



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

SB3075

Introduced 1/29/2026, by Sen. Chris Balkema

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. With respect to the 5 State-funded Retirement Systems: requires each System to prepare and implement a defined contribution plan by July 1, 2028 that aggregates State and employee contributions in individual participant accounts that are used for payouts after retirement. Provides that a Tier 1 or Tier 2 participant may elect to participate in the defined contribution plan instead of the defined benefit plan and may also elect to terminate all participation in the defined benefit plan and to have a specified amount credited to his or her account under the defined contribution plan. Provides that, if a person who made the election to participate in the defined contribution plan terminates service and thereafter returns to service, he or she may either elect to participate in the defined contribution plan with regard to that service or not elect to participate in the defined contribution plan with regard to that service. Provides that an employee may elect not to participate in the System by notifying the System in writing in a manner specified by the System. Provides that any benefit increase that results from the amendatory Act is excluded from the definition of "new benefit increase". In the State Employees, State Universities, and Downstate Teachers Articles, provides that a person who first becomes an employee after the effective date of the amendatory Act is not required to participate in the System as a condition of employment. Makes conforming and other changes. Makes related changes in the State Employees Group Insurance Act of 1971. Effective immediately.

LRB104 19005 RPS 32450 b

1 AN ACT concerning public employee benefits.

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

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

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

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

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

18 (b) "Annuitant" means:

19 (1) an employee who retires, or has retired, on or  
20 after January 1, 1966 on an immediate annuity under the  
21 provisions of Article ~~Articles~~ 2 (including an employee  
22 who, in lieu of receiving an annuity under that Article,  
23 has retired under the defined contribution plan

1 established under Section 2-165.5 of that Article),  
2 Article 14 (including an employee who has elected to  
3 receive an alternative retirement cancellation payment  
4 under Section 14-108.5 of the Illinois Pension Code in  
5 lieu of an annuity; an employee who, in lieu of receiving  
6 an annuity under that Article, has retired under the  
7 defined contribution plan established under Section  
8 14-155.5 of that Article; or an employee who meets the  
9 criteria for retirement, but in lieu of receiving an  
10 annuity under that Article has elected to receive an  
11 accelerated pension benefit payment under Section 14-147.5  
12 of that Article), Article 15 (including an employee who  
13 has retired under the optional retirement program  
14 established under Section 15-158.2 of that Article or the  
15 defined contribution plan established under Section  
16 15-200.5 of that Article or who meets the criteria for  
17 retirement but in lieu of receiving an annuity under that  
18 Article has elected to receive an accelerated pension  
19 benefit payment under Section 15-185.5 of the Article),  
20 paragraph (2), (3), or (5) of Section 16-106 (including an  
21 employee who meets the criteria for retirement, but in  
22 lieu of receiving an annuity under that Article has  
23 elected to receive an accelerated pension benefit payment  
24 under Section 16-190.5 of the Illinois Pension Code or an  
25 employee who, in lieu of receiving an annuity under  
26 Article 16 of the Illinois Pension Code, has retired under

1       the defined contribution plan established under Section  
2       16-205.5 of that Article), or Article 18 (including an  
3       employee who, in lieu of receiving an annuity under that  
4       Article, has retired under the defined contribution plan  
5       established under Section 18-121.5 of that Article) of the  
6       Illinois Pension Code;

7           (2) any person who was receiving group insurance  
8       coverage under this Act as of March 31, 1978 by reason of  
9       his status as an annuitant, even though the annuity in  
10      relation to which such coverage was provided is a  
11      proportional annuity based on less than the minimum period  
12      of service required for a retirement annuity in the system  
13      involved;

14          (3) any person not otherwise covered by this Act who  
15      has retired as a participating member under Article 2 of  
16      the Illinois Pension Code but is ineligible for the  
17      retirement annuity under Section 2-119 of the Illinois  
18      Pension Code;

19          (4) the spouse of any person who is receiving a  
20      retirement annuity under Article 18 of the Illinois  
21      Pension Code and who is covered under a group health  
22      insurance program sponsored by a governmental employer  
23      other than the State of Illinois and who has irrevocably  
24      elected to waive his or her coverage under this Act and to  
25      have his or her spouse considered as the "annuitant" under  
26      this Act and not as a "dependent"; or

1           (5) an employee who retires, or has retired, from a  
2           qualified position, as determined according to rules  
3           promulgated by the Director, under a qualified local  
4           government, a qualified rehabilitation facility, a  
5           qualified domestic violence shelter or service, or a  
6           qualified child advocacy center.

7           (For definition of "retired employee", see subsection  
8           (p)).

9           (b-5) (Blank).

10          (b-6) (Blank).

11          (b-7) (Blank).

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

18          (d) "Compensation" means salary or wages payable on a  
19          regular payroll by the State Treasurer on a warrant of the  
20          State Comptroller out of any State, trust or federal fund, or  
21          by the Governor of the State through a disbursing officer of  
22          the State out of a trust or out of federal funds, or by any  
23          Department out of State, trust, federal, or other funds held  
24          by the State Treasurer or the Department, to any person for  
25          personal services currently performed, and ordinary or  
26          accidental disability benefits under Article ~~Articles~~ 2 of the

1 Illinois Pension Code, Article 14 of the Illinois Pension  
2 Code, Article 15 of the Illinois Pension Code (including  
3 ordinary or accidental disability benefits under the optional  
4 retirement program established under Section 15-158.2),  
5 paragraph (2), (3), or (5) of Section 16-106 of the Illinois  
6 Pension Code, or Article 18 of the Illinois Pension Code, for  
7 disability incurred after January 1, 1966, or benefits payable  
8 under the Workers' Compensation Act or the Workers'  
9 Occupational Diseases Act or benefits payable under a sick pay  
10 plan established in accordance with Section 36 of the State  
11 Finance Act. "Compensation" also means salary or wages paid to  
12 an employee of any qualified local government, qualified  
13 rehabilitation facility, qualified domestic violence shelter  
14 or service, or qualified child advocacy center.

15 (e) "Commission" means the State Employees Group Insurance  
16 Advisory Commission authorized by this Act. Commencing July 1,  
17 1984, "Commission" as used in this Act means the Commission on  
18 Government Forecasting and Accountability as established by  
19 the Legislative Commission Reorganization Act of 1984.

20 (f) "Contributory", when referred to as contributory  
21 coverage, shall mean optional coverages or benefits elected by  
22 the member toward the cost of which such member makes  
23 contribution, or which are funded in whole or in part through  
24 the acceptance of a reduction in earnings or the foregoing of  
25 an increase in earnings by an employee, as distinguished from  
26 noncontributory coverage or benefits which are paid entirely

1 by the State of Illinois without reduction of the member's  
2 salary.

3 (g) "Department" means any department, institution, board,  
4 commission, officer, court, or any agency of the State  
5 government receiving appropriations and having power to  
6 certify payrolls to the Comptroller authorizing payments of  
7 salary and wages against such appropriations as are made by  
8 the General Assembly from any State fund, or against trust  
9 funds held by the State Treasurer and includes boards of  
10 trustees of the retirement systems created by Articles 2, 14,  
11 15, 16, and 18 of the Illinois Pension Code. "Department" also  
12 includes the Illinois Comprehensive Health Insurance Board,  
13 the Board of Examiners established under the Illinois Public  
14 Accounting Act, and the Illinois Finance Authority.

15 (h) "Dependent", when the term is used in the context of  
16 the health and life plan, means a member's spouse and any child  
17 (1) from birth to age 26, including an adopted child, a child  
18 who lives with the member from the time of the placement for  
19 adoption until entry of an order of adoption, a stepchild or  
20 adjudicated child, or a child who lives with the member if such  
21 member is a court appointed guardian of the child or (2) age 19  
22 or over who has a mental or physical disability from a cause  
23 originating prior to the age of 19 (age 26 if enrolled as an  
24 adult child dependent). For the health plan only, the term  
25 "dependent" also includes (1) any person enrolled prior to the  
26 effective date of this Section who is dependent upon the

1 member to the extent that the member may claim such person as a  
2 dependent for income tax deduction purposes and (2) any person  
3 who has received after June 30, 2000 an organ transplant and  
4 who is financially dependent upon the member and eligible to  
5 be claimed as a dependent for income tax purposes. A member  
6 requesting to cover any dependent must provide documentation  
7 as requested by the Department of Central Management Services  
8 and file with the Department any and all forms required by the  
9 Department.

10 (i) "Director" means the Director of the Illinois  
11 Department of Central Management Services.

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

15 (k) "Employee" means and includes each officer or employee  
16 in the service of a department who (1) receives his  
17 compensation for service rendered to the department on a  
18 warrant issued pursuant to a payroll certified by a department  
19 or on a warrant or check issued and drawn by a department upon  
20 a trust, federal or other fund or on a warrant issued pursuant  
21 to a payroll certified by an elected or duly appointed officer  
22 of the State or who receives payment of the performance of  
23 personal services on a warrant issued pursuant to a payroll  
24 certified by a Department and drawn by the Comptroller upon  
25 the State Treasurer against appropriations made by the General  
26 Assembly from any fund or against trust funds held by the State

1 Treasurer, and (2) is employed full-time or part-time in a  
2 position normally requiring actual performance of duty during  
3 not less than 1/2 of a normal work period, as established by  
4 the Director in cooperation with each department, except that  
5 persons elected by popular vote will be considered employees  
6 during the entire term for which they are elected regardless  
7 of hours devoted to the service of the State, and (3) except  
8 that "employee" does not include any person who is not  
9 eligible by reason of such person's employment to participate  
10 in one of the State retirement systems under Article ~~Articles~~  
11 2, 14, 15 (either the regular Article 15 system or the optional  
12 retirement program established under Section 15-158.2), or 18  
13 of the Illinois Pension Code, or under paragraph (2), (3), or  
14 (5) of Section 16-106 of the Illinois Pension Code, but such  
15 term does include persons who are employed during the 6-month  
16 qualifying period under Article 14 of the Illinois Pension  
17 Code. Such term also includes any person who:

18 (1) after January 1, 1966, is receiving ordinary or  
19 accidental disability benefits under Article ~~Articles~~ 2,  
20 Article 14, Article 15 (including ordinary or accidental  
21 disability benefits under the optional retirement program  
22 established under Section 15-158.2), paragraph (2), (3),  
23 or (5) of Section 16-106, or Article 18 of the Illinois  
24 Pension Code, for disability incurred after January 1,  
25 1966;

26 (2) receives total permanent or total temporary

1 disability under the Workers' Compensation Act or the  
2 Workers' Occupational Diseases Act as a result of injuries  
3 sustained or illness contracted in the course of  
4 employment with the State of Illinois;7 or

5 (3) is not otherwise covered under this Act and has  
6 retired as a participating member under Article 2 of the  
7 Illinois Pension Code but is ineligible for the retirement  
8 annuity under Section 2-119 of the Illinois Pension Code.  
9 However, a person who satisfies the criteria of the  
10 foregoing definition of "employee" except that such person  
11 is made ineligible to participate in the State  
12 Universities Retirement System by clause (4) of subsection  
13 (a) of Section 15-107 of the Illinois Pension Code is also  
14 an "employee" for the purposes of this Act.

15 "Employee" also includes any person receiving or eligible  
16 for benefits under a sick pay plan established in accordance  
17 with Section 36 of the State Finance Act.

18 "Employee" also includes (i) each officer or employee in  
19 the service of a qualified local government, including persons  
20 appointed as trustees of sanitary districts regardless of  
21 hours devoted to the service of the sanitary district, (ii)  
22 each employee in the service of a qualified rehabilitation  
23 facility, (iii) each full-time employee in the service of a  
24 qualified domestic violence shelter or service, and (iv) each  
25 full-time employee in the service of a qualified child  
26 advocacy center, as determined according to rules promulgated

1 by the Director.

2 (1) "Member" means an employee, annuitant, retired  
3 employee, or survivor. In the case of an annuitant or retired  
4 employee who first becomes an annuitant or retired employee on  
5 or after January 13, 2012 (the effective date of Public Act  
6 97-668), the individual must meet the minimum vesting  
7 requirements of the applicable retirement system in order to  
8 be eligible for group insurance benefits under that system. In  
9 the case of a survivor who is not entitled to occupational  
10 death benefits pursuant to an applicable retirement system or  
11 death benefits pursuant to the Workers' Compensation Act, and  
12 who first becomes a survivor on or after January 13, 2012 (the  
13 effective date of Public Act 97-668), the deceased employee,  
14 annuitant, or retired employee upon whom the annuity is based  
15 must have been eligible to participate in the group insurance  
16 system under the applicable retirement system in order for the  
17 survivor to be eligible for group insurance benefits under  
18 that system.

19 In the case of a survivor who is entitled to occupational  
20 death benefits pursuant to the deceased employee's applicable  
21 retirement system or death benefits pursuant to the Workers'  
22 Compensation Act, and first becomes a survivor on or after  
23 January 1, 2022, the survivor is eligible for group health  
24 insurance benefits regardless of the deceased employee's  
25 minimum vesting requirements under the applicable retirement  
26 system, with a State contribution rate of 100%, until an

1 unmarried child dependent reaches the age of 18, or the age of  
2 22 if the dependent child is a full-time student, or until the  
3 adult survivor becomes eligible for benefits under the federal  
4 Medicare health insurance program (Title XVIII of the Social  
5 Security Act, as added by Public Law 89-97). In the case of a  
6 survivor currently receiving occupational death benefits  
7 pursuant to the deceased employee's applicable retirement  
8 system or has received death benefits pursuant to the Workers'  
9 Compensation Act, who first became a survivor prior to January  
10 1, 2022, the survivor is eligible for group health insurance  
11 benefits regardless of the deceased employee's minimum vesting  
12 requirements under the applicable retirement system, with a  
13 State contribution rate of 100%, until an unmarried child  
14 dependent reaches the age of 18, or the age of 22 if the  
15 dependent child is a full-time student, or until the adult  
16 survivor becomes eligible for benefits under the federal  
17 Medicare health insurance program (Title XVIII of the Social  
18 Security Act, as added by Public Law 89-97). The changes made  
19 by Public Act 102-714 with respect to survivors who first  
20 became survivors prior to January 1, 2022 shall apply upon  
21 request of the survivor on or after April 29, 2022 (the  
22 effective date of Public Act 102-714).

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

26 (n) "Program" means the group life insurance, health

1 benefits, and other employee benefits designed and contracted  
2 for by the Director under this Act.

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

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

14 (q) "Survivor" means a person receiving an annuity as a  
15 survivor of an employee or of an annuitant. "Survivor" also  
16 includes: (1) the surviving dependent of a person who  
17 satisfies the definition of "employee" except that such person  
18 is made ineligible to participate in the State Universities  
19 Retirement System by clause (4) of subsection (a) of Section  
20 15-107 of the Illinois Pension Code; (2) the surviving  
21 dependent of any person formerly employed by the University of  
22 Illinois in the Cooperative Extension Service who would be an  
23 annuitant except for the fact that such person was made  
24 ineligible to participate in the State Universities Retirement  
25 System by clause (4) of subsection (a) of Section 15-107 of the  
26 Illinois Pension Code; (3) the surviving dependent of a person

1 who was an annuitant under this Act by virtue of receiving an  
2 alternative retirement cancellation payment under Section  
3 14-108.5 of the Illinois Pension Code; and (4) a person who  
4 would be receiving an annuity as a survivor of an annuitant  
5 except that the annuitant elected on or after June 4, 2018 to  
6 receive an accelerated pension benefit payment under Section  
7 14-147.5, 15-185.5, or 16-190.5 of the Illinois Pension Code  
8 in lieu of receiving an annuity.

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

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

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

17 (q-5) (Blank).

18 (q-6) (Blank).

19 (q-7) (Blank).

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

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

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

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

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

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

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

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

16 (2) is receiving a monthly benefit or retirement  
17 annuity under Article 16 of the Illinois Pension Code or  
18 would be receiving such monthly benefit or retirement  
19 annuity except that the benefit recipient elected on or  
20 after June 4, 2018 to receive an accelerated pension  
21 benefit payment under Section 16-190.5 of the Illinois  
22 Pension Code in lieu of receiving an annuity; and

23 (3) either (i) has at least 8 years of creditable  
24 service under Article 16 of the Illinois Pension Code, or  
25 (ii) was enrolled in the health insurance program offered  
26 under that Article on January 1, 1996, or (iii) is the

1 survivor of a benefit recipient who had at least 8 years of  
2 creditable service under Article 16 of the Illinois  
3 Pension Code or was enrolled in the health insurance  
4 program offered under that Article on June 21, 1995 (the  
5 effective date of Public Act 89-25), or (iv) is a  
6 recipient or survivor of a recipient of a disability  
7 benefit under Article 16 of the Illinois Pension Code.

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

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

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

21 "TRS dependent beneficiary" does not include, as indicated  
22 under paragraph (2) of this subsection (w), a dependent of the  
23 survivor of a TRS benefit recipient who first becomes a  
24 dependent of a survivor of a TRS benefit recipient on or after  
25 January 13, 2012 (the effective date of Public Act 97-668)  
26 unless that dependent would have been eligible for coverage as

1 a dependent of the deceased TRS benefit recipient upon whom  
2 the survivor benefit is based.

3 (x) "Military leave" refers to individuals in basic  
4 training for reserves, special/advanced training, annual  
5 training, emergency call up, activation by the President of  
6 the United States, or any other training or duty in service to  
7 the United States Armed Forces.

8 (y) (Blank).

9 (z) "Community college benefit recipient" means a person  
10 who:

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

12 (2) is receiving a monthly survivor's annuity or  
13 retirement annuity under Article 15 of the Illinois  
14 Pension Code or would be receiving such monthly survivor's  
15 annuity or retirement annuity except that the benefit  
16 recipient elected on or after June 4, 2018 to receive an  
17 accelerated pension benefit payment under Section 15-185.5  
18 of the Illinois Pension Code in lieu of receiving an  
19 annuity; and

20 (3) either (i) was a full-time employee of a community  
21 college district or an association of community college  
22 boards created under the Public Community College Act  
23 (other than an employee whose last employer under Article  
24 15 of the Illinois Pension Code was a community college  
25 district subject to Article VII of the Public Community  
26 College Act) and was eligible to participate in a group

1 health benefit plan as an employee during the time of  
2 employment with a community college district (other than a  
3 community college district subject to Article VII of the  
4 Public Community College Act) or an association of  
5 community college boards, or (ii) is the survivor of a  
6 person described in item (i).

7 (aa) "Community college dependent beneficiary" means a  
8 person who:

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

11 (2) is a community college benefit recipient's: (A)  
12 spouse, (B) dependent parent who is receiving at least  
13 half of his or her support from the community college  
14 benefit recipient, or (C) natural, step, adjudicated, or  
15 adopted child who is (i) under age 26, or (ii) age 19 or  
16 over and has a mental or physical disability from a cause  
17 originating prior to the age of 19 (age 26 if enrolled as  
18 an adult child).

19 "Community college dependent beneficiary" does not  
20 include, as indicated under paragraph (2) of this subsection  
21 (aa), a dependent of the survivor of a community college  
22 benefit recipient who first becomes a dependent of a survivor  
23 of a community college benefit recipient on or after January  
24 13, 2012 (the effective date of Public Act 97-668) unless that  
25 dependent would have been eligible for coverage as a dependent  
26 of the deceased community college benefit recipient upon whom

1 the survivor annuity is based.

2 (bb) "Qualified child advocacy center" means any Illinois  
3 child advocacy center and its administrative offices funded by  
4 the Department of Children and Family Services, as defined by  
5 the Children's Advocacy Center Act, approved by the Director  
6 and participating in a program created under subsection (n) of  
7 Section 10.

8 (cc) "Placement for adoption" means the assumption and  
9 retention by a member of a legal obligation for total or  
10 partial support of a child in anticipation of adoption of the  
11 child. The child's placement with the member terminates upon  
12 the termination of such legal obligation.

13 (Source: P.A. 104-417, eff. 8-15-25.)

14 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

16 (a) The State shall pay the cost of basic non-contributory  
17 group life insurance and, subject to member paid contributions  
18 set by the Department or required by this Section and except as  
19 provided in this Section, the basic program of group health  
20 benefits on each eligible member, except a member, not  
21 otherwise covered by this Act, who has retired as a  
22 participating member under Article 2 of the Illinois Pension  
23 Code but is ineligible for the retirement annuity under  
24 Section 2-119 of the Illinois Pension Code, and part of each  
25 eligible member's and retired member's premiums for health

1 insurance coverage for enrolled dependents as provided by  
2 Section 9. The State shall pay the cost of the basic program of  
3 group health benefits only after benefits are reduced by the  
4 amount of benefits covered by Medicare for all members and  
5 dependents who are eligible for benefits under Social Security  
6 or the Railroad Retirement system or who had sufficient  
7 Medicare-covered government employment, except that such  
8 reduction in benefits shall apply only to those members and  
9 dependents who (1) first become eligible for such Medicare  
10 coverage on or after July 1, 1992; or (2) are  
11 Medicare-eligible members or dependents of a local government  
12 unit which began participation in the program on or after July  
13 1, 1992; or (3) remain eligible for, but no longer receive  
14 Medicare coverage which they had been receiving on or after  
15 July 1, 1992. The Department may determine the aggregate level  
16 of the State's contribution on the basis of actual cost of  
17 medical services adjusted for age, sex or geographic or other  
18 demographic characteristics which affect the costs of such  
19 programs.

20 The cost of participation in the basic program of group  
21 health benefits for the dependent or survivor of a living or  
22 deceased retired employee who was formerly employed by the  
23 University of Illinois in the Cooperative Extension Service  
24 and would be an annuitant but for the fact that he or she was  
25 made ineligible to participate in the State Universities  
26 Retirement System by clause (4) of subsection (a) of Section

1 15-107 of the Illinois Pension Code shall not be greater than  
2 the cost of participation that would otherwise apply to that  
3 dependent or survivor if he or she were the dependent or  
4 survivor of an annuitant under the State Universities  
5 Retirement System.

6 (a-1) (Blank).

7 (a-2) (Blank).

8 (a-3) (Blank).

9 (a-4) (Blank).

10 (a-5) (Blank).

11 (a-6) (Blank).

12 (a-7) (Blank).

13 (a-8) Any annuitant, survivor, or retired employee may  
14 waive or terminate coverage in the program of group health  
15 benefits. Any such annuitant, survivor, or retired employee  
16 who has waived or terminated coverage may enroll or re-enroll  
17 in the program of group health benefits only during the annual  
18 benefit choice period, as determined by the Director; except  
19 that in the event of termination of coverage due to nonpayment  
20 of premiums, the annuitant, survivor, or retired employee may  
21 not re-enroll in the program.

22 (a-8.5) Beginning on July 1, 2012 (the effective date of  
23 Public Act 97-695), the Director of Central Management  
24 Services shall, on an annual basis, determine the amount that  
25 the State shall contribute toward the basic program of group  
26 health benefits on behalf of annuitants (including individuals

1 who (i) participated in the General Assembly Retirement  
2 System, the State Employees' Retirement System of Illinois,  
3 the State Universities Retirement System, the Teachers'  
4 Retirement System of the State of Illinois, or the Judges  
5 Retirement System of Illinois and (ii) qualify as annuitants  
6 under subsection (b) of Section 3 of this Act), survivors  
7 (including individuals who (i) receive an annuity as a  
8 survivor of an individual who participated in the General  
9 Assembly Retirement System, the State Employees' Retirement  
10 System of Illinois, the State Universities Retirement System,  
11 the Teachers' Retirement System of the State of Illinois, or  
12 the Judges Retirement System of Illinois and (ii) qualify as  
13 survivors under subsection (q) of Section 3 of this Act), and  
14 retired employees (as defined in subsection (p) of Section 3  
15 of this Act). The remainder of the cost of coverage for each  
16 annuitant, survivor, or retired employee, as determined by the  
17 Director of Central Management Services, shall be the  
18 responsibility of that annuitant, survivor, or retired  
19 employee.

20 Contributions required of annuitants, survivors, and  
21 retired employees shall be the same for all retirement systems  
22 and shall also be based on whether an individual has made an  
23 election under Section 15-135.1 of the Illinois Pension Code.  
24 Contributions may be based on annuitants', survivors', or  
25 retired employees' Medicare eligibility, but may not be based  
26 on Social Security eligibility.

1 (a-9) No later than May 1 of each calendar year, the  
2 Director of Central Management Services shall certify in  
3 writing to the Executive Secretary of the State Employees'  
4 Retirement System of Illinois the amounts of the Medicare  
5 supplement health care premiums and the amounts of the health  
6 care premiums for all other retirees who are not Medicare  
7 eligible.

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

10 The Director of Central Management Services shall provide  
11 to the Executive Secretary of the State Employees' Retirement  
12 System of Illinois such information, statistics, and other  
13 data as he or she may require to review the premium amounts  
14 certified by the Director of Central Management Services.

15 The Department of Central Management Services, or any  
16 successor agency designated to procure health care contracts  
17 pursuant to this Act, is authorized to establish funds,  
18 separate accounts provided by any bank or banks as defined by  
19 the Illinois Banking Act, or separate accounts provided by any  
20 savings and loan association or associations as defined by the  
21 Illinois Savings and Loan Act of 1985 to be held by the  
22 Director, outside the State treasury, for the purpose of  
23 receiving the transfer of moneys from the Local Government  
24 Health Insurance Reserve Fund. The Department may promulgate  
25 rules further defining the methodology for the transfers. Any  
26 interest earned by moneys in the funds or accounts shall inure

1 to the Local Government Health Insurance Reserve Fund. The  
2 transferred moneys, and interest accrued thereon, shall be  
3 used exclusively for transfers to administrative service  
4 organizations or their financial institutions for payments of  
5 claims to claimants and providers under the self-insurance  
6 health plan. The transferred moneys, and interest accrued  
7 thereon, shall not be used for any other purpose including,  
8 but not limited to, reimbursement of administration fees due  
9 the administrative service organization pursuant to its  
10 contract or contracts with the Department.

11 (a-10) To the extent that participation, benefits, or  
12 premiums under this Act are based on a person's service credit  
13 under an Article of the Illinois Pension Code, service credit  
14 terminated in exchange for an accelerated pension benefit  
15 payment under Section 14-147.5, 15-185.5, or 16-190.5 of that  
16 Code shall be included in determining a person's service  
17 credit for the purposes of this Act.

18 (a-15) For purposes of determining State contributions  
19 under this Section, service established under a defined  
20 contribution plan under Article 2, 14, 15, 16, or 18 of the  
21 Illinois Pension Code shall be included in determining an  
22 employee's creditable service. Any credit terminated as part  
23 of a transfer of contributions to a defined contribution plan  
24 under Article 2, 14, 15, 16, or 18 of the Illinois Pension Code  
25 shall also be included in determining an employee's creditable  
26 service.

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

11           (c) The basic non-contributory coverage from the basic  
12 program of group health benefits shall be continued for each  
13 employee not in pay status or on active service by reason of  
14 (1) leave of absence due to illness or injury, (2) authorized  
15 educational leave of absence or sabbatical leave, or (3)  
16 military leave. This coverage shall continue until expiration  
17 of authorized leave and return to active service, but not to  
18 exceed 24 months for leaves under item (1) or (2). This  
19 24-month limitation and the requirement of returning to active  
20 service shall not apply to persons receiving ordinary or  
21 accidental disability benefits or retirement benefits through  
22 the appropriate State retirement system or benefits under the  
23 Workers' Compensation Act or the Workers' Occupational  
24 Diseases Act.

25           (d) The basic group life insurance coverage shall  
26 continue, with full State contribution, where such person is

1 (1) absent from active service by reason of disability arising  
2 from any cause other than self-inflicted, (2) on authorized  
3 educational leave of absence or sabbatical leave, or (3) on  
4 military leave.

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

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

19 (g) The State shall not pay the cost of the basic  
20 non-contributory group life insurance, program of health  
21 benefits and other employee benefits for members who are  
22 survivors as defined by paragraphs (1) and (2) of subsection  
23 (q) of Section 3 of this Act. The costs of benefits for these  
24 survivors shall be paid by the survivors or by the University  
25 of Illinois Cooperative Extension Service, or any combination  
26 thereof. However, the State shall pay the amount of the

1 reduction in the cost of participation, if any, resulting from  
2 the amendment to subsection (a) made by Public Act 91-617.

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

15 (i) Any unit of local government within the State of  
16 Illinois may apply to the Director to have its employees,  
17 annuitants, and their dependents provided group health  
18 coverage under this Act on a non-insured basis. To  
19 participate, a unit of local government must agree to enroll  
20 all of its employees, who may select coverage under any group  
21 health benefits plan made available by the Department under  
22 the health benefits program established under this Section or  
23 a health maintenance organization that has contracted with the  
24 State to be available as a health care provider for employees  
25 as defined in this Act. A unit of local government must remit  
26 the entire cost of providing coverage under the health

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

1 defined by the Department's rules.

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

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

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

1 dependents.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 (m) The Director shall adopt any rules deemed necessary  
7 for implementation of this amendatory Act of 1989 (Public Act  
8 86-978).

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

1 special circumstance as defined by the Director or during the  
2 annual benefit choice period. A participating child advocacy  
3 center may also elect to cover its annuitants. Dependent  
4 coverage shall be offered on an optional basis, with the costs  
5 paid by the child advocacy center, its employees, or some  
6 combination of the 2 as determined by the child advocacy  
7 center. The child advocacy center shall be responsible for  
8 timely collection and transmission of dependent premiums.

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

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

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

25 Monthly payments by the child advocacy center or its  
26 employees for group health insurance shall be deposited into

1 the Local Government Health Insurance Reserve Fund.

2 (Source: P.A. 104-417, eff. 8-15-25.)

3 Section 10. The Illinois Pension Code is amended by  
4 changing Sections 1-160, 1-161, 2-105.3, 2-162, 14-103.05,  
5 14-103.41, 14-152.1, 15-108.1, 15-108.2, 15-134, 15-198,  
6 16-106.41, 16-123, 16-203, 18-124, 18-125, 18-125.1, 18-127,  
7 18-128.01, 18-133, 18-169, 20-121, 20-123, 20-124, and 20-125  
8 and by adding Sections 2-165.5, 14-155.5, 15-108.3, 15-200.5,  
9 16-106.42, 16-106.43, 16-205.5, 18-110.1, 18-110.2, 18-110.3,  
10 and 18-121.5 as follows:

11 (40 ILCS 5/1-160)

12 (Text of Section from P.A. 102-719)

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

14 (a) The provisions of this Section apply to a person who,  
15 on or after January 1, 2011, first becomes a member or a  
16 participant under any reciprocal retirement system or pension  
17 fund established under this Code, other than a retirement  
18 system or pension fund established under Article 2, 3, 4, 5, 6,  
19 7, 15, or 18 of this Code, notwithstanding any other provision  
20 of this Code to the contrary, but do not apply to any  
21 self-managed plan established under this Code or to any  
22 participant of the retirement plan established under Section  
23 22-101; except that this Section applies to a person who  
24 elected to establish alternative credits by electing in

1 writing after January 1, 2011, but before August 8, 2011,  
2 under Section 7-145.1 of this Code. Notwithstanding anything  
3 to the contrary in this Section, for purposes of this Section,  
4 a person who is a Tier 1 regular employee as defined in Section  
5 7-109.4 of this Code or who participated in a retirement  
6 system under Article 15 prior to January 1, 2011 shall be  
7 deemed a person who first became a member or participant prior  
8 to January 1, 2011 under any retirement system or pension fund  
9 subject to this Section. The changes made to this Section by  
10 Public Act 98-596 are a clarification of existing law and are  
11 intended to be retroactive to January 1, 2011 (the effective  
12 date of Public Act 96-889), notwithstanding the provisions of  
13 Section 1-103.1 of this Code.

14 The provisions of this Section do not apply to service  
15 under a defined contribution plan established under Article  
16 14, 15, or 16 of this Code.

17 This Section does not apply to a person who first becomes a  
18 noncovered employee under Article 14 on or after the  
19 implementation date of the plan created under Section 1-161  
20 for that Article, unless that person elects under subsection  
21 (b) of Section 1-161 to instead receive the benefits provided  
22 under this Section and the applicable provisions of that  
23 Article.

24 This Section does not apply to a person who first becomes a  
25 member or participant under Article 16 on or after the  
26 implementation date of the plan created under Section 1-161

1 for that Article, unless that person elects under subsection  
2 (b) of Section 1-161 to instead receive the benefits provided  
3 under this Section and the applicable provisions of that  
4 Article.

5 This Section does not apply to a person who elects under  
6 subsection (c-5) of Section 1-161 to receive the benefits  
7 under Section 1-161.

8 This Section does not apply to a person who first becomes a  
9 member or participant of an affected pension fund on or after 6  
10 months after the resolution or ordinance date, as defined in  
11 Section 1-162, unless that person elects under subsection (c)  
12 of Section 1-162 to receive the benefits provided under this  
13 Section and the applicable provisions of the Article under  
14 which he or she is a member or participant.

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

1 average salary" shall be substituted for the following:

2 (1) (Blank).

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

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

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

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

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

12 A member of the Teachers' Retirement System of the State  
13 of Illinois who retires on or after June 1, 2021 and for whom  
14 the 2020-2021 school year is used in the calculation of the  
15 member's final average salary shall use the higher of the  
16 following for the purpose of determining the member's final  
17 average salary:

18 (A) the amount otherwise calculated under the first  
19 paragraph of this subsection; or

20 (B) an amount calculated by the Teachers' Retirement  
21 System of the State of Illinois using the average of the  
22 monthly (or annual) salary obtained by dividing the total  
23 salary or earnings calculated under Article 16 applicable  
24 to the member or participant during the 96 months (or 8  
25 years) of service within the last 120 months (or 10 years)  
26 of service in which the total salary or earnings

1           calculated under the Article was the highest by the number  
2           of months (or years) of service in that period.

3           (b-5) Beginning on January 1, 2011, for all purposes under  
4           this Code (including without limitation the calculation of  
5           benefits and employee contributions), the annual earnings,  
6           salary, or wages (based on the plan year) of a member or  
7           participant to whom this Section applies shall not exceed  
8           \$106,800; however, that amount shall annually thereafter be  
9           increased by the lesser of (i) 3% of that amount, including all  
10          previous adjustments, or (ii) one-half the annual unadjusted  
11          percentage increase (but not less than zero) in the consumer  
12          price index-u for the 12 months ending with the September  
13          preceding each November 1, including all previous adjustments.

14          For the purposes of this Section, "consumer price index-u"  
15          means the index published by the Bureau of Labor Statistics of  
16          the United States Department of Labor that measures the  
17          average change in prices of goods and services purchased by  
18          all urban consumers, United States city average, all items,  
19          1982-84 = 100. The new amount resulting from each annual  
20          adjustment shall be determined by the Public Pension Division  
21          of the Department of Insurance and made available to the  
22          boards of the retirement systems and pension funds by November  
23          1 of each year.

24          (b-10) Beginning on January 1, 2024, for all purposes  
25          under this Code (including, without limitation, the  
26          calculation of benefits and employee contributions), the

1 annual earnings, salary, or wages (based on the plan year) of a  
2 member or participant under Article 9 to whom this Section  
3 applies shall include an annual earnings, salary, or wage cap  
4 that tracks the Social Security wage base. Maximum annual  
5 earnings, wages, or salary shall be the annual contribution  
6 and benefit base established for the applicable year by the  
7 Commissioner of the Social Security Administration under the  
8 federal Social Security Act.

9 However, in no event shall the annual earnings, salary, or  
10 wages for the purposes of this Article and Article 9 exceed any  
11 limitation imposed on annual earnings, salary, or wages under  
12 Section 1-117. Under no circumstances shall the maximum amount  
13 of annual earnings, salary, or wages be greater than the  
14 amount set forth in this subsection (b-10) as a result of  
15 reciprocal service or any provisions regarding reciprocal  
16 services, nor shall the Fund under Article 9 be required to pay  
17 any refund as a result of the application of this maximum  
18 annual earnings, salary, and wage cap.

19 Nothing in this subsection (b-10) shall cause or otherwise  
20 result in any retroactive adjustment of any employee  
21 contributions. Nothing in this subsection (b-10) shall cause  
22 or otherwise result in any retroactive adjustment of  
23 disability or other payments made between January 1, 2011 and  
24 January 1, 2024.

25 (c) A member or participant is entitled to a retirement  
26 annuity upon written application if he or she has attained age

1 67 (age 65, with respect to service under Article 12 that is  
2 subject to this Section, for a member or participant under  
3 Article 12 who first becomes a member or participant under  
4 Article 12 on or after January 1, 2022 or who makes the  
5 election under item (i) of subsection (d-15) of this Section)  
6 and has at least 10 years of service credit and is otherwise  
7 eligible under the requirements of the applicable Article.

8 A member or participant who has attained age 62 (age 60,  
9 with respect to service under Article 12 that is subject to  
10 this Section, for a member or participant under Article 12 who  
11 first becomes a member or participant under Article 12 on or  
12 after January 1, 2022 or who makes the election under item (i)  
13 of subsection (d-15) of this Section) and has at least 10 years  
14 of service credit and is otherwise eligible under the  
15 requirements of the applicable Article may elect to receive  
16 the lower retirement annuity provided in subsection (d) of  
17 this Section.

18 (c-5) A person who first becomes a member or a participant  
19 subject to this Section on or after July 6, 2017 (the effective  
20 date of Public Act 100-23), notwithstanding any other  
21 provision of this Code to the contrary, is entitled to a  
22 retirement annuity under Article 8 or Article 11 upon written  
23 application if he or she has attained age 65 and has at least  
24 10 years of service credit and is otherwise eligible under the  
25 requirements of Article 8 or Article 11 of this Code,  
26 whichever is applicable.

1           (d) The retirement annuity of a member or participant who  
2 is retiring after attaining age 62 (age 60, with respect to  
3 service under Article 12 that is subject to this Section, for a  
4 member or participant under Article 12 who first becomes a  
5 member or participant under Article 12 on or after January 1,  
6 2022 or who makes the election under item (i) of subsection  
7 (d-15) of this Section) with at least 10 years of service  
8 credit shall be reduced by one-half of 1% for each full month  
9 that the member's age is under age 67 (age 65, with respect to  
10 service under Article 12 that is subject to this Section, for a  
11 member or participant under Article 12 who first becomes a  
12 member or participant under Article 12 on or after January 1,  
13 2022 or who makes the election under item (i) of subsection  
14 (d-15) of this Section).

15           (d-5) The retirement annuity payable under Article 8 or  
16 Article 11 to an eligible person subject to subsection (c-5)  
17 of this Section who is retiring at age 60 with at least 10  
18 years of service credit shall be reduced by one-half of 1% for  
19 each full month that the member's age is under age 65.

20           (d-10) Each person who first became a member or  
21 participant under Article 8 or Article 11 of this Code on or  
22 after January 1, 2011 and prior to July 6, 2017 (the effective  
23 date of Public Act 100-23) shall make an irrevocable election  
24 either:

25                   (i) to be eligible for the reduced retirement age  
26                   provided in subsections (c-5) and (d-5) of this Section,

1 the eligibility for which is conditioned upon the member  
2 or participant agreeing to the increases in employee  
3 contributions for age and service annuities provided in  
4 subsection (a-5) of Section 8-174 of this Code (for  
5 service under Article 8) or subsection (a-5) of Section  
6 11-170 of this Code (for service under Article 11); or

7 (ii) to not agree to item (i) of this subsection  
8 (d-10), in which case the member or participant shall  
9 continue to be subject to the retirement age provisions in  
10 subsections (c) and (d) of this Section and the employee  
11 contributions for age and service annuity as provided in  
12 subsection (a) of Section 8-174 of this Code (for service  
13 under Article 8) or subsection (a) of Section 11-170 of  
14 this Code (for service under Article 11).

15 The election provided for in this subsection shall be made  
16 between October 1, 2017 and November 15, 2017. A person  
17 subject to this subsection who makes the required election  
18 shall remain bound by that election. A person subject to this  
19 subsection who fails for any reason to make the required  
20 election within the time specified in this subsection shall be  
21 deemed to have made the election under item (ii).

22 (d-15) Each person who first becomes a member or  
23 participant under Article 12 on or after January 1, 2011 and  
24 prior to January 1, 2022 shall make an irrevocable election  
25 either:

26 (i) to be eligible for the reduced retirement age

1 specified in subsections (c) and (d) of this Section, the  
2 eligibility for which is conditioned upon the member or  
3 participant agreeing to the increase in employee  
4 contributions for service annuities specified in  
5 subsection (b) of Section 12-150; or

6 (ii) to not agree to item (i) of this subsection  
7 (d-15), in which case the member or participant shall not  
8 be eligible for the reduced retirement age specified in  
9 subsections (c) and (d) of this Section and shall not be  
10 subject to the increase in employee contributions for  
11 service annuities specified in subsection (b) of Section  
12 12-150.

13 The election provided for in this subsection shall be made  
14 between January 1, 2022 and April 1, 2022. A person subject to  
15 this subsection who makes the required election shall remain  
16 bound by that election. A person subject to this subsection  
17 who fails for any reason to make the required election within  
18 the time specified in this subsection shall be deemed to have  
19 made the election under item (ii).

20 (e) Any retirement annuity or supplemental annuity shall  
21 be subject to annual increases on the January 1 occurring  
22 either on or after the attainment of age 67 (age 65, with  
23 respect to service under Article 12 that is subject to this  
24 Section, for a member or participant under Article 12 who  
25 first becomes a member or participant under Article 12 on or  
26 after January 1, 2022 or who makes the election under item (i)

1 of subsection (d-15); and beginning on July 6, 2017 (the  
2 effective date of Public Act 100-23), age 65 with respect to  
3 service under Article 8 or Article 11 for eligible persons  
4 who: (i) are subject to subsection (c-5) of this Section; or  
5 (ii) made the election under item (i) of subsection (d-10) of  
6 this Section) or the first anniversary of the annuity start  
7 date, whichever is later. Each annual increase shall be  
8 calculated at 3% or one-half the annual unadjusted percentage  
9 increase (but not less than zero) in the consumer price  
10 index-u for the 12 months ending with the September preceding  
11 each November 1, whichever is less, of the originally granted  
12 retirement annuity. If the annual unadjusted percentage change  
13 in the consumer price index-u for the 12 months ending with the  
14 September preceding each November 1 is zero or there is a  
15 decrease, then the annuity shall not be increased.

16 For the purposes of Section 1-103.1 of this Code, the  
17 changes made to this Section by Public Act 102-263 are  
18 applicable without regard to whether the employee was in  
19 active service on or after August 6, 2021 (the effective date  
20 of Public Act 102-263).

21 For the purposes of Section 1-103.1 of this Code, the  
22 changes made to this Section by Public Act 100-23 are  
23 applicable without regard to whether the employee was in  
24 active service on or after July 6, 2017 (the effective date of  
25 Public Act 100-23).

26 (f) The initial survivor's or widow's annuity of an

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

1 (g) The benefits in Section 14-110 apply if the person is a  
2 fire fighter in the fire protection service of a department, a  
3 security employee of the Department of Corrections or the  
4 Department of Juvenile Justice, or a security employee of the  
5 Department of Innovation and Technology, as those terms are  
6 defined in subsection (b) and subsection (c) of Section  
7 14-110. A person who meets the requirements of this Section is  
8 entitled to an annuity calculated under the provisions of  
9 Section 14-110, in lieu of the regular or minimum retirement  
10 annuity, only if the person has withdrawn from service with  
11 not less than 20 years of eligible creditable service and has  
12 attained age 60, regardless of whether the attainment of age  
13 60 occurs while the person is still in service.

14 (g-5) The benefits in Section 14-110 apply if the person  
15 is a State policeman, investigator for the Secretary of State,  
16 conservation police officer, investigator for the Department  
17 of Revenue or the Illinois Gaming Board, investigator for the  
18 Office of the Attorney General, Commerce Commission police  
19 officer, or arson investigator, as those terms are defined in  
20 subsection (b) and subsection (c) of Section 14-110. A person  
21 who meets the requirements of this Section is entitled to an  
22 annuity calculated under the provisions of Section 14-110, in  
23 lieu of the regular or minimum retirement annuity, only if the  
24 person has withdrawn from service with not less than 20 years  
25 of eligible creditable service and has attained age 55,  
26 regardless of whether the attainment of age 55 occurs while

1 the person is still in service.

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

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

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

9 (i) (Blank).

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

13 (Source: P.A. 101-610, eff. 1-1-20; 102-16, eff. 6-17-21;  
14 102-210, eff. 1-1-22; 102-263, eff. 8-6-21; 102-719, eff.  
15 5-6-22; 103-529, eff. 8-11-23.)

16 (Text of Section from P.A. 102-813)

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

18 (a) The provisions of this Section apply to a person who,  
19 on or after January 1, 2011, first becomes a member or a  
20 participant under any reciprocal retirement system or pension  
21 fund established under this Code, other than a retirement  
22 system or pension fund established under Article 2, 3, 4, 5, 6,  
23 7, 15, or 18 of this Code, notwithstanding any other provision  
24 of this Code to the contrary, but do not apply to any  
25 self-managed plan established under this Code or to any

1 participant of the retirement plan established under Section  
2 22-101; except that this Section applies to a person who  
3 elected to establish alternative credits by electing in  
4 writing after January 1, 2011, but before August 8, 2011,  
5 under Section 7-145.1 of this Code. Notwithstanding anything  
6 to the contrary in this Section, for purposes of this Section,  
7 a person who is a Tier 1 regular employee as defined in Section  
8 7-109.4 of this Code or who participated in a retirement  
9 system under Article 15 prior to January 1, 2011 shall be  
10 deemed a person who first became a member or participant prior  
11 to January 1, 2011 under any retirement system or pension fund  
12 subject to this Section. The changes made to this Section by  
13 Public Act 98-596 are a clarification of existing law and are  
14 intended to be retroactive to January 1, 2011 (the effective  
15 date of Public Act 96-889), notwithstanding the provisions of  
16 Section 1-103.1 of this Code.

17 The provisions of this Section do not apply to service  
18 under a defined contribution plan established under Article  
19 14, 15, or 16 of this Code.

20 This Section does not apply to a person who first becomes a  
21 noncovered employee under Article 14 on or after the  
22 implementation date of the plan created under Section 1-161  
23 for that Article, unless that person elects under subsection  
24 (b) of Section 1-161 to instead receive the benefits provided  
25 under this Section and the applicable provisions of that  
26 Article.

1           This Section does not apply to a person who first becomes a  
2 member or participant under Article 16 on or after the  
3 implementation date of the plan created under Section 1-161  
4 for that Article, unless that person elects under subsection  
5 (b) of Section 1-161 to instead receive the benefits provided  
6 under this Section and the applicable provisions of that  
7 Article.

8           This Section does not apply to a person who elects under  
9 subsection (c-5) of Section 1-161 to receive the benefits  
10 under Section 1-161.

11           This Section does not apply to a person who first becomes a  
12 member or participant of an affected pension fund on or after 6  
13 months after the resolution or ordinance date, as defined in  
14 Section 1-162, unless that person elects under subsection (c)  
15 of Section 1-162 to receive the benefits provided under this  
16 Section and the applicable provisions of the Article under  
17 which he or she is a member or participant.

18           (b) "Final average salary" means, except as otherwise  
19 provided in this subsection, the average monthly (or annual)  
20 salary obtained by dividing the total salary or earnings  
21 calculated under the Article applicable to the member or  
22 participant during the 96 consecutive months (or 8 consecutive  
23 years) of service within the last 120 months (or 10 years) of  
24 service in which the total salary or earnings calculated under  
25 the applicable Article was the highest by the number of months  
26 (or years) of service in that period. For the purposes of a

1 person who first becomes a member or participant of any  
2 retirement system or pension fund to which this Section  
3 applies on or after January 1, 2011, in this Code, "final  
4 average salary" shall be substituted for the following:

5 (1) (Blank).

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

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

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

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

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

15 A member of the Teachers' Retirement System of the State  
16 of Illinois who retires on or after June 1, 2021 and for whom  
17 the 2020-2021 school year is used in the calculation of the  
18 member's final average salary shall use the higher of the  
19 following for the purpose of determining the member's final  
20 average salary:

21 (A) the amount otherwise calculated under the first  
22 paragraph of this subsection; or

23 (B) an amount calculated by the Teachers' Retirement  
24 System of the State of Illinois using the average of the  
25 monthly (or annual) salary obtained by dividing the total  
26 salary or earnings calculated under Article 16 applicable

1 to the member or participant during the 96 months (or 8  
2 years) of service within the last 120 months (or 10 years)  
3 of service in which the total salary or earnings  
4 calculated under the Article was the highest by the number  
5 of months (or years) of service in that period.

6 (b-5) Beginning on January 1, 2011, for all purposes under  
7 this Code (including without limitation the calculation of  
8 benefits and employee contributions), the annual earnings,  
9 salary, or wages (based on the plan year) of a member or  
10 participant to whom this Section applies shall not exceed  
11 \$106,800; however, that amount shall annually thereafter be  
12 increased by the lesser of (i) 3% of that amount, including all  
13 previous adjustments, or (ii) one-half the annual unadjusted  
14 percentage increase (but not less than zero) in the consumer  
15 price index-u for the 12 months ending with the September  
16 preceding each November 1, including all previous adjustments.

17 For the purposes of this Section, "consumer price index-u"  
18 means the index published by the Bureau of Labor Statistics of  
19 the United States Department of Labor that measures the  
20 average change in prices of goods and services purchased by  
21 all urban consumers, United States city average, all items,  
22 1982-84 = 100. The new amount resulting from each annual  
23 adjustment shall be determined by the Public Pension Division  
24 of the Department of Insurance and made available to the  
25 boards of the retirement systems and pension funds by November  
26 1 of each year.

1 (b-10) Beginning on January 1, 2024, for all purposes  
2 under this Code (including, without limitation, the  
3 calculation of benefits and employee contributions), the  
4 annual earnings, salary, or wages (based on the plan year) of a  
5 member or participant under Article 9 to whom this Section  
6 applies shall include an annual earnings, salary, or wage cap  
7 that tracks the Social Security wage base. Maximum annual  
8 earnings, wages, or salary shall be the annual contribution  
9 and benefit base established for the applicable year by the  
10 Commissioner of the Social Security Administration under the  
11 federal Social Security Act.

12 However, in no event shall the annual earnings, salary, or  
13 wages for the purposes of this Article and Article 9 exceed any  
14 limitation imposed on annual earnings, salary, or wages under  
15 Section 1-117. Under no circumstances shall the maximum amount  
16 of annual earnings, salary, or wages be greater than the  
17 amount set forth in this subsection (b-10) as a result of  
18 reciprocal service or any provisions regarding reciprocal  
19 services, nor shall the Fund under Article 9 be required to pay  
20 any refund as a result of the application of this maximum  
21 annual earnings, salary, and wage cap.

22 Nothing in this subsection (b-10) shall cause or otherwise  
23 result in any retroactive adjustment of any employee  
24 contributions. Nothing in this subsection (b-10) shall cause  
25 or otherwise result in any retroactive adjustment of  
26 disability or other payments made between January 1, 2011 and

1 January 1, 2024.

2 (c) A member or participant is entitled to a retirement  
3 annuity upon written application if he or she has attained age  
4 67 (age 65, with respect to service under Article 12 that is  
5 subject to this Section, for a member or participant under  
6 Article 12 who first becomes a member or participant under  
7 Article 12 on or after January 1, 2022 or who makes the  
8 election under item (i) of subsection (d-15) of this Section)  
9 and has at least 10 years of service credit and is otherwise  
10 eligible under the requirements of the applicable Article.

11 A member or participant who has attained age 62 (age 60,  
12 with respect to service under Article 12 that is subject to  
13 this Section, for a member or participant under Article 12 who  
14 first becomes a member or participant under Article 12 on or  
15 after January 1, 2022 or who makes the election under item (i)  
16 of subsection (d-15) of this Section) and has at least 10 years  
17 of service credit and is otherwise eligible under the  
18 requirements of the applicable Article may elect to receive  
19 the lower retirement annuity provided in subsection (d) of  
20 this Section.

21 (c-5) A person who first becomes a member or a participant  
22 subject to this Section on or after July 6, 2017 (the effective  
23 date of Public Act 100-23), notwithstanding any other  
24 provision of this Code to the contrary, is entitled to a  
25 retirement annuity under Article 8 or Article 11 upon written  
26 application if he or she has attained age 65 and has at least

1 10 years of service credit and is otherwise eligible under the  
2 requirements of Article 8 or Article 11 of this Code,  
3 whichever is applicable.

4 (d) The retirement annuity of a member or participant who  
5 is retiring after attaining age 62 (age 60, with respect to  
6 service under Article 12 that is subject to this Section, for a  
7 member or participant under Article 12 who first becomes a  
8 member or participant under Article 12 on or after January 1,  
9 2022 or who makes the election under item (i) of subsection  
10 (d-15) of this Section) with at least 10 years of service  
11 credit shall be reduced by one-half of 1% for each full month  
12 that the member's age is under age 67 (age 65, with respect to  
13 service under Article 12 that is subject to this Section, for a  
14 member or participant under Article 12 who first becomes a  
15 member or participant under Article 12 on or after January 1,  
16 2022 or who makes the election under item (i) of subsection  
17 (d-15) of this Section).

18 (d-5) The retirement annuity payable under Article 8 or  
19 Article 11 to an eligible person subject to subsection (c-5)  
20 of this Section who is retiring at age 60 with at least 10  
21 years of service credit shall be reduced by one-half of 1% for  
22 each full month that the member's age is under age 65.

23 (d-10) Each person who first became a member or  
24 participant under Article 8 or Article 11 of this Code on or  
25 after January 1, 2011 and prior to July 6, 2017 (the effective  
26 date of Public Act 100-23) shall make an irrevocable election

1 either:

2 (i) to be eligible for the reduced retirement age  
3 provided in subsections (c-5) and (d-5) of this Section,  
4 the eligibility for which is conditioned upon the member  
5 or participant agreeing to the increases in employee  
6 contributions for age and service annuities provided in  
7 subsection (a-5) of Section 8-174 of this Code (for  
8 service under Article 8) or subsection (a-5) of Section  
9 11-170 of this Code (for service under Article 11); or

10 (ii) to not agree to item (i) of this subsection  
11 (d-10), in which case the member or participant shall  
12 continue to be subject to the retirement age provisions in  
13 subsections (c) and (d) of this Section and the employee  
14 contributions for age and service annuity as provided in  
15 subsection (a) of Section 8-174 of this Code (for service  
16 under Article 8) or subsection (a) of Section 11-170 of  
17 this Code (for service under Article 11).

18 The election provided for in this subsection shall be made  
19 between October 1, 2017 and November 15, 2017. A person  
20 subject to this subsection who makes the required election  
21 shall remain bound by that election. A person subject to this  
22 subsection who fails for any reason to make the required  
23 election within the time specified in this subsection shall be  
24 deemed to have made the election under item (ii).

25 (d-15) Each person who first becomes a member or  
26 participant under Article 12 on or after January 1, 2011 and

1 prior to January 1, 2022 shall make an irrevocable election  
2 either:

3 (i) to be eligible for the reduced retirement age  
4 specified in subsections (c) and (d) of this Section, the  
5 eligibility for which is conditioned upon the member or  
6 participant agreeing to the increase in employee  
7 contributions for service annuities specified in  
8 subsection (b) of Section 12-150; or

9 (ii) to not agree to item (i) of this subsection  
10 (d-15), in which case the member or participant shall not  
11 be eligible for the reduced retirement age specified in  
12 subsections (c) and (d) of this Section and shall not be  
13 subject to the increase in employee contributions for  
14 service annuities specified in subsection (b) of Section  
15 12-150.

16 The election provided for in this subsection shall be made  
17 between January 1, 2022 and April 1, 2022. A person subject to  
18 this subsection who makes the required election shall remain  
19 bound by that election. A person subject to this subsection  
20 who fails for any reason to make the required election within  
21 the time specified in this subsection shall be deemed to have  
22 made the election under item (ii).

23 (e) Any retirement annuity or supplemental annuity shall  
24 be subject to annual increases on the January 1 occurring  
25 either on or after the attainment of age 67 (age 65, with  
26 respect to service under Article 12 that is subject to this

1 Section, for a member or participant under Article 12 who  
2 first becomes a member or participant under Article 12 on or  
3 after January 1, 2022 or who makes the election under item (i)  
4 of subsection (d-15); and beginning on July 6, 2017 (the  
5 effective date of Public Act 100-23), age 65 with respect to  
6 service under Article 8 or Article 11 for eligible persons  
7 who: (i) are subject to subsection (c-5) of this Section; or  
8 (ii) made the election under item (i) of subsection (d-10) of  
9 this Section) or the first anniversary of the annuity start  
10 date, whichever is later. Each annual increase shall be  
11 calculated at 3% or one-half the annual unadjusted percentage  
12 increase (but not less than zero) in the consumer price  
13 index-u for the 12 months ending with the September preceding  
14 each November 1, whichever is less, of the originally granted  
15 retirement annuity. If the annual unadjusted percentage change  
16 in the consumer price index-u for the 12 months ending with the  
17 September preceding each November 1 is zero or there is a  
18 decrease, then the annuity shall not be increased.

19 For the purposes of Section 1-103.1 of this Code, the  
20 changes made to this Section by Public Act 102-263 are  
21 applicable without regard to whether the employee was in  
22 active service on or after August 6, 2021 (the effective date  
23 of Public Act 102-263).

24 For the purposes of Section 1-103.1 of this Code, the  
25 changes made to this Section by Public Act 100-23 are  
26 applicable without regard to whether the employee was in

1 active service on or after July 6, 2017 (the effective date of  
2 Public Act 100-23).

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

1 index-u for the 12 months ending with the September preceding  
2 each November 1 is zero or there is a decrease, then the  
3 annuity shall not be increased.

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

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

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

10 If a person who first becomes a member of a retirement  
11 system or pension fund subject to this Section on or after  
12 January 1, 2012 and is receiving a retirement annuity or  
13 retirement pension under that system or fund and accepts on a  
14 contractual basis a position to provide services to a  
15 governmental entity from which he or she has retired, then  
16 that person's annuity or retirement pension earned as an  
17 active employee of the employer shall be suspended during that  
18 contractual service. A person receiving an annuity or  
19 retirement pension under this Code shall notify the pension  
20 fund or retirement system from which he or she is receiving an  
21 annuity or retirement pension, as well as his or her  
22 contractual employer, of his or her retirement status before  
23 accepting contractual employment. A person who fails to submit  
24 such notification shall be guilty of a Class A misdemeanor and  
25 required to pay a fine of \$1,000. Upon termination of that  
26 contractual employment, the person's retirement annuity or

1 retirement pension payments shall resume and, if appropriate,  
2 be recalculated under the applicable provisions of this Code.

3 (i) (Blank).

4 (j) In the case of a conflict between the provisions of  
5 this Section and any other provision of this Code, the  
6 provisions of this Section shall control.

7 (Source: P.A. 101-610, eff. 1-1-20; 102-16, eff. 6-17-21;  
8 102-210, eff. 1-1-22; 102-263, eff. 8-6-21; 102-813, eff.  
9 5-13-22; 103-529, eff. 8-11-23.)

10 (Text of Section from P.A. 102-956)

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

12 (a) The provisions of this Section apply to a person who,  
13 on or after January 1, 2011, first becomes a member or a  
14 participant under any reciprocal retirement system or pension  
15 fund established under this Code, other than a retirement  
16 system or pension fund established under Article 2, 3, 4, 5, 6,  
17 7, 15, or 18 of this Code, notwithstanding any other provision  
18 of this Code to the contrary, but do not apply to any  
19 self-managed plan established under this Code or to any  
20 participant of the retirement plan established under Section  
21 22-101; except that this Section applies to a person who  
22 elected to establish alternative credits by electing in  
23 writing after January 1, 2011, but before August 8, 2011,  
24 under Section 7-145.1 of this Code. Notwithstanding anything  
25 to the contrary in this Section, for purposes of this Section,

1 a person who is a Tier 1 regular employee as defined in Section  
2 7-109.4 of this Code or who participated in a retirement  
3 system under Article 15 prior to January 1, 2011 shall be  
4 deemed a person who first became a member or participant prior  
5 to January 1, 2011 under any retirement system or pension fund  
6 subject to this Section. The changes made to this Section by  
7 Public Act 98-596 are a clarification of existing law and are  
8 intended to be retroactive to January 1, 2011 (the effective  
9 date of Public Act 96-889), notwithstanding the provisions of  
10 Section 1-103.1 of this Code.

11 The provisions of this Section do not apply to service  
12 under a defined contribution plan established under Article  
13 14, 15, or 16 of this Code.

14 This Section does not apply to a person who first becomes a  
15 noncovered employee under Article 14 on or after the  
16 implementation date of the plan created under Section 1-161  
17 for that Article, unless that person elects under subsection  
18 (b) of Section 1-161 to instead receive the benefits provided  
19 under this Section and the applicable provisions of that  
20 Article.

21 This Section does not apply to a person who first becomes a  
22 member or participant under Article 16 on or after the  
23 implementation date of the plan created under Section 1-161  
24 for that Article, unless that person elects under subsection  
25 (b) of Section 1-161 to instead receive the benefits provided  
26 under this Section and the applicable provisions of that

1 Article.

2 This Section does not apply to a person who elects under  
3 subsection (c-5) of Section 1-161 to receive the benefits  
4 under Section 1-161.

5 This Section does not apply to a person who first becomes a  
6 member or participant of an affected pension fund on or after 6  
7 months after the resolution or ordinance date, as defined in  
8 Section 1-162, unless that person elects under subsection (c)  
9 of Section 1-162 to receive the benefits provided under this  
10 Section and the applicable provisions of the Article under  
11 which he or she is a member or participant.

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

25 (1) (Blank).

26 (2) In Articles 8, 9, 10, 11, and 12, "highest average

1 annual salary for any 4 consecutive years within the last  
2 10 years of service immediately preceding the date of  
3 withdrawal".

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

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

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

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

9 A member of the Teachers' Retirement System of the State  
10 of Illinois who retires on or after June 1, 2021 and for whom  
11 the 2020-2021 school year is used in the calculation of the  
12 member's final average salary shall use the higher of the  
13 following for the purpose of determining the member's final  
14 average salary:

15 (A) the amount otherwise calculated under the first  
16 paragraph of this subsection; or

17 (B) an amount calculated by the Teachers' Retirement  
18 System of the State of Illinois using the average of the  
19 monthly (or annual) salary obtained by dividing the total  
20 salary or earnings calculated under Article 16 applicable  
21 to the member or participant during the 96 months (or 8  
22 years) of service within the last 120 months (or 10 years)  
23 of service in which the total salary or earnings  
24 calculated under the Article was the highest by the number  
25 of months (or years) of service in that period.

26 (b-5) Beginning on January 1, 2011, for all purposes under

1 this Code (including without limitation the calculation of  
2 benefits and employee contributions), the annual earnings,  
3 salary, or wages (based on the plan year) of a member or  
4 participant to whom this Section applies shall not exceed  
5 \$106,800; however, that amount shall annually thereafter be  
6 increased by the lesser of (i) 3% of that amount, including all  
7 previous adjustments, or (ii) one-half the annual unadjusted  
8 percentage increase (but not less than zero) in the consumer  
9 price index-u for the 12 months ending with the September  
10 preceding each November 1, including all previous adjustments.

11 For the purposes of this Section, "consumer price index-u"  
12 means the index published by the Bureau of Labor Statistics of  
13 the United States Department of Labor that measures the  
14 average change in prices of goods and services purchased by  
15 all urban consumers, United States city average, all items,  
16 1982-84 = 100. The new amount resulting from each annual  
17 adjustment shall be determined by the Public Pension Division  
18 of the Department of Insurance and made available to the  
19 boards of the retirement systems and pension funds by November  
20 1 of each year.

21 (b-10) Beginning on January 1, 2024, for all purposes  
22 under this Code (including, without limitation, the  
23 calculation of benefits and employee contributions), the  
24 annual earnings, salary, or wages (based on the plan year) of a  
25 member or participant under Article 9 to whom this Section  
26 applies shall include an annual earnings, salary, or wage cap

1 that tracks the Social Security wage base. Maximum annual  
2 earnings, wages, or salary shall be the annual contribution  
3 and benefit base established for the applicable year by the  
4 Commissioner of the Social Security Administration under the  
5 federal Social Security Act.

6 However, in no event shall the annual earnings, salary, or  
7 wages for the purposes of this Article and Article 9 exceed any  
8 limitation imposed on annual earnings, salary, or wages under  
9 Section 1-117. Under no circumstances shall the maximum amount  
10 of annual earnings, salary, or wages be greater than the  
11 amount set forth in this subsection (b-10) as a result of  
12 reciprocal service or any provisions regarding reciprocal  
13 services, nor shall the Fund under Article 9 be required to pay  
14 any refund as a result of the application of this maximum  
15 annual earnings, salary, and wage cap.

16 Nothing in this subsection (b-10) shall cause or otherwise  
17 result in any retroactive adjustment of any employee  
18 contributions. Nothing in this subsection (b-10) shall cause  
19 or otherwise result in any retroactive adjustment of  
20 disability or other payments made between January 1, 2011 and  
21 January 1, 2024.

22 (c) A member or participant is entitled to a retirement  
23 annuity upon written application if he or she has attained age  
24 67 (age 65, with respect to service under Article 12 that is  
25 subject to this Section, for a member or participant under  
26 Article 12 who first becomes a member or participant under

1 Article 12 on or after January 1, 2022 or who makes the  
2 election under item (i) of subsection (d-15) of this Section)  
3 and has at least 10 years of service credit and is otherwise  
4 eligible under the requirements of the applicable Article.

5 A member or participant who has attained age 62 (age 60,  
6 with respect to service under Article 12 that is subject to  
7 this Section, for a member or participant under Article 12 who  
8 first becomes a member or participant under Article 12 on or  
9 after January 1, 2022 or who makes the election under item (i)  
10 of subsection (d-15) of this Section) and has at least 10 years  
11 of service credit and is otherwise eligible under the  
12 requirements of the applicable Article may elect to receive  
13 the lower retirement annuity provided in subsection (d) of  
14 this Section.

15 (c-5) A person who first becomes a member or a participant  
16 subject to this Section on or after July 6, 2017 (the effective  
17 date of Public Act 100-23), notwithstanding any other  
18 provision of this Code to the contrary, is entitled to a  
19 retirement annuity under Article 8 or Article 11 upon written  
20 application if he or she has attained age 65 and has at least  
21 10 years of service credit and is otherwise eligible under the  
22 requirements of Article 8 or Article 11 of this Code,  
23 whichever is applicable.

24 (d) The retirement annuity of a member or participant who  
25 is retiring after attaining age 62 (age 60, with respect to  
26 service under Article 12 that is subject to this Section, for a

1 member or participant under Article 12 who first becomes a  
2 member or participant under Article 12 on or after January 1,  
3 2022 or who makes the election under item (i) of subsection  
4 (d-15) of this Section) with at least 10 years of service  
5 credit shall be reduced by one-half of 1% for each full month  
6 that the member's age is under age 67 (age 65, with respect to  
7 service under Article 12 that is subject to this Section, for a  
8 member or participant under Article 12 who first becomes a  
9 member or participant under Article 12 on or after January 1,  
10 2022 or who makes the election under item (i) of subsection  
11 (d-15) of this Section).

12 (d-5) The retirement annuity payable under Article 8 or  
13 Article 11 to an eligible person subject to subsection (c-5)  
14 of this Section who is retiring at age 60 with at least 10  
15 years of service credit shall be reduced by one-half of 1% for  
16 each full month that the member's age is under age 65.

17 (d-10) Each person who first became a member or  
18 participant under Article 8 or Article 11 of this Code on or  
19 after January 1, 2011 and prior to July 6, 2017 (the effective  
20 date of Public Act 100-23) shall make an irrevocable election  
21 either:

22 (i) to be eligible for the reduced retirement age  
23 provided in subsections (c-5) and (d-5) of this Section,  
24 the eligibility for which is conditioned upon the member  
25 or participant agreeing to the increases in employee  
26 contributions for age and service annuities provided in

1 subsection (a-5) of Section 8-174 of this Code (for  
2 service under Article 8) or subsection (a-5) of Section  
3 11-170 of this Code (for service under Article 11); or

4 (ii) to not agree to item (i) of this subsection  
5 (d-10), in which case the member or participant shall  
6 continue to be subject to the retirement age provisions in  
7 subsections (c) and (d) of this Section and the employee  
8 contributions for age and service annuity as provided in  
9 subsection (a) of Section 8-174 of this Code (for service  
10 under Article 8) or subsection (a) of Section 11-170 of  
11 this Code (for service under Article 11).

12 The election provided for in this subsection shall be made  
13 between October 1, 2017 and November 15, 2017. A person  
14 subject to this subsection who makes the required election  
15 shall remain bound by that election. A person subject to this  
16 subsection who fails for any reason to make the required  
17 election within the time specified in this subsection shall be  
18 deemed to have made the election under item (ii).

19 (d-15) Each person who first becomes a member or  
20 participant under Article 12 on or after January 1, 2011 and  
21 prior to January 1, 2022 shall make an irrevocable election  
22 either:

23 (i) to be eligible for the reduced retirement age  
24 specified in subsections (c) and (d) of this Section, the  
25 eligibility for which is conditioned upon the member or  
26 participant agreeing to the increase in employee

1 contributions for service annuities specified in  
2 subsection (b) of Section 12-150; or

3 (ii) to not agree to item (i) of this subsection  
4 (d-15), in which case the member or participant shall not  
5 be eligible for the reduced retirement age specified in  
6 subsections (c) and (d) of this Section and shall not be  
7 subject to the increase in employee contributions for  
8 service annuities specified in subsection (b) of Section  
9 12-150.

10 The election provided for in this subsection shall be made  
11 between January 1, 2022 and April 1, 2022. A person subject to  
12 this subsection who makes the required election shall remain  
13 bound by that election. A person subject to this subsection  
14 who fails for any reason to make the required election within  
15 the time specified in this subsection shall be deemed to have  
16 made the election under item (ii).

17 (e) Any retirement annuity or supplemental annuity shall  
18 be subject to annual increases on the January 1 occurring  
19 either on or after the attainment of age 67 (age 65, with  
20 respect to service under Article 12 that is subject to this  
21 Section, for a member or participant under Article 12 who  
22 first becomes a member or participant under Article 12 on or  
23 after January 1, 2022 or who makes the election under item (i)  
24 of subsection (d-15); and beginning on July 6, 2017 (the  
25 effective date of Public Act 100-23), age 65 with respect to  
26 service under Article 8 or Article 11 for eligible persons

1 who: (i) are subject to subsection (c-5) of this Section; or  
2 (ii) made the election under item (i) of subsection (d-10) of  
3 this Section) or the first anniversary of the annuity start  
4 date, whichever is later. Each annual increase shall be  
5 calculated at 3% or one-half the annual unadjusted percentage  
6 increase (but not less than zero) in the consumer price  
7 index-u for the 12 months ending with the September preceding  
8 each November 1, whichever is less, of the originally granted  
9 retirement annuity. If the annual unadjusted percentage change  
10 in the consumer price index-u for the 12 months ending with the  
11 September preceding each November 1 is zero or there is a  
12 decrease, then the annuity shall not be increased.

13 For the purposes of Section 1-103.1 of this Code, the  
14 changes made to this Section by Public Act 102-263 are  
15 applicable without regard to whether the employee was in  
16 active service on or after August 6, 2021 (the effective date  
17 of Public Act 102-263).

18 For the purposes of Section 1-103.1 of this Code, the  
19 changes made to this Section by Public Act 100-23 are  
20 applicable without regard to whether the employee was in  
21 active service on or after July 6, 2017 (the effective date of  
22 Public Act 100-23).

23 (f) The initial survivor's or widow's annuity of an  
24 otherwise eligible survivor or widow of a retired member or  
25 participant who first became a member or participant on or  
26 after January 1, 2011 shall be in the amount of 66 2/3% of the

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

24 (g) The benefits in Section 14-110 apply only if the  
25 person is a State policeman, a fire fighter in the fire  
26 protection service of a department, a conservation police

1 officer, an investigator for the Secretary of State, an  
2 investigator for the Office of the Attorney General, an arson  
3 investigator, a Commerce Commission police officer,  
4 investigator for the Department of Revenue or the Illinois  
5 Gaming Board, a security employee of the Department of  
6 Corrections or the Department of Juvenile Justice, or a  
7 security employee of the Department of Innovation and  
8 Technology, as those terms are defined in subsection (b) and  
9 subsection (c) of Section 14-110. A person who meets the  
10 requirements of this Section is entitled to an annuity  
11 calculated under the provisions of Section 14-110, in lieu of  
12 the regular or minimum retirement annuity, only if the person  
13 has withdrawn from service with not less than 20 years of  
14 eligible creditable service and has attained age 60,  
15 regardless of whether the attainment of age 60 occurs while  
16 the person is still in service.

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

1 termination of that employment, the person's retirement  
2 annuity or retirement pension payments shall resume and be  
3 recalculated if recalculation is provided for under the  
4 applicable Article of this Code.

5 If a person who first becomes a member of a retirement  
6 system or pension fund subject to this Section on or after  
7 January 1, 2012 and is receiving a retirement annuity or  
8 retirement pension under that system or fund and accepts on a  
9 contractual basis a position to provide services to a  
10 governmental entity from which he or she has retired, then  
11 that person's annuity or retirement pension earned as an  
12 active employee of the employer shall be suspended during that  
13 contractual service. A person receiving an annuity or  
14 retirement pension under this Code shall notify the pension  
15 fund or retirement system from which he or she is receiving an  
16 annuity or retirement pension, as well as his or her  
17 contractual employer, of his or her retirement status before  
18 accepting contractual employment. A person who fails to submit  
19 such notification shall be guilty of a Class A misdemeanor and  
20 required to pay a fine of \$1,000. Upon termination of that  
21 contractual employment, the person's retirement annuity or  
22 retirement pension payments shall resume and, if appropriate,  
23 be recalculated under the applicable provisions of this Code.

24 (i) (Blank).

25 (j) In the case of a conflict between the provisions of  
26 this Section and any other provision of this Code, the

1 provisions of this Section shall control.

2 (Source: P.A. 102-16, eff. 6-17-21; 102-210, eff. 1-1-22;  
3 102-263, eff. 8-6-21; 102-956, eff. 5-27-22; 103-529, eff.  
4 8-11-23.)

5 (40 ILCS 5/1-161)

6 Sec. 1-161. Optional benefits for certain Tier 2 members  
7 under Articles 14, 15, and 16.

8 (a) Notwithstanding any other provision of this Code to  
9 the contrary, the provisions of this Section apply to a person  
10 who first becomes a member or a participant under Article 14,  
11 15, or 16 on or after the implementation date under this  
12 Section for the applicable Article and who does not make the  
13 election under subsection (b) or (c), whichever applies. The  
14 provisions of this Section also apply to a person who makes the  
15 election under subsection (c-5). However, the provisions of  
16 this Section do not apply to any participant in a self-managed  
17 plan, nor to a covered employee under Article 14.

18 The provisions of this Section do not apply to service  
19 under a defined contribution plan established under Article  
20 14, 15, or 16 of this Code.

21 As used in this Section and Section 1-160, the  
22 "implementation date" under this Section means the earliest  
23 date upon which the board of a retirement system authorizes  
24 members of that system to begin participating in accordance  
25 with this Section, as determined by the board of that

1 retirement system. Each of the retirement systems subject to  
2 this Section shall endeavor to make such participation  
3 available as soon as possible after the effective date of this  
4 Section and shall establish an implementation date by board  
5 resolution.

6 (b) In lieu of the benefits provided under this Section, a  
7 member or participant, except for a participant under Article  
8 15, may irrevocably elect the benefits under Section 1-160 and  
9 the benefits otherwise applicable to that member or  
10 participant. The election must be made within 30 days after  
11 becoming a member or participant. Each retirement system shall  
12 establish procedures for making this election.

13 (c) A participant under Article 15 may irrevocably elect  
14 the benefits otherwise provided to a Tier 2 member under  
15 Article 15. The election must be made within 30 days after  
16 becoming a member. The retirement system under Article 15  
17 shall establish procedures for making this election.

18 (c-5) A non-covered participant under Article 14 to whom  
19 Section 1-160 applies, a Tier 2 member under Article 15, or a  
20 participant under Article 16 to whom Section 1-160 applies may  
21 irrevocably elect to receive the benefits under this Section  
22 in lieu of the benefits under Section 1-160 or the benefits  
23 otherwise available to a Tier 2 member under Article 15,  
24 whichever is applicable. Each retirement System shall  
25 establish procedures for making this election.

26 (d) "Final average salary" means the average monthly (or

1 annual) salary obtained by dividing the total salary or  
2 earnings calculated under the Article applicable to the member  
3 or participant during the last 120 months (or 10 years) of  
4 service in which the total salary or earnings calculated under  
5 the applicable Article was the highest by the number of months  
6 (or years) of service in that period. For the purposes of a  
7 person to whom this Section applies, in this Code, "final  
8 average salary" shall be substituted for "final average  
9 compensation" in Article 14.

10 (e) Beginning on the implementation date, for all purposes  
11 under this Code (including without limitation the calculation  
12 of benefits and employee contributions), the annual earnings,  
13 salary, compensation, or wages (based on the plan year) of a  
14 member or participant to whom this Section applies shall not  
15 at any time exceed the federal Social Security Wage Base then  
16 in effect.

17 (f) A member or participant is entitled to a retirement  
18 annuity upon written application if he or she has attained the  
19 normal retirement age determined by the Social Security  
20 Administration for that member or participant's year of birth,  
21 but no earlier than 67 years of age, and has at least 10 years  
22 of service credit and is otherwise eligible under the  
23 requirements of the applicable Article.

24 (g) The amount of the retirement annuity to which a member  
25 or participant is entitled shall be computed by multiplying  
26 1.25% for each year of service credit by his or her final

1 average salary.

2 (h) Any retirement annuity or supplemental annuity shall  
3 be subject to annual increases on the first anniversary of the  
4 annuity start date. Each annual increase shall be one-half the  
5 annual unadjusted percentage increase (but not less than zero)  
6 in the consumer price index-w for the 12 months ending with the  
7 September preceding each November 1 of the originally granted  
8 retirement annuity. If the annual unadjusted percentage change  
9 in the consumer price index-w for the 12 months ending with the  
10 September preceding each November 1 is zero or there is a  
11 decrease, then the annuity shall not be increased.

12 For the purposes of this Section, "consumer price index-w"  
13 means the index published by the Bureau of Labor Statistics of  
14 the United States Department of Labor that measures the  
15 average change in prices of goods and services purchased by  
16 Urban Wage Earners and Clerical Workers, United States city  
17 average, all items, 1982-84 = 100. The new amount resulting  
18 from each annual adjustment shall be determined by the Public  
19 Pension Division of the Department of Insurance and made  
20 available to the boards of the retirement systems and pension  
21 funds by November 1 of each year.

22 (i) The initial survivor's or widow's annuity of an  
23 otherwise eligible survivor or widow of a retired member or  
24 participant to whom this Section applies shall be in the  
25 amount of 66 2/3% of the retired member's or participant's  
26 retirement annuity at the date of death. In the case of the

1 death of a member or participant who has not retired and to  
2 whom this Section applies, eligibility for a survivor's or  
3 widow's annuity shall be determined by the applicable Article  
4 of this Code. The benefit shall be 66 2/3% of the earned  
5 annuity without a reduction due to age. A child's annuity of an  
6 otherwise eligible child shall be in the amount prescribed  
7 under each Article if applicable.

8 (j) In lieu of any other employee contributions, except  
9 for the contribution to the defined contribution plan under  
10 subsection (k) of this Section, each employee shall contribute  
11 6.2% of his her or salary to the retirement system. However,  
12 the employee contribution under this subsection shall not  
13 exceed the amount of the total normal cost of the benefits for  
14 all members making contributions under this Section (except  
15 for the defined contribution plan under subsection (k) of this  
16 Section), expressed as a percentage of payroll and certified  
17 on or before January 15 of each year by the board of trustees  
18 of the retirement system. If the board of trustees of the  
19 retirement system certifies that the 6.2% employee  
20 contribution rate exceeds the normal cost of the benefits  
21 under this Section (except for the defined contribution plan  
22 under subsection (k) of this Section), then on or before  
23 December 1 of that year, the board of trustees shall certify  
24 the amount of the normal cost of the benefits under this  
25 Section (except for the defined contribution plan under  
26 subsection (k) of this Section), expressed as a percentage of

1 payroll, to the State Actuary and the Commission on Government  
2 Forecasting and Accountability, and the employee contribution  
3 under this subsection shall be reduced to that amount  
4 beginning July 1 of that year. Thereafter, if the normal cost  
5 of the benefits under this Section (except for the defined  
6 contribution plan under subsection (k) of this Section),  
7 expressed as a percentage of payroll and certified on or  
8 before January 1 of each year by the board of trustees of the  
9 retirement system, exceeds 6.2% of salary, then on or before  
10 January 15 of that year, the board of trustees shall certify  
11 the normal cost to the State Actuary and the Commission on  
12 Government Forecasting and Accountability, and the employee  
13 contributions shall revert back to 6.2% of salary beginning  
14 January 1 of the following year.

15 (k) In accordance with each retirement system's  
16 implementation date, each retirement system under Article 14,  
17 15, or 16 shall prepare and implement a defined contribution  
18 plan for members or participants who are subject to this  
19 Section. The defined contribution plan developed under this  
20 subsection shall be a plan that aggregates employer and  
21 employee contributions in individual participant accounts  
22 which, after meeting any other requirements, are used for  
23 payouts after retirement in accordance with this subsection  
24 and any other applicable laws.

25 (1) Each member or participant shall contribute a  
26 minimum of 4% of his or her salary to the defined

1 contribution plan.

2 (2) For each participant in the defined contribution  
3 plan who has been employed with the same employer for at  
4 least one year, employer contributions shall be paid into  
5 that participant's accounts at a rate expressed as a  
6 percentage of salary. This rate may be set for individual  
7 employees, but shall be no higher than 6% of salary and  
8 shall be no lower than 2% of salary.

9 (3) Employer contributions shall vest when those  
10 contributions are paid into a member's or participant's  
11 account.

12 (4) The defined contribution plan shall provide a  
13 variety of options for investments. These options shall  
14 include investments handled by the Illinois State Board of  
15 Investment as well as private sector investment options.

16 (5) The defined contribution plan shall provide a  
17 variety of options for payouts to retirees and their  
18 survivors.

19 (6) To the extent authorized under federal law and as  
20 authorized by the retirement system, the defined  
21 contribution plan shall allow former participants in the  
22 plan to transfer or roll over employee and employer  
23 contributions, and the earnings thereon, into other  
24 qualified retirement plans.

25 (7) Each retirement system shall reduce the employee  
26 contributions credited to the member's defined

1 contribution plan account by an amount determined by that  
2 retirement system to cover the cost of offering the  
3 benefits under this subsection and any applicable  
4 administrative fees.

5 (8) No person shall begin participating in the defined  
6 contribution plan until it has attained qualified plan  
7 status and received all necessary approvals from the U.S.  
8 Internal Revenue Service.

9 (1) In the case of a conflict between the provisions of  
10 this Section and any other provision of this Code, the  
11 provisions of this Section shall control.

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

13 (40 ILCS 5/2-105.3)

14 Sec. 2-105.3. Tier 1 participant; Tier 2 participant;  
15 defined contribution plan participant.

16 "Tier 1 participant": A participant who first became a  
17 participant before January 1, 2011.

18 In the case of a Tier 1 participant who elects to  
19 participate in the defined contribution plan under Section  
20 2-165.5 of this Code, that participant shall be deemed a Tier 1  
21 participant only with respect to service performed or  
22 established before the effective date of that election; except  
23 that the Tier 1 member may be deemed a Tier 1 member with  
24 respect to service performed or established on or after  
25 returning to service if the Tier 1 member does not elect to

1 participate in the defined contribution plan under Section  
2 2-165.5 of this Code.

3 "Tier 2 participant": A participant who first became a  
4 participant on or after January 1, 2011.

5 In the case of a Tier 2 participant who elects to  
6 participate in the defined contribution plan under Section  
7 2-165.5 of this Code, that Tier 2 member shall be deemed a Tier  
8 2 member only with respect to service performed or established  
9 before the effective date of that election; except that the  
10 Tier 2 member may be deemed a Tier 2 member with respect to  
11 service performed or established on or after returning to  
12 service if the Tier 2 member does not elect to participate in  
13 the defined contribution plan under Section 2-165.5 of this  
14 Code.

15 "Defined contribution plan participant": A Tier 1 or Tier  
16 2 participant who elects to participate in the defined  
17 contribution plan under Section 2-165.5 of this Code, but only  
18 with respect to service performed while that election applies.

19 (Source: P.A. 103-8, eff. 6-7-23.)

20 (40 ILCS 5/2-162)

21 Sec. 2-162. Application and expiration of new benefit  
22 increases.

23 (a) As used in this Section, "new benefit increase" means  
24 an increase in the amount of any benefit provided under this  
25 Article, or an expansion of the conditions of eligibility for

1 any benefit under this Article, that results from an amendment  
2 to this Code that takes effect after the effective date of this  
3 amendatory Act of the 94th General Assembly. "New benefit  
4 increase", however, does not include any benefit increase  
5 resulting from the changes made to this Article by this  
6 amendatory Act of the 104th General Assembly.

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

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

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

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

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

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

22 (Source: P.A. 103-426, eff. 8-4-23.)

23 (40 ILCS 5/2-165.5 new)

24 Sec. 2-165.5. Defined contribution plan.

25 (a) As used in this Section, "defined benefit plan" means

1 the retirement plan available under this Article to Tier 1 or  
2 Tier 2 participants who have not made the election authorized  
3 under this Section.

4 (b) By July 1, 2028, the System shall prepare and  
5 implement a defined contribution plan. The defined  
6 contribution plan developed under this Section shall be a plan  
7 that aggregates State and employee contributions in individual  
8 participant accounts that, after meeting any other  
9 requirements, are used for payouts after retirement in  
10 accordance with this Section and any other applicable laws.

11 (1) Participation in the defined contribution plan for  
12 persons who elect to participate shall begin on July 1,  
13 2028.

14 (2) A participant in the defined contribution plan  
15 shall pay employee contributions at a rate determined by  
16 the participant, but not less than 3% of compensation and  
17 not more than a percentage of compensation determined by  
18 the board in accordance with the requirements of State and  
19 federal law.

20 (3) State contributions shall be paid into the  
21 accounts of all participants in the defined contribution  
22 plan at a uniform rate, expressed as a percentage of  
23 compensation and determined for each year. This rate shall  
24 be no higher than 7.6% of compensation and shall be no  
25 lower than 3% of compensation. The State shall adjust this  
26 rate annually.

1           (4) The defined contribution plan shall require 5  
2           years of participation in the defined contribution plan  
3           before vesting in State contributions. If the participant  
4           fails to vest in them, the State contributions, and the  
5           earnings thereon, shall be forfeited.

6           (5) The defined contribution plan may provide for  
7           participants in the plan to be eligible for the defined  
8           disability benefits available to other participants under  
9           this Article. If it does, the System shall reduce the  
10           employee contributions credited to the participant's  
11           defined contribution plan account by an amount determined  
12           by the System to cover the cost of offering such benefits.

13           (6) The defined contribution plan shall provide a  
14           variety of options for investments. These options shall  
15           include investments handled by the Illinois State Board of  
16           Investment as well as private sector investment options.

17           (7) The defined contribution plan shall provide a  
18           variety of options for payouts to participants in the  
19           defined contribution plan who are no longer active in the  
20           System and their survivors.

21           (8) To the extent authorized under federal law and as  
22           authorized by the System, the plan shall allow former  
23           participants in the plan to transfer or roll over employee  
24           and vested State contributions, and the earnings thereon,  
25           from the defined contribution plan into other qualified  
26           retirement plans.

1           (9) The System shall reduce the employee contributions  
2           credited to the participant's defined contribution plan  
3           account by an amount determined by the System to cover the  
4           cost of offering these benefits and any applicable  
5           administrative fees.

6           (b) Under the defined contribution plan, an active Tier 1  
7           or Tier 2 participant of this System may elect, in writing, to  
8           cease accruing benefits in the defined benefit plan and begin  
9           accruing benefits for future service in the defined  
10           contribution plan. The election to participate in the defined  
11           contribution plan with regard to future service is voluntary  
12           and must be made on or before December 31, 2027.

13           (1) Service credit under the defined contribution plan  
14           may be used for determining retirement eligibility under  
15           the defined benefit plan.

16           (2) On or before December 31, 2026, the System shall  
17           notify all active Tier 1 and Tier 2 participants who are  
18           eligible to participate in the defined contribution plan.  
19           The System shall mail information describing the option to  
20           join the defined contribution plan to each of these  
21           employees to his or her last known address on file with the  
22           System. If the employee is not responsive to other means  
23           of contact, it is sufficient for the System to publish the  
24           details of the option on its website.

25           (3) If a person becomes an active participant of this  
26           System on or after January 1, 2027, the System shall

1 notify the participant within one month after he or she  
2 became an active participant that he or she is eligible to  
3 participate in the defined contribution plan. The notice  
4 shall be provided in the manner specified in paragraph (2)  
5 of this subsection.

6 (4) If a person who made the election to participate  
7 in the defined contribution plan terminates service under  
8 this Article and thereafter returns to service under this  
9 Article, he or she may either elect to participate in the  
10 defined contribution plan with regard to that service or  
11 not elect to participate in the defined contribution plan  
12 with regard to that service. The election to participate  
13 in the defined contribution plan must be made no later  
14 than 3 months after becoming an employee.

15 (5) Upon request for further information describing  
16 the option, the System shall provide employees with  
17 information from the System before exercising the option  
18 to join the plan, including information on the impact to  
19 their benefits and service. The individual consultation  
20 shall include projections of the participant's defined  
21 benefits at retirement or earlier termination of service  
22 and the value of the participant's account at retirement  
23 or earlier termination of service. The System shall not  
24 provide advice or counseling with respect to whether the  
25 employee should exercise the option. The System shall  
26 inform Tier 1 and Tier 2 participants who are eligible to

1 participate in the defined contribution plan that they may  
2 also wish to obtain information and counsel relating to  
3 their option from any other available source, including,  
4 but not limited to, private counsel and financial  
5 advisors.

6 (c) A Tier 1 or Tier 2 participant who elects to  
7 participate in the defined contribution plan may elect to  
8 terminate all participation in the defined benefit plan. Upon  
9 that election, the System shall transfer to the participant's  
10 individual account an amount equal to the amount of  
11 contribution refund that the participant would be eligible to  
12 receive if the participant terminated employment on that date  
13 and elected a refund of contributions, including regular  
14 interest for the respective years. The System shall make the  
15 transfer as a tax-free transfer in accordance with Internal  
16 Revenue Service guidelines, for purposes of funding the amount  
17 credited to the participant's individual account.

18 (d) In no event shall the System, its staff, its  
19 authorized representatives, or the Board be liable for any  
20 information given to an employee under this Section. The  
21 System may coordinate with the Department of Central  
22 Management Services in accordance with this amendatory Act of  
23 the 104th General Assembly to provide information concerning  
24 the impact of the defined contribution plan set forth in this  
25 Section.

26 (e) Notwithstanding any other provision of this Section,

1 no person shall begin participating in the defined  
2 contribution plan until it has attained qualified plan status  
3 and received all necessary approvals from the U.S. Internal  
4 Revenue Service.

5 (f) The System shall report on its progress under this  
6 Section, including the available details of the defined  
7 contribution plan and the System's plans for informing  
8 eligible Tier 1 and Tier 2 participants about the plan, to the  
9 Governor and the General Assembly on or before January 15,  
10 2028.

11 (g) The Illinois State Board of Investment shall be the  
12 plan sponsor for the defined contribution plan established  
13 under this Section.

14 (h) The intent of this amendatory Act of the 104th General  
15 Assembly is to ensure that the State's normal cost of  
16 participation in the defined contribution plan is similar, and  
17 if possible equal, to the State's normal cost of participation  
18 in the defined benefit plan, unless a lower State's normal  
19 cost is necessary to ensure cost neutrality.

20 (40 ILCS 5/14-103.05) (from Ch. 108 1/2, par. 14-103.05)

21 Sec. 14-103.05. Employee.

22 (a) Except as provided in subsection (e), any ~~Any~~ person  
23 employed by a Department who receives salary for personal  
24 services rendered to the Department on a warrant issued  
25 pursuant to a payroll voucher certified by a Department and

1 drawn by the State Comptroller upon the State Treasurer,  
2 including an elected official described in subparagraph (d) of  
3 Section 14-104, shall become an employee for purpose of  
4 membership in the Retirement System on the first day of such  
5 employment.

6 A person entering service on or after January 1, 1972 and  
7 prior to January 1, 1984 shall become a member as a condition  
8 of employment and shall begin making contributions as of the  
9 first day of employment.

10 A person entering service on or after January 1, 1984  
11 shall, upon completion of 6 months of continuous service which  
12 is not interrupted by a break of more than 2 months, become a  
13 member as a condition of employment. Contributions shall begin  
14 the first of the month after completion of the qualifying  
15 period.

16 A person employed by the Chicago Metropolitan Agency for  
17 Planning on the effective date of this amendatory Act of the  
18 95th General Assembly who was a member of this System as an  
19 employee of the Chicago Area Transportation Study and makes an  
20 election under Section 14-104.13 to participate in this System  
21 for his or her employment with the Chicago Metropolitan Agency  
22 for Planning.

23 The qualifying period of 6 months of service is not  
24 applicable to: (1) a person who has been granted credit for  
25 service in a position covered by the State Universities  
26 Retirement System, the Teachers' Retirement System of the

1 State of Illinois, the General Assembly Retirement System, or  
2 the Judges Retirement System of Illinois unless that service  
3 has been forfeited under the laws of those systems; (2) a  
4 person entering service on or after July 1, 1991 in a  
5 noncovered position; (3) a person to whom Section 14-108.2a or  
6 14-108.2b applies; or (4) a person to whom subsection (a-5) of  
7 this Section applies.

8 (a-5) Except as provided in subsection (e), a ~~A~~ person  
9 entering service on or after December 1, 2010 and before the  
10 effective date of this amendatory Act of the 104th General  
11 Assembly shall become a member as a condition of employment  
12 and shall begin making contributions as of the first day of  
13 employment. A person serving in the qualifying period on  
14 December 1, 2010 will become a member on December 1, 2010 and  
15 shall begin making contributions as of December 1, 2010.

16 (b) The term "employee" does not include the following:

17 (1) members of the State Legislature, and persons  
18 electing to become members of the General Assembly  
19 Retirement System pursuant to Section 2-105;

20 (2) incumbents of offices normally filled by vote of  
21 the people;

22 (3) except as otherwise provided in this Section, any  
23 person appointed by the Governor with the advice and  
24 consent of the Senate unless that person elects to  
25 participate in this system;

26 (3.1) any person serving as a commissioner of an

1 ethics commission created under the State Officials and  
2 Employees Ethics Act unless that person elects to  
3 participate in this system with respect to that service as  
4 a commissioner;

5 (3.2) any person serving as a part-time employee in  
6 any of the following positions: Legislative Inspector  
7 General, Special Legislative Inspector General, employee  
8 of the Office of the Legislative Inspector General,  
9 Executive Director of the Legislative Ethics Commission,  
10 or staff of the Legislative Ethics Commission, regardless  
11 of whether he or she is in active service on or after July  
12 8, 2004 (the effective date of Public Act 93-685), unless  
13 that person elects to participate in this System with  
14 respect to that service; in this item (3.2), a "part-time  
15 employee" is a person who is not required to work at least  
16 35 hours per week;

17 (3.3) any person who has made an election under  
18 Section 1-123 and who is serving either as legal counsel  
19 in the Office of the Governor or as Chief Deputy Attorney  
20 General;

21 (4) except as provided in Section 14-108.2 or  
22 14-108.2c, any person who is covered or eligible to be  
23 covered by the Teachers' Retirement System of the State of  
24 Illinois, the State Universities Retirement System, or the  
25 Judges Retirement System of Illinois;

26 (5) an employee of a municipality or any other

1 political subdivision of the State;

2 (6) any person who becomes an employee after June 30,  
3 1979 as a public service employment program participant  
4 under the Federal Comprehensive Employment and Training  
5 Act and whose wages or fringe benefits are paid in whole or  
6 in part by funds provided under such Act;

7 (7) enrollees of the Illinois Young Adult Conservation  
8 Corps program, administered by the Department of Natural  
9 Resources, authorized grantee pursuant to Title VIII of  
10 the "Comprehensive Employment and Training Act of 1973",  
11 29 USC 993, as now or hereafter amended;

12 (8) enrollees and temporary staff of programs  
13 administered by the Department of Natural Resources under  
14 the Youth Conservation Corps Act of 1970;

15 (9) any person who is a member of any professional  
16 licensing or disciplinary board created under an Act  
17 administered by the Department of Professional Regulation  
18 or a successor agency or created or re-created after the  
19 effective date of this amendatory Act of 1997, and who  
20 receives per diem compensation rather than a salary,  
21 notwithstanding that such per diem compensation is paid by  
22 warrant issued pursuant to a payroll voucher; such persons  
23 have never been included in the membership of this System,  
24 and this amendatory Act of 1987 (P.A. 84-1472) is not  
25 intended to effect any change in the status of such  
26 persons;

1           (10) any person who is a member of the Illinois Health  
2           Care Cost Containment Council, and receives per diem  
3           compensation rather than a salary, notwithstanding that  
4           such per diem compensation is paid by warrant issued  
5           pursuant to a payroll voucher; such persons have never  
6           been included in the membership of this System, and this  
7           amendatory Act of 1987 is not intended to effect any  
8           change in the status of such persons;

9           (11) any person who is a member of the Oil and Gas  
10          Board created by Section 1.2 of the Illinois Oil and Gas  
11          Act, and receives per diem compensation rather than a  
12          salary, notwithstanding that such per diem compensation is  
13          paid by warrant issued pursuant to a payroll voucher;

14          (12) a person employed by the State Board of Higher  
15          Education in a position with the Illinois Century Network  
16          as of June 30, 2004, who remains continuously employed  
17          after that date by the Department of Central Management  
18          Services in a position with the Illinois Century Network  
19          and participates in the Article 15 system with respect to  
20          that employment;

21          (13) any person who first becomes a member of the  
22          Civil Service Commission on or after January 1, 2012;

23          (14) any person, other than the Director of Employment  
24          Security, who first becomes a member of the Board of  
25          Review of the Department of Employment Security on or  
26          after January 1, 2012;

1           (15) any person who first becomes a member of the  
2 Civil Service Commission on or after January 1, 2012;

3           (16) any person who first becomes a member of the  
4 Illinois Liquor Control Commission on or after January 1,  
5 2012;

6           (17) any person who first becomes a member of the  
7 Secretary of State Merit Commission on or after January 1,  
8 2012;

9           (18) any person who first becomes a member of the  
10 Human Rights Commission on or after January 1, 2012 unless  
11 he or she is eligible to participate in accordance with  
12 subsection (d) of this Section;

13           (19) any person who first becomes a member of the  
14 State Mining Board on or after January 1, 2012;

15           (20) any person who first becomes a member of the  
16 Property Tax Appeal Board on or after January 1, 2012;

17           (21) any person who first becomes a member of the  
18 Illinois Racing Board on or after January 1, 2012;

19           (22) any person who first becomes a member of the  
20 Illinois State Police Merit Board on or after January 1,  
21 2012;

22           (23) any person who first becomes a member of the  
23 Illinois State Toll Highway Authority on or after January  
24 1, 2012; or

25           (24) any person who first becomes a member of the  
26 Illinois State Board of Elections on or after January 1,

1           2012.

2           (c) An individual who represents or is employed as an  
3 officer or employee of a statewide labor organization that  
4 represents members of this System may participate in the  
5 System and shall be deemed an employee, provided that (1) the  
6 individual has previously earned creditable service under this  
7 Article, (2) the individual files with the System an  
8 irrevocable election to become a participant within 6 months  
9 after the effective date of this amendatory Act of the 94th  
10 General Assembly, and (3) the individual does not receive  
11 credit for that employment under any other provisions of this  
12 Code. An employee under this subsection (c) is responsible for  
13 paying to the System both (i) employee contributions based on  
14 the actual compensation received for service with the labor  
15 organization and (ii) employer contributions based on the  
16 percentage of payroll certified by the board; all or any part  
17 of these contributions may be paid on the employee's behalf or  
18 picked up for tax purposes (if authorized under federal law)  
19 by the labor organization.

20           A person who is an employee as defined in this subsection  
21 (c) may establish service credit for similar employment prior  
22 to becoming an employee under this subsection by paying to the  
23 System for that employment the contributions specified in this  
24 subsection, plus interest at the effective rate from the date  
25 of service to the date of payment. However, credit shall not be  
26 granted under this subsection (c) for any such prior

1 employment for which the applicant received credit under any  
2 other provision of this Code or during which the applicant was  
3 on a leave of absence.

4 (d) A person appointed as a member of the Human Rights  
5 Commission on or after June 1, 2019 may elect to participate in  
6 the System and shall be deemed an employee. Service and  
7 contributions shall begin on the first payroll period  
8 immediately following the employee's election to participate  
9 in the System.

10 A person who is an employee as described in this  
11 subsection (d) may establish service credit for employment as  
12 a Human Rights Commissioner that occurred on or after June 1,  
13 2019 and before establishing service under this subsection by  
14 paying to the System for that employment the contributions  
15 specified in paragraph (1) of subsection (a) of Section  
16 14-133, plus regular interest from the date of service to the  
17 date of payment.

18 (e) Notwithstanding any other provision of this Article, a  
19 person who first becomes an employee after the effective date  
20 of this amendatory Act of the 104th General Assembly is not  
21 required, as a condition of employment or otherwise, to  
22 participate in this System. An employee may elect not to  
23 participate in this System by notifying the System in a manner  
24 specified by the System.

25 (Source: P.A. 101-10, eff. 6-5-19; 102-538, eff. 8-20-21.)

1 (40 ILCS 5/14-103.41)

2 Sec. 14-103.41. Tier 1 member; Tier 2 member; defined  
3 contribution plan member. "Tier 1 member": A member of this  
4 System who first became a member or participant before January  
5 1, 2011 under any reciprocal retirement system or pension fund  
6 established under this Code other than a retirement system or  
7 pension fund established under Article 2, 3, 4, 5, 6, or 18 of  
8 this Code.

9 In the case of a Tier 1 member who elects to participate in  
10 the defined contribution plan under Section 14-155.5 of this  
11 Code, that Tier 1 member shall be deemed a Tier 1 member only  
12 with respect to service performed or established before the  
13 effective date of that election; except that the Tier 1 member  
14 may be deemed a Tier 1 member with respect to service performed  
15 or established on or after returning to service if the Tier 1  
16 member does not elect to participate in the defined  
17 contribution plan under Section 14-155.5 of this Code.

18 "Tier 2 member": A member of this System who first becomes  
19 a member under this Article on or after January 1, 2011 and who  
20 is not a Tier 1 member.

21 In the case of a Tier 2 member who elects to participate in  
22 the defined contribution plan under Section 14-155.5 of this  
23 Code, that Tier 2 member shall be deemed a Tier 2 member only  
24 with respect to service performed or established before the  
25 effective date of that election; except that the Tier 2 member  
26 may be deemed a Tier 2 member with respect to service performed

1 or established on or after returning to service if the Tier 2  
2 member does not elect to participate in the defined  
3 contribution plan under Section 14-155.5 of this Code.

4 "Defined contribution plan member": A Tier 1 or Tier 2  
5 member who elects to participate in the defined contribution  
6 plan under Section 14-155.5 of this Code, but only with  
7 respect to service performed while that election applies.

8 (Source: P.A. 100-587, eff. 6-4-18.)

9 (40 ILCS 5/14-152.1)

10 Sec. 14-152.1. Application and expiration of new benefit  
11 increases.

12 (a) As used in this Section, "new benefit increase" means  
13 an increase in the amount of any benefit provided under this  
14 Article, or an expansion of the conditions of eligibility for  
15 any benefit under this Article, that results from an amendment  
16 to this Code that takes effect after June 1, 2005 (the  
17 effective date of Public Act 94-4). "New benefit increase",  
18 however, does not include any benefit increase resulting from  
19 the changes made to Article 1 or this Article by Public Act  
20 96-37, Public Act 100-23, Public Act 100-587, Public Act  
21 100-611, Public Act 101-10, Public Act 101-610, Public Act  
22 102-210, Public Act 102-856, Public Act 102-956, Public Act  
23 104-284, or this amendatory Act of the 104th General Assembly  
24 ~~or this amendatory Act of the 104th General Assembly.~~

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

1 any subsequent amendment to this Code, every new benefit  
2 increase is subject to this Section and shall be deemed to be  
3 granted only in conformance with and contingent upon  
4 compliance with 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  
15 the Department of Insurance. A new benefit increase created by  
16 a Public Act that does not include the additional funding  
17 required under this subsection is null and void. If the Public  
18 Pension Division determines that the additional funding  
19 provided for a new benefit increase under this subsection is  
20 or has become inadequate, it may so certify to the Governor and  
21 the State Comptroller and, in the absence of corrective action  
22 by the General Assembly, the new benefit increase shall expire  
23 at the end of the fiscal year in which the certification is  
24 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. 104-284, eff. 8-15-25.)

16 (40 ILCS 5/14-155.5 new)

17 Sec. 14-155.5. Defined contribution plan.

18 (a) As used in this Section, "defined benefit plan" means  
19 the retirement plan available under this Article to Tier 1 or  
20 Tier 2 members who have not made the election authorized under  
21 this Section.

22 (b) By July 1, 2028, the System shall prepare and  
23 implement a defined contribution plan. The defined  
24 contribution plan developed under this Section shall be a plan  
25 that aggregates State and employee contributions in individual

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

4 (1) Participation in the defined contribution plan for  
5 persons who elect to participate shall begin on July 1,  
6 2028.

7 (2) A participant in the defined contribution plan  
8 shall pay employee contributions at a rate determined by  
9 the participant, but not less than 3% of compensation and  
10 not more than a percentage of compensation determined by  
11 the board in accordance with the requirements of State and  
12 federal law.

13 (3) State contributions shall be paid into the  
14 accounts of all participants in the defined contribution  
15 plan at a uniform rate, expressed as a percentage of  
16 compensation and determined for each year. This rate shall  
17 be no higher than 7.6% of compensation and shall be no  
18 lower than 3% of compensation. The State shall adjust this  
19 rate annually.

20 (4) The defined contribution plan shall require 5  
21 years of participation in the defined contribution plan  
22 before vesting in State contributions. If the participant  
23 fails to vest in them, the State contributions, and the  
24 earnings thereon, shall be forfeited.

25 (5) The defined contribution plan may provide for  
26 participants in the plan to be eligible for the defined

1 disability benefits available to other participants under  
2 this Article. If it does, the System shall reduce the  
3 employee contributions credited to the member's defined  
4 contribution plan account by an amount determined by the  
5 System to cover the cost of offering such benefits.

6 (6) The defined contribution plan shall provide a  
7 variety of options for investments. These options shall  
8 include investments handled by the Illinois State Board of  
9 Investment as well as private sector investment options.

10 (7) The defined contribution plan shall provide a  
11 variety of options for payouts to participants in the  
12 defined contribution plan who are no longer active in the  
13 System and their survivors.

14 (8) To the extent authorized under federal law and as  
15 authorized by the System, the plan shall allow former  
16 participants in the plan to transfer or roll over employee  
17 and vested State contributions, and the earnings thereon,  
18 from the defined contribution plan into other qualified  
19 retirement plans.

20 (9) The System shall reduce the employee contributions  
21 credited to the member's defined contribution plan account  
22 by an amount determined by the System to cover the cost of  
23 offering these benefits and any applicable administrative  
24 fees.

25 (b) Under the defined contribution plan, an active Tier 1  
26 or Tier 2 member of this System may elect, in writing, to cease

1 accruing benefits in the defined benefit plan and begin  
2 accruing benefits for future service in the defined  
3 contribution plan. The election to participate in the defined  
4 contribution plan with regard to future service is voluntary  
5 and must be made on or before December 31, 2027.

6 (1) Service credit under the defined contribution plan  
7 may be used for determining retirement eligibility under  
8 the defined benefit plan.

9 (2) On or before December 31, 2026, the System shall  
10 notify all active Tier 1 and Tier 2 members who are  
11 eligible to participate in the defined contribution plan.  
12 The System shall mail information describing the option to  
13 join the defined contribution plan to each of these  
14 employees to his or her last known address on file with the  
15 System. If the employee is not responsive to other means  
16 of contact, it is sufficient for the System to publish the  
17 details of the option on its website.

18 (3) If a person becomes an active participant of this  
19 System on or after January 1, 2027, the System shall  
20 notify the participant within one month after he or she  
21 became an active participant that he or she is eligible to  
22 participate in the defined contribution plan. The notice  
23 shall be provided in the manner specified in paragraph (2)  
24 of this subsection.

25 (4) If a person who made the election to participate  
26 in the defined contribution plan terminates service under

1 this Article and thereafter returns to service under this  
2 Article, he or she may either elect to participate in the  
3 defined contribution plan with regard to that service or  
4 not elect to participate in the defined contribution plan  
5 with regard to that service. The election to participate  
6 in the defined contribution plan must be made no later  
7 than 3 months after becoming an employee.

8 (5) Upon request for further information describing  
9 the option, the System shall provide employees with  
10 information from the System before exercising the option  
11 to join the plan, including information on the impact to  
12 their benefits and service. The individual consultation  
13 shall include projections of the member's defined benefits  
14 at retirement or earlier termination of service and the  
15 value of the member's account at retirement or earlier  
16 termination of service. The System shall not provide  
17 advice or counseling with respect to whether the employee  
18 should exercise the option. The System shall inform Tier 1  
19 and Tier 2 members who are eligible to participate in the  
20 defined contribution plan that they may also wish to  
21 obtain information and counsel relating to their option  
22 from any other available source, including, but not  
23 limited to, labor organizations, private counsel, and  
24 financial advisors.

25 (c) A Tier 1 or Tier 2 member who elects to participate in  
26 the defined contribution plan may elect to terminate all

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

11 (d) In no event shall the System, its staff, its  
12 authorized representatives, or the Board be liable for any  
13 information given to an employee under this Section. The  
14 System may coordinate with the Department of Central  
15 Management Services in accordance with this amendatory Act of  
16 the 104th General Assembly to provide information concerning  
17 the impact of the defined contribution plan set forth in this  
18 Section.

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

24 (f) The System shall report on its progress under this  
25 Section, including the available details of the defined  
26 contribution plan and the System's plans for informing

1 eligible Tier 1 and Tier 2 members about the plan, to the  
2 Governor and the General Assembly on or before January 15,  
3 2028.

4 (g) The Illinois State Board of Investment shall be the  
5 plan sponsor for the defined contribution plan established  
6 under this Section.

7 (h) The intent of this amendatory Act of the 104th General  
8 Assembly is to ensure that the State's normal cost of  
9 participation in the defined contribution plan is similar, and  
10 if possible equal, to the State's normal cost of participation  
11 in the defined benefit plan, unless a lower State's normal  
12 cost is necessary to ensure cost neutrality.

13 (40 ILCS 5/15-108.1)

14 Sec. 15-108.1. Tier 1 member. "Tier 1 member": A  
15 participant or an annuitant of a retirement annuity under this  
16 Article, other than a participant in the self-managed plan  
17 under Section 15-158.2, who first became a participant or  
18 member before January 1, 2011 under any reciprocal retirement  
19 system or pension fund established under this Code, other than  
20 a retirement system or pension fund established under Articles  
21 2, 3, 4, 5, 6, or 18 of this Code. "Tier 1 member" includes a  
22 person who first became a participant under this System before  
23 January 1, 2011 and who accepts a refund and is subsequently  
24 reemployed by an employer on or after January 1, 2011.

25 In the case of a Tier 1 member who elects to participate in

1 the defined contribution plan under Section 15-200.5 of this  
2 Code, that Tier 1 member shall be deemed a Tier 1 member only  
3 with respect to service performed or established before the  
4 effective date of that election; except that the Tier 1 member  
5 may be deemed a Tier 1 member with respect to service performed  
6 or established on or after returning to service if the Tier 1  
7 member does not elect to participate in the defined  
8 contribution plan under Section 15-200.5 of this Code.

9 (Source: P.A. 98-92, eff. 7-16-13.)

10 (40 ILCS 5/15-108.2)

11 Sec. 15-108.2. Tier 2 member. "Tier 2 member": A person  
12 who first becomes a participant under this Article on or after  
13 January 1, 2011 and before the implementation date, as defined  
14 under subsection (a) of Section 1-161, determined by the  
15 Board, other than a person in the self-managed plan  
16 established under Section 15-158.2 or a person who makes the  
17 election under subsection (c) of Section 1-161, unless the  
18 person is otherwise a Tier 1 member. The changes made to this  
19 Section by this amendatory Act of the 98th General Assembly  
20 are a correction of existing law and are intended to be  
21 retroactive to the effective date of Public Act 96-889,  
22 notwithstanding the provisions of Section 1-103.1 of this  
23 Code.

24 In the case of a Tier 2 member who elects to participate in  
25 the defined contribution plan under Section 15-200.5 of this

1 Code, that Tier 2 member shall be deemed a Tier 2 member only  
2 with respect to service performed or established before the  
3 effective date of that election; except that the Tier 2 member  
4 may be deemed a Tier 2 member with respect to service performed  
5 or established on or after returning to service if the Tier 2  
6 member does not elect to participate in the defined  
7 contribution plan under Section 15-200.5 of this Code.

8 (Source: P.A. 100-23, eff. 7-6-17; 100-563, eff. 12-8-17.)

9 (40 ILCS 5/15-108.3 new)

10 Sec. 15-108.3. Defined contribution plan member. "Defined  
11 contribution plan member": A Tier 1 or Tier 2 member who elects  
12 to participate in the defined contribution plan under Section  
13 15-200.5 of this Code, but only with respect to service  
14 performed while that election applies.

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

16 Sec. 15-134. Participant.

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

23 An employee who becomes a participant shall continue to be  
24 a participant until he or she becomes an annuitant, dies or

1 accepts a refund of contributions.

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

5 (c) Notwithstanding any other provision of this Article, a  
6 person who first becomes an employee after the effective date  
7 of this amendatory Act of the 104th General Assembly is not  
8 required, as a condition of employment or otherwise, to  
9 participate in this System. An employee may elect not to  
10 participate in this System by notifying the System in a manner  
11 specified by the System.

12 (Source: P.A. 98-92, eff. 7-16-13.)

13 (40 ILCS 5/15-198)

14 Sec. 15-198. 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 June 1, 2005 (the  
21 effective date of Public Act 94-4). "New benefit increase",  
22 however, does not include any benefit increase resulting from  
23 the changes made to Article 1 or this Article by Public Act  
24 100-23, Public Act 100-587, Public Act 100-769, Public Act  
25 101-10, Public Act 101-610, Public Act 102-16, Public Act

1 103-80, ~~or~~ Public Act 103-548, or this amendatory Act of the  
2 104th General Assembly.

3 (b) Notwithstanding any other provision of this Code or  
4 any subsequent amendment to this Code, every new benefit  
5 increase is subject to this Section and shall be deemed to be  
6 granted only in conformance with and contingent upon  
7 compliance with 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  
18 the Department of Insurance. A new benefit increase created by  
19 a Public Act that does not include the additional funding  
20 required under this subsection is null and void. If the Public  
21 Pension Division determines that the additional funding  
22 provided for a new benefit increase under this subsection is  
23 or has become inadequate, it may so certify to the Governor and  
24 the State Comptroller and, in the absence of corrective action  
25 by the General Assembly, the new benefit increase shall expire  
26 at the end of the fiscal year in which the certification is

1 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. 102-16, eff. 6-17-21; 103-80, eff. 6-9-23;  
19 103-548, eff. 8-11-23; 103-605, eff. 7-1-24.)

20 (40 ILCS 5/15-200.5 new)

21 Sec. 15-200.5. Defined contribution plan.

22 (a) As used in this Section, "defined benefit plan" means  
23 the retirement plan available under this Article to Tier 1 or  
24 Tier 2 members who have not made the election authorized under  
25 this Section.

1       (b) By July 1, 2028, the System shall prepare and  
2 implement a defined contribution plan. The defined  
3 contribution plan developed under this Section shall be a plan  
4 that aggregates State and employee contributions in individual  
5 participant accounts that, after meeting any other  
6 requirements, are used for payouts after retirement in  
7 accordance with this Section and any other applicable laws.

8           (1) Participation in the defined contribution plan for  
9 persons who elect to participate shall begin on July 1,  
10 2028.

11           (2) A participant in the defined contribution plan  
12 shall pay employee contributions at a rate determined by  
13 the participant, but not less than 3% of compensation and  
14 not more than a percentage of compensation determined by  
15 the board in accordance with the requirements of State and  
16 federal law.

17           (3) State contributions shall be paid into the  
18 accounts of all participants in the defined contribution  
19 plan at a uniform rate, expressed as a percentage of  
20 compensation and determined for each year. This rate shall  
21 be no higher than 7.6% of compensation and shall be no  
22 lower than 3% of compensation. The State shall adjust this  
23 rate annually.

24           (4) The defined contribution plan shall require 5  
25 years of participation in the defined contribution plan  
26 before vesting in State contributions. If the participant

1       fails to vest in them, the State contributions, and the  
2       earnings thereon, shall be forfeited.

3       (5) The defined contribution plan may provide for  
4       participants in the plan to be eligible for the defined  
5       disability benefits available to other participants under  
6       this Article. If it does, the System shall reduce the  
7       employee contributions credited to the member's defined  
8       contribution plan account by an amount determined by the  
9       System to cover the cost of offering such benefits.

10       (6) The defined contribution plan shall provide a  
11       variety of options for investments. These options shall  
12       include investments handled by the Illinois State Board of  
13       Investment as well as private sector investment options.

14       (7) The defined contribution plan shall provide a  
15       variety of options for payouts to participants in the  
16       defined contribution plan who are no longer active in the  
17       System and their survivors.

18       (8) To the extent authorized under federal law and as  
19       authorized by the System, the plan shall allow former  
20       participants in the plan to transfer or roll over employee  
21       and vested State contributions, and the earnings thereon,  
22       from the defined contribution plan into other qualified  
23       retirement plans.

24       (9) The System shall reduce the employee contributions  
25       credited to the member's defined contribution plan account  
26       by an amount determined by the System to cover the cost of

1 offering these benefits and any applicable administrative  
2 fees.

3 (b) Under the defined contribution plan, an active Tier 1  
4 or Tier 2 member of this System may elect, in writing, to cease  
5 accruing benefits in the defined benefit plan and begin  
6 accruing benefits for future service in the defined  
7 contribution plan. The election to participate in the defined  
8 contribution plan with regard to future service is voluntary  
9 and must be made on or before December 31, 2027.

10 (1) Service credit under the defined contribution plan  
11 may be used for determining retirement eligibility under  
12 the defined benefit plan.

13 (2) On or before December 31, 2026, the System shall  
14 notify all active Tier 1 and Tier 2 members who are  
15 eligible to participate in the defined contribution plan.  
16 The System shall mail information describing the option to  
17 join the defined contribution plan to each of these  
18 employees to his or her last known address on file with the  
19 System. If the employee is not responsive to other means  
20 of contact, it is sufficient for the System to publish the  
21 details of the option on its website.

22 (3) If a person becomes an active participant of this  
23 System on or after January 1, 2027, the System shall  
24 notify the participant within one month after he or she  
25 became an active participant that he or she is eligible to  
26 participate in the defined contribution plan. The notice

1 shall be provided in the manner specified in paragraph (2)  
2 of this subsection.

3 (4) If a person who made the election to participate  
4 in the defined contribution plan terminates service under  
5 this Article and thereafter returns to service under this  
6 Article, he or she may either elect to participate in the  
7 defined contribution plan with regard to that service or  
8 not elect to participate in the defined contribution plan  
9 with regard to that service. The election to participate  
10 in the defined contribution plan must be made no later  
11 than 3 months after becoming an employee.

12 (5) Upon request for further information describing  
13 the option, the System shall provide employees with  
14 information from the System before exercising the option  
15 to join the plan, including information on the impact to  
16 their benefits and service. The individual consultation  
17 shall include projections of the member's defined benefits  
18 at retirement or earlier termination of service and the  
19 value of the member's account at retirement or earlier  
20 termination of service. The System shall not provide  
21 advice or counseling with respect to whether the employee  
22 should exercise the option. The System shall inform Tier 1  
23 and Tier 2 members who are eligible to participate in the  
24 defined contribution plan that they may also wish to  
25 obtain information and counsel relating to their option  
26 from any other available source, including, but not

1 limited to, labor organizations, private counsel, and  
2 financial advisors.

3 (c) A Tier 1 or Tier 2 member who elects to participate in  
4 the defined contribution plan may elect to terminate all  
5 participation in the defined benefit plan. Upon that election,  
6 the System shall transfer to the member's individual account  
7 an amount equal to the amount of contribution refund that the  
8 member would be eligible to receive if the member terminated  
9 employment on that date and elected a refund of contributions,  
10 including regular interest for the respective years. The  
11 System shall make the transfer as a tax-free transfer in  
12 accordance with Internal Revenue Service guidelines, for  
13 purposes of funding the amount credited to the member's  
14 individual account.

15 (d) In no event shall the System, its staff, its  
16 authorized representatives, or the Board be liable for any  
17 information given to an employee under this Section. The  
18 System may coordinate with the Department of Central  
19 Management Services in accordance with this amendatory Act of  
20 the 104th General Assembly to provide information concerning  
21 the impact of the defined contribution plan set forth in this  
22 Section.

23 (e) Notwithstanding any other provision of this Section,  
24 no person shall begin participating in the defined  
25 contribution plan until it has attained qualified plan status  
26 and received all necessary approvals from the U.S. Internal

1 Revenue Service.

2 (f) The System shall report on its progress under this  
3 Section, including the available details of the defined  
4 contribution plan and the System's plans for informing  
5 eligible Tier 1 and Tier 2 members about the plan, to the  
6 Governor and the General Assembly on or before January 15,  
7 2028.

8 (g) The Illinois State Board of Investment shall be the  
9 plan sponsor for the defined contribution plan established  
10 under this Section.

11 (h) The intent of this amendatory Act of the 104th General  
12 Assembly is to ensure that the State's normal cost of  
13 participation in the defined contribution plan is similar, and  
14 if possible equal, to the State's normal cost of participation  
15 in the defined benefit plan, unless a lower State's normal  
16 cost is necessary to ensure cost neutrality.

17 (40 ILCS 5/16-106.41)

18 Sec. 16-106.41. Tier 1 member. "Tier 1 member": A member  
19 under this Article who first became a member or participant  
20 before January 1, 2011 under any reciprocal retirement system  
21 or pension fund established under this Code other than a  
22 retirement system or pension fund established under Article 2,  
23 3, 4, 5, 6, or 18 of this Code.

24 In the case of a Tier 1 member who elects to participate in  
25 the defined contribution plan under Section 16-205.5 of this

1 Code, that Tier 1 member shall be deemed a Tier 1 member only  
2 with respect to service performed or established before the  
3 effective date of that election; except that the Tier 1 member  
4 may be deemed a Tier 1 member with respect to service performed  
5 or established on or after returning to service if the Tier 1  
6 member does not elect to participate in the defined  
7 contribution plan under Section 16-205.5 of this Code.

8 (Source: P.A. 100-587, eff. 6-4-18.)

9 (40 ILCS 5/16-106.42 new)

10 Sec. 16-106.42. Tier 2 member. "Tier 2 member": A member  
11 of the System who first becomes a member under this Article on  
12 or after January 1, 2011 and who is not a Tier 1 member.

13 In the case of a Tier 2 member who elects to participate in  
14 the defined contribution plan under Section 16-205.5 of this  
15 Code, the Tier 2 member shall be deemed a Tier 2 member only  
16 with respect to service performed or established before the  
17 effective date of that election; except that the Tier 2 member  
18 may be deemed a Tier 2 member with respect to service performed  
19 or established on or after returning to service if the Tier 2  
20 member does not elect to participate in the defined  
21 contribution plan under Section 16-205.5 of this Code.

22 (40 ILCS 5/16-106.43 new)

23 Sec. 16-106.43. Defined contribution plan member. "Defined  
24 contribution plan member": A Tier 1 or Tier 2 member who elects

1 to participate in the defined contribution plan under Section  
2 16-205.5 of this Code, but only with respect to service  
3 performed while that election applies.

4 (40 ILCS 5/16-123) (from Ch. 108 1/2, par. 16-123)

5 Sec. 16-123. Membership of System.

6 (a) The membership of this System shall be composed of all  
7 teachers employed after June 30, 1939 who become members as a  
8 condition of employment on the date they become teachers.  
9 Membership shall continue until the date a member becomes an  
10 annuitant, dies, accepts a single-sum retirement benefit,  
11 accepts a refund, or forfeits the rights to a refund.

12 (b) This Article does not apply to any person first  
13 employed after June 30, 1979 as a public service employment  
14 program participant under the Federal Comprehensive Employment  
15 and Training Act and whose wages or fringe benefits are paid in  
16 whole or in part by funds provided under such Act.

17 (c) Notwithstanding any other provision of this Article, a  
18 person who first becomes a teacher after the effective date of  
19 this amendatory Act of the 104th General Assembly is not  
20 required, as a condition of employment or otherwise, to  
21 participate in this System. A teacher may elect not to  
22 participate in this System by notifying the System in a manner  
23 specified by the System.

24 (Source: P.A. 87-11.)

1 (40 ILCS 5/16-203)

2 Sec. 16-203. Application and expiration of new benefit  
3 increases.

4 (a) As used in this Section, "new benefit increase" means  
5 an increase in the amount of any benefit provided under this  
6 Article, or an expansion of the conditions of eligibility for  
7 any benefit under this Article, that results from an amendment  
8 to this Code that takes effect after June 1, 2005 (the  
9 effective date of Public Act 94-4). "New benefit increase",  
10 however, does not include any benefit increase resulting from  
11 the changes made to Article 1 or this Article by Public Act  
12 95-910, Public Act 100-23, Public Act 100-587, Public Act  
13 100-743, Public Act 100-769, Public Act 101-10, Public Act  
14 101-49, Public Act 102-16, ~~or~~ Public Act 102-871, or this  
15 amendatory Act of the 104th General Assembly.

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

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

25 Every new benefit increase is contingent upon the General  
26 Assembly providing the additional funding required under this

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

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

21 (e) Except as otherwise provided in the language creating  
22 the new benefit increase, a new benefit increase that expires  
23 under this Section continues to apply to persons who applied  
24 and qualified for the affected benefit while the new benefit  
25 increase was in effect and to the affected beneficiaries and  
26 alternate payees of such persons, but does not apply to any

1 other person, including, without limitation, a person who  
2 continues in service after the expiration date and did not  
3 apply and qualify for the affected benefit while the new  
4 benefit increase was in effect.

5 (Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;  
6 102-813, eff. 5-13-22; 102-871, eff. 5-13-22; 103-154, eff.  
7 6-30-23.)

8 (40 ILCS 5/16-205.5 new)

9 Sec. 16-205.5. Defined contribution plan.

10 (a) As used in this Section, "defined benefit plan" means  
11 the retirement plan available under this Article to Tier 1 or  
12 Tier 2 members who have not made the election authorized under  
13 this Section.

14 (b) By July 1, 2028, the System shall prepare and  
15 implement a defined contribution plan. The defined  
16 contribution plan developed under this Section shall be a plan  
17 that aggregates State and employee contributions in individual  
18 participant accounts that, after meeting any other  
19 requirements, are used for payouts after retirement in  
20 accordance with this Section and any other applicable laws.

21 (1) Participation in the defined contribution plan for  
22 persons who elect to participate shall begin on July 1,  
23 2028.

24 (2) A participant in the defined contribution plan  
25 shall pay employee contributions at a rate determined by

1       the participant, but not less than 3% of compensation and  
2       not more than a percentage of compensation determined by  
3       the board in accordance with the requirements of State and  
4       federal law.

5       (3) State contributions shall be paid into the  
6       accounts of all participants in the defined contribution  
7       plan at a uniform rate, expressed as a percentage of  
8       compensation and determined for each year. This rate shall  
9       be no higher than 7.6% of compensation and shall be no  
10      lower than 3% of compensation. The State shall adjust this  
11      rate annually.

12      (4) The defined contribution plan shall require 5  
13      years of participation in the defined contribution plan  
14      before vesting in State contributions. If the participant  
15      fails to vest in them, the State contributions, and the  
16      earnings thereon, shall be forfeited.

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

24      (6) The defined contribution plan shall provide a  
25      variety of options for investments. These options shall  
26      include investments handled by the Illinois State Board of

1 Investment as well as private sector investment options.

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

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

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

17 (b) Under the defined contribution plan, an active Tier 1  
18 or Tier 2 member of this System may elect, in writing, to cease  
19 accruing benefits in the defined benefit plan and begin  
20 accruing benefits for future service in the defined  
21 contribution plan. The election to participate in the defined  
22 contribution plan with regard to future service is voluntary  
23 and must be made on or before December 31, 2027.

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

1           (2) On or before December 31, 2026, the System shall  
2           notify all active Tier 1 and Tier 2 members who are  
3           eligible to participate in the defined contribution plan.  
4           The System shall mail information describing the option to  
5           join the defined contribution plan to each of these  
6           employees to his or her last known address on file with the  
7           System. If the employee is not responsive to other means  
8           of contact, it is sufficient for the System to publish the  
9           details of the option on its website.

10           (3) If a person becomes an active participant of this  
11           System on or after January 1, 2027, the System shall  
12           notify the participant within one month after he or she  
13           became an active participant that he or she is eligible to  
14           participate in the defined contribution plan. The notice  
15           shall be provided in the manner specified in paragraph (2)  
16           of this subsection.

17           (4) If a person who made the election to participate  
18           in the defined contribution plan terminates service under  
19           this Article and thereafter returns to service under this  
20           Article, he or she may either elect to participate in the  
21           defined contribution plan with regard to that service or  
22           not elect to participate in the defined contribution plan  
23           with regard to that service. The election to participate  
24           in the defined contribution plan must be made no later  
25           than 3 months after becoming an employee.

26           (5) Upon request for further information describing

1 the option, the System shall provide employees with  
2 information from the System before exercising the option  
3 to join the plan, including information on the impact to  
4 their benefits and service. The individual consultation  
5 shall include projections of the member's defined benefits  
6 at retirement or earlier termination of service and the  
7 value of the member's account at retirement or earlier  
8 termination of service. The System shall not provide  
9 advice or counseling with respect to whether the employee  
10 should exercise the option. The System shall inform Tier 1  
11 and Tier 2 members who are eligible to participate in the  
12 defined contribution plan that they may also wish to  
13 obtain information and counsel relating to their option  
14 from any other available source, including, but not  
15 limited to, labor organizations, private counsel, and  
16 financial advisors.

17 (c) A Tier 1 or Tier 2 member who elects to participate in  
18 the defined contribution plan may elect to terminate all  
19 participation in the defined benefit plan. Upon that election,  
20 the System shall transfer to the member's individual account  
21 an amount equal to the amount of contribution refund that the  
22 member would be eligible to receive if the member terminated  
23 employment on that date and elected a refund of contributions,  
24 including regular interest for the respective years. The  
25 System shall make the transfer as a tax-free transfer in  
26 accordance with Internal Revenue Service guidelines, for

1 purposes of funding the amount credited to the member's  
2 individual account.

3 (d) In no event shall the System, its staff, its  
4 authorized representatives, or the Board be liable for any  
5 information given to an employee under this Section. The  
6 System may coordinate with the Department of Central  
7 Management Services in accordance with this amendatory Act of  
8 the 104th General Assembly to provide information concerning  
9 the impact of the defined contribution plan set forth in this  
10 Section.

11 (e) Notwithstanding any other provision of this Section,  
12 no person shall begin participating in the defined  
13 contribution plan until it has attained qualified plan status  
14 and received all necessary approvals from the U.S. Internal  
15 Revenue Service.

16 (f) The System shall report on its progress under this  
17 Section, including the available details of the defined  
18 contribution plan and the System's plans for informing  
19 eligible Tier 1 and Tier 2 members about the plan, to the  
20 Governor and the General Assembly on or before January 15,  
21 2028.

22 (g) The Illinois State Board of Investment shall be the  
23 plan sponsor for the defined contribution plan established  
24 under this Section.

25 (h) The intent of this amendatory Act of the 104th General  
26 Assembly is to ensure that the State's normal cost of

1 participation in the defined contribution plan is similar, and  
2 if possible equal, to the State's normal cost of participation  
3 in the defined benefit plan, unless a lower State's normal  
4 cost is necessary to ensure cost neutrality.

5 (40 ILCS 5/18-110.1 new)

6 Sec. 18-110.1. Tier 1 participant. "Tier 1 participant":  
7 A participant who first became a participant of this System  
8 before January 1, 2011.

9 In the case of a Tier 1 participant who elects to  
10 participate in the defined contribution plan under Section  
11 18-121.5 of this Code, that Tier 1 participant shall be deemed  
12 a Tier 1 participant only with respect to service performed or  
13 established before the effective date of that election; except  
14 that the Tier 1 participant may be deemed a Tier 1 participant  
15 with respect to service performed or established on or after  
16 returning to service if the Tier 1 participant does not elect  
17 to participate in the defined contribution plan under Section  
18 18-121.5 of this Code.

19 (40 ILCS 5/18-110.2 new)

20 Sec. 18-110.2. Tier 2 participant. "Tier 2 participant":  
21 A participant who first becomes a participant of this System  
22 on or after January 1, 2011.

23 In the case of a Tier 2 participant who elects to  
24 participate in the defined contribution plan under Section

1 18-121.5 of this Code, that Tier 2 participant shall be deemed  
2 a Tier 2 participant only with respect to service performed or  
3 established before the effective date of that election; except  
4 that the Tier 2 participant may be deemed a Tier 2 participant  
5 with respect to service performed or established on or after  
6 returning to service if the Tier 2 participant does not elect  
7 to participate in the defined contribution plan under Section  
8 18-121.5 of this Code.

9 (40 ILCS 5/18-110.3 new)

10 Sec. 18-110.3. Defined contribution plan participant.  
11 "Defined contribution plan participant": A Tier 1 or Tier 2  
12 participant who elects to participate in the defined  
13 contribution plan under Section 18-121.5 of this Code, but  
14 only with respect to service performed while that election  
15 applies.

16 (40 ILCS 5/18-121.5 new)

17 Sec. 18-121.5. Defined contribution plan.  
18 (a) As used in this Section, "defined benefit plan" means  
19 the retirement plan available under this Article to Tier 1 or  
20 Tier 2 participants who have not made the election authorized  
21 under this Section.

22 (b) By July 1, 2028, the System shall prepare and  
23 implement a defined contribution plan. The defined  
24 contribution plan developed under this Section shall be a plan

1 that aggregates State and employee contributions in individual  
2 participant accounts that, after meeting any other  
3 requirements, are used for payouts after retirement in  
4 accordance with this Section and any other applicable laws.

5 (1) Participation in the defined contribution plan for  
6 persons who elect to participate shall begin on July 1,  
7 2028.

8 (2) A participant in the defined contribution plan  
9 shall pay employee contributions at a rate determined by  
10 the participant, but not less than 3% of compensation and  
11 not more than a percentage of compensation determined by  
12 the board in accordance with the requirements of State and  
13 federal law.

14 (3) State contributions shall be paid into the  
15 accounts of all participants in the defined contribution  
16 plan at a uniform rate, expressed as a percentage of  
17 compensation and determined for each year. This rate shall  
18 be no higher than 7.6% of compensation and shall be no  
19 lower than 3% of compensation. The State shall adjust this  
20 rate annually.

21 (4) The defined contribution plan shall require 5  
22 years of participation in the defined contribution plan  
23 before vesting in State contributions. If the participant  
24 fails to vest in them, the State contributions, and the  
25 earnings thereon, shall be forfeited.

26 (5) The defined contribution plan may provide for

1 participants in the plan to be eligible for the defined  
2 disability benefits available to other participants under  
3 this Article. If it does, the System shall reduce the  
4 employee contributions credited to the participant's  
5 defined contribution plan account by an amount determined  
6 by the System to cover the cost of offering such benefits.

7 (6) The defined contribution plan shall provide a  
8 variety of options for investments. These options shall  
9 include investments handled by the Illinois State Board of  
10 Investment as well as private sector investment options.

11 (7) The defined contribution plan shall provide a  
12 variety of options for payouts to participants in the  
13 defined contribution plan who are no longer active in the  
14 System and their survivors.

15 (8) To the extent authorized under federal law and as  
16 authorized by the System, the plan shall allow former  
17 participants in the plan to transfer or roll over employee  
18 and vested State contributions, and the earnings thereon,  
19 from the defined contribution plan into other qualified  
20 retirement plans.

21 (9) The System shall reduce the employee contributions  
22 credited to the participant's defined contribution plan  
23 account by an amount determined by the System to cover the  
24 cost of offering these benefits and any applicable  
25 administrative fees.

26 (b) Under the defined contribution plan, an active Tier 1

1 or Tier 2 participant of this System may elect, in writing, to  
2 cease accruing benefits in the defined benefit plan and begin  
3 accruing benefits for future service in the defined  
4 contribution plan. The election to participate in the defined  
5 contribution plan with regard to future service is voluntary  
6 and must be made on or before December 31, 2027.

7 (1) Service credit under the defined contribution plan  
8 may be used for determining retirement eligibility under  
9 the defined benefit plan.

10 (2) On or before December 31, 2026, the System shall  
11 notify all active Tier 1 and Tier 2 participants who are  
12 eligible to participate in the defined contribution plan.  
13 The System shall mail information describing the option to  
14 join the defined contribution plan to each of these  
15 employees to his or her last known address on file with the  
16 System. If the employee is not responsive to other means  
17 of contact, it is sufficient for the System to publish the  
18 details of the option on its website.

19 (3) If a person becomes an active participant of this  
20 System on or after January 1, 2027, the System shall  
21 notify the participant within one month after he or she  
22 became an active participant that he or she is eligible to  
23 participate in the defined contribution plan. The notice  
24 shall be provided in the manner specified in paragraph (2)  
25 of this subsection.

26 (4) If a person who made the election to participate

1 in the defined contribution plan terminates service under  
2 this Article and thereafter returns to service under this  
3 Article, he or she may either elect to participate in the  
4 defined contribution plan with regard to that service or  
5 not elect to participate in the defined contribution plan  
6 with regard to that service. The election to participate  
7 in the defined contribution plan must be made no later  
8 than 3 months after becoming an employee.

9 (5) Upon request for further information describing  
10 the option, the System shall provide employees with  
11 information from the System before exercising the option  
12 to join the plan, including information on the impact to  
13 their benefits and service. The individual consultation  
14 shall include projections of the participant's defined  
15 benefits at retirement or earlier termination of service  
16 and the value of the participant's account at retirement  
17 or earlier termination of service. The System shall not  
18 provide advice or counseling with respect to whether the  
19 employee should exercise the option. The System shall  
20 inform Tier 1 and Tier 2 participants who are eligible to  
21 participate in the defined contribution plan that they may  
22 also wish to obtain information and counsel relating to  
23 their option from any other available source, including,  
24 but not limited to, labor organizations, private counsel,  
25 and financial advisors.

26 (c) A Tier 1 or Tier 2 participant who elects to

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

12 (d) In no event shall the System, its staff, its  
13 authorized representatives, or the Board be liable for any  
14 information given to an employee under this Section. The  
15 System may coordinate with the Department of Central  
16 Management Services in accordance with this amendatory Act of  
17 the 104th General Assembly to provide information concerning  
18 the impact of the defined contribution plan set forth in this  
19 Section.

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

25 (f) The System shall report on its progress under this  
26 Section, including the available details of the defined

1 contribution plan and the System's plans for informing  
2 eligible Tier 1 and Tier 2 participants about the plan, to the  
3 Governor and the General Assembly on or before January 15,  
4 2028.

5 (g) The Illinois State Board of Investment shall be the  
6 plan sponsor for the defined contribution plan established  
7 under this Section.

8 (h) The intent of this amendatory Act of the 104th General  
9 Assembly is to ensure that the State's normal cost of  
10 participation in the defined contribution plan is similar, and  
11 if possible equal, to the State's normal cost of participation  
12 in the defined benefit plan, unless a lower State's normal  
13 cost is necessary to ensure cost neutrality.

14 (40 ILCS 5/18-124) (from Ch. 108 1/2, par. 18-124)  
15 Sec. 18-124. Retirement annuities - conditions for  
16 eligibility.

17 (a) This subsection (a) applies to a Tier 1 participant  
18 ~~who first serves as a judge before the effective date of this~~  
19 ~~amendatory Act of the 96th General Assembly.~~

20 A participant whose employment as a judge is terminated,  
21 regardless of age or cause is entitled to a retirement annuity  
22 beginning on the date specified in a written application  
23 subject to the following:

24 (1) the date the annuity begins is subsequent to the  
25 date of final termination of employment, or the date 30

1 days prior to the receipt of the application by the board  
2 for annuities based on disability, or one year before the  
3 receipt of the application by the board for annuities  
4 based on attained age;

5 (2) the participant is at least age 55, or has become  
6 permanently disabled and as a consequence is unable to  
7 perform the duties of his or her office;

8 (3) the participant has at least 10 years of service  
9 credit except that a participant terminating service after  
10 June 30 1975, with at least 6 years of service credit,  
11 shall be entitled to a retirement annuity at age 62 or  
12 over;

13 (4) the participant is not receiving or entitled to  
14 receive, at the date of retirement, any salary from an  
15 employer for service currently performed.

16 (b) This subsection (b) applies to a Tier 2 participant  
17 ~~who first serves as a judge on or after the effective date of~~  
18 ~~this amendatory Act of the 96th General Assembly.~~

19 A participant who has at least 8 years of creditable  
20 service is entitled to a retirement annuity when he or she has  
21 attained age 67.

22 A member who has attained age 62 and has at least 8 years  
23 of service credit may elect to receive the lower retirement  
24 annuity provided in subsection (d) of Section 18-125 of this  
25 Code.

26 (Source: P.A. 96-889, eff. 1-1-11.)

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

2 Sec. 18-125. Retirement annuity amount.

3 (a) The annual retirement annuity for a participant who  
4 terminated service as a judge prior to July 1, 1971 shall be  
5 based on the law in effect at the time of termination of  
6 service.

7 (b) Except as provided in subsection (b-5), effective July  
8 1, 1971, the retirement annuity for any participant in service  
9 on or after such date shall be 3 1/2% of final average salary,  
10 as defined in this Section, for each of the first 10 years of  
11 service, and 5% of such final average salary for each year of  
12 service in excess of 10.

13 For purposes of this Section, final average salary for a  
14 Tier 1 participant who first serves as a judge before August  
15 10, 2009 (the effective date of Public Act 96-207) shall be:

16 (1) the average salary for the last 4 years of  
17 credited service as a judge for a participant who  
18 terminates service before July 1, 1975.

19 (2) for a participant who terminates service after  
20 June 30, 1975 and before July 1, 1982, the salary on the  
21 last day of employment as a judge.

22 (3) for any participant who terminates service after  
23 June 30, 1982 and before January 1, 1990, the average  
24 salary for the final year of service as a judge.

25 (4) for a participant who terminates service on or

1 after January 1, 1990 but before July 14, 1995 (the  
2 effective date of Public Act 89-136), the salary on the  
3 last day of employment as a judge.

4 (5) for a participant who terminates service on or  
5 after July 14, 1995 (the effective date of Public Act  
6 89-136), the salary on the last day of employment as a  
7 judge, or the highest salary received by the participant  
8 for employment as a judge in a position held by the  
9 participant for at least 4 consecutive years, whichever is  
10 greater.

11 However, in the case of a participant who elects to  
12 discontinue contributions as provided in subdivision (a)(2) of  
13 Section 18-133, the time of such election shall be considered  
14 the last day of employment in the determination of final  
15 average salary under this subsection.

16 For a Tier 1 participant who first serves as a judge on or  
17 after August 10, 2009 (the effective date of Public Act  
18 96-207) ~~and before January 1, 2011 (the effective date of~~  
19 ~~Public Act 96-889)~~, final average salary shall be the average  
20 monthly salary obtained by dividing the total salary of the  
21 participant during the period of: (1) the 48 consecutive  
22 months of service within the last 120 months of service in  
23 which the total compensation was the highest, or (2) the total  
24 period of service, if less than 48 months, by the number of  
25 months of service in that period.

26 The maximum retirement annuity for any participant shall

1 be 85% of final average salary.

2 (b-5) Notwithstanding any other provision of this Article,  
3 for a Tier 2 participant ~~who first serves as a judge on or~~  
4 ~~after January 1, 2011 (the effective date of Public Act~~  
5 ~~96-889)~~, the annual retirement annuity is 3% of the  
6 participant's final average salary for each year of service.  
7 The maximum retirement annuity payable shall be 60% of the  
8 participant's final average salary.

9 For a Tier 2 participant ~~who first serves as a judge on or~~  
10 ~~after January 1, 2011 (the effective date of Public Act~~  
11 ~~96-889)~~, final average salary shall be the average monthly  
12 salary obtained by dividing the total salary of the judge  
13 during the 96 consecutive months of service within the last  
14 120 months of service in which the total salary was the highest  
15 by the number of months of service in that period; however,  
16 beginning January 1, 2011, the annual salary may not exceed  
17 \$106,800, except that that amount shall annually thereafter be  
18 increased by the lesser of (i) 3% of that amount, including all  
19 previous adjustments, or (ii) the annual unadjusted percentage  
20 increase (but not less than zero) in the consumer price  
21 index-u for the 12 months ending with the September preceding  
22 each November 1. "Consumer price index-u" means the index  
23 published by the Bureau of Labor Statistics of the United  
24 States Department of Labor that measures the average change in  
25 prices of goods and services purchased by all urban consumers,  
26 United States city average, all items, 1982-84 = 100. The new

1 amount resulting from each annual adjustment shall be  
2 determined by the Public Pension Division of the Department of  
3 Insurance and made available to the Board by November 1st of  
4 each year.

5 (c) The retirement annuity for a participant who retires  
6 prior to age 60 with less than 28 years of service in the  
7 System shall be reduced  $1/2$  of 1% for each month that the  
8 participant's age is under 60 years at the time the annuity  
9 commences. However, for a participant who retires on or after  
10 December 10, 1999 (the effective date of Public Act 91-653),  
11 the percentage reduction in retirement annuity imposed under  
12 this subsection shall be reduced by  $5/12$  of 1% for every month  
13 of service in this System in excess of 20 years, and therefore  
14 a participant with at least 26 years of service in this System  
15 may retire at age 55 without any reduction in annuity.

16 The reduction in retirement annuity imposed by this  
17 subsection shall not apply in the case of retirement on  
18 account of disability.

19 (d) Notwithstanding any other provision of this Article,  
20 for a Tier 2 participant ~~who first serves as a judge on or~~  
21 ~~after January 1, 2011 (the effective date of Public Act~~  
22 ~~96-889) and~~ who is retiring after attaining age 62, the  
23 retirement annuity shall be reduced by  $1/2$  of 1% for each month  
24 that the participant's age is under age 67 at the time the  
25 annuity commences.

26 (Source: P.A. 100-201, eff. 8-18-17.)

1 (40 ILCS 5/18-125.1) (from Ch. 108 1/2, par. 18-125.1)

2 Sec. 18-125.1. Automatic increase in retirement annuity. A  
3 participant who retires from service after June 30, 1969,  
4 shall, in January of the year next following the year in which  
5 the first anniversary of retirement occurs, and in January of  
6 each year thereafter, have the amount of his or her originally  
7 granted retirement annuity increased as follows: for each year  
8 up to and including 1971, 1 1/2%; for each year from 1972  
9 through 1979 inclusive, 2%; and for 1980 and each year  
10 thereafter, 3%.

11 Notwithstanding any other provision of this Article, a  
12 retirement annuity for a Tier 2 participant ~~who first serves~~  
13 ~~as a judge on or after January 1, 2011 (the effective date of~~  
14 ~~Public Act 96-889)~~ shall be increased in January of the year  
15 next following the year in which the first anniversary of  
16 retirement occurs, but in no event prior to age 67, and in  
17 January of each year thereafter, by an amount equal to 3% or  
18 the annual percentage increase in the consumer price index-u  
19 as determined by the Public Pension Division of the Department  
20 of Insurance under subsection (b-5) of Section 18-125,  
21 whichever is less, of the retirement annuity then being paid.

22 This Section is not applicable to a participant who  
23 retires before he or she has made contributions at the rate  
24 prescribed in Section 18-133 for automatic increases for not  
25 less than the equivalent of one full year, unless such a

1 participant arranges to pay the system the amount required to  
2 bring the total contributions for the automatic increase to  
3 the equivalent of one year's contribution based upon his or  
4 her last year's salary.

5 This Section is applicable to all participants (other than  
6 defined contribution participants who do not have any service  
7 credit as a Tier 1 or Tier 2 participant) in service after June  
8 30, 1969 unless a participant has elected, prior to September  
9 1, 1969, in a written direction filed with the board not to be  
10 subject to the provisions of this Section. Any participant in  
11 service on or after July 1, 1992 shall have the option of  
12 electing prior to April 1, 1993, in a written direction filed  
13 with the board, to be covered by the provisions of the 1969  
14 amendatory Act. Such participant shall be required to make the  
15 aforesaid additional contributions with compound interest at  
16 4% per annum.

17 Any participant who has become eligible to receive the  
18 maximum rate of annuity and who resumes service as a judge  
19 after receiving a retirement annuity under this Article shall  
20 have the amount of his or her retirement annuity increased by  
21 3% of the originally granted annuity amount for each year of  
22 such resumed service, beginning in January of the year next  
23 following the date of such resumed service, upon subsequent  
24 termination of such resumed service.

25 Beginning January 1, 1990, all automatic annual increases  
26 payable under this Section shall be calculated as a percentage

1 of the total annuity payable at the time of the increase,  
2 including previous increases granted under this Article.

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

4 (40 ILCS 5/18-127) (from Ch. 108 1/2, par. 18-127)

5 Sec. 18-127. Retirement annuity; suspension ~~annuity~~  
6 ~~suspension~~ on reemployment.

7 (a) A participant receiving a retirement annuity who is  
8 regularly employed for compensation by an employer other than  
9 a county, in any capacity, shall have his or her retirement  
10 annuity payments suspended during such employment. Upon  
11 termination of such employment, retirement annuity payments at  
12 the previous rate shall be resumed.

13 If such a participant resumes service as a judge, he or she  
14 shall receive credit for any additional service. Upon  
15 subsequent retirement, his or her retirement annuity shall be  
16 the amount previously granted, plus the amount earned by the  
17 additional judicial service under the provisions in effect  
18 during the period of such additional service. However, if the  
19 participant was receiving the maximum rate of annuity at the  
20 time of re-employment, he or she may elect, in a written  
21 direction filed with the board, not to receive any additional  
22 service credit during the period of re-employment. In such  
23 case, contributions shall not be required during the period of  
24 re-employment. Any such election shall be irrevocable.

25 (b) Beginning January 1, 1991, any participant receiving a

1 retirement annuity who accepts temporary employment from an  
2 employer other than a county for a period not exceeding 75  
3 working days in any calendar year shall not be deemed to be  
4 regularly employed for compensation or to have resumed service  
5 as a judge for the purposes of this Article. A day shall be  
6 considered a working day if the annuitant performs on it any of  
7 his duties under the temporary employment agreement.

8 (c) Except as provided in subsection (a), beginning  
9 January 1, 1993, retirement annuities shall not be subject to  
10 suspension upon resumption of employment for an employer, and  
11 any retirement annuity that is then so suspended shall be  
12 reinstated on that date.

13 (d) The changes made in this Section by this amendatory  
14 Act of 1993 shall apply to judges no longer in service on its  
15 effective date, as well as to judges serving on or after that  
16 date.

17 (e) A participant receiving a retirement annuity under  
18 this Article who serves as a part-time employee in any of the  
19 following positions: Legislative Inspector General, Special  
20 Legislative Inspector General, employee of the Office of the  
21 Legislative Inspector General, Executive Director of the  
22 Legislative Ethics Commission, staff of the Legislative Ethics  
23 Commission, or as a full-time member of the Prisoner Review  
24 Board, but has not elected to participate in the Article 14  
25 System with respect to that service, shall not be deemed to be  
26 regularly employed for compensation by an employer other than

1 a county, nor to have resumed service as a judge, on the basis  
2 of that service, and the retirement annuity payments and other  
3 benefits of that person under this Code shall not be  
4 suspended, diminished, or otherwise impaired solely as a  
5 consequence of that service. This subsection (e) applies  
6 without regard to whether the person is in service as a judge  
7 under this Article on or after the effective date of this  
8 amendatory Act of the 93rd General Assembly. In this  
9 subsection, a "part-time employee" is a person who is not  
10 required to work at least 35 hours per week.

11 (f) A participant receiving a retirement annuity under  
12 this Article who has made an election under Section 1-123 and  
13 who is serving either as legal counsel in the Office of the  
14 Governor or as Chief Deputy Attorney General shall not be  
15 deemed to be regularly employed for compensation by an  
16 employer other than a county, nor to have resumed service as a  
17 judge, on the basis of that service, and the retirement  
18 annuity payments and other benefits of that person under this  
19 Code shall not be suspended, diminished, or otherwise impaired  
20 solely as a consequence of that service. This subsection (f)  
21 applies without regard to whether the person is in service as a  
22 judge under this Article on or after the effective date of this  
23 amendatory Act of the 93rd General Assembly.

24 (g) Notwithstanding any other provision of this Article,  
25 if a Tier 2 participant ~~person who first becomes a participant~~  
26 ~~under this System on or after January 1, 2011 (the effective~~

1 ~~date of this amendatory Act of the 96th General Assembly)~~ is  
2 receiving a retirement annuity under this Article and becomes  
3 a member or participant under this Article or any other  
4 Article of this Code and is employed on a full-time basis, then  
5 the person's retirement annuity under this System shall be  
6 suspended during that employment. Upon termination of that  
7 employment, the person's retirement annuity shall resume and,  
8 if appropriate, be recalculated under the applicable  
9 provisions of this Article.

10 (Source: P.A. 104-11, eff. 6-20-25.)

11 (40 ILCS 5/18-128.01) (from Ch. 108 1/2, par. 18-128.01)

12 Sec. 18-128.01. Amount of survivor's annuity.

13 (a) Upon the death of an annuitant, his or her surviving  
14 spouse shall be entitled to a survivor's annuity of 66 2/3% of  
15 the annuity the annuitant was receiving immediately prior to  
16 his or her death, inclusive of annual increases in the  
17 retirement annuity to the date of death.

18 (b) Upon the death of an active participant, his or her  
19 surviving spouse shall receive a survivor's annuity of 66 2/3%  
20 of the annuity earned by the participant as of the date of his  
21 or her death, determined without regard to whether the  
22 participant had attained age 60 as of that time, or 7 1/2% of  
23 the last salary of the decedent, whichever is greater.

24 (c) Upon the death of a participant who had terminated  
25 service with at least 10 years of service, his or her surviving

1 spouse shall be entitled to a survivor's annuity of 66 2/3% of  
2 the annuity earned by the deceased participant at the date of  
3 death.

4 (d) Upon the death of an annuitant, active participant, or  
5 participant who had terminated service with at least 10 years  
6 of service, each surviving child under the age of 18 or  
7 disabled as defined in Section 18-128 shall be entitled to a  
8 child's annuity in an amount equal to 5% of the decedent's  
9 final salary, not to exceed in total for all such children the  
10 greater of 20% of the decedent's last salary or 66 2/3% of the  
11 annuity received or earned by the decedent as provided under  
12 subsections (a) and (b) of this Section. This child's annuity  
13 shall be paid whether or not a survivor's annuity was elected  
14 under Section 18-123.

15 (e) The changes made in the survivor's annuity provisions  
16 by Public Act 82-306 shall apply to the survivors of a deceased  
17 participant or annuitant whose death occurs on or after August  
18 21, 1981.

19 (f) Beginning January 1, 1990, every survivor's annuity  
20 shall be increased (1) on each January 1 occurring on or after  
21 the commencement of the annuity if the deceased member died  
22 while receiving a retirement annuity, or (2) in other cases,  
23 on each January 1 occurring on or after the first anniversary  
24 of the commencement of the annuity, by an amount equal to 3% of  
25 the current amount of the annuity, including any previous  
26 increases under this Article. Such increases shall apply

1 without regard to whether the deceased member was in service  
2 on or after the effective date of this amendatory Act of 1991,  
3 but shall not accrue for any period prior to January 1, 1990.

4 (g) Notwithstanding any other provision of this Article,  
5 the initial survivor's annuity for a survivor of a Tier 2  
6 participant ~~who first serves as a judge after January 1, 2011~~  
7 ~~(the effective date of Public Act 96-889)~~ shall be in the  
8 amount of 66 2/3% of the annuity received or earned by the  
9 decedent, and shall be increased (1) on each January 1  
10 occurring on or after the commencement of the annuity if the  
11 deceased participant died while receiving a retirement  
12 annuity, or (2) in other cases, on each January 1 occurring on  
13 or after the first anniversary of the commencement of the  
14 annuity, but in no event prior to age 67, by an amount equal to  
15 3% or the annual unadjusted percentage increase in the  
16 consumer price index-u as determined by the Public Pension  
17 Division of the Department of Insurance under subsection (b-5)  
18 of Section 18-125, whichever is less, of the survivor's  
19 annuity then being paid.

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

21 (40 ILCS 5/18-133) (from Ch. 108 1/2, par. 18-133)

22 Sec. 18-133. Financing; employee contributions.

23 (a) Effective July 1, 1967, each participant is required  
24 to contribute 7 1/2% of each payment of salary toward the  
25 retirement annuity. Such contributions shall continue during

1 the entire time the participant is in service, with the  
2 following exceptions:

3 (1) Contributions for the retirement annuity are not  
4 required on salary received after 18 years of service by  
5 persons who were participants before January 2, 1954.

6 (2) A participant who continues to serve as a judge  
7 after becoming eligible to receive the maximum rate of  
8 annuity may elect, through a written direction filed with  
9 the Board, to discontinue contributing to the System. Any  
10 such option elected by a judge shall be irrevocable unless  
11 prior to January 1, 2000, and while continuing to serve as  
12 judge, the judge (A) files with the Board a letter  
13 cancelling the direction to discontinue contributing to  
14 the System and requesting that such contributing resume,  
15 and (B) pays into the System an amount equal to the total  
16 of the discontinued contributions plus interest thereon at  
17 5% per annum. Service credits earned in any other  
18 "participating system" as defined in Article 20 of this  
19 Code shall be considered for purposes of determining a  
20 judge's eligibility to discontinue contributions under  
21 this subdivision (a)(2).

22 (3) A participant who (i) has attained age 60, (ii)  
23 continues to serve as a judge after becoming eligible to  
24 receive the maximum rate of annuity, and (iii) has not  
25 elected to discontinue contributing to the System under  
26 subdivision (a)(2) of this Section (or has revoked any

1 such election) may elect, through a written direction  
2 filed with the Board, to make contributions to the System  
3 based only on the amount of the increases in salary  
4 received by the judge on or after the date of the election,  
5 rather than the total salary received. If a judge who is  
6 making contributions to the System on the effective date  
7 of this amendatory Act of the 91st General Assembly makes  
8 an election to limit contributions under this subdivision  
9 (a)(3) within 90 days after that effective date, the  
10 election shall be deemed to become effective on that  
11 effective date and the judge shall be entitled to receive  
12 a refund of any excess contributions paid to the System  
13 during that 90-day period; any other election under this  
14 subdivision (a)(3) becomes effective on the first of the  
15 month following the date of the election. An election to  
16 limit contributions under this subdivision (a)(3) is  
17 irrevocable. Service credits earned in any other  
18 participating system as defined in Article 20 of this Code  
19 shall be considered for purposes of determining a judge's  
20 eligibility to make an election under this subdivision  
21 (a)(3).

22 (b) Beginning July 1, 1969, each participant is required  
23 to contribute 1% of each payment of salary towards the  
24 automatic increase in annuity provided in Section 18-125.1.  
25 However, such contributions need not be made by any  
26 participant who has elected prior to September 15, 1969, not

1 to be subject to the automatic increase in annuity provisions.

2 (c) Effective July 13, 1953, each married participant  
3 subject to the survivor's annuity provisions is required to  
4 contribute 2 1/2% of each payment of salary, whether or not he  
5 or she is required to make any other contributions under this  
6 Section. Such contributions shall be made concurrently with  
7 the contributions made for annuity purposes.

8 (d) Notwithstanding any other provision of this Article,  
9 the required contributions for a Tier 2 participant ~~who first~~  
10 ~~becomes a participant on or after January 1, 2011~~ shall not  
11 exceed the contributions that would be due under this Article  
12 if that participant's highest salary for annuity purposes were  
13 \$106,800, plus any increase in that amount under Section  
14 18-125.

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

16 (40 ILCS 5/18-169)

17 Sec. 18-169. 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 the effective date of this  
24 amendatory Act of the 94th General Assembly. "New benefit  
25 increase", however, does not include any benefit increase

1 resulting from the changes made to this Article by this  
2 amendatory Act of the 104th General Assembly.

3 (b) Notwithstanding any other provision of this Code or  
4 any subsequent amendment to this Code, every new benefit  
5 increase is subject to this Section and shall be deemed to be  
6 granted only in conformance with and contingent upon  
7 compliance with 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  
18 the Department of Insurance. A new benefit increase created by  
19 a Public Act that does not include the additional funding  
20 required under this subsection is null and void. If the Public  
21 Pension Division determines that the additional funding  
22 provided for a new benefit increase under this subsection is  
23 or has become inadequate, it may so certify to the Governor and  
24 the State Comptroller and, in the absence of corrective action  
25 by the General Assembly, the new benefit increase shall expire  
26 at the end of the fiscal year in which the certification is

1 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. 103-426, eff. 8-4-23.)

19 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

22 Sec. 20-121. Calculation of proportional retirement  
23 annuities.

24 (a) Upon retirement of the employee, a proportional  
25 retirement annuity shall be computed by each participating

1 system in which pension credit has been established on the  
2 basis of pension credits under each system. The computation  
3 shall be in accordance with the formula or method prescribed  
4 by each participating system which is in effect at the date of  
5 the employee's latest withdrawal from service covered by any  
6 of the systems in which he has pension credits which he elects  
7 to have considered under this Article. However, the amount of  
8 any retirement annuity payable under the self-managed plan  
9 established under Section 15-158.2 of this Code depends solely  
10 on the value of the participant's vested account balances and  
11 is not subject to any proportional adjustment under this  
12 Section.

13 (a-5) For persons who participate in a defined  
14 contribution plan established under Article 2, 14, 15, 16, or  
15 18 of this Code to whom the provisions of this Article apply,  
16 the pension credits established under the defined contribution  
17 plan may be considered in determining eligibility for or the  
18 amount of the defined benefit retirement annuity that is  
19 payable by any other participating system.

20 (b) Combined pension credit under all retirement systems  
21 subject to this Article shall be considered in determining  
22 whether the minimum qualification has been met and the formula  
23 or method of computation which shall be applied, except as may  
24 be otherwise provided with respect to vesting in State or  
25 employer contributions in a defined contribution plan. If a  
26 system has a step-rate formula for calculation of the

1 retirement annuity, pension credits covering previous service  
2 which have been established under another system shall be  
3 considered in determining which range or ranges of the  
4 step-rate formula are to be applicable to the employee.

5 (c) Interest on pension credit shall continue to  
6 accumulate in accordance with the provisions of the law  
7 governing the retirement system in which the same has been  
8 established during the time an employee is in the service of  
9 another employer, on the assumption such employee, for  
10 interest purposes for pension credit, is continuing in the  
11 service covered by such retirement system.

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

13 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

16 Sec. 20-123. Survivor's annuity. The provisions governing  
17 a retirement annuity shall be applicable to a survivor's  
18 annuity. Appropriate credits shall be established for  
19 survivor's annuity purposes in those participating systems  
20 which provide survivor's annuities, according to the same  
21 conditions and subject to the same limitations and  
22 restrictions herein prescribed for a retirement annuity. If a  
23 participating system has no survivor's annuity benefit, or if  
24 the survivor's annuity benefit under that system is waived,  
25 pension credit established in that system shall not be

1 considered in determining eligibility for or the amount of the  
2 survivor's annuity which may be payable by any other  
3 participating system.

4 For persons who participate in the self-managed plan  
5 established under Section 15-158.2 or the portable benefit  
6 package established under Section 15-136.4, pension credit  
7 established under Article 15 may be considered in determining  
8 eligibility for or the amount of the survivor's annuity that  
9 is payable by any other participating system, but pension  
10 credit established in any other system shall not result in any  
11 right to a survivor's annuity under the Article 15 system.

12 For persons who participate in a defined contribution plan  
13 established under Article 2, 14, 15, 16, or 18 of this Code to  
14 whom the provisions of this Article apply, the pension credits  
15 established under the defined contribution plan may be  
16 considered in determining eligibility for or the amount of the  
17 defined benefit survivor's annuity that is payable by any  
18 other participating system, but pension credits established in  
19 any other system shall not result in any right to or increase  
20 in the value of a survivor's annuity under the defined  
21 contribution plan, which depends solely on the options chosen  
22 and the value of the participant's vested account balances and  
23 is not subject to any proportional adjustment under this  
24 Section.

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

1 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)  
2 (Text of Section WITHOUT the changes made by P.A. 98-599,  
3 which has been held unconstitutional)  
4 Sec. 20-124. Maximum benefits.

5 (a) In no event shall the combined retirement or survivors  
6 annuities exceed the highest annuity which would have been  
7 payable by any participating system in which the employee has  
8 pension credits, if all of his pension credits had been  
9 validated in that system.

10 If the combined annuities should exceed the highest  
11 maximum as determined in accordance with this Section, the  
12 respective annuities shall be reduced proportionately  
13 according to the ratio which the amount of each proportional  
14 annuity bears to the aggregate of all such annuities.

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

18 (i) For purposes of calculating the combined  
19 retirement annuity and the proportionate reduction, if  
20 any, in a retirement annuity other than one payable under  
21 the self-managed plan, the amount of the Article 15  
22 retirement annuity shall be deemed to be the highest  
23 annuity to which the annuitant would have been entitled if  
24 he or she had participated in the traditional benefit  
25 package as defined in Section 15-103.1 rather than the  
26 self-managed plan.

1           (ii) For purposes of calculating the combined  
2 survivor's annuity and the proportionate reduction, if  
3 any, in a survivor's annuity other than one payable under  
4 the self-managed plan, the amount of the Article 15  
5 survivor's annuity shall be deemed to be the highest  
6 survivor's annuity to which the survivor would have been  
7 entitled if the deceased employee had participated in the  
8 traditional benefit package as defined in Section 15-103.1  
9 rather than the self-managed plan.

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

12           (c) In the case of a participant in a defined contribution  
13 plan established under Article 2, 14, 15, 16, or 18 of this  
14 Code to whom the provisions of this Article apply:

15           (i) For purposes of calculating the combined  
16 retirement annuity and the proportionate reduction, if  
17 any, in a defined benefit retirement annuity, any benefit  
18 payable under the defined contribution plan shall not be  
19 considered.

20           (ii) For purposes of calculating the combined  
21 survivor's annuity and the proportionate reduction, if  
22 any, in a defined benefit survivor's annuity, any benefit  
23 payable under the defined contribution plan shall not be  
24 considered.

25           (iii) Benefits payable under a defined contribution  
26 plan established under Article 2, 14, 15, 16, or 18 of this

1           Code are not subject to proportionate reduction under this  
2           Section.

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

4           (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

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

7           Sec. 20-125. Return to employment - suspension of  
8           benefits. If a retired employee returns to employment which is  
9           covered by a system from which he is receiving a proportional  
10          annuity under this Article, his proportional annuity from all  
11          participating systems shall be suspended during the period of  
12          re-employment, except that this suspension does not apply to  
13          any distributions payable under the self-managed plan  
14          established under Section 15-158.2 of this Code or under a  
15          defined contribution plan established under Article 2, 14, 15,  
16          16, or 18 of this Code.

17          The provisions of the Article under which such employment  
18          would be covered shall govern the determination of whether the  
19          employee has returned to employment, and if applicable the  
20          exemption of temporary employment or employment not exceeding  
21          a specified duration or frequency, for all participating  
22          systems from which the retired employee is receiving a  
23          proportional annuity under this Article, notwithstanding any  
24          contrary provisions in the other Articles governing such  
25          systems.

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

2 Section 99. Effective date. This Act takes effect upon  
3 becoming law.

1

## INDEX

2

## Statutes amended in order of appearance

3 5 ILCS 375/3 from Ch. 127, par. 523  
4 5 ILCS 375/10 from Ch. 127, par. 530  
5 40 ILCS 5/1-160  
6 40 ILCS 5/1-161  
7 40 ILCS 5/2-105.3  
8 40 ILCS 5/2-162  
9 40 ILCS 5/2-165.5 new  
10 40 ILCS 5/14-103.05 from Ch. 108 1/2, par. 14-103.05  
11 40 ILCS 5/14-103.41  
12 40 ILCS 5/14-152.1  
13 40 ILCS 5/14-155.5 new  
14 40 ILCS 5/15-108.1  
15 40 ILCS 5/15-108.2  
16 40 ILCS 5/15-108.3 new  
17 40 ILCS 5/15-134 from Ch. 108 1/2, par. 15-134  
18 40 ILCS 5/15-198  
19 40 ILCS 5/15-200.5 new  
20 40 ILCS 5/16-106.41  
21 40 ILCS 5/16-106.42 new  
22 40 ILCS 5/16-106.43 new  
23 40 ILCS 5/16-123 from Ch. 108 1/2, par. 16-123  
24 40 ILCS 5/16-203  
25 40 ILCS 5/16-205.5 new

1	40 ILCS 5/18-110.1 new	
2	40 ILCS 5/18-110.2 new	
3	40 ILCS 5/18-110.3 new	
4	40 ILCS 5/18-121.5 new	
5	40 ILCS 5/18-124	from Ch. 108 1/2, par. 18-124
6	40 ILCS 5/18-125	from Ch. 108 1/2, par. 18-125
7	40 ILCS 5/18-125.1	from Ch. 108 1/2, par. 18-125.1
8	40 ILCS 5/18-127	from Ch. 108 1/2, par. 18-127
9	40 ILCS 5/18-128.01	from Ch. 108 1/2, par. 18-128.01
10	40 ILCS 5/18-133	from Ch. 108 1/2, par. 18-133
11	40 ILCS 5/18-169	
12	40 ILCS 5/20-121	from Ch. 108 1/2, par. 20-121
13	40 ILCS 5/20-123	from Ch. 108 1/2, par. 20-123
14	40 ILCS 5/20-124	from Ch. 108 1/2, par. 20-124
15	40 ILCS 5/20-125	from Ch. 108 1/2, par. 20-125