed to be made within 11 months after the effective
25 date of this Section shall take effect 12 months after the
26 effective date of this Section. Elections that are made or

1 deemed to be made more than 11 months after the effective date
2 of this Section shall take effect on the first day of the month
3 following the month in which the election is made or deemed to
4 be made.

5 (b) As adequate and legal consideration provided under this
6 amendatory Act of the 98th General Assembly for making the
7 election under paragraph (1) of subsection (a) of this Section,
8 any future increases in income offered by an employer under
9 this Article to a Tier I employee who has made the election
10 under paragraph (1) of subsection (a) of this Section shall be
11 offered expressly and irrevocably as constituting earnings
12 under Section 15-111. In addition, a Tier I employee who has
13 made the election under paragraph (1) of subsection (a) of this
14 Section shall receive the right to also participate in the
15 optional cash balance plan established under Section 1-162.

16 As adequate and legal consideration provided under this
17 amendatory Act of the 98th General Assembly for making the
18 election under paragraph (1) of subsection (a-5) of this
19 Section, any future increases in income offered by an employer
20 under this Article to a Tier I retiree who returns to active
21 service after having made the election under paragraph (1) of
22 subsection (a-5) of this Section shall be offered expressly and
23 irrevocably as constituting earnings under Section 15-111. In
24 addition, a Tier I retiree who returns to active service and
25 has made the election under paragraph (1) of subsection (a) of
26 this Section shall receive the right to also participate in the

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

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

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

1 who returns to active service and has made the election under
2 paragraph (2) of subsection (a) of this Section shall not
3 receive the right to participate in the optional cash balance
4 plan established under Section 1-162.

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

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

1 advice or counseling with respect to which election a Tier I
2 employee or Tier I retiree should make or specific to the legal
3 or tax circumstances of or consequences to the Tier I employee
4 or Tier I retiree.

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

12 In no event shall the System, its staff, or the Board be
13 held liable for any information given to a member, beneficiary,
14 or annuitant regarding the elections under this Section. The
15 System shall coordinate with the Illinois Department of Central
16 Management Services and each other retirement system
17 administering an election in accordance with this amendatory
18 Act of the 98th General Assembly to provide information
19 concerning the impact of the election set forth in this
20 Section.

21 (e) Notwithstanding any other provision of law, an employer
22 under this Article is required to offer any future increases in
23 income expressly and irrevocably as not constituting
24 "earnings" under Section 15-111 to any Tier I employee, or Tier
25 I retiree returning to active service, who has made an election
26 under paragraph (2) of subsection (a) or (a-5) of this Section.

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

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

10 (g) An employee who has made the election under paragraph
11 (1) of subsection (a) or (a-5) of this Section may elect to
12 participate in the optional cash balance plan under Section
13 1-162.

14 The election to participate in the optional cash balance
15 plan shall be made in writing, in the manner provided by the
16 applicable retirement system.

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

20 (i) If this Section is determined to be unconstitutional or
21 otherwise invalid by a final unappealable decision of an
22 Illinois court or a court of competent jurisdiction as applied
23 to Tier I employees but not as applied to Tier I retirees, then
24 this Section and the changes deriving from the election
25 required under this Section shall be null and void as applied
26 to Tier I employees but shall remain in full effect for Tier I

1 retirees.

2 (j) If this Section is determined to be unconstitutional or
3 otherwise invalid by a final unappealable decision of an
4 Illinois court or a court of competent jurisdiction as applied
5 to Tier I retirees but not as applied to Tier I employees, then
6 this Section and the changes deriving from the election
7 required under this Section shall be null and void as applied
8 to Tier I retirees but shall remain in full effect for Tier I
9 employees.

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

18 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

19 Sec. 15-136. Retirement annuities - Amount. The provisions
20 of this Section 15-136 apply only to those participants who are
21 participating in the traditional benefit package or the
22 portable benefit package and do not apply to participants who
23 are participating in the self-managed plan.

24 (a) The amount of a participant's retirement annuity,
25 expressed in the form of a single-life annuity, shall be

1 determined by whichever of the following rules is applicable
2 and provides the largest annuity:

3 Rule 1: The retirement annuity shall be 1.67% of final rate
4 of earnings for each of the first 10 years of service, 1.90%
5 for each of the next 10 years of service, 2.10% for each year
6 of service in excess of 20 but not exceeding 30, and 2.30% for
7 each year in excess of 30; or for persons who retire on or
8 after January 1, 1998, 2.2% of the final rate of earnings for
9 each year of service.

10 Rule 2: The retirement annuity shall be the sum of the
11 following, determined from amounts credited to the participant
12 in accordance with the actuarial tables and the effective rate
13 of interest in effect at the time the retirement annuity
14 begins:

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

18 (ii) an annuity from employer contributions of an
19 amount equal to that which can be provided on an
20 actuarially equivalent basis from the accumulated normal
21 contributions made by the participant under Section
22 15-113.6 and Section 15-113.7 plus 1.4 times all other
23 accumulated normal contributions made by the participant;
24 and

25 (iii) the annuity that can be provided on an
26 actuarially equivalent basis from the entire contribution

1 made by the participant under Section 15-113.3.

2 With respect to a police officer or firefighter who retires
3 on or after August 14, 1998, the accumulated normal
4 contributions taken into account under clauses (i) and (ii) of
5 this Rule 2 shall include the additional normal contributions
6 made by the police officer or firefighter under Section
7 15-157(a).

8 The amount of a retirement annuity calculated under this
9 Rule 2 shall be computed solely on the basis of the
10 participant's accumulated normal contributions, as specified
11 in this Rule and defined in Section 15-116. Neither an employee
12 or employer contribution for early retirement under Section
13 15-136.2 nor any other employer contribution shall be used in
14 the calculation of the amount of a retirement annuity under
15 this Rule 2.

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

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

22 Rule 3: The retirement annuity of a participant who is
23 employed at least one-half time during the period on which his
24 or her final rate of earnings is based, shall be equal to the
25 participant's years of service not to exceed 30, multiplied by
26 (1) \$96 if the participant's final rate of earnings is less

1 than \$3,500, (2) \$108 if the final rate of earnings is at least
2 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
3 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
4 the final rate of earnings is at least \$5,500 but less than
5 \$6,500, (5) \$144 if the final rate of earnings is at least
6 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
7 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
8 the final rate of earnings is at least \$8,500 but less than
9 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
10 more, except that the annuity for those persons having made an
11 election under Section 15-154(a-1) shall be calculated and
12 payable under the portable retirement benefit program pursuant
13 to the provisions of Section 15-136.4.

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

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

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

3 (ii) in the case of an individual who was a
4 participating employee employed in the fire department of
5 the University of Illinois's Champaign-Urbana campus
6 immediately prior to the elimination of that fire
7 department and who immediately after the elimination of
8 that fire department transferred to another job with the
9 University of Illinois, service performed as an employee of
10 the University of Illinois in a position other than police
11 officer or firefighter, from the date of that transfer
12 until the employee's next termination of service with the
13 University of Illinois.

14 Rule 5: The retirement annuity of a participant who elected
15 early retirement under the provisions of Section 15-136.2 and
16 who, on or before February 16, 1995, brought administrative
17 proceedings pursuant to the administrative rules adopted by the
18 System to challenge the calculation of his or her retirement
19 annuity shall be the sum of the following, determined from
20 amounts credited to the participant in accordance with the
21 actuarial tables and the prescribed rate of interest in effect
22 at the time the retirement annuity begins:

23 (i) the normal annuity which can be provided on an
24 actuarially equivalent basis, by the accumulated normal
25 contributions as of the date the annuity begins; and

26 (ii) an annuity from employer contributions of an

1 amount equal to that which can be provided on an
2 actuarially equivalent basis from the accumulated normal
3 contributions made by the participant under Section
4 15-113.6 and Section 15-113.7 plus 1.4 times all other
5 accumulated normal contributions made by the participant;
6 and

7 (iii) an annuity which can be provided on an
8 actuarially equivalent basis from the employee
9 contribution for early retirement under Section 15-136.2,
10 and an annuity from employer contributions of an amount
11 equal to that which can be provided on an actuarially
12 equivalent basis from the employee contribution for early
13 retirement under Section 15-136.2.

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

23 With respect to a participant who is qualified for a
24 retirement annuity under this Rule 5 whose retirement annuity
25 began before the effective date of this amendatory Act of the
26 91st General Assembly, and for whom an employee contribution

1 was made under Section 15-136.2, the System shall recalculate
2 the retirement annuity under this Rule 5 and shall pay any
3 additional amounts due in the manner provided in Section
4 15-186.1 for benefits mistakenly set too low.

5 The amount of a retirement annuity calculated under this
6 Rule 5 shall be computed solely on the basis of those
7 contributions specifically set forth in this Rule 5. Except as
8 provided in clause (iii) of this Rule 5, neither an employee
9 nor employer contribution for early retirement under Section
10 15-136.2, nor any other employer contribution, shall be used in
11 the calculation of the amount of a retirement annuity under
12 this Rule 5.

13 The General Assembly has adopted the changes set forth in
14 Section 25 of this amendatory Act of the 91st General Assembly
15 in recognition that the decision of the Appellate Court for the
16 Fourth District in *Mattis v. State Universities Retirement*
17 *System et al.* might be deemed to give some right to the
18 plaintiff in that case. The changes made by Section 25 of this
19 amendatory Act of the 91st General Assembly are a legislative
20 implementation of the decision of the Appellate Court for the
21 Fourth District in *Mattis v. State Universities Retirement*
22 *System et al.* with respect to that plaintiff.

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

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

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

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

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

18 (c) The maximum retirement annuity provided under Rules 1,
19 2, 4, and 5 shall be the lesser of (1) the annual limit of
20 benefits as specified in Section 415 of the Internal Revenue
21 Code of 1986, as such Section may be amended from time to time
22 and as such benefit limits shall be adjusted by the
23 Commissioner of Internal Revenue, and (2) 80% of final rate of
24 earnings.

25 (d) Subject to the provisions of subsections (d-1) and
26 (d-2), an An annuitant whose status as an employee terminates

1 after August 14, 1969 shall receive automatic increases in his
2 or her retirement annuity as follows:

3 Effective January 1 immediately following the date the
4 retirement annuity begins, the annuitant shall receive an
5 increase in his or her monthly retirement annuity of 0.125% of
6 the monthly retirement annuity provided under Rule 1, Rule 2,
7 Rule 3, Rule 4, or Rule 5, contained in this Section,
8 multiplied by the number of full months which elapsed from the
9 date the retirement annuity payments began to January 1, 1972,
10 plus 0.1667% of such annuity, multiplied by the number of full
11 months which elapsed from January 1, 1972, or the date the
12 retirement annuity payments began, whichever is later, to
13 January 1, 1978, plus 0.25% of such annuity multiplied by the
14 number of full months which elapsed from January 1, 1978, or
15 the date the retirement annuity payments began, whichever is
16 later, to the effective date of the increase.

17 The annuitant shall receive an increase in his or her
18 monthly retirement annuity on each January 1 thereafter during
19 the annuitant's life of 3% of the monthly annuity provided
20 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in
21 this Section. The change made under this subsection by P.A.
22 81-970 is effective January 1, 1980 and applies to each
23 annuitant whose status as an employee terminates before or
24 after that date.

25 Beginning January 1, 1990, and except as provided in
26 subsections (d-1) and (d-2), all automatic annual increases

1 payable under this Section shall be calculated as a percentage
2 of the total annuity payable at the time of the increase,
3 including all increases previously granted under this Article.

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

7 (d-1) Notwithstanding any other provision of this Article,
8 for a Tier I employee or Tier I retiree who made the election
9 under paragraph (1) of subsection (a) or (a-5) of Section
10 15-132.9, the amount of each automatic annual increase in
11 retirement annuity occurring on or after the effective date of
12 that election shall be 3% or one-half of the annual unadjusted
13 percentage increase, if any, in the Consumer Price Index-U for
14 the 12 months ending with the preceding September, whichever is
15 less, of the originally granted retirement annuity. For the
16 purposes of this Section, "Consumer Price Index-U" means the
17 index published by the Bureau of Labor Statistics of the United
18 States Department of Labor that measures the average change in
19 prices of goods and services purchased by all urban consumers,
20 United States city average, all items, 1982-84 = 100.

21 (d-2) Notwithstanding any other provision of this Article,
22 for a Tier I employee or Tier I retiree who made the election
23 under paragraph (1) of subsection (a) or (a-5) of Section
24 15-132.9, the monthly retirement annuity shall first be subject
25 to annual increases on the January 1 occurring on or next after
26 either the attainment of age 67 or the January 1 occurring on

1 or next after the fifth anniversary of the annuity start date,
2 whichever occurs earlier. If on the effective date of the
3 election under paragraph (1) of subsection (a-5) of Section
4 15-132.9 a Tier I retiree has already received an annual
5 increase under this Section but does not yet meet the new
6 eligibility requirements of this subsection, the annual
7 increases already received shall continue in force, but no
8 additional annual increase shall be granted until the Tier I
9 retiree meets the new eligibility requirements.

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

1 (f) A participant is entitled to such additional annuity as
2 may be provided on an actuarially equivalent basis, by any
3 accumulated additional contributions to his or her credit.
4 However, the additional contributions made by the participant
5 toward the automatic increases in annuity provided under this
6 Section shall not be taken into account in determining the
7 amount of such additional annuity.

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

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

1 an annuitant whose retirement annuity began on or before
2 January 1, 1977, shall have his or her retirement annuity then
3 being paid increased \$1 per month for each year of creditable
4 service.

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

10 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12.)

11 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

12 Sec. 15-155. Employer contributions.

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

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

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

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

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2006 is
19 \$166,641,900.

20 Notwithstanding any other provision of this Article, the
21 total required State contribution for State fiscal year 2007 is
22 \$252,064,100.

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 \$702,514,000 and shall be made from the State Pensions Fund and
6 proceeds of bonds sold in fiscal year 2010 pursuant to Section
7 7.2 of the General Obligation Bond Act, less (i) the pro rata
8 share of bond sale expenses determined by the System's share of
9 total bond proceeds, (ii) any amounts received from the General
10 Revenue Fund in fiscal year 2010, (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 15-165 and shall be made from the State
17 Pensions Fund and proceeds of bonds sold in fiscal year 2011
18 pursuant to Section 7.2 of the General Obligation Bond Act,
19 less (i) the pro rata share of bond sale expenses determined by
20 the System's share of total bond proceeds, (ii) any amounts
21 received from the General Revenue Fund in fiscal year 2011, and
22 (iii) any reduction in bond proceeds due to the issuance of
23 discounted bonds, if applicable.

24 Except as otherwise provided in this Section, beginning
25 ~~Beginning~~ in State fiscal year 2046, the minimum State
26 contribution for each fiscal year shall be the amount needed to

1 maintain the total assets of the System at 90% of the total
2 actuarial liabilities of the System.

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

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

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

14 (a-2) If at least 50% of Tier I employees making an
15 election under Section 15-132.9 within 11 months after the
16 effective date of that Section choose the option under
17 paragraph (1) of subsection (a) of that Section, then beginning
18 in the next State fiscal year to begin after the end of the
19 election period, instead of the contributions specified in
20 subsection (a-1) of this Section, the State contributions
21 specified in subsection (a-3) of this Section shall be paid.

22 In making its initial certification of the annual required
23 contribution by the State for the next State fiscal year to
24 begin after the end of the election period, the Board shall
25 assume that the new funding formula provided in subsection
26 (a-3) of this Section applies. If fewer than 50% of Tier I

1 employees making an election under Section 15-132.9 within 11
2 months after the effective date of this Section choose the
3 option under paragraph (1) of subsection (a) of that Section,
4 then:

5 (1) Instead of the contributions specified in
6 subsection (a-3) of this Section, the State contributions
7 specified in subsection (a-1) shall continue to be paid.

8 (2) The Board shall, if necessary, promptly recertify
9 the annual required contribution by the State for the
10 affected State fiscal year.

11 (a-3) As provided in subsection (a-2), in lieu of the State
12 contributions required under subsection (a-1):

13 (1) For the 30 State fiscal years immediately following
14 the end of the election period specified in Section
15 15-132.9, the minimum contribution to the System to be made
16 by the State for each fiscal year shall be an amount
17 determined by the System to be equal to the sum of (1) the
18 State's portion of the projected normal cost for that
19 fiscal year, plus (2) an amount sufficient to bring the
20 total assets of the System up to 100% of the total
21 actuarial liabilities of the System by the end of the 30th
22 State fiscal year following the end of the election period
23 specified in Section 15-132.9. In making these
24 determinations, the required State contribution shall be
25 calculated each year as a level percentage of payroll over
26 the years remaining to and including the 30th State fiscal

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

3 (2) Beginning in 31st State fiscal year immediately
4 following the end of the election period specified in
5 Section 15-132.9, the minimum State contribution for each
6 fiscal year shall be the amount needed to maintain the
7 total assets of the System at 100% of the total actuarial
8 liabilities of the System.

9 (a-4) Notwithstanding subsection (a-2), if the Tier I
10 employee or Tier I retiree elections under Section 15-132.9, or
11 any of the consequences that are expressly dependent upon
12 either of those elections, are determined to be
13 unconstitutional or otherwise invalid on appeal by a final
14 unappealable decision of an Illinois court or a court of
15 competent jurisdiction, other than as applied to a particular
16 individual or circumstance, then:

17 (1) Beginning with the next fiscal year after the date
18 of that final decision, the annual required contribution to
19 the System to be made by the State shall be determined
20 under subsection (a-1) of this Section.

21 (2) The Board shall, if necessary, promptly recertify
22 the annual required contribution by the State for that next
23 State fiscal year.

24 (b) If an employee is paid from trust or federal funds, the
25 employer shall pay to the Board contributions from those funds
26 which are sufficient to cover the accruing normal costs on

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

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

26 (c) Through State fiscal year 1995: The total employer

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

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

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

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

1 therewith.

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

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

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

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

16 (h) This subsection (h) applies only to payments made or
17 salary increases given on or after June 1, 2005 but before July
18 1, 2011. The changes made by Public Act 94-1057 shall not
19 require the System to refund any payments received before July
20 31, 2006 (the effective date of Public Act 94-1057).

21 When assessing payment for any amount due under subsection
22 (g), the System shall exclude earnings increases paid to
23 participants under contracts or collective bargaining
24 agreements entered into, amended, or renewed before June 1,
25 2005.

26 When assessing payment for any amount due under subsection

1 (g), the System shall exclude earnings increases paid to a
2 participant at a time when the participant is 10 or more years
3 from retirement eligibility under Section 15-135.

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

18 When assessing payment for any amount due under subsection
19 (g), the System shall exclude any earnings increase resulting
20 from (i) a promotion for which the employee moves from one
21 classification to a higher classification under the State
22 Universities Civil Service System, (ii) a promotion in academic
23 rank for a tenured or tenure-track faculty position, or (iii) a
24 promotion that the Illinois Community College Board has
25 recommended in accordance with subsection (k) of this Section.
26 These earnings increases shall be excluded only if the

1 promotion is to a position that has existed and been filled by
2 a member for no less than one complete academic year and the
3 earnings increase as a result of the promotion is an increase
4 that results in an amount no greater than the average salary
5 paid for other similar positions.

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

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

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

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

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

1 Public Act 94-4.

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

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

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

24 As of June 30, 2008, the actuarial value of the System's
25 assets shall be equal to the market value of the assets as of
26 that date. In determining the actuarial value of the System's

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

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

9 (n) If the System submits a voucher for monthly
10 contributions as required in Section 15-155 and the State fails
11 to pay within 90 days of receipt of such a voucher, the Board
12 shall submit a written request to the Comptroller seeking
13 payment. A copy of the request shall be filed with the
14 Secretary of State, and the Secretary of State shall provide
15 copies to the Governor and General Assembly. No earlier than
16 the 16th day after filing a request with the Secretary of
17 State, the Board shall have the right to commence a mandamus
18 action in the Supreme Court of Illinois to compel the
19 Comptroller to satisfy the voucher by making payment from the
20 General Revenue Fund. This Section constitutes an express
21 waiver of the State's sovereign immunity solely to the extent
22 it permits the Board to commence a mandamus action in the
23 Illinois Supreme Court to compel the Comptroller to pay a
24 voucher for monthly contributions as required in Section
25 15-155.

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

1 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
2 7-13-12; revised 10-17-12.)

3 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

4 Sec. 15-157. Employee Contributions.

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

15 Each participant who is a police officer or firefighter
16 shall make normal contributions of 8% of each payment of
17 earnings applicable to employment as a police officer or
18 firefighter under this system on or after September 1, 1981,
19 unless he or she files with the board within 60 days after the
20 effective date of this amendatory Act of 1991 or 60 days after
21 the board receives notice that he or she is employed as a
22 police officer or firefighter, whichever is later, a written
23 notice waiving the retirement formula provided by Rule 4 of
24 Section 15-136. This waiver shall be irrevocable. If a
25 participant had met the conditions set forth in Section

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

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

23 (b) Starting September 1, 1969, each participating
24 employee shall make additional contributions of 1/2 of 1% of
25 earnings to finance a portion of the cost of the annual
26 increases in retirement annuity provided under Section 15-136,

1 except that with respect to participants in the self-managed
2 plan this additional contribution shall be used to finance the
3 benefits obtained under that retirement program.

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

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

25 (e) That fraction of a participant's total accumulated
26 normal contributions, the numerator of which is equal to the

1 number of years of service in excess of that which is required
2 to qualify for the maximum retirement annuity, and the
3 denominator of which is equal to the total service of the
4 participant, shall be considered as accumulated additional
5 contributions. The determination of the applicable maximum
6 annuity and the adjustment in contributions required by this
7 provision shall be made as of the date of the participant's
8 retirement.

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

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

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 5/15-163) (from Ch. 108 1/2, par. 15-163)

21 Sec. 15-163. To consider applications and authorize
22 payments.

23 To consider and pass on all certifications of employment
24 and applications for annuities and benefits; to authorize the
25 granting of annuities and benefits; and to limit or suspend any

1 payment or payments, all in accordance with this Article.

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

3 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

5 (a) The Board shall certify to the Governor on or before
6 November 15 of each year through ~~until~~ November 15, 2011 the
7 appropriation required from State funds for the purposes of
8 this System for the following fiscal year. The certification
9 under this subsection (a) shall include a copy of the actuarial
10 recommendations upon which it is based ~~and shall specifically~~
11 ~~identify the System's projected State normal cost for that~~
12 ~~fiscal year and the projected State cost for the self-managed~~
13 ~~plan for that fiscal year.~~

14 On or before May 1, 2004, the Board shall recalculate and
15 recertify to the Governor the amount of the required State
16 contribution to the System for State fiscal year 2005, taking
17 into account the amounts appropriated to and received by the
18 System under subsection (d) of Section 7.2 of the General
19 Obligation Bond Act.

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

25 On or before April 1, 2011, the Board shall recalculate and

1 recertify to the Governor the amount of the required State
2 contribution to the System for State fiscal year 2011, applying
3 the changes made by Public Act 96-889 to the System's assets
4 and liabilities as of June 30, 2009 as though Public Act 96-889
5 was approved on that date.

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

18 On or before January 15, 2013 and each January 15
19 thereafter, the Board shall certify to the Governor and the
20 General Assembly the amount of the required State contribution
21 for the next fiscal year. The certification shall include a
22 copy of the actuarial recommendations upon which it is based
23 and shall specifically identify the System's projected State
24 normal cost for that fiscal year and the projected State cost
25 for the self-managed plan for that fiscal year. The Board's
26 certification must note, in a written response to the State

1 Actuary, any deviations from the State Actuary's recommended
2 changes, the reason or reasons for not following the State
3 Actuary's recommended changes, and the fiscal impact of not
4 following the State Actuary's recommended changes on the
5 required State contribution.

6 (b) The Board shall certify to the State Comptroller or
7 employer, as the case may be, from time to time, by its
8 president and secretary, with its seal attached, the amounts
9 payable to the System from the various funds.

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

24 If in any month the amount remaining unexpended from all
25 other appropriations to the System for the applicable fiscal
26 year (including the appropriations to the System under Section

1 8.12 of the State Finance Act and Section 1 of the State
2 Pension Funds Continuing Appropriation Act) is less than the
3 amount lawfully vouchered under this Section, the difference
4 shall be paid from the General Revenue Fund under the
5 continuing appropriation authority provided in Section 1.1 of
6 the State Pension Funds Continuing Appropriation Act.

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

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

1 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
2 97-694, eff. 6-18-12.)

3 Section B-45. If and only if any of the changes made by
4 Title A of this Act to provisions in Article 16 of the Illinois
5 Pension Code concerning (i) automatic annual increases, (ii)
6 employee or member contributions, (iii) State or employer
7 contributions, (iv) State funding guarantees, or (v) salary,
8 earnings, or compensation is declared to be unconstitutional or
9 otherwise invalid, then the Illinois Pension Code is amended by
10 changing Sections 16-121, 16-133.1, 16-133.6, 16-136.1,
11 16-152, and 16-158 and by adding Sections 16-107.1, 16-107.2,
12 16-121.1, 16-122.9, and 16-133.6 as follows:

13 (40 ILCS 5/16-107.1 new)

14 Sec. 16-107.1. Tier I employee. "Tier I employee": An
15 employee under this Article who first became a member or
16 participant before January 1, 2011 under any reciprocal
17 retirement system or pension fund established under this Code
18 other than a retirement system or pension fund established
19 under Article 2, 3, 4, 5, 6, or 18 of this Code.

20 (40 ILCS 5/16-107.2 new)

21 Sec. 16-107.2. Tier I retiree. "Tier I retiree": A former
22 Tier I employee who is receiving a retirement annuity.

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

2 Sec. 16-121. Salary. "Salary": The actual compensation
3 received by a teacher during any school year and recognized by
4 the system in accordance with rules of the board. For purposes
5 of this Section, "school year" includes the regular school term
6 plus any additional period for which a teacher is compensated
7 and such compensation is recognized by the rules of the board.

8 Notwithstanding any other provision of this Section,
9 "salary" does not include any future increase in income offered
10 by an employer under this Article pursuant to the requirements
11 of subsection (c) of Section 16-122.9 that is accepted by a
12 Tier I employee, or a Tier I retiree returning to active
13 service, who has made an election under paragraph (2) of
14 subsection (a) or (a-5) of Section 16-122.9.

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

16 (40 ILCS 5/16-121.1 new)

17 Sec. 16-121.1. Future increase in income. "Future increase
18 in income": Any increase in income in any form offered by an
19 employer to a teacher under this Article after the end of the
20 election period in Section 16-122.9 that would qualify as
21 "salary", as defined in Section 16-121, but for the fact that
22 the department offered the increase in income to the employee
23 on the condition that it not qualify as compensation and the
24 employee accepted the increase in income subject to that
25 condition. The term "future increase in income" does not

1 include an increase in income in any form that is paid to a
2 Tier I employee under an employment contract or collective
3 bargaining agreement that is in effect on the effective date of
4 this Section but does include an increase in income in any form
5 pursuant to an extension, amendment, or renewal of any such
6 employment contract or collective bargaining agreement on or
7 after the effective date of this amendatory Act of the 98th
8 General Assembly.

9 (40 ILCS 5/16-122.9 new)

10 Sec. 16-122.9. Election by Tier I employees and Tier I
11 retirees.

12 (a) Each Tier I employee shall make an irrevocable election
13 either:

14 (1) to agree to the following:

15 (i) to have the amount of the automatic annual
16 increases in his or her retirement annuity that are
17 otherwise provided for in this Article calculated,
18 instead, as provided in subsection (a-1) of Section
19 16-133.1 or subsection (b-1) of Section 16-136.1,
20 whichever is applicable; and

21 (ii) to have his or her eligibility for automatic
22 annual increases in retirement annuity postponed as
23 provided in subsection (a-2) of Section 16-133.1 or
24 subsection (b-2) of Section 16-136.1, whichever is
25 applicable; or

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

3 The election required under this subsection (a) shall be
4 made by each Tier I employee no earlier than 6 months after the
5 effective date of this Section and no later than 11 months
6 after the effective date of this Section, except that:

7 (i) a person who becomes a Tier I employee under this
8 Article later than 6 months after the effective date of
9 this Section must make the election under this subsection
10 (a) within 60 days after becoming a Tier I employee;

11 (ii) a person who returns to active service as a Tier I
12 employee under this Article later than 6 months after the
13 effective date of this Section and has not yet made an
14 election under this Section must make the election under
15 this subsection (a) within 60 days after returning to
16 active service as a Tier I employee; and

17 (iii) a person who made the election under subsection
18 (a-5) as a Tier I retiree remains bound by that election
19 and shall not make a later election under this subsection
20 (a).

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

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

1 (1) to agree to the following:

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

8 (ii) to have his or her eligibility for automatic
9 annual increases in retirement annuity postponed as
10 provided in subsection (a-2) of Section 16-133.1 or
11 subsection (b-2) of Section 16-136.1, whichever is
12 applicable; or

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

15 The election required under this subsection (a-5) shall be
16 made by each Tier I retiree no earlier than 6 months after the
17 effective date of this Section and no later than 11 months
18 after the effective date of this Section, except that:

19 (i) a person who becomes a Tier I retiree under this
20 Article later than 6 months after the effective date of
21 this Section must make the election under this subsection
22 (a-5) within 60 days after becoming a Tier I retiree; and

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

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

5 (a-10) All elections under subsection (a) or (a-5) that are
6 made or deemed to be made within 11 months after the effective
7 date of this Section shall take effect 12 months after the
8 effective date of this Section. Elections that are made or
9 deemed to be made more than 11 months after the effective date
10 of this Section shall take effect on the first day of the month
11 following the month in which the election is made or deemed to
12 be made.

13 (b) As adequate and legal consideration provided under this
14 amendatory Act of the 98th General Assembly for making the
15 election under paragraph (1) of subsection (a) of this Section,
16 any future increases in income offered by an employer under
17 this Article to a Tier I employee who has made the election
18 under paragraph (1) of subsection (a) of this Section shall be
19 offered expressly and irrevocably as constituting salary under
20 Section 16-121. In addition, a Tier I employee who has made the
21 election under paragraph (1) of subsection (a) of this Section
22 shall receive the right to also participate in the optional
23 cash balance plan established under Section 1-162. Finally, a
24 Tier I employee who has made the election under paragraph (1)
25 of subsection (a) of this Section shall receive the right to
26 the early retirement without discount option under Section

1 16-133.6.

2 As adequate and legal consideration provided under this
3 amendatory Act of the 98th General Assembly for making the
4 election under paragraph (1) of subsection (a-5) of this
5 Section, any future increases in income offered by an employer
6 under this Article to a Tier I retiree who returns to active
7 service after having made the election under paragraph (1) of
8 subsection (a-5) of this Section shall be offered expressly and
9 irrevocably as constituting salary under Section 16-121. In
10 addition, a Tier I retiree who returns to active service and
11 has made the election under paragraph (1) of subsection (a) of
12 this Section shall receive the right to also participate in the
13 optional cash balance plan established under Section 1-162.

14 (c) A Tier I employee who makes the election under
15 paragraph (2) of subsection (a) of this Section shall not be
16 subject to items (i) and (ii) set forth in paragraph (1) of
17 subsection (a) of this Section. However, any future increases
18 in income offered by an employer under this Article to a Tier I
19 employee who has made the election under paragraph (2) of
20 subsection (a) of this Section shall be offered by the employer
21 expressly and irrevocably as not constituting salary under
22 Section 16-121, and the employee may not accept any future
23 increase in income that is offered in violation of this
24 requirement. In addition, a Tier I employee who has made the
25 election under paragraph (2) of subsection (a) of this Section
26 shall not receive the right to participate in the optional cash

1 balance plan established under Section 1-162. Finally, a Tier I
2 employee who has made the election under paragraph (2) of
3 subsection (a) of this Section shall not receive the right to
4 the early retirement without discount option under Section
5 16-133.6.

6 A Tier I retiree who makes the election under paragraph (2)
7 of subsection (a-5) of this Section shall not be subject to
8 items (i) and (ii) set forth in paragraph (1) of subsection
9 (a-5) of this Section. However, any future increases in income
10 offered by an employer under this Article to a Tier I retiree
11 who returns to active service and has made the election under
12 paragraph (2) of subsection (a-5) of this Section shall be
13 offered by the employer expressly and irrevocably as not
14 constituting salary under Section 16-121, and the employee may
15 not accept any future increase in income that is offered in
16 violation of this requirement. In addition, a Tier I retiree
17 who returns to active service and has made the election under
18 paragraph (2) of subsection (a) of this Section shall not
19 receive the right to participate in the optional cash balance
20 plan established under Section 1-162.

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

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

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

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

1 counsel.

2 In no event shall the System, its staff, or the Board be
3 held liable for any information given to a member, beneficiary,
4 or annuitant regarding the elections under this Section. The
5 System shall coordinate with the Illinois Department of Central
6 Management Services and each other retirement system
7 administering an election in accordance with this amendatory
8 Act of the 98th General Assembly to provide information
9 concerning the impact of the election set forth in this
10 Section.

11 (e) Notwithstanding any other provision of law, an employer
12 under this Article is required to offer any future increases in
13 income expressly and irrevocably as not constituting "salary"
14 under Section 16-121 to any Tier I employee, or Tier I retiree
15 returning to active service, who has made an election under
16 paragraph (2) of subsection (a) or (a-5) of Section 16-122.9. A
17 Tier I employee, or Tier I retiree returning to active service,
18 who has made an election under paragraph (2) of subsection (a)
19 or (a-5) of Section 16-122.9 shall not accept any future
20 increase in income that is offered by an employer under this
21 Article in violation of the requirement set forth in this
22 subsection.

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

26 (g) An employee who has made the election under paragraph

1 (1) of subsection (a) or (a-5) of this Section may elect to
2 participate in the optional cash balance plan under Section
3 1-162.

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

7 (h) No provision of this Section shall be interpreted in a
8 way that would cause the System to cease to be a qualified plan
9 under Section 401(a) of the Internal Revenue Code of 1986.

10 (i) If this Section is determined to be unconstitutional or
11 otherwise invalid by a final unappealable decision of an
12 Illinois court or a court of competent jurisdiction as applied
13 to Tier I employees but not as applied to Tier I retirees, then
14 this Section and the changes deriving from the election
15 required under this Section shall be null and void as applied
16 to Tier I employees but shall remain in full effect for Tier I
17 retirees.

18 (j) If this Section is determined to be unconstitutional or
19 otherwise invalid by a final unappealable decision of an
20 Illinois court or a court of competent jurisdiction as applied
21 to Tier I retirees but not as applied to Tier I employees, then
22 this Section and the changes deriving from the election
23 required under this Section shall be null and void as applied
24 to Tier I retirees but shall remain in full effect for Tier I
25 employees.

26 (k) If an election created by this amendatory Act in any

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

8 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

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

10 (a) Each member with creditable service and retiring on or
11 after August 26, 1969 is entitled to the automatic annual
12 increases in annuity provided under this Section while
13 receiving a retirement annuity or disability retirement
14 annuity from the system.

15 An annuitant shall first be entitled to an initial increase
16 under this Section on the January 1 next following the first
17 anniversary of retirement, or January 1 of the year next
18 following attainment of age 61, whichever is later. At such
19 time, the system shall pay an initial increase determined as
20 follows or as provided in subsections (a-1) and (a-2):

21 (1) 1.5% of the originally granted retirement annuity
22 or disability retirement annuity multiplied by the number
23 of years elapsed, if any, from the date of retirement until
24 January 1, 1972, plus

25 (2) 2% of the originally granted annuity multiplied by

1 the number of years elapsed, if any, from the date of
2 retirement or January 1, 1972, whichever is later, until
3 January 1, 1978, plus

4 (3) 3% of the originally granted annuity multiplied by
5 the number of years elapsed from the date of retirement or
6 January 1, 1978, whichever is later, until the effective
7 date of the initial increase.

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

14 Following the initial increase, automatic annual increases
15 in annuity shall be payable on each January 1 thereafter during
16 the lifetime of the annuitant, determined as a percentage of
17 the originally granted retirement annuity or disability
18 retirement annuity for increases granted prior to January 1,
19 1990, and calculated as a percentage of the total amount of
20 annuity, including previous increases under this Section, for
21 increases granted on or after January 1, 1990, as follows: 1.5%
22 for periods prior to January 1, 1972, 2% for periods after
23 December 31, 1971 and prior to January 1, 1978, and 3% for
24 periods after December 31, 1977, or as provided in subsections
25 (a-1) and (a-2).

26 (a-1) Notwithstanding any other provision of this Article,

1 for a Tier I employee or Tier I retiree who made the election
2 under paragraph (1) of subsection (a) or (a-5) of Section
3 16-122.9, the amount of each automatic annual increase in
4 retirement annuity occurring on or after the effective date of
5 that election shall be 3% or one-half of the annual unadjusted
6 percentage increase, if any, in the Consumer Price Index-U for
7 the 12 months ending with the preceding September, whichever is
8 less, of the originally granted retirement annuity. For the
9 purposes of this Section, "Consumer Price Index-U" means the
10 index published by the Bureau of Labor Statistics of the United
11 States Department of Labor that measures the average change in
12 prices of goods and services purchased by all urban consumers,
13 United States city average, all items, 1982-84 = 100.

14 (a-2) Notwithstanding any other provision of this Article,
15 for a Tier I employee or Tier I retiree who made the election
16 under paragraph (1) of subsection (a) or (a-5) of Section
17 16-122.9, the monthly retirement annuity shall first be subject
18 to annual increases on the January 1 occurring on or next after
19 either the attainment of age 67 or the January 1 occurring on
20 or next after the fifth anniversary of the annuity start date,
21 whichever occurs earlier. If on the effective date of the
22 election under paragraph (1) of subsection (a-5) of Section
23 16-122.9 a Tier I retiree has already received an annual
24 increase under this Section but does not yet meet the new
25 eligibility requirements of this subsection, the annual
26 increases already received shall continue in force, but no

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

3 (b) The automatic annual increases in annuity provided
4 under this Section shall not be applicable unless a member has
5 made contributions toward such increases for a period
6 equivalent to one full year of creditable service. If a member
7 contributes for service performed after August 26, 1969 but the
8 member becomes an annuitant before such contributions amount to
9 one full year's contributions based on the salary at the date
10 of retirement, he or she may pay the necessary balance of the
11 contributions to the system and be eligible for the automatic
12 annual increases in annuity provided under this Section.

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

16 (d) An annuitant receiving a retirement annuity or
17 disability retirement annuity on July 1, 1969, who subsequently
18 re-enters service as a teacher is eligible for the automatic
19 annual increases in annuity provided under this Section if he
20 or she renders at least one year of creditable service
21 following the latest re-entry.

22 (e) In addition to the automatic annual increases in
23 annuity provided under this Section, an annuitant who meets the
24 service requirements of this Section and whose retirement
25 annuity or disability retirement annuity began on or before
26 January 1, 1971 shall receive, on January 1, 1981, an increase

1 in the annuity then being paid of one dollar per month for each
2 year of creditable service. On January 1, 1982, an annuitant
3 whose retirement annuity or disability retirement annuity
4 began on or before January 1, 1977 shall receive an increase in
5 the annuity then being paid of one dollar per month for each
6 year of creditable service.

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

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

13 (40 ILCS 5/16-133.6 new)

14 Sec. 16-133.6. Optional teacher early retirement without
15 discount. A Tier I employee or Tier I retiree who makes an
16 election under paragraph (1) of subsection (a) or (a-5) of
17 Section 16-122.9, retires on or after the beginning of the
18 first State fiscal year to occur after the end of the election
19 period specified in Section 16-122.9, and applies for a
20 retirement annuity within 6 months of the last day of teaching
21 for which retirement contributions were required may elect, at
22 the time of application for a retirement annuity, to make a
23 one-time member contribution to the System and, thereby, avoid
24 the reduction in the retirement annuity for retirement before
25 age 60 specified in paragraph (B) of Section 16-133. The

1 exercise of the election shall also obligate the last employer
2 to make a one-time nonrefundable contribution to the System.
3 Substitute teachers wishing to exercise this election must
4 teach 85 or more days in one school term with one employer, who
5 shall be deemed the last employer for purposes of this Section.
6 The last day of teaching with that employer must be within 6
7 months of the date of application for retirement. All
8 substitute teaching credit applied toward the required 85 days
9 must be earned after June 30, 1990.

10 The one-time member and employer contributions shall be a
11 percentage of the cost of this benefit as determined by the
12 System. However, when determining the one-time member and
13 employer contributions, that part of a member's salary with the
14 same employer which exceeds the annual salary rate for the
15 preceding year by more than 20% shall be excluded. The member
16 contribution shall be at the rate of 50% of the cost of the
17 benefits as determined by the System. The employer contribution
18 shall be at the rate of 50% of the cost of the benefits as
19 determined by the System.

20 Upon receipt of the application and election, the System
21 shall determine the one-time employee and employer
22 contributions required. The member contribution shall be
23 credited to the individual account of the member and the
24 employer contribution shall be credited to the Benefit Trust
25 Reserve. The avoidance of the reduction in retirement annuity
26 provided under this Section is not applicable until the

1 member's contribution, if any, has been received by the System;
2 however, the date that contribution is received shall not be
3 considered in determining the effective date of retirement.

4 The number of members working for a single employer who may
5 retire under this Section in any year may be limited at the
6 option of the employer to a specified percentage of those
7 eligible, not less than 10%, with the right to participate to
8 be allocated among those applying on the basis of seniority in
9 the service of the employer.

10 (40 ILCS 5/16-136.1) (from Ch. 108 1/2, par. 16-136.1)

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

12 (a) Any annuitant receiving a retirement annuity on June
13 30, 1969 and any member retiring after June 30, 1969 shall be
14 eligible for the annual increases provided under this Section
15 provided the annuitant is ineligible for the automatic annual
16 increase in annuity provided under Section 16-133.1, and
17 provided further that (1) retirement occurred at age 55 or over
18 and was based on 5 or more years of creditable service or (2)
19 if retirement occurred prior to age 55, the retirement annuity
20 was based on 20 or more years of creditable service.

21 (b) Subject to the provisions of subsections (b-1) and
22 (b-2), an An annuitant entitled to increases under this Section
23 shall be entitled to the initial increase as of the later of:
24 (1) January 1 following attainment of age 65, (2) January 1
25 following the first anniversary of retirement, or (3) the first

1 day of the month following receipt of the required qualifying
2 contribution from the annuitant. The initial monthly increase
3 shall be computed on the basis of the period elapsed between
4 the later of the date of last retirement or attainment of age
5 50 and the date of qualification for the initial increase, at
6 the rate of 1 1/2% of the original monthly retirement annuity
7 per year for periods prior to September 1, 1971, and at the
8 rate of 2% per year for periods between September 1, 1971 and
9 September 1, 1978, and at the rate of 3% per year for periods
10 thereafter.

11 Subject to the provisions of subsections (b-1) and (b-2),
12 an ~~An~~ annuitant who has received an initial increase under this
13 Section, shall be entitled, on each January 1 following the
14 granting of the initial increase, to an increase of 3% of the
15 original monthly retirement annuity for increases granted
16 prior to January 1, 1990, and equal to 3% of the total annuity,
17 including previous increases under this Section, for increases
18 granted on or after January 1, 1990. The original monthly
19 retirement annuity for computations under this subsection (b)
20 shall be considered to be \$83.34 for any annuitant entitled to
21 benefits under Section 16-134. The minimum original disability
22 retirement annuity for computations under this subsection (b)
23 shall be considered to be \$33.34 per month for any annuitant
24 retired on account of disability.

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

1 under paragraph (1) of subsection (a) or (a-5) of Section
2 16-122.9, the amount of each automatic annual increase in
3 retirement annuity occurring on or after the effective date of
4 that election shall be 3% or one-half of the annual unadjusted
5 percentage increase, if any, in the Consumer Price Index-U for
6 the 12 months ending with the preceding September, whichever is
7 less, of the originally granted retirement annuity. For the
8 purposes of this Section, "Consumer Price Index-U" means the
9 index published by the Bureau of Labor Statistics of the United
10 States Department of Labor that measures the average change in
11 prices of goods and services purchased by all urban consumers,
12 United States city average, all items, 1982-84 = 100.

13 (b-2) Notwithstanding any other provision of this Article,
14 for a Tier I employee or Tier I retiree who made the election
15 under paragraph (1) of subsection (a) or (a-5) of Section
16 16-122.9, the monthly retirement annuity shall first be subject
17 to annual increases on the January 1 occurring on or next after
18 either the attainment of age 67 or the January 1 occurring on
19 or next after the fifth anniversary of the annuity start date,
20 whichever occurs earlier. If on the effective date of the
21 election under paragraph (1) of subsection (a-5) of Section
22 16-122.9 a Tier I retiree has already received an annual
23 increase under this Section but does not yet meet the new
24 eligibility requirements of this subsection, the annual
25 increases already received shall continue in force, but no
26 additional annual increase shall be granted until the Tier I

1 retiree meets the new eligibility requirements.

2 (c) An annuitant who otherwise qualifies for annual
3 increases under this Section must make a one-time payment of 1%
4 of the monthly final average salary for each full year of the
5 creditable service forming the basis of the retirement annuity
6 or, if the retirement annuity was not computed using final
7 average salary, 1% of the original monthly retirement annuity
8 for each full year of service forming the basis of the
9 retirement annuity.

10 (d) In addition to other increases which may be provided by
11 this Section, regardless of creditable service, annuitants not
12 meeting the service requirements of Section 16-133.1 and whose
13 retirement annuity began on or before January 1, 1971 shall
14 receive, on January 1, 1981, an increase in the retirement
15 annuity then being paid of one dollar per month for each year
16 of creditable service forming the basis of the retirement
17 allowance. On January 1, 1982, annuitants whose retirement
18 annuity began on or before January 1, 1977, shall receive an
19 increase in the retirement annuity then being paid of one
20 dollar per month for each year of creditable service.

21 On January 1, 1987, any annuitant whose retirement annuity
22 began on or before January 1, 1977, shall receive an increase
23 in the monthly retirement annuity equal to 8¢ per year of
24 creditable service times the number of years that have elapsed
25 since the annuity began.

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

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

2 Sec. 16-152. Contributions by members.

3 (a) Each member shall make contributions for membership
4 service to this System as follows:

5 (1) Effective July 1, 1998, contributions of 7.50% of
6 salary towards the cost of the retirement annuity. Such
7 contributions shall be deemed "normal contributions".

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

11 (3) Effective July 24, 1959, contributions of 1% of
12 salary towards the cost of survivor benefits. Such
13 contributions shall not be credited to the individual
14 account of the member and shall not be subject to refund
15 except as provided under Section 16-143.2.

16 (4) Effective July 1, 2005, contributions of 0.40% of
17 salary toward the cost of the early retirement without
18 discount option provided under Section 16-133.2. This
19 contribution shall cease upon termination of the early
20 retirement without discount option as provided in Section
21 16-176.

22 (a-1) In addition to the contributions required under
23 subsection (a), a member who elects to participate in the
24 optional cash balance plan under Section 1-162 shall pay to the
25 System for the purpose of participating in the optional cash

1 balance plan a contribution of 2% of each payment of
2 compensation received while he or she is a participant in the
3 optional cash balance plan. These contributions shall not be
4 used for the purpose of determining any benefit under this
5 Article except as provided in the optional cash balance plan.

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

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

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

20 (e) A member's contributions toward the cost of early
21 retirement without discount made under item (a)(4) of this
22 Section shall not be refunded if the member has elected early
23 retirement without discount under Section 16-133.2 and has
24 begun to receive a retirement annuity under this Article
25 calculated in accordance with that election. Otherwise, a
26 member's contributions toward the cost of early retirement

1 without discount made under item (a)(4) of this Section shall
2 be refunded according to whichever one of the following
3 circumstances occurs first:

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

8 (2) The contributions shall be included, without
9 interest, in any refund claimed by the member under Section
10 16-151.

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

16 (4) The contributions shall be refunded to the member,
17 without interest, within 120 days after the early
18 retirement without discount option provided under Section
19 16-133.2 is terminated under Section 16-176.

20 (Source: P.A. 93-320, eff. 7-23-03; 94-4, eff. 6-1-05.)

21 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)
22 Sec. 16-158. Contributions by State and other employing
23 units.

24 (a) Except as otherwise provided in this Section, the ~~The~~
25 State shall make contributions to the System by means of

1 appropriations from the Common School Fund and other State
2 funds of amounts which, together with other employer
3 contributions, employee contributions, investment income, and
4 other income, will be sufficient to meet the cost of
5 maintaining and administering the System on a 90% funded basis
6 in accordance with actuarial recommendations.

7 The Board shall determine the amount of State contributions
8 required for each fiscal year on the basis of the actuarial
9 tables and other assumptions adopted by the Board and the
10 recommendations of the actuary, using the formulas provided in
11 this Section ~~formula in subsection (b-3)~~.

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

19 On or before May 1, 2004, the Board shall recalculate and
20 recertify to the Governor the amount of the required State
21 contribution to the System for State fiscal year 2005, taking
22 into account the amounts appropriated to and received by the
23 System under subsection (d) of Section 7.2 of the General
24 Obligation Bond Act.

25 On or before July 1, 2005, the Board shall recalculate and
26 recertify to the Governor the amount of the required State

1 contribution to the System for State fiscal year 2006, taking
2 into account the changes in required State contributions made
3 by this amendatory Act of the 94th General Assembly.

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

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

22 On or before January 15, 2013 and each January 15
23 thereafter, the Board shall certify to the Governor and the
24 General Assembly the amount of the required State contribution
25 for the next fiscal year. The certification shall include a
26 copy of the actuarial recommendations upon which it is based

1 and shall specifically identify the System's projected State
2 normal cost for that fiscal year. The Board's certification
3 must note any deviations from the State Actuary's recommended
4 changes, the reason or reasons for not following the State
5 Actuary's recommended changes, and the fiscal impact of not
6 following the State Actuary's recommended changes on the
7 required State contribution.

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

11 (b-1) Beginning in State fiscal year 1996, on the 15th day
12 of each month, or as soon thereafter as may be practicable, the
13 Board shall submit vouchers for payment of State contributions
14 to the System, in a total monthly amount of one-twelfth of the
15 required annual State contribution certified under subsection
16 (a-1). From the effective date of this amendatory Act of the
17 93rd General Assembly through June 30, 2004, the Board shall
18 not submit vouchers for the remainder of fiscal year 2004 in
19 excess of the fiscal year 2004 certified contribution amount
20 determined under this Section after taking into consideration
21 the transfer to the System under subsection (a) of Section
22 6z-61 of the State Finance Act. These vouchers shall be paid by
23 the State Comptroller and Treasurer by warrants drawn on the
24 funds appropriated to the System for that fiscal year.

25 If in any month the amount remaining unexpended from all
26 other appropriations to the System for the applicable fiscal

1 year (including the appropriations to the System under Section
2 8.12 of the State Finance Act and Section 1 of the State
3 Pension Funds Continuing Appropriation Act) is less than the
4 amount lawfully vouchered under this subsection, the
5 difference shall be paid from the Common School Fund under the
6 continuing appropriation authority provided in Section 1.1 of
7 the State Pension Funds Continuing Appropriation Act.

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

11 (b-3) Except as otherwise provided in this Section, for ~~For~~
12 State fiscal years 2012 through 2045, the minimum contribution
13 to the System to be made by the State for each fiscal year
14 shall be an amount determined by the System to be sufficient to
15 bring the total assets of the System up to 90% of the total
16 actuarial liabilities of the System by the end of State fiscal
17 year 2045. In making these determinations, the required State
18 contribution shall be calculated each year as a level
19 percentage of payroll over the years remaining to and including
20 fiscal year 2045 and shall be determined under the projected
21 unit credit actuarial cost method.

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

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

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

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

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

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2010 is
25 \$2,089,268,000 and shall be made from the proceeds of bonds
26 sold in fiscal year 2010 pursuant to Section 7.2 of the General

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

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

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

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

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

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

12 (b-4) If at least 50% of Tier I employees making an
13 election under Section 16-122.9 within 11 months after the
14 effective date of that Section choose the option under
15 paragraph (1) of subsection (a) of that Section, then beginning
16 in the next State fiscal year to begin after the end of the
17 election period, instead of the contributions specified in
18 subsection (b-3) of this Section, the State contributions
19 specified in subsection (b-5) of this Section shall be paid.

20 In making its initial certification of the annual required
21 contribution by the State for the next State fiscal year to
22 begin after the end of the election period, the Board shall
23 assume that the new funding formula provided in subsection
24 (b-5) of this Section applies. If fewer than 50% of Tier I
25 employees making an election under Section 16-122.9 within 11
26 months after the effective date of this Section choose the

1 option under paragraph (1) of subsection (a) of that Section,
2 then:

3 (1) Instead of the contributions specified in
4 subsection (b-5) of this Section, the State contributions
5 specified in subsection (b-3) shall continue to be paid.

6 (2) The Board shall, if necessary, promptly recertify
7 the annual required contribution by the State for the
8 affected State fiscal year.

9 (b-5) As provided in subsection (b-4), in lieu of the State
10 contributions required under subsection (b-3):

11 (1) For the 30 State fiscal years immediately following
12 the end of the election period specified in Section
13 16-122.9, the minimum contribution to the System to be made
14 by the State for each fiscal year shall be an amount
15 determined by the System to be equal to the sum of (1) the
16 State's portion of the projected normal cost for that
17 fiscal year, plus (2) an amount sufficient to bring the
18 total assets of the System up to 100% of the total
19 actuarial liabilities of the System by the end of the 30th
20 State fiscal year following the end of the election period
21 specified in Section 16-122.9. In making these
22 determinations, the required State contribution shall be
23 calculated each year as a level percentage of payroll over
24 the years remaining to and including the 30th State fiscal
25 year and shall be determined under the projected unit
26 credit actuarial cost method.

1 (2) Beginning in 31st State fiscal year immediately
2 following the end of the election period specified in
3 Section 16-122.9, the minimum State contribution for each
4 fiscal year shall be the amount needed to maintain the
5 total assets of the System at 100% of the total actuarial
6 liabilities of the System.

7 (b-6) Notwithstanding subsection (b-4), if the Tier I
8 employee or Tier I retiree elections under Section 16-122.9, or
9 any of the consequences that are expressly dependent upon
10 either of those elections, are determined to be
11 unconstitutional or otherwise invalid on appeal by a final
12 unappealable decision of an Illinois court or a court of
13 competent jurisdiction, other than as applied to a particular
14 individual or circumstance, then:

15 (1) Beginning with the next fiscal year after the date
16 of that final decision, the annual required contribution to
17 the System to be made by the State shall be determined
18 under subsection (b-3) of this Section.

19 (2) The Board shall, if necessary, promptly recertify
20 the annual required contribution by the State for that next
21 State fiscal year.

22 (c) Payment of the required State contributions and of all
23 pensions, retirement annuities, death benefits, refunds, and
24 other benefits granted under or assumed by this System, and all
25 expenses in connection with the administration and operation
26 thereof, are obligations of the State.

1 If members are paid from special trust or federal funds
2 which are administered by the employing unit, whether school
3 district or other unit, the employing unit shall pay to the
4 System from such funds the full accruing retirement costs based
5 upon that service, as determined by the System. Employer
6 contributions, based on salary paid to members from federal
7 funds, may be forwarded by the distributing agency of the State
8 of Illinois to the System prior to allocation, in an amount
9 determined in accordance with guidelines established by such
10 agency and the System.

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

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

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

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

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

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

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

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

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

1 paid to teachers for that period.

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

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

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

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

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

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

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

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

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

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

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

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

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

26 When assessing payment for any amount due under subsection

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

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

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

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

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

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

1 Public Act 94-4.

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

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

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

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

20 (l) If the System submits a voucher for monthly
21 contributions as required in Section 16-158 and the State fails
22 to pay within 90 days of receipt of such a voucher, the Board
23 shall submit a written request to the Comptroller seeking
24 payment. A copy of the request shall be filed with the
25 Secretary of State, and the Secretary of State shall provide
26 copies to the Governor and General Assembly. No earlier than

1 the 16th day after filing a request with the Secretary of
2 State, the Board shall have the right to commence a mandamus
3 action in the Supreme Court of Illinois to compel the
4 Comptroller to satisfy the voucher by making payment from the
5 General Revenue Fund. This Section constitutes an express
6 waiver of the State's sovereign immunity solely to the extent
7 it permits the Board to commence a mandamus action in the
8 Illinois Supreme Court to compel the Comptroller to pay a
9 voucher for monthly contributions as required in Section
10 16-158.

11 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
12 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
13 6-18-12; 97-813, eff. 7-13-12.)

14 Section B-50. If and only if Section B-35, B-40, or B-45 of
15 this Part B take effect, then the School Code is amended by
16 changing Sections 24-1 and 24-8 as follows:

17 (105 ILCS 5/24-1) (from Ch. 122, par. 24-1)

18 Sec. 24-1. Appointment-Salaries-Payment-School
19 month-School term.) School boards shall appoint all teachers,
20 determine qualifications of employment and fix the amount of
21 their salaries subject to any limitation set forth in this Act
22 and subject to any applicable restrictions in Section 14-106.5,
23 15-132.9, or 16-122.9 of the Illinois Pension Code. They shall
24 pay the wages of teachers monthly, subject, however, to the

1 provisions of Section 24-21. The school month shall be the same
2 as the calendar month but by resolution the school board may
3 adopt for its use a month of 20 days, including holidays. The
4 school term shall consist of at least the minimum number of
5 pupil attendance days required by Section 10-19, any additional
6 legal school holidays, days of teachers' institutes, or
7 equivalent professional educational experiences, and one or
8 two days at the beginning of the school term when used as a
9 teachers' workshop.

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

11 (105 ILCS 5/24-8) (from Ch. 122, par. 24-8)

12 Sec. 24-8. Minimum salary. In fixing the salaries of
13 teachers, school boards shall pay those who serve on a
14 full-time basis not less than a rate for the school year that
15 is based upon training completed in a recognized institution of
16 higher learning, as follows: for the school year beginning July
17 1, 1980 and thereafter, less than a bachelor's degree, \$9,000;
18 120 semester hours or more and a bachelor's degree, \$10,000;
19 150 semester hours or more and a master's degree, \$11,000.

20 Based upon previous public school experience in this State
21 or any other State, territory, dependency or possession of the
22 United States, or in schools operated by or under the auspices
23 of the United States, teachers who serve on a full-time basis
24 shall have their salaries increased to at least the following
25 amounts above the starting salary for a teacher in such

1 district in the same classification: with less than a
2 bachelor's degree, \$750 after 5 years; with 120 semester hours
3 or more and a bachelor's degree, \$1,000 after 5 years and
4 \$1,600 after 8 years; with 150 semester hours or more and a
5 master's degree, \$1,250 after 5 years, \$2,000 after 8 years and
6 \$2,750 after 13 years. However, any salary increase is subject
7 to any applicable restrictions in Section 14-106.5, 15-132.9,
8 or 16-122.9 of the Illinois Pension Code.

9 For the purpose of this Section a teacher's salary shall
10 include any amount paid by the school district on behalf of the
11 teacher, as teacher contributions, to the Teachers' Retirement
12 System of the State of Illinois.

13 If a school board establishes a schedule for teachers'
14 salaries based on education and experience, not inconsistent
15 with this Section, all certificated nurses employed by that
16 board shall be paid in accordance with the provisions of such
17 schedule (subject to any applicable restrictions in Section
18 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code).

19 For purposes of this Section, a teacher who submits a
20 certificate of completion to the school office prior to the
21 first day of the school term shall be considered to have the
22 degree stated in such certificate.

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

24 Section B-55. If and only if any of the changes made by
25 Title A of this Act to provisions in Article 15 of the Illinois

1 Pension Code concerning (i) automatic annual increases, (ii)
2 employee or member contributions, (iii) State or employer
3 contributions, (iv) State funding guarantees, or (v) salary,
4 earnings, or compensation is declared to be unconstitutional or
5 otherwise invalid, then the State Universities Civil Service
6 Act is amended by changing Section 36d as follows:

7 (110 ILCS 70/36d) (from Ch. 24 1/2, par. 38b3)

8 Sec. 36d. Powers and duties of the Merit Board.

9 The Merit Board shall have the power and duty-

10 (1) To approve a classification plan prepared under its
11 direction, assigning to each class positions of substantially
12 similar duties. The Merit Board shall have power to delegate to
13 its Director the duty of assigning each position in the
14 classified service to the appropriate class in the
15 classification plan approved by the Merit Board.

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

18 (3) To prescribe the range of compensation for each class
19 or to fix a single rate of compensation for employees in a
20 particular class; and to establish other conditions of
21 employment which an employer and employee representatives have
22 agreed upon as fair and equitable. The Merit Board shall direct
23 the payment of the "prevailing rate of wages" in those
24 classifications in which, on January 1, 1952, any employer is
25 paying such prevailing rate and in such other classes as the

1 Merit Board may thereafter determine. "Prevailing rate of
2 wages" as used herein shall be the wages paid generally in the
3 locality in which the work is being performed to employees
4 engaged in work of a similar character. Subject to any
5 applicable restrictions in Section 15-132.9 of the Illinois
6 Pension Code, each ~~Each~~ employer covered by the University
7 System shall be authorized to negotiate with representatives of
8 employees to determine appropriate ranges or rates of
9 compensation or other conditions of employment and may
10 recommend to the Merit Board for establishment the rates or
11 ranges or other conditions of employment which the employer and
12 employee representatives have agreed upon as fair and
13 equitable, but excluding the changes, the impact of changes,
14 and the implementation of the changes set forth in this
15 amendatory Act of the 98th General Assembly. Any rates or
16 ranges established prior to January 1, 1952, and hereafter,
17 shall not be changed except in accordance with the procedures
18 herein provided.

19 (4) To recommend to the institutions and agencies specified
20 in Section 36e standards for hours of work, holidays, sick
21 leave, overtime compensation and vacation for the purpose of
22 improving conditions of employment covered therein and for the
23 purpose of insuring conformity with the prevailing rate
24 principal.

25 (5) To prescribe standards of examination for each class,
26 the examinations to be related to the duties of such class. The

1 Merit Board shall have power to delegate to the Director and
2 his staff the preparation, conduct and grading of examinations.
3 Examinations may be written, oral, by statement of training and
4 experience, in the form of tests of knowledge, skill, capacity,
5 intellect, aptitude; or, by any other method, which in the
6 judgment of the Merit Board is reasonable and practical for any
7 particular classification. Different examining procedures may
8 be determined for the examinations in different
9 classifications but all examinations in the same
10 classification shall be uniform.

11 (6) To authorize the continuous recruitment of personnel
12 and to that end, to delegate to the Director and his staff the
13 power and the duty to conduct open and continuous competitive
14 examinations for all classifications of employment.

15 (7) To cause to be established from the results of
16 examinations registers for each class of positions in the
17 classified service of the State Universities Civil Service
18 System, of the persons who shall attain the minimum mark fixed
19 by the Merit Board for the examination; and such persons shall
20 take rank upon the registers as candidates in the order of
21 their relative excellence as determined by examination,
22 without reference to priority of time of examination.

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

1 (9) To set a probationary period of employment of no less
2 than 6 months and no longer than 12 months for each class of
3 positions in the classification plan, the length of the
4 probationary period for each class to be determined by the
5 Director.

6 (10) To provide by its rules for employment at regular
7 rates of compensation of physically handicapped persons in
8 positions in which the handicap does not prevent the individual
9 from furnishing satisfactory service.

10 (11) To make and publish rules, to carry out the purpose of
11 the State Universities Civil Service System and for
12 examination, appointments, transfers and removals and for
13 maintaining and keeping records of the efficiency of officers
14 and employees and groups of officers and employees in
15 accordance with the provisions of Sections 36b to 36q,
16 inclusive, and said Merit Board may from time to time make
17 changes in such rules.

18 (12) To appoint a Director and such assistants and other
19 clerical and technical help as may be necessary efficiently to
20 administer Sections 36b to 36q, inclusive. To authorize the
21 Director to appoint an assistant resident at the place of
22 employment of each employer specified in Section 36e and this
23 assistant may be authorized to give examinations and to certify
24 names from the regional registers provided in Section 36k.

25 (13) To submit to the Governor of this state on or before
26 November 1 of each year prior to the regular session of the

1 General Assembly a report of the University System's business
2 and an estimate of the amount of appropriation from state funds
3 required for the purpose of administering the University
4 System.

5 (Source: P.A. 82-524.)

6 Section B-60. If and only if any of the changes made by
7 Title A of this Act to provisions in Article 15 of the Illinois
8 Pension Code concerning (i) automatic annual increases, (ii)
9 employee or member contributions, (iii) State or employer
10 contributions, (iv) State funding guarantees, or (v) salary,
11 earnings, or compensation is declared to be unconstitutional or
12 otherwise invalid, then the University of Illinois Act is
13 amended by adding Section 85 as follows:

14 (110 ILCS 305/85 new)

15 Sec. 85. Future increases in income. The University of
16 Illinois must not pay, offer, or agree to pay any future
17 increase in income, as that term is defined in Section 15-132.9
18 of the Illinois Pension Code, to any person in a manner that
19 violates any of those Sections.

20 Section B-65. If and only if any of the changes made by
21 Title A of this Act to provisions in Article 15 of the Illinois
22 Pension Code concerning (i) automatic annual increases, (ii)
23 employee or member contributions, (iii) State or employer

1 contributions, (iv) State funding guarantees, or (v) salary,
2 earnings, or compensation is declared to be unconstitutional or
3 otherwise invalid, then the Southern Illinois University
4 Management Act is amended by adding Section 70 as follows:

5 (110 ILCS 520/70 new)

6 Sec. 70. Future increases in income. Southern Illinois
7 University must not pay, offer, or agree to pay any future
8 increase in income, as that term is defined in Section 15-132.9
9 of the Illinois Pension Code, to any person in a manner that
10 violates any of those Sections.

11 Section B-70. If and only if any of the changes made by
12 Title A of this Act to provisions in Article 15 of the Illinois
13 Pension Code concerning (i) automatic annual increases, (ii)
14 employee or member contributions, (iii) State or employer
15 contributions, (iv) State funding guarantees, or (v) salary,
16 earnings, or compensation is declared to be unconstitutional or
17 otherwise invalid, then the Chicago State University Law is
18 amended by adding Section 5-180 as follows:

19 (110 ILCS 660/5-180 new)

20 Sec. 5-180. Future increases in income. Chicago State
21 University must not pay, offer, or agree to pay any future
22 increase in income, as that term is defined in Section 15-132.9
23 of the Illinois Pension Code, to any person in a manner that

1 violates any of those Sections.

2 Section B-75. If and only if any of the changes made by
3 Title A of this Act to provisions in Article 15 of the Illinois
4 Pension Code concerning (i) automatic annual increases, (ii)
5 employee or member contributions, (iii) State or employer
6 contributions, (iv) State funding guarantees, or (v) salary,
7 earnings, or compensation is declared to be unconstitutional or
8 otherwise invalid, then the Eastern Illinois University Law is
9 amended by adding Section 10-180 as follows:

10 (110 ILCS 665/10-180 new)

11 Sec. 10-180. Future increases in income. Eastern Illinois
12 University must not pay, offer, or agree to pay any future
13 increase in income, as that term is defined in Section 15-132.9
14 of the Illinois Pension Code, to any person in a manner that
15 violates any of those Sections.

16 Section B-80. If and only if any of the changes made by
17 Title A of this Act to provisions in Article 15 of the Illinois
18 Pension Code concerning (i) automatic annual increases, (ii)
19 employee or member contributions, (iii) State or employer
20 contributions, (iv) State funding guarantees, or (v) salary,
21 earnings, or compensation is declared to be unconstitutional or
22 otherwise invalid, then the Governors State University Law is
23 amended by adding Section 15-180 as follows:

1 (110 ILCS 670/15-180 new)

2 Sec. 15-180. Future increases in income. Governors State
3 University must not pay, offer, or agree to pay any future
4 increase in income, as that term is defined in Section 15-132.9
5 of the Illinois Pension Code, to any person in a manner that
6 violates any of those Sections.

7 Section B-85. If and only if any of the changes made by
8 Title A of this Act to provisions in Article 15 of the Illinois
9 Pension Code concerning (i) automatic annual increases, (ii)
10 employee or member contributions, (iii) State or employer
11 contributions, (iv) State funding guarantees, or (v) salary,
12 earnings, or compensation is declared to be unconstitutional or
13 otherwise invalid, then the Illinois State University Law is
14 amended by adding Section 20-185 as follows:

15 (110 ILCS 675/20-185 new)

16 Sec. 20-185. Future increases in income. Illinois State
17 University must not pay, offer, or agree to pay any future
18 increase in income, as that term is defined in Section 15-132.9
19 of the Illinois Pension Code, to any person in a manner that
20 violates any of those Sections.

21 Section B-90. If and only if any of the changes made by
22 Title A of this Act to provisions in Article 15 of the Illinois

1 Pension Code concerning (i) automatic annual increases, (ii)
2 employee or member contributions, (iii) State or employer
3 contributions, (iv) State funding guarantees, or (v) salary,
4 earnings, or compensation is declared to be unconstitutional or
5 otherwise invalid, then the Northeastern Illinois University
6 Law is amended by adding Section 25-180 as follows:

7 (110 ILCS 680/25-180 new)

8 Sec. 25-180. Future increases in income. Northeastern
9 Illinois University must not pay, offer, or agree to pay any
10 future increase in income, as that term is defined in Section
11 15-132.9 of the Illinois Pension Code, to any person in a
12 manner that violates any of those Sections.

13 Section B-95. If and only if any of the changes made by
14 Title A of this Act to provisions in Article 15 of the Illinois
15 Pension Code concerning (i) automatic annual increases, (ii)
16 employee or member contributions, (iii) State or employer
17 contributions, (iv) State funding guarantees, or (v) salary,
18 earnings, or compensation is declared to be unconstitutional or
19 otherwise invalid, then the Northern Illinois University Law is
20 amended by adding Section 30-190 as follows:

21 (110 ILCS 685/30-190 new)

22 Sec. 30-190. Future increases in income. Northern Illinois
23 University must not pay, offer, or agree to pay any future

1 increase in income, as that term is defined in Section 15-132.9
2 of the Illinois Pension Code, to any person in a manner that
3 violates any of those Sections.

4 Section B-100. If and only if any of the changes made by
5 Title A of this Act to provisions in Article 15 of the Illinois
6 Pension Code concerning (i) automatic annual increases, (ii)
7 employee or member contributions, (iii) State or employer
8 contributions, (iv) State funding guarantees, or (v) salary,
9 earnings, or compensation is declared to be unconstitutional or
10 otherwise invalid, then the Western Illinois University Law is
11 amended by adding Section 35-185 as follows:

12 (110 ILCS 690/35-185 new)

13 Sec. 35-185. Future increases in income. Western Illinois
14 University must not pay, offer, or agree to pay any future
15 increase in income, as that term is defined in Section 15-132.9
16 of the Illinois Pension Code, to any person in a manner that
17 violates any of those Sections.

18 Section B-105. If and only if any of the changes made by
19 Title A of this Act to provisions in Article 15 of the Illinois
20 Pension Code concerning (i) automatic annual increases, (ii)
21 employee or member contributions, (iii) State or employer
22 contributions, (iv) State funding guarantees, or (v) salary,
23 earnings, or compensation is declared to be unconstitutional or

1 otherwise invalid, then the Public Community College Act is
2 amended by changing Sections 3-26 and 3-42 as follows:

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

4 Sec. 3-26. (a) To make appointments and fix the salaries of
5 a chief administrative officer, who shall be the executive
6 officer of the board, other administrative personnel, and all
7 teachers, but subject to any applicable restrictions in Section
8 15-132.9 of the Illinois Pension Code. In making these
9 appointments and fixing the salaries, the board may make no
10 discrimination on account of sex, race, creed, color or
11 national origin.

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

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

23 (110 ILCS 805/3-42) (from Ch. 122, par. 103-42)

24 Sec. 3-42. To employ such personnel as may be needed, to

1 establish policies governing their employment and dismissal,
2 and to fix the amount of their compensation, subject to any
3 applicable restrictions in Section 15-132.9 of the Illinois
4 Pension Code. In the employment, establishment of policies and
5 fixing of compensation the board may make no discrimination on
6 account of sex, race, creed, color or national origin.

7 Residence within any community college district or outside
8 any community college district shall not be considered:

9 (a) in determining whether to retain or not retain any
10 employee of a community college employed prior to July 1,
11 1977 or prior to the adoption by the community college
12 board of a resolution making residency within the community
13 college district of some or all employees a condition of
14 employment, whichever is later;

15 (b) in assigning, promoting or transferring any
16 employee of a community college to an office or position
17 employed prior to July 1, 1977 or prior to the adoption by
18 the community college board of a resolution making
19 residency within the community college district of some or
20 all employees a condition of employment, whichever is
21 later; or

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

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

25 Section B-110. If and only if Section B-35, B-40, or B-45

1 of this Part B take effect, then the Illinois Educational Labor
2 Relations Act is amended by changing Sections 4 and 17 as
3 follows:

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

5 Sec. 4. Employer rights. Employers shall not be required to
6 bargain over matters of inherent managerial policy, which shall
7 include such areas of discretion or policy as the functions of
8 the employer, standards of services, its overall budget, the
9 organizational structure and selection of new employees and
10 direction of employees. Employers, however, shall be required
11 to bargain collectively with regard to policy matters directly
12 affecting wages (but subject to any applicable restrictions in
13 Section 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension
14 Code), hours and terms and conditions of employment as well as
15 the impact thereon upon request by employee representatives,
16 but excluding the changes, the impact of changes, and the
17 implementation of the changes set forth in this amendatory Act
18 of the 98th General Assembly. To preserve the rights of
19 employers and exclusive representatives which have established
20 collective bargaining relationships or negotiated collective
21 bargaining agreements prior to the effective date of this Act,
22 employers shall be required to bargain collectively with regard
23 to any matter concerning wages (but subject to subject to any
24 applicable restrictions in Section 14-106.5, 15-132.9, or
25 16-122.9 of the Illinois Pension Code), hours or conditions of

1 employment about which they have bargained for and agreed to in
2 a collective bargaining agreement prior to the effective date
3 of this Act, but excluding the changes, the impact of changes,
4 and the implementation of the changes set forth in this
5 amendatory Act of the 98th General Assembly.

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

7 (115 ILCS 5/17) (from Ch. 48, par. 1717)

8 Sec. 17. Effect on other laws. In case of any conflict
9 between the provisions of this Act and any other law (other
10 than Section 14-106.5, 15-132.9, or 16-122.9 of the Illinois
11 Pension Code), executive order or administrative regulation,
12 the provisions of this Act shall prevail and control. The
13 provisions of this Act are subject to any applicable
14 restrictions in Section 14-106.5 of the Illinois Pension Code,
15 as well as the changes, impact of changes, and implementation
16 of changes set forth in this amendatory Act of the 98th General
17 Assembly. Nothing in this Act shall be construed to replace or
18 diminish the rights of employees established by Section 36d of
19 "An Act to create the State Universities Civil Service System",
20 approved May 11, 1905, as amended or modified.

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

22 Section B-200. The State Mandates Act is amended by adding
23 Section 8.37 as follows:

1 (30 ILCS 805/8.37 new)

2 Sec. 8.37. Exempt mandate. Notwithstanding Sections 6 and 8
3 of this Act, no reimbursement by the State is required for the
4 implementation of any mandate created by this amendatory Act of
5 the 98th General Assembly.

6 PART C

7 Section C-999. Effective date. This Act takes effect upon
8 becoming law, except that each of Sections B-5 through B-110
9 takes effect upon the date following the date upon which the
10 contingency described in its introductory clause occurs.".

1

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2

Statutes amended in order of appearance

3	5 ILCS 315/2	from Ch. 48, par. 1602
4	5 ILCS 315/4	from Ch. 48, par. 1604
5	5 ILCS 315/14	from Ch. 48, par. 1614
6	5 ILCS 315/15	from Ch. 48, par. 1615
7	20 ILCS 3005/7	from Ch. 127, par. 417
8	20 ILCS 3005/8	from Ch. 127, par. 418
9	30 ILCS 105/13	from Ch. 127, par. 149
10	30 ILCS 105/24.12 new	
11	30 ILCS 105/24.13 new	
12	30 ILCS 122/20	
13	30 ILCS 122/25	
14	40 ILCS 5/1-103.3	
15	40 ILCS 5/2-105.1 new	
16	40 ILCS 5/2-105.2 new	
17	40 ILCS 5/2-108	from Ch. 108 1/2, par. 2-108
18	40 ILCS 5/2-119.1	from Ch. 108 1/2, par. 2-119.1
19	40 ILCS 5/2-121.1	from Ch. 108 1/2, par. 2-121.1
20	40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
21	40 ILCS 5/2-125	from Ch. 108 1/2, par. 2-125
22	40 ILCS 5/2-126	from Ch. 108 1/2, par. 2-126
23	40 ILCS 5/2-134	from Ch. 108 1/2, par. 2-134
24	40 ILCS 5/2-162	
25	40 ILCS 5/7-109	from Ch. 108 1/2, par. 7-109

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3	40 ILCS 5/14-103.41 new	
4	40 ILCS 5/14-106	from Ch. 108 1/2, par. 14-106
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14	40 ILCS 5/15-107.2 new	
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