

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 Illinois Public Labor Relations Act is  
5 amended by changing Sections 10 and 15 and by adding Section  
6 7.6 as follows:

7 (5 ILCS 315/7.6 new)

8 Sec. 7.6. No collective bargaining or interest arbitration  
9 regarding certain changes to the Illinois Pension Code.

10 (a) Notwithstanding any other provision of this Act,  
11 employers shall not be required to bargain over matters  
12 affected by the changes, the impact of the changes, and the  
13 implementation of the changes to Article 14, 15, 16, or 17 of  
14 the Illinois Pension Code made by the addition of Section  
15 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the Illinois  
16 Pension Code, which are deemed to be prohibited subjects of  
17 bargaining. Notwithstanding any provision of this Act, the  
18 changes, impact of the changes, or implementation of the  
19 changes to Article 14, 15, 16, or 17 of the Illinois Pension  
20 Code made by the addition of Section 14-106.5, 15-132.9,  
21 16-122.9, or 17-115.5 of the Illinois Pension Code shall not be  
22 subject to interest arbitration or any award issued pursuant to  
23 interest arbitration. The provisions of this Section shall not

1 apply to an employment contract or collective bargaining  
2 agreement that is in effect on the effective date of this  
3 amendatory Act of the 100th General Assembly. However, any such  
4 contract or agreement that is modified, amended, renewed, or  
5 superseded after the effective date of this amendatory Act of  
6 the 100th General Assembly shall be subject to the provisions  
7 of this Section. Each employer with active employees  
8 participating in a retirement system or pension fund  
9 established under Article 14, 15, 16, or 17 of the Illinois  
10 Pension Code shall comply with and be subject to the provisions  
11 of this amendatory Act of the 100th General Assembly. The  
12 provisions of this Section shall not apply to the ability of  
13 any employer and employee representative to bargain  
14 collectively with regard to the pick up of employee  
15 contributions pursuant to Section 14-133.1, 15-157.1,  
16 16-152.1, 17-130.1, or 17-130.2 of the Illinois Pension Code.

17 (b) Subject to and except for the matters set forth in  
18 subsection (a) of this Section that are deemed prohibited  
19 subjects of bargaining, nothing in this Section shall be  
20 construed as otherwise limiting any of the obligations and  
21 requirements applicable to employers under any of the  
22 provisions of this Act, including, but not limited to, the  
23 requirement to bargain collectively with regard to policy  
24 matters directly affecting wages, hours, and terms and  
25 conditions of employment as well as the impact thereon upon  
26 request by employee representatives. Subject to and except for

1 the matters set forth in subsection (a) of this Section that  
2 are deemed prohibited subjects of bargaining, nothing in this  
3 Section shall be construed as otherwise limiting any of the  
4 rights of employees or employee representatives under the  
5 provisions of this Act.

6 (c) In case of any conflict between this Section and any  
7 other provisions of this Act or any other law, the provisions  
8 of this Section shall control.

9 (5 ILCS 315/10) (from Ch. 48, par. 1610)

10 Sec. 10. Unfair labor practices.

11 (a) It shall be an unfair labor practice for an employer or  
12 its agents:

13 (1) to interfere with, restrain or coerce public  
14 employees in the exercise of the rights guaranteed in this  
15 Act or to dominate or interfere with the formation,  
16 existence or administration of any labor organization or  
17 contribute financial or other support to it; provided, an  
18 employer shall not be prohibited from permitting employees  
19 to confer with him during working hours without loss of  
20 time or pay;

21 (2) to discriminate in regard to hire or tenure of  
22 employment or any term or condition of employment in order  
23 to encourage or discourage membership in or other support  
24 for any labor organization. Nothing in this Act or any  
25 other law precludes a public employer from making an

1 agreement with a labor organization to require as a  
2 condition of employment the payment of a fair share under  
3 paragraph (e) of Section 6;

4 (3) to discharge or otherwise discriminate against a  
5 public employee because he has signed or filed an  
6 affidavit, petition or charge or provided any information  
7 or testimony under this Act;

8 (4) subject to and except as provided in Section 7.6,  
9 to refuse to bargain collectively in good faith with a  
10 labor organization which is the exclusive representative  
11 of public employees in an appropriate unit, including, but  
12 not limited to, the discussing of grievances with the  
13 exclusive representative; however, no actions of the  
14 employer taken to implement or otherwise comply with the  
15 provisions of subsection (a) of Section 7.6 shall  
16 constitute or give rise to an unfair labor practice under  
17 this Act;

18 (5) to violate any of the rules and regulations  
19 established by the Board with jurisdiction over them  
20 relating to the conduct of representation elections or the  
21 conduct affecting the representation elections;

22 (6) to expend or cause the expenditure of public funds  
23 to any external agent, individual, firm, agency,  
24 partnership or association in any attempt to influence the  
25 outcome of representational elections held pursuant to  
26 Section 9 of this Act; provided, that nothing in this

1 subsection shall be construed to limit an employer's right  
2 to internally communicate with its employees as provided in  
3 subsection (c) of this Section, to be represented on any  
4 matter pertaining to unit determinations, unfair labor  
5 practice charges or pre-election conferences in any formal  
6 or informal proceeding before the Board, or to seek or  
7 obtain advice from legal counsel. Nothing in this paragraph  
8 shall be construed to prohibit an employer from expending  
9 or causing the expenditure of public funds on, or seeking  
10 or obtaining services or advice from, any organization,  
11 group, or association established by and including public  
12 or educational employers, whether covered by this Act, the  
13 Illinois Educational Labor Relations Act or the public  
14 employment labor relations law of any other state or the  
15 federal government, provided that such services or advice  
16 are generally available to the membership of the  
17 organization, group or association, and are not offered  
18 solely in an attempt to influence the outcome of a  
19 particular representational election; or

20 (7) to refuse to reduce a collective bargaining  
21 agreement to writing or to refuse to sign such agreement.

22 (b) It shall be an unfair labor practice for a labor  
23 organization or its agents:

24 (1) to restrain or coerce public employees in the  
25 exercise of the rights guaranteed in this Act, provided,

26 (i) that this paragraph shall not impair the right of a

1 labor organization to prescribe its own rules with respect  
2 to the acquisition or retention of membership therein or  
3 the determination of fair share payments and (ii) that a  
4 labor organization or its agents shall commit an unfair  
5 labor practice under this paragraph in duty of fair  
6 representation cases only by intentional misconduct in  
7 representing employees under this Act;

8 (2) to restrain or coerce a public employer in the  
9 selection of his representatives for the purposes of  
10 collective bargaining or the settlement of grievances; or

11 (3) to cause, or attempt to cause, an employer to  
12 discriminate against an employee in violation of  
13 subsection (a) (2);

14 (4) to refuse to bargain collectively in good faith  
15 with a public employer, if it has been designated in  
16 accordance with the provisions of this Act as the exclusive  
17 representative of public employees in an appropriate unit;

18 (5) to violate any of the rules and regulations  
19 established by the boards with jurisdiction over them  
20 relating to the conduct of representation elections or the  
21 conduct affecting the representation elections;

22 (6) to discriminate against any employee because he has  
23 signed or filed an affidavit, petition or charge or  
24 provided any information or testimony under this Act;

25 (7) to picket or cause to be picketed, or threaten to  
26 picket or cause to be picketed, any public employer where

1 an object thereof is forcing or requiring an employer to  
2 recognize or bargain with a labor organization of the  
3 representative of its employees, or forcing or requiring  
4 the employees of an employer to accept or select such labor  
5 organization as their collective bargaining  
6 representative, unless such labor organization is  
7 currently certified as the representative of such  
8 employees:

9 (A) where the employer has lawfully recognized in  
10 accordance with this Act any labor organization and a  
11 question concerning representation may not  
12 appropriately be raised under Section 9 of this Act;

13 (B) where within the preceding 12 months a valid  
14 election under Section 9 of this Act has been  
15 conducted; or

16 (C) where such picketing has been conducted  
17 without a petition under Section 9 being filed within a  
18 reasonable period of time not to exceed 30 days from  
19 the commencement of such picketing; provided that when  
20 such a petition has been filed the Board shall  
21 forthwith, without regard to the provisions of  
22 subsection (a) of Section 9 or the absence of a showing  
23 of a substantial interest on the part of the labor  
24 organization, direct an election in such unit as the  
25 Board finds to be appropriate and shall certify the  
26 results thereof; provided further, that nothing in

1           this subparagraph shall be construed to prohibit any  
2           picketing or other publicity for the purpose of  
3           truthfully advising the public that an employer does  
4           not employ members of, or have a contract with, a labor  
5           organization unless an effect of such picketing is to  
6           induce any individual employed by any other person in  
7           the course of his employment, not to pick up, deliver,  
8           or transport any goods or not to perform any services;  
9           or

10           (8) to refuse to reduce a collective bargaining  
11           agreement to writing or to refuse to sign such agreement.

12           (c) The expressing of any views, argument, or opinion or  
13           the dissemination thereof, whether in written, printed,  
14           graphic, or visual form, shall not constitute or be evidence of  
15           an unfair labor practice under any of the provisions of this  
16           Act, if such expression contains no threat of reprisal or force  
17           or promise of benefit.

18           (Source: P.A. 86-412; 87-736.)

19           (5 ILCS 315/15) (from Ch. 48, par. 1615)

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

22           Sec. 15. Act Takes Precedence.

23           (a) In case of any conflict between the provisions of this  
24           Act and any other law (other than Section 5 of the State  
25           Employees Group Insurance Act of 1971 and other than the



1 changes made to the Illinois Pension Code by this amendatory  
2 Act of the 96th General Assembly), executive order or  
3 administrative regulation relating to wages, hours and  
4 conditions of employment and employment relations, the  
5 provisions of this Act or any collective bargaining agreement  
6 negotiated thereunder shall prevail and control. Nothing in  
7 this Act shall be construed to replace or diminish the rights  
8 of employees established by Sections 28 and 28a of the  
9 Metropolitan Transit Authority Act, Sections 2.15 through 2.19  
10 of the Regional Transportation Authority Act. The provisions of  
11 this Act are subject to Section 5 of the State Employees Group  
12 Insurance Act of 1971. Nothing in this Act shall be construed  
13 to replace the necessity of complaints against a sworn peace  
14 officer, as defined in Section 2(a) of the Uniform Peace  
15 Officer Disciplinary Act, from having a complaint supported by  
16 a sworn affidavit.

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

26 (c) It is the public policy of this State, pursuant to

1 paragraphs (h) and (i) of Section 6 of Article VII of the  
2 Illinois Constitution, that the provisions of this Act are the  
3 exclusive exercise by the State of powers and functions which  
4 might otherwise be exercised by home rule units. Such powers  
5 and functions may not be exercised concurrently, either  
6 directly or indirectly, by any unit of local government,  
7 including any home rule unit, except as otherwise authorized by  
8 this Act.

9 (d) Notwithstanding any other provision of law, no  
10 collective bargaining agreement entered into, renewed, or  
11 extended after the effective date of this amendatory Act of the  
12 100th General Assembly or any arbitration award issued under  
13 such collective bargaining agreement may violate or conflict  
14 with the changes made by this amendatory Act of the 100th  
15 General Assembly.

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

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

19 (5 ILCS 375/3) (from Ch. 127, par. 523)

20 Sec. 3. Definitions. Unless the context otherwise  
21 requires, the following words and phrases as used in this Act  
22 shall have the following meanings. The Department may define  
23 these and other words and phrases separately for the purpose of  
24 implementing specific programs providing benefits under this

1 Act.

2 (a) "Administrative service organization" means any  
3 person, firm or corporation experienced in the handling of  
4 claims which is fully qualified, financially sound and capable  
5 of meeting the service requirements of a contract of  
6 administration executed with the Department.

7 (b) "Annuitant" means (1) an employee who retires, or has  
8 retired, on or after January 1, 1966 on an immediate annuity  
9 under the provisions of Articles 2, 14 (including an employee  
10 who has elected to receive an alternative retirement  
11 cancellation payment under Section 14-108.5 of the Illinois  
12 Pension Code in lieu of an annuity or who meets the criteria  
13 for retirement, but in lieu of receiving an annuity under that  
14 Article has elected to receive an accelerated pension benefit  
15 payment under Section 14-147.5 of that Article), 15 (including  
16 an employee who has retired under the optional retirement  
17 program established under Section 15-158.2 or who meets the  
18 criteria for retirement but in lieu of receiving an annuity  
19 under that Article has elected to receive an accelerated  
20 pension benefit payment under Section 15-185.5 of the Article),  
21 paragraphs (2), (3), or (5) of Section 16-106 (including an  
22 employee who meets the criteria for retirement, but in lieu of  
23 receiving an annuity under that Article has elected to receive  
24 an accelerated pension benefit payment under Section 16-190.5  
25 of the Illinois Pension Code), or Article 18 of the Illinois  
26 Pension Code; (2) any person who was receiving group insurance

1 coverage under this Act as of March 31, 1978 by reason of his  
2 status as an annuitant, even though the annuity in relation to  
3 which such coverage was provided is a proportional annuity  
4 based on less than the minimum period of service required for a  
5 retirement annuity in the system involved; (3) any person not  
6 otherwise covered by this Act who has retired as a  
7 participating member under Article 2 of the Illinois Pension  
8 Code but is ineligible for the retirement annuity under Section  
9 2-119 of the Illinois Pension Code; (4) the spouse of any  
10 person who is receiving a retirement annuity under Article 18  
11 of the Illinois Pension Code and who is covered under a group  
12 health insurance program sponsored by a governmental employer  
13 other than the State of Illinois and who has irrevocably  
14 elected to waive his or her coverage under this Act and to have  
15 his or her spouse considered as the "annuitant" under this Act  
16 and not as a "dependent"; or (5) an employee who retires, or  
17 has retired, from a qualified position, as determined according  
18 to rules promulgated by the Director, under a qualified local  
19 government, a qualified rehabilitation facility, a qualified  
20 domestic violence shelter or service, or a qualified child  
21 advocacy center. (For definition of "retired employee", see (p)  
22 post).

23 (b-5) (Blank).

24 (b-6) (Blank).

25 (b-7) (Blank).

26 (c) "Carrier" means (1) an insurance company, a corporation

1 organized under the Limited Health Service Organization Act or  
2 the Voluntary Health Services Plan Act, a partnership, or other  
3 nongovernmental organization, which is authorized to do group  
4 life or group health insurance business in Illinois, or (2) the  
5 State of Illinois as a self-insurer.

6 (d) "Compensation" means salary or wages payable on a  
7 regular payroll by the State Treasurer on a warrant of the  
8 State Comptroller out of any State, trust or federal fund, or  
9 by the Governor of the State through a disbursing officer of  
10 the State out of a trust or out of federal funds, or by any  
11 Department out of State, trust, federal or other funds held by  
12 the State Treasurer or the Department, to any person for  
13 personal services currently performed, and ordinary or  
14 accidental disability benefits under Articles 2, 14, 15  
15 (including ordinary or accidental disability benefits under  
16 the optional retirement program established under Section  
17 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or  
18 Article 18 of the Illinois Pension Code, for disability  
19 incurred after January 1, 1966, or benefits payable under the  
20 Workers' Compensation or Occupational Diseases Act or benefits  
21 payable under a sick pay plan established in accordance with  
22 Section 36 of the State Finance Act. "Compensation" also means  
23 salary or wages paid to an employee of any qualified local  
24 government, qualified rehabilitation facility, qualified  
25 domestic violence shelter or service, or qualified child  
26 advocacy center.

1           (e) "Commission" means the State Employees Group Insurance  
2 Advisory Commission authorized by this Act. Commencing July 1,  
3 1984, "Commission" as used in this Act means the Commission on  
4 Government Forecasting and Accountability as established by  
5 the Legislative Commission Reorganization Act of 1984.

6           (f) "Contributory", when referred to as contributory  
7 coverage, shall mean optional coverages or benefits elected by  
8 the member toward the cost of which such member makes  
9 contribution, or which are funded in whole or in part through  
10 the acceptance of a reduction in earnings or the foregoing of  
11 an increase in earnings by an employee, as distinguished from  
12 noncontributory coverage or benefits which are paid entirely by  
13 the State of Illinois without reduction of the member's salary.

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

26           (h) "Dependent", when the term is used in the context of

1 the health and life plan, means a member's spouse and any child  
2 (1) from birth to age 26 including an adopted child, a child  
3 who lives with the member from the time of the filing of a  
4 petition for adoption until entry of an order of adoption, a  
5 stepchild or adjudicated child, or a child who lives with the  
6 member if such member is a court appointed guardian of the  
7 child or (2) age 19 or over who has a mental or physical  
8 disability from a cause originating prior to the age of 19 (age  
9 26 if enrolled as an adult child dependent). For the health  
10 plan only, the term "dependent" also includes (1) any person  
11 enrolled prior to the effective date of this Section who is  
12 dependent upon the member to the extent that the member may  
13 claim such person as a dependent for income tax deduction  
14 purposes and (2) any person who has received after June 30,  
15 2000 an organ transplant and who is financially dependent upon  
16 the member and eligible to be claimed as a dependent for income  
17 tax purposes. A member requesting to cover any dependent must  
18 provide documentation as requested by the Department of Central  
19 Management Services and file with the Department any and all  
20 forms required by the Department.

21 (i) "Director" means the Director of the Illinois  
22 Department of Central Management Services.

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

26 (k) "Employee" means and includes each officer or employee

1 in the service of a department who (1) receives his  
2 compensation for service rendered to the department on a  
3 warrant issued pursuant to a payroll certified by a department  
4 or on a warrant or check issued and drawn by a department upon  
5 a trust, federal or other fund or on a warrant issued pursuant  
6 to a payroll certified by an elected or duly appointed officer  
7 of the State or who receives payment of the performance of  
8 personal services on a warrant issued pursuant to a payroll  
9 certified by a Department and drawn by the Comptroller upon the  
10 State Treasurer against appropriations made by the General  
11 Assembly from any fund or against trust funds held by the State  
12 Treasurer, and (2) is employed full-time or part-time in a  
13 position normally requiring actual performance of duty during  
14 not less than 1/2 of a normal work period, as established by  
15 the Director in cooperation with each department, except that  
16 persons elected by popular vote will be considered employees  
17 during the entire term for which they are elected regardless of  
18 hours devoted to the service of the State, and (3) except that  
19 "employee" does not include any person who is not eligible by  
20 reason of such person's employment to participate in one of the  
21 State retirement systems under Articles 2, 14, 15 (either the  
22 regular Article 15 system or the optional retirement program  
23 established under Section 15-158.2) or 18, or under paragraph  
24 (2), (3), or (5) of Section 16-106, of the Illinois Pension  
25 Code, but such term does include persons who are employed  
26 during the 6 month qualifying period under Article 14 of the



1 Illinois Pension Code. Such term also includes any person who  
2 (1) after January 1, 1966, is receiving ordinary or accidental  
3 disability benefits under Articles 2, 14, 15 (including  
4 ordinary or accidental disability benefits under the optional  
5 retirement program established under Section 15-158.2),  
6 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of  
7 the Illinois Pension Code, for disability incurred after  
8 January 1, 1966, (2) receives total permanent or total  
9 temporary disability under the Workers' Compensation Act or  
10 Occupational Disease Act as a result of injuries sustained or  
11 illness contracted in the course of employment with the State  
12 of Illinois, or (3) is not otherwise covered under this Act and  
13 has retired as a participating member under Article 2 of the  
14 Illinois Pension Code but is ineligible for the retirement  
15 annuity under Section 2-119 of the Illinois Pension Code.  
16 However, a person who satisfies the criteria of the foregoing  
17 definition of "employee" except that such person is made  
18 ineligible to participate in the State Universities Retirement  
19 System by clause (4) of subsection (a) of Section 15-107 of the  
20 Illinois Pension Code is also an "employee" for the purposes of  
21 this Act. "Employee" also includes any person receiving or  
22 eligible for benefits under a sick pay plan established in  
23 accordance with Section 36 of the State Finance Act. "Employee"  
24 also includes (i) each officer or employee in the service of a  
25 qualified local government, including persons appointed as  
26 trustees of sanitary districts regardless of hours devoted to

1 the service of the sanitary district, (ii) each employee in the  
2 service of a qualified rehabilitation facility, (iii) each  
3 full-time employee in the service of a qualified domestic  
4 violence shelter or service, and (iv) each full-time employee  
5 in the service of a qualified child advocacy center, as  
6 determined according to rules promulgated by the Director.

7 (l) "Member" means an employee, annuitant, retired  
8 employee or survivor. In the case of an annuitant or retired  
9 employee who first becomes an annuitant or retired employee on  
10 or after the effective date of this amendatory Act of the 97th  
11 General Assembly, the individual must meet the minimum vesting  
12 requirements of the applicable retirement system in order to be  
13 eligible for group insurance benefits under that system. In the  
14 case of a survivor who first becomes a survivor on or after the  
15 effective date of this amendatory Act of the 97th General  
16 Assembly, the deceased employee, annuitant, or retired  
17 employee upon whom the annuity is based must have been eligible  
18 to participate in the group insurance system under the  
19 applicable retirement system in order for the survivor to be  
20 eligible for group insurance benefits under that system.

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

24 (n) "Program" means the group life insurance, health  
25 benefits and other employee benefits designed and contracted  
26 for by the Director under this Act.

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

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

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

1 14-108.5 of the Illinois Pension Code.

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

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

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

10 (q-5) (Blank).

11 (q-6) (Blank).

12 (q-7) (Blank).

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

16 (s) "Unit of local government" means any county,  
17 municipality, township, school district (including a  
18 combination of school districts under the Intergovernmental  
19 Cooperation Act), special district or other unit, designated as  
20 a unit of local government by law, which exercises limited  
21 governmental powers or powers in respect to limited  
22 governmental subjects, any not-for-profit association with a  
23 membership that primarily includes townships and township  
24 officials, that has duties that include provision of research  
25 service, dissemination of information, and other acts for the  
26 purpose of improving township government, and that is funded

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

17 (t) "Qualified rehabilitation facility" means any  
18 not-for-profit organization that is accredited by the  
19 Commission on Accreditation of Rehabilitation Facilities or  
20 certified by the Department of Human Services (as successor to  
21 the Department of Mental Health and Developmental  
22 Disabilities) to provide services to persons with disabilities  
23 and which receives funds from the State of Illinois for  
24 providing those services, approved by the Director and  
25 participating in a program created under subsection (j) of  
26 Section 10 of this Act.

1 (u) "Qualified domestic violence shelter or service" means  
2 any Illinois domestic violence shelter or service and its  
3 administrative offices funded by the Department of Human  
4 Services (as successor to the Illinois Department of Public  
5 Aid), approved by the Director and participating in a program  
6 created under subsection (k) of Section 10.

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

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

9 (2) is receiving a monthly benefit or retirement  
10 annuity under Article 16 of the Illinois Pension Code; and

11 (3) either (i) has at least 8 years of creditable  
12 service under Article 16 of the Illinois Pension Code, or  
13 (ii) was enrolled in the health insurance program offered  
14 under that Article on January 1, 1996, or (iii) is the  
15 survivor of a benefit recipient who had at least 8 years of  
16 creditable service under Article 16 of the Illinois Pension  
17 Code or was enrolled in the health insurance program  
18 offered under that Article on the effective date of this  
19 amendatory Act of 1995, or (iv) is a recipient or survivor  
20 of a recipient of a disability benefit under Article 16 of  
21 the Illinois Pension Code.

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

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

25 (2) is a TRS benefit recipient's: (A) spouse, (B)  
26 dependent parent who is receiving at least half of his or

1 her support from the TRS benefit recipient, or (C) natural,  
2 step, adjudicated, or adopted child who is (i) under age  
3 26, (ii) was, on January 1, 1996, participating as a  
4 dependent beneficiary in the health insurance program  
5 offered under Article 16 of the Illinois Pension Code, or  
6 (iii) age 19 or over who has a mental or physical  
7 disability from a cause originating prior to the age of 19  
8 (age 26 if enrolled as an adult child).

9 "TRS dependent beneficiary" does not include, as indicated  
10 under paragraph (2) of this subsection (w), a dependent of the  
11 survivor of a TRS benefit recipient who first becomes a  
12 dependent of a survivor of a TRS benefit recipient on or after  
13 the effective date of this amendatory Act of the 97th General  
14 Assembly unless that dependent would have been eligible for  
15 coverage as a dependent of the deceased TRS benefit recipient  
16 upon whom the survivor benefit is based.

17 (x) "Military leave" refers to individuals in basic  
18 training for reserves, special/advanced training, annual  
19 training, emergency call up, activation by the President of the  
20 United States, or any other training or duty in service to the  
21 United States Armed Forces.

22 (y) (Blank).

23 (z) "Community college benefit recipient" means a person  
24 who:

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

26 (2) is receiving a monthly survivor's annuity or

1 retirement annuity under Article 15 of the Illinois Pension  
2 Code; and

3 (3) either (i) was a full-time employee of a community  
4 college district or an association of community college  
5 boards created under the Public Community College Act  
6 (other than an employee whose last employer under Article  
7 15 of the Illinois Pension Code was a community college  
8 district subject to Article VII of the Public Community  
9 College Act) and was eligible to participate in a group  
10 health benefit plan as an employee during the time of  
11 employment with a community college district (other than a  
12 community college district subject to Article VII of the  
13 Public Community College Act) or an association of  
14 community college boards, or (ii) is the survivor of a  
15 person described in item (i).

16 (aa) "Community college dependent beneficiary" means a  
17 person who:

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

20 (2) is a community college benefit recipient's: (A)  
21 spouse, (B) dependent parent who is receiving at least half  
22 of his or her support from the community college benefit  
23 recipient, or (C) natural, step, adjudicated, or adopted  
24 child who is (i) under age 26, or (ii) age 19 or over and  
25 has a mental or physical disability from a cause  
26 originating prior to the age of 19 (age 26 if enrolled as



1 an adult child).

2 "Community college dependent beneficiary" does not  
3 include, as indicated under paragraph (2) of this subsection  
4 (aa), a dependent of the survivor of a community college  
5 benefit recipient who first becomes a dependent of a survivor  
6 of a community college benefit recipient on or after the  
7 effective date of this amendatory Act of the 97th General  
8 Assembly unless that dependent would have been eligible for  
9 coverage as a dependent of the deceased community college  
10 benefit recipient upon whom the survivor annuity is based.

11 (bb) "Qualified child advocacy center" means any Illinois  
12 child advocacy center and its administrative offices funded by  
13 the Department of Children and Family Services, as defined by  
14 the Children's Advocacy Center Act (55 ILCS 80/), approved by  
15 the Director and participating in a program created under  
16 subsection (n) of Section 10.

17 (Source: P.A. 98-488, eff. 8-16-13; 99-143, eff. 7-27-15.)

18 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

20 (a) The State shall pay the cost of basic non-contributory  
21 group life insurance and, subject to member paid contributions  
22 set by the Department or required by this Section and except as  
23 provided in this Section, the basic program of group health  
24 benefits on each eligible member, except a member, not  
25 otherwise covered by this Act, who has retired as a

1 participating member under Article 2 of the Illinois Pension  
2 Code but is ineligible for the retirement annuity under Section  
3 2-119 of the Illinois Pension Code, and part of each eligible  
4 member's and retired member's premiums for health insurance  
5 coverage for enrolled dependents as provided by Section 9. The  
6 State shall pay the cost of the basic program of group health  
7 benefits only after benefits are reduced by the amount of  
8 benefits covered by Medicare for all members and dependents who  
9 are eligible for benefits under Social Security or the Railroad  
10 Retirement system or who had sufficient Medicare-covered  
11 government employment, except that such reduction in benefits  
12 shall apply only to those members and dependents who (1) first  
13 become eligible for such Medicare coverage on or after July 1,  
14 1992; or (2) are Medicare-eligible members or dependents of a  
15 local government unit which began participation in the program  
16 on or after July 1, 1992; or (3) remain eligible for, but no  
17 longer receive Medicare coverage which they had been receiving  
18 on or after July 1, 1992. The Department may determine the  
19 aggregate level of the State's contribution on the basis of  
20 actual cost of medical services adjusted for age, sex or  
21 geographic or other demographic characteristics which affect  
22 the costs of such programs.

23 The cost of participation in the basic program of group  
24 health benefits for the dependent or survivor of a living or  
25 deceased retired employee who was formerly employed by the  
26 University of Illinois in the Cooperative Extension Service and

1 would be an annuitant but for the fact that he or she was made  
2 ineligible to participate in the State Universities Retirement  
3 System by clause (4) of subsection (a) of Section 15-107 of the  
4 Illinois Pension Code shall not be greater than the cost of  
5 participation that would otherwise apply to that dependent or  
6 survivor if he or she were the dependent or survivor of an  
7 annuitant under the State Universities Retirement System.

8 (a-1) (Blank).

9 (a-2) (Blank).

10 (a-3) (Blank).

11 (a-4) (Blank).

12 (a-5) (Blank).

13 (a-6) (Blank).

14 (a-7) (Blank).

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

24 (a-8.5) Beginning on the effective date of this amendatory  
25 Act of the 97th General Assembly, the Director of Central  
26 Management Services shall, on an annual basis, determine the

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

22 Contributions required of annuitants, survivors, and  
23 retired employees shall be the same for all retirement systems  
24 and shall also be based on whether an individual has made an  
25 election under Section 15-135.1 of the Illinois Pension Code.  
26 Contributions may be based on annuitants', survivors', or

1 retired employees' Medicare eligibility, but may not be based  
2 on Social Security eligibility.

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

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

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

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

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

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

20 (b) State employees who become eligible for this program on  
21 or after January 1, 1980 in positions normally requiring actual  
22 performance of duty not less than 1/2 of a normal work period  
23 but not equal to that of a normal work period, shall be given  
24 the option of participating in the available program. If the  
25 employee elects coverage, the State shall contribute on behalf  
26 of such employee to the cost of the employee's benefit and any

1 applicable dependent supplement, that sum which bears the same  
2 percentage as that percentage of time the employee regularly  
3 works when compared to normal work period.

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

17 (d) The basic group life insurance coverage shall continue,  
18 with full State contribution, where such person is (1) absent  
19 from active service by reason of disability arising from any  
20 cause other than self-inflicted, (2) on authorized educational  
21 leave of absence or sabbatical leave, or (3) on military leave.

22 (e) Where the person is in non-pay status for a period in  
23 excess of 30 days or on leave of absence, other than by reason  
24 of disability, educational or sabbatical leave, or military  
25 leave, such person may continue coverage only by making  
26 personal payment equal to the amount normally contributed by

1 the State on such person's behalf. Such payments and coverage  
2 may be continued: (1) until such time as the person returns to  
3 a status eligible for coverage at State expense, but not to  
4 exceed 24 months or (2) until such person's employment or  
5 annuitant status with the State is terminated (exclusive of any  
6 additional service imposed pursuant to law).

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

10 (g) The State shall not pay the cost of the basic  
11 non-contributory group life insurance, program of health  
12 benefits and other employee benefits for members who are  
13 survivors as defined by paragraphs (1) and (2) of subsection  
14 (q) of Section 3 of this Act. The costs of benefits for these  
15 survivors shall be paid by the survivors or by the University  
16 of Illinois Cooperative Extension Service, or any combination  
17 thereof. However, the State shall pay the amount of the  
18 reduction in the cost of participation, if any, resulting from  
19 the amendment to subsection (a) made by this amendatory Act of  
20 the 91st General Assembly.

21 (h) Those persons occupying positions with any department  
22 as a result of emergency appointments pursuant to Section 8b.8  
23 of the Personnel Code who are not considered employees under  
24 this Act shall be given the option of participating in the  
25 programs of group life insurance, health benefits and other  
26 employee benefits. Such persons electing coverage may



1 participate only by making payment equal to the amount normally  
2 contributed by the State for similarly situated employees. Such  
3 amounts shall be determined by the Director. Such payments and  
4 coverage may be continued until such time as the person becomes  
5 an employee pursuant to this Act or such person's appointment  
6 is terminated.

7 (i) Any unit of local government within the State of  
8 Illinois may apply to the Director to have its employees,  
9 annuitants, and their dependents provided group health  
10 coverage under this Act on a non-insured basis. To participate,  
11 a unit of local government must agree to enroll all of its  
12 employees, who may select coverage under either the State group  
13 health benefits plan or a health maintenance organization that  
14 has contracted with the State to be available as a health care  
15 provider for employees as defined in this Act. A unit of local  
16 government must remit the entire cost of providing coverage  
17 under the State group health benefits plan or, for coverage  
18 under a health maintenance organization, an amount determined  
19 by the Director based on an analysis of the sex, age,  
20 geographic location, or other relevant demographic variables  
21 for its employees, except that the unit of local government  
22 shall not be required to enroll those of its employees who are  
23 covered spouses or dependents under this plan or another group  
24 policy or plan providing health benefits as long as (1) an  
25 appropriate official from the unit of local government attests  
26 that each employee not enrolled is a covered spouse or

1 dependent under this plan or another group policy or plan, and  
2 (2) at least 50% of the employees are enrolled and the unit of  
3 local government remits the entire cost of providing coverage  
4 to those employees, except that a participating school district  
5 must have enrolled at least 50% of its full-time employees who  
6 have not waived coverage under the district's group health plan  
7 by participating in a component of the district's cafeteria  
8 plan. A participating school district is not required to enroll  
9 a full-time employee who has waived coverage under the  
10 district's health plan, provided that an appropriate official  
11 from the participating school district attests that the  
12 full-time employee has waived coverage by participating in a  
13 component of the district's cafeteria plan. For the purposes of  
14 this subsection, "participating school district" includes a  
15 unit of local government whose primary purpose is education as  
16 defined by the Department's rules.

17 Employees of a participating unit of local government who  
18 are not enrolled due to coverage under another group health  
19 policy or plan may enroll in the event of a qualifying change  
20 in status, special enrollment, special circumstance as defined  
21 by the Director, or during the annual Benefit Choice Period. A  
22 participating unit of local government may also elect to cover  
23 its annuitants. Dependent coverage shall be offered on an  
24 optional basis, with the costs paid by the unit of local  
25 government, its employees, or some combination of the two as  
26 determined by the unit of local government. The unit of local

1 government shall be responsible for timely collection and  
2 transmission of dependent premiums.

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

5 (1) In the first year of coverage, the rates shall be  
6 equal to the amount normally charged to State employees for  
7 elected optional coverages or for enrolled dependents  
8 coverages or other contributory coverages, or contributed  
9 by the State for basic insurance coverages on behalf of its  
10 employees, adjusted for differences between State  
11 employees and employees of the local government in age,  
12 sex, geographic location or other relevant demographic  
13 variables, plus an amount sufficient to pay for the  
14 additional administrative costs of providing coverage to  
15 employees of the unit of local government and their  
16 dependents.

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

20 In the case of coverage of local government employees under  
21 a health maintenance organization, the Director shall annually  
22 determine for each participating unit of local government the  
23 maximum monthly amount the unit may contribute toward that  
24 coverage, based on an analysis of (i) the age, sex, geographic  
25 location, and other relevant demographic variables of the  
26 unit's employees and (ii) the cost to cover those employees

1 under the State group health benefits plan. The Director may  
2 similarly determine the maximum monthly amount each unit of  
3 local government may contribute toward coverage of its  
4 employees' dependents under a health maintenance organization.

5 Monthly payments by the unit of local government or its  
6 employees for group health benefits plan or health maintenance  
7 organization coverage shall be deposited in the Local  
8 Government Health Insurance Reserve Fund.

9 The Local Government Health Insurance Reserve Fund is  
10 hereby created as a nonappropriated trust fund to be held  
11 outside the State Treasury, with the State Treasurer as  
12 custodian. The Local Government Health Insurance Reserve Fund  
13 shall be a continuing fund not subject to fiscal year  
14 limitations. The Local Government Health Insurance Reserve  
15 Fund is not subject to administrative charges or charge-backs,  
16 including but not limited to those authorized under Section 8h  
17 of the State Finance Act. All revenues arising from the  
18 administration of the health benefits program established  
19 under this Section shall be deposited into the Local Government  
20 Health Insurance Reserve Fund. Any interest earned on moneys in  
21 the Local Government Health Insurance Reserve Fund shall be  
22 deposited into the Fund. All expenditures from this Fund shall  
23 be used for payments for health care benefits for local  
24 government and rehabilitation facility employees, annuitants,  
25 and dependents, and to reimburse the Department or its  
26 administrative service organization for all expenses incurred

1 in the administration of benefits. No other State funds may be  
2 used for these purposes.

3 A local government employer's participation or desire to  
4 participate in a program created under this subsection shall  
5 not limit that employer's duty to bargain with the  
6 representative of any collective bargaining unit of its  
7 employees.

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

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

9 The Director shall annually determine quarterly rates of  
10 payment, 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 for  
13 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 rehabilitation facility in  
17 age, sex, geographic location or other relevant  
18 demographic variables, plus an amount sufficient to pay for  
19 the additional administrative costs of providing coverage  
20 to employees of the rehabilitation facility and their  
21 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 rehabilitation facility.

25 Monthly payments by the rehabilitation facility or its  
26 employees for group health benefits shall be deposited in the

1 Local Government Health Insurance Reserve Fund.

2 (k) Any domestic violence shelter or service within the  
3 State of Illinois may apply to the Director to have its  
4 employees, annuitants, and their dependents provided group  
5 health coverage under this Act on a non-insured basis. To  
6 participate, a domestic violence shelter or service must agree  
7 to enroll all of its employees and pay the entire cost of  
8 providing such coverage for its employees. The domestic  
9 violence shelter shall not be required to enroll those of its  
10 employees who are covered spouses or dependents under this plan  
11 or another group policy or plan providing health benefits as  
12 long as (1) an appropriate official from the domestic violence  
13 shelter attests that each employee not enrolled is a covered  
14 spouse or dependent under this plan or another group policy or  
15 plan and (2) at least 50% of the employees are enrolled and the  
16 domestic violence shelter remits the entire cost of providing  
17 coverage to those employees. Employees of a participating  
18 domestic violence shelter who are not enrolled due to coverage  
19 under another group health policy or plan may enroll in the  
20 event of a qualifying change in status, special enrollment, or  
21 special circumstance as defined by the Director or during the  
22 annual Benefit Choice Period. A participating domestic  
23 violence shelter may also elect to cover its annuitants.  
24 Dependent coverage shall be offered on an optional basis, with  
25 employees, or some combination of the 2 as determined by the  
26 domestic violence shelter or service. The domestic violence

1 shelter or service shall be responsible for timely collection  
2 and transmission of dependent premiums.

3 The Director shall annually determine rates of payment,  
4 subject to the following constraints:

5 (1) In the first year of coverage, the rates shall be  
6 equal to the amount normally charged to State employees for  
7 elected optional coverages or for enrolled dependents  
8 coverages or other contributory coverages on behalf of its  
9 employees, adjusted for differences between State  
10 employees and employees of the domestic violence shelter or  
11 service in age, sex, geographic location or other relevant  
12 demographic variables, plus an amount sufficient to pay for  
13 the additional administrative costs of providing coverage  
14 to employees of the domestic violence shelter or service  
15 and their dependents.

16 (2) In subsequent years, a further adjustment shall be  
17 made to reflect the actual prior years' claims experience  
18 of the employees of the domestic violence shelter or  
19 service.

20 Monthly payments by the domestic violence shelter or  
21 service or its employees for group health insurance shall be  
22 deposited in the Local Government Health Insurance Reserve  
23 Fund.

24 (1) A public community college or entity organized pursuant  
25 to the Public Community College Act may apply to the Director  
26 initially to have only annuitants not covered prior to July 1,



1 1992 by the district's health plan provided health coverage  
2 under this Act on a non-insured basis. The community college  
3 must execute a 2-year contract to participate in the Local  
4 Government Health Plan. Any annuitant may enroll in the event  
5 of a qualifying change in status, special enrollment, special  
6 circumstance as defined by the Director, or during the annual  
7 Benefit Choice Period.

8 The Director shall annually determine monthly rates of  
9 payment subject to the following constraints: for those  
10 community colleges with annuitants only enrolled, first year  
11 rates shall be equal to the average cost to cover claims for a  
12 State member adjusted for demographics, Medicare  
13 participation, and other factors; and in the second year, a  
14 further adjustment of rates shall be made to reflect the actual  
15 first year's claims experience of the covered annuitants.

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

18 (m) The Director shall adopt any rules deemed necessary for  
19 implementation of this amendatory Act of 1989 (Public Act  
20 86-978).

21 (n) Any child advocacy center within the State of Illinois  
22 may apply to the Director to have its employees, annuitants,  
23 and their dependents provided group health coverage under this  
24 Act on a non-insured basis. To participate, a child advocacy  
25 center must agree to enroll all of its employees and pay the  
26 entire cost of providing coverage for its employees. The child

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

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

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

1 employees, adjusted for differences between State  
2 employees and employees of the child advocacy center in  
3 age, sex, geographic location, or other relevant  
4 demographic variables, plus an amount sufficient to pay for  
5 the additional administrative costs of providing coverage  
6 to employees of the child advocacy center and their  
7 dependents.

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

11 Monthly payments by the child advocacy center or its  
12 employees for group health insurance shall be deposited into  
13 the Local Government Health Insurance Reserve Fund.

14 (Source: P.A. 97-695, eff. 7-1-12; 98-488, eff. 8-16-13.)

15 Section 15. The Attorney General Act is amended by adding  
16 Section 5 as follows:

17 (15 ILCS 205/5 new)

18 Sec. 5. Future increases in income. The Office of the  
19 Attorney General must not pay, offer, or agree to pay any  
20 future increase in income, as that term is defined in Section  
21 14-103.42 of the Illinois Pension Code, to any person in a  
22 manner that violates Section 14-106.5 of the Illinois Pension  
23 Code.

1 Section 20. The Secretary of State Merit Employment Code is  
2 amended by adding Section 13a as follows:

3 (15 ILCS 310/13a new)

4 Sec. 13a. Future increases in income. The Office of the  
5 Secretary of State must not pay, offer, or agree to pay any  
6 future increase in income, as that term is defined in Section  
7 14-103.42 of the Illinois Pension Code, to any person in a  
8 manner that violates Section 14-106.5 of the Illinois Pension  
9 Code.

10 Section 25. The Comptroller Merit Employment Code is  
11 amended by adding Section 13a as follows:

12 (15 ILCS 410/13a new)

13 Sec. 13a. Future increases in income. The Office of the  
14 Comptroller must not pay, offer, or agree to pay any future  
15 increase in income, as that term is defined in Section  
16 14-103.42 of the Illinois Pension Code, to any person in a  
17 manner that violates Section 14-106.5 of the Illinois Pension  
18 Code.

19 Section 30. The State Treasurer Employment Code is amended  
20 by adding Section 12a as follows:

21 (15 ILCS 510/12a new)

1       Sec. 12a. Future increases in income. The Office of the  
2       State Treasurer must not pay, offer, or agree to pay any future  
3       increase in income, as that term is defined in Section  
4       14-103.42 of the Illinois Pension Code, to any person in a  
5       manner that violates Section 14-106.5 of the Illinois Pension  
6       Code.

7       Section 35. The Civil Administrative Code of Illinois is  
8       amended by adding Section 5-647 as follows:

9             (20 ILCS 5/5-647 new)

10       Sec. 5-647. Future increases in income. A Department must  
11       not pay, offer, or agree to pay any future increase in income,  
12       as that term is defined in Section 14-103.42, 15-112.1, or  
13       16-121.1 of the Illinois Pension Code, to any person in a  
14       manner that violates Section 14-106.5, 15-132.9, or 16-122.9 of  
15       the Illinois Pension Code.

16       Section 40. The Budget Stabilization Act is amended by  
17       changing Section 20 as follows:

18             (30 ILCS 122/20)

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

21       Sec. 20. Pension Stabilization Fund.

22             (a) The Pension Stabilization Fund is hereby created as a

1 special fund in the State treasury. Moneys in the fund shall be  
2 used for the sole purpose of making payments to the designated  
3 retirement systems as provided in Section 25.

4 (b) For each fiscal year through State fiscal year 2020,  
5 when the General Assembly's appropriations and transfers or  
6 diversions as required by law from general funds do not exceed  
7 99% of the estimated general funds revenues pursuant to  
8 subsection (a) of Section 10, the Comptroller shall transfer  
9 from the General Revenue Fund as provided by this Section a  
10 total amount equal to 0.5% of the estimated general funds  
11 revenues to the Pension Stabilization Fund.

12 (c) For each fiscal year through State fiscal year 2020,  
13 when the General Assembly's appropriations and transfers or  
14 diversions as required by law from general funds do not exceed  
15 98% of the estimated general funds revenues pursuant to  
16 subsection (b) of Section 10, the Comptroller shall transfer  
17 from the General Revenue Fund as provided by this Section a  
18 total amount equal to 1.0% of the estimated general funds  
19 revenues to the Pension Stabilization Fund.

20 (c-5) In addition to any other amounts required to be  
21 transferred under this Section, in State fiscal year 2021 and  
22 each fiscal year thereafter through State fiscal year 2045, or  
23 when each of the designated retirement systems, as defined in  
24 Section 25, has achieved 100% funding, whichever occurs first,  
25 the State Comptroller shall order transferred and the State  
26 Treasurer shall transfer from the General Revenue Fund to the

1 Pension Stabilization Fund an amount equal to (1) the sum of  
2 the amounts certified by the designated retirement systems  
3 under subsection (a-10) of Section 14-135.08, subsection  
4 (a-10) of Section 15-165, and subsection (a-10) of Section  
5 16-158 of this Code for that fiscal year minus (2) the sum of  
6 the required State contributions certified by the retirement  
7 systems under subsection (a-5) of Section 14-135.08,  
8 subsection (a-5) of Section 15-165, and subsection (a-5) of  
9 Section 16-158 of this Code for that fiscal year. The  
10 transferred amount is intended to represent the annual savings  
11 to the State resulting from the enactment of Section 1-161 and  
12 Section 14-155.2, the enactment of subsection (a-2) of Section  
13 15-155 and subsection (b-4) of Section 16-158, and the changes  
14 made to Section 1-160 by this amendatory Act of the 100th  
15 General Assembly.

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

23 Until State fiscal year 2021, before ~~Before~~ the final  
24 transfer for a fiscal year is made, the Comptroller shall  
25 reconcile the estimated general funds revenues used in  
26 calculating the other transfers under this Section for that

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

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

11 Section 45. The Illinois Pension Code is amended by  
12 changing Sections 1-160, 2-101, 2-105, 2-107, 2-108, 2-119.1,  
13 2-124, 2-126, 2-134, 2-162, 14-103.10, 14-114, 14-131, 14-133,  
14 14-135.08, 14-152.1, 15-108.1, 15-108.2, 15-111, 15-136,  
15 15-155, 15-157, 15-165, 15-198, 16-121, 16-133.1, 16-136.1,  
16 16-152, 16-158, 16-203, 17-116, 17-127, 17-129, 17-130,  
17 18-131, 18-140, 20-121, 20-123, 20-124, and 20-125 and by  
18 adding Sections 1-161, 1-162, 2-105.3, 2-107.9, 2-107.10,  
19 2-110.3, 2-165.1, 2-166.1, 14-103.41, 14-103.42, 14-103.43,  
20 14-106.5, 14-147.5, 14-155.1, 14-155.2, 14-156.1, 15-112.1,  
21 15-112.2, 15-132.9, 15-185.5, 15-200.1, 15-201.1, 16-107.1,  
22 16-121.1, 16-121.2, 16-122.9, 16-190.5, 16-205.1, 16-206.1,  
23 17-106.05, 17-113.4, 17-113.5, 17-113.6, 17-115.5, and  
24 17-119.2 as follows:



1 (40 ILCS 5/1-160)

2 (Text of Section WITHOUT the changes made by P.A. 98-641,  
3 which has been held unconstitutional)

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

5 (a) The provisions of this Section apply to a person who,  
6 on or after January 1, 2011, first becomes a member or a  
7 participant under any reciprocal retirement system or pension  
8 fund established under this Code, other than a retirement  
9 system or pension fund established under Article 2, 3, 4, 5, 6,  
10 15 or 18 of this Code, notwithstanding any other provision of  
11 this Code to the contrary, but do not apply to any self-managed  
12 plan established under this Code, to any person with respect to  
13 service as a sheriff's law enforcement employee under Article  
14 7, or to any participant of the retirement plan established  
15 under Section 22-101. Notwithstanding anything to the contrary  
16 in this Section, for purposes of this Section, a person who  
17 participated in a retirement system under Article 15 prior to  
18 January 1, 2011 shall be deemed a person who first became a  
19 member or participant prior to January 1, 2011 under any  
20 retirement system or pension fund subject to this Section. The  
21 changes made to this Section by Public Act 98-596 ~~this~~  
22 ~~amendatory Act of the 98th General Assembly~~ are a clarification  
23 of existing law and are intended to be retroactive to January  
24 1, 2011 (the effective date of Public Act 96-889),  
25 notwithstanding the provisions of Section 1-103.1 of this Code.

26 This Section does not apply to a person who, on or after 6

1 months after the effective date of this amendatory Act of the  
2 100th General Assembly, first becomes a member or participant  
3 under Article 14 or 16, unless that person (i) is a covered  
4 employee under Article 14 who has not elected to participate in  
5 the defined contribution plan under Section 14-155.2 or (ii)  
6 elects under subsection (b) of Section 1-161 to receive the  
7 benefits provided under this Section and the applicable  
8 provisions of the Article under which he or she is a member or  
9 participant. This Section also does not apply to a person who  
10 first becomes a member or participant of an affected pension  
11 fund on or after 6 months after the resolution or ordinance  
12 date, as defined in Section 1-162, unless that person elects  
13 under subsection (c) of Section 1-162 to receive the benefits  
14 provided under this Section and the applicable provisions of  
15 the Article under which he or she is a member or participant.

16 (b) "Final average salary" means the average monthly (or  
17 annual) salary obtained by dividing the total salary or  
18 earnings calculated under the Article applicable to the member  
19 or participant during the 96 consecutive months (or 8  
20 consecutive years) of service within the last 120 months (or 10  
21 years) of service in which the total salary or earnings  
22 calculated under the applicable Article was the highest by the  
23 number of months (or years) of service in that period. For the  
24 purposes of a person who first becomes a member or participant  
25 of any 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) In Article 7 (except for service as sheriff's law  
3 enforcement employees), "final rate of earnings".

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

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

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

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

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

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

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

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

7 (c) A member or participant is entitled to a retirement  
8 annuity upon written application if he or she has attained age  
9 67 (beginning January 1, 2015, age 65 with respect to service  
10 under Article 12 of this Code that is subject to this Section)  
11 and has at least 10 years of service credit and is otherwise  
12 eligible under the requirements of the applicable Article.

13 A member or participant who has attained age 62 (beginning  
14 January 1, 2015, age 60 with respect to service under Article  
15 12 of this Code that is subject to this Section) and has at  
16 least 10 years of service credit and is otherwise eligible  
17 under the requirements of the applicable Article may elect to  
18 receive the lower retirement annuity provided in subsection (d)  
19 of this Section.

20 (d) The retirement annuity of a member or participant who  
21 is retiring after attaining age 62 (beginning January 1, 2015,  
22 age 60 with respect to service under Article 12 of this Code  
23 that is subject to this Section) with at least 10 years of  
24 service credit shall be reduced by one-half of 1% for each full  
25 month that the member's age is under age 67 (beginning January  
26 1, 2015, age 65 with respect to service under Article 12 of

1 this Code that is subject to this Section).

2 (e) Any retirement annuity or supplemental annuity shall be  
3 subject to annual increases on the January 1 occurring either  
4 on or after the attainment of age 67 (beginning January 1,  
5 2015, age 65 with respect to service under Article 12 of this  
6 Code that is subject to this Section) or the first anniversary  
7 of the annuity start date, whichever is later. Each annual  
8 increase shall be calculated at 3% or one-half the annual  
9 unadjusted percentage increase (but not less than zero) in the  
10 consumer price index-u for the 12 months ending with the  
11 September preceding each November 1, whichever is less, of the  
12 originally granted retirement annuity. If the annual  
13 unadjusted percentage change in the consumer price index-u for  
14 the 12 months ending with the September preceding each November  
15 1 is zero or there is a decrease, then the annuity shall not be  
16 increased.

17 (f) The initial survivor's or widow's annuity of an  
18 otherwise eligible survivor or widow of a retired member or  
19 participant who first became a member or participant on or  
20 after January 1, 2011 shall be in the amount of 66 2/3% of the  
21 retired member's or participant's retirement annuity at the  
22 date of death. In the case of the death of a member or  
23 participant who has not retired and who first became a member  
24 or participant on or after January 1, 2011, eligibility for a  
25 survivor's or widow's annuity shall be determined by the  
26 applicable Article of this Code. The initial benefit shall be

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

18 (g) The benefits in Section 14-110 apply only if the person  
19 is a State policeman, a fire fighter in the fire protection  
20 service of a department, or a security employee of the  
21 Department of Corrections or the Department of Juvenile  
22 Justice, as those terms are defined in subsection (b) of  
23 Section 14-110. A person who meets the requirements of this  
24 Section is entitled to an annuity calculated under the  
25 provisions of Section 14-110, in lieu of the regular or minimum  
26 retirement annuity, only if the person has withdrawn from

1 service with not less than 20 years of eligible creditable  
2 service and has attained age 60, regardless of whether the  
3 attainment of age 60 occurs while the person is still in  
4 service.

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

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

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

12 (i) (Blank).

13 (j) Except for Sections 1-161 and 1-162, in ~~the~~ the case of  
14 a conflict between the provisions of this Section and any other  
15 provision of this Code, the provisions of this Section shall  
16 control.

17 (Source: P.A. 97-609, eff. 1-1-12; 98-92, eff. 7-16-13; 98-596,  
18 eff. 11-19-13; 98-622, eff. 6-1-14; revised 3-24-16.)

19 (40 ILCS 5/1-161 new)

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

22 (a) Notwithstanding any other provision of this Code to the  
23 contrary, the provisions of this Section apply to a person who,  
24 on or after 6 months after the effective date of this  
25 amendatory Act of the 100th General Assembly, first becomes a



1 member or a participant under Article 14, 15, or 16 and who  
2 does not make the election under subsection (b) or (c),  
3 whichever is applicable. The provisions of this Section do not  
4 apply to any participant in a self-managed plan or to a covered  
5 employee under Article 14.

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 participant under  
15 Article 15. The election must be made within 30 days after  
16 becoming a participant. The retirement system under Article 15  
17 shall establish procedures for making this election.

18 (d) "Final average salary" means the average monthly (or  
19 annual) salary obtained by dividing the total salary or  
20 earnings calculated under the Article applicable to the member  
21 or participant during the last 120 months (or 10 years) of  
22 service in which the total salary or earnings calculated under  
23 the applicable Article was the highest by the number of months  
24 (or years) of service in that period. For the purposes of a  
25 person who first becomes a member or participant of any  
26 retirement system to which this Section applies on or after 6

1 months after the effective date of this amendatory Act of the  
2 100th General Assembly, in this Code, "final average salary"  
3 shall be substituted for "final average compensation" in  
4 Article 14.

5 (e) Beginning 6 months after the effective date of this  
6 amendatory Act of the 100th General Assembly, for all purposes  
7 under this Code (including without limitation the calculation  
8 of 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 at any time  
11 exceed the federal Social Security Wage Base then in effect.

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

19 (g) The amount of the retirement annuity to which a member  
20 or participant is entitled shall be computed by multiplying  
21 1.25% for each year of service credit by his or her final  
22 average salary.

23 (h) Any retirement annuity or supplemental annuity shall be  
24 subject to annual increases on the first anniversary of the  
25 annuity start date. Each annual increase shall be one-half the  
26 annual unadjusted percentage increase (but not less than zero)

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

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

17 (i) The initial survivor's or widow's annuity of an  
18 otherwise eligible survivor or widow of a retired member or  
19 participant who first became a member or participant on or  
20 after 6 months after the effective date of this amendatory Act  
21 of the 100th General Assembly shall be in the amount of 66 2/3%  
22 of the retired member's or participant's retirement annuity at  
23 the date of death. In the case of the death of a member or  
24 participant who has not retired and who first became a member  
25 or participant on or after 6 months after the effective date of  
26 this amendatory Act of the 100th General Assembly, eligibility

1 for a survivor's or widow's annuity shall be determined by the  
2 applicable Article of this Code. The benefit shall be 66 2/3%  
3 of the earned annuity without a reduction due to age. A child's  
4 annuity of an otherwise eligible child shall be in the amount  
5 prescribed under each Article if applicable.

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

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

12 (k) No later than 5 months after the effective date of this  
13 amendatory Act of the 100th General Assembly, each retirement  
14 system under Article 14, 15, or 16 shall prepare and implement  
15 a defined contribution plan for members or participants who are  
16 subject to this Section. The defined contribution plan  
17 developed under this subsection shall be a plan that aggregates  
18 employer and employee contributions in individual participant  
19 accounts which, after meeting any other requirements, are used  
20 for payouts after retirement in accordance with this subsection  
21 and any other applicable laws.

22 (1) Each member or participant shall contribute a  
23 minimum of 4% of his or her salary to the defined  
24 contribution plan.

25 (2) For each participant in the defined contribution  
26 plan who has been employed with the same employer for at

1 least one year, employer contributions shall be paid into  
2 that participant's accounts at a rate expressed as a  
3 percentage of salary. This rate may be set for individual  
4 employees, but shall be no higher than 6% of salary and  
5 shall be no lower than 2% of salary.

6 (3) Employer contributions shall vest when those  
7 contributions are paid into a member's or participant's  
8 account.

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

13 (5) The defined contribution plan shall provide a  
14 variety of options for payouts to retirees and their  
15 survivors.

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

22 (7) Each retirement system shall reduce the employee  
23 contributions credited to the member's defined  
24 contribution plan account by an amount determined by that  
25 retirement system to cover the cost of offering the  
26 benefits under this subsection and any applicable

1 administrative fees.

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

6 (l) By accepting the benefits under this Section, a member  
7 or participant acknowledges and consents that benefits once  
8 earned may not be diminished, but that future benefits may be  
9 modified, including, but not limited to, changes in the  
10 retirement age at which a member or participant becomes  
11 eligible to receive future benefits, changes in the amount of  
12 the automatic annual increase for those future benefits, or the  
13 amount of the retirement annuity. Any increase in benefits  
14 under this Section applicable to persons under Article 15 or 16  
15 does not apply unless it is approved by resolution or ordinance  
16 of the governing body of the unit of local government with  
17 regard to the members or participants under that unit of local  
18 government.

19 (m) In the case of a conflict between the provisions of  
20 this Section and any other provision of this Code, the  
21 provisions of this Section shall control.

22 (40 ILCS 5/1-162 new)

23 Sec. 1-162. Optional benefits for certain Tier 2 members of  
24 pension funds under Articles 7, 8, 9, 10, 11, 12, 13, and 17.

25 (a) As used in this Section:

1       "Affected pension fund" means a pension fund established  
2 under Article 7, 8, 9, 10, 11, 12, 13, or 17 that the governing  
3 body of the unit of local government has designated as an  
4 affected pension fund by adoption of a resolution or ordinance.

5       "Resolution or ordinance date" means the date on which the  
6 governing body of the unit of local government designates a  
7 pension fund under Article 7, 8, 9, 10, 11, 12, 13, or 17 as an  
8 affected pension fund by adoption of a resolution or ordinance.

9       (b) Notwithstanding any other provision of this Code to the  
10 contrary, the provisions of this Section apply to a person who  
11 first becomes a member or a participant in an affected pension  
12 fund on or after 6 months after the resolution or ordinance  
13 date and who does not make the election under subsection (c).  
14 The provisions of this Section do not apply to a sheriff's law  
15 enforcement employee under Article 7.

16       (c) In lieu of the benefits provided under this Section, a  
17 member or participant may irrevocably elect the benefits under  
18 Section 1-160 and the benefits otherwise applicable to that  
19 member or participant. The election must be made within 30 days  
20 after becoming a member or participant. Each affected pension  
21 fund shall establish procedures for making this election.

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



1 the applicable Article was the highest by the number of months  
2 (or years) of service in that period. For the purposes of a  
3 person who first becomes a member or participant of an affected  
4 pension fund on or after 6 months after the ordinance or  
5 resolution date, in this Code, "final average salary" shall be  
6 substituted for the following:

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

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

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

14 (4) In Article 17, "average salary".

15 (e) Beginning 6 months after the resolution or ordinance  
16 date, for all purposes under this Code (including without  
17 limitation the calculation of benefits and employee  
18 contributions), the annual earnings, salary, or wages (based on  
19 the plan year) of a member or participant to whom this Section  
20 applies shall not at any time exceed the federal Social  
21 Security Wage Base then in effect.

22 (f) A member or participant is entitled to a retirement  
23 annuity upon written application if he or she has attained the  
24 normal retirement age determined by the Social Security  
25 Administration for that member or participant's year of birth,  
26 but no earlier than 67 years of age, and has at least 10 years

1 of service credit and is otherwise eligible under the  
2 requirements of the applicable Article.

3 (g) The amount of the retirement annuity to which a member  
4 or participant is entitled shall be computed by multiplying  
5 1.25% for each year of service credit by his or her final  
6 average salary.

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

17 For the purposes of this Section, "consumer price index-w"  
18 means the index published by the Bureau of Labor Statistics of  
19 the United States Department of Labor that measures the average  
20 change in prices of goods and services purchased by Urban Wage  
21 Earners and Clerical Workers, United States city average, all  
22 items, 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 boards  
25 of the retirement systems and pension funds by November 1 of  
26 each year.

1       (i) The initial survivor's or widow's annuity of an  
2 otherwise eligible survivor or widow of a retired member or  
3 participant who first became a member or participant on or  
4 after 6 months after the resolution or ordinance date shall be  
5 in the amount of 66 2/3% of the retired member's or  
6 participant's retirement annuity at the date of death. In the  
7 case of the death of a member or participant who has not  
8 retired and who first became a member or participant on or  
9 after 6 months after the resolution or ordinance date,  
10 eligibility for a survivor's or widow's annuity shall be  
11 determined by the applicable Article of this Code. The benefit  
12 shall be 66 2/3% of the earned annuity without a reduction due  
13 to age. A child's annuity of an otherwise eligible child shall  
14 be in the amount prescribed under each Article if applicable.

15       (j) In lieu of any other employee contributions, except for  
16 the contribution to the defined contribution plan under  
17 subsection (k) of this Section, each employee shall contribute  
18 6.2% of his her or salary to the affected pension fund.  
19 However, the employee contribution under this subsection shall  
20 not exceed the amount of the normal cost of the benefits under  
21 this Section (except for the defined contribution plan under  
22 subsection (k) of this Section), expressed as a percentage of  
23 payroll and determined on or before November 1 of each year by  
24 the board of trustees of the affected pension fund. If the  
25 board of trustees of the affected pension fund determines that  
26 the 6.2% employee contribution rate exceeds the normal cost of

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

21 (k) No later than 5 months after the resolution or  
22 ordinance date, an affected pension fund shall prepare and  
23 implement a defined contribution plan for members or  
24 participants who are subject to this Section. The defined  
25 contribution plan developed under this subsection shall be a  
26 plan that aggregates employer and employee contributions in

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

4 (1) Each member or participant shall contribute a  
5 minimum of 4% of his or her salary to the defined  
6 contribution plan.

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

14 (3) Employer contributions shall vest when those  
15 contributions are paid into a member's or participant's  
16 account.

17 (4) The defined contribution plan shall provide a  
18 variety of options for investments. These options shall  
19 include investments handled by the Illinois State Board of  
20 Investment as well as private sector investment options.

21 (5) The defined contribution plan shall provide a  
22 variety of options for payouts to retirees and their  
23 survivors.

24 (6) To the extent authorized under federal law and as  
25 authorized by the affected pension fund, the defined  
26 contribution plan shall allow former participants in the

1       plan to transfer or roll over employee and employer  
2       contributions, and the earnings thereon, into other  
3       qualified retirement plans.

4           (7) Each affected pension fund shall reduce the  
5       employee contributions credited to the member's defined  
6       contribution plan account by an amount determined by that  
7       affected pension fund to cover the cost of offering the  
8       benefits under this subsection and any applicable  
9       administrative fees.

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

14           (1) By accepting the benefits under this Section, a member  
15       or participant acknowledges and consents that benefits once  
16       earned may not be diminished, but that future benefits may be  
17       modified, including, but not limited to, changes in the  
18       retirement age at which a member or participant becomes  
19       eligible to receive future benefits, changes in the amount of  
20       the automatic annual increase for those future benefits, or the  
21       amount of the retirement annuity. Any increase in benefits  
22       under this Section does not apply unless it is approved by  
23       resolution or ordinance of the governing body of the unit of  
24       local government with regard to the members or participants  
25       under that unit of local government.

26           (m) In the case of a conflict between the provisions of

1 this Section and any other provision of this Code, the  
2 provisions of this Section shall control.

3 (40 ILCS 5/2-101) (from Ch. 108 1/2, par. 2-101)

4 Sec. 2-101. Creation of system. A retirement system is  
5 created to provide retirement annuities, survivor's annuities  
6 and other benefits for certain members of the General Assembly,  
7 certain elected state officials, and their beneficiaries.

8 The system shall be known as the "General Assembly  
9 Retirement System". All its funds and property shall be a trust  
10 separate from all other entities, maintained for the purpose of  
11 securing payment of annuities and benefits under this Article.

12 Participation in the retirement system created under this  
13 Article is restricted to persons who became participants before  
14 the effective date of this amendatory Act of the 100th General  
15 Assembly. Beginning on that date, the System shall not accept  
16 any new participants.

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

18 (40 ILCS 5/2-105) (from Ch. 108 1/2, par. 2-105)

19 Sec. 2-105. Member. "Member": Members of the General  
20 Assembly of this State, including persons who enter military  
21 service while a member of the General Assembly, and any person  
22 serving as Governor, Lieutenant Governor, Secretary of State,  
23 Treasurer, Comptroller, or Attorney General for the period of  
24 service in such office.

1 Any person who has served for 10 or more years as Clerk or  
2 Assistant Clerk of the House of Representatives, Secretary or  
3 Assistant Secretary of the Senate, or any combination thereof,  
4 may elect to become a member of this system while thenceforth  
5 engaged in such service by filing a written election with the  
6 board. Any person so electing shall be deemed an active member  
7 of the General Assembly for the purpose of validating and  
8 transferring any service credits earned under any of the funds  
9 and systems established under Articles 3 through 18 of this  
10 Code.

11 However, notwithstanding any other provision of this  
12 Article, a person shall not be deemed a member for the purposes  
13 of this Article unless he or she became a participant of the  
14 System before the effective date of this amendatory Act of the  
15 100th General Assembly.

16 (Source: P.A. 85-1008.)

17 (40 ILCS 5/2-105.3 new)

18 Sec. 2-105.3. Tier 1 employee. "Tier 1 employee": A  
19 participant who first became a participant before January 1,  
20 2011.

21 (40 ILCS 5/2-107) (from Ch. 108 1/2, par. 2-107)

22 Sec. 2-107. Participant. "Participant": Any member who  
23 elects to participate; and any former member who elects to  
24 continue participation under Section 2-117.1, for the duration



1 of such continued participation. However, notwithstanding any  
2 other provision of this Article, a person shall not be deemed a  
3 participant for the purposes of this Article unless he or she  
4 became a participant of the System before the effective date of  
5 this amendatory Act of the 100th General Assembly.

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

7 (40 ILCS 5/2-107.9 new)

8 Sec. 2-107.9. Future increase in income. "Future increase  
9 in income" means an increase to a Tier 1 employee's base pay  
10 that is offered to the Tier 1 employee for service under this  
11 Article after June 30, 2018 that qualifies as "salary", as  
12 defined in Section 2-108, or would qualify as "salary" but for  
13 the fact that it was offered to and accepted by the Tier 1  
14 employee under the condition set forth in subsection (c) of  
15 Section 2-110.3.

16 (40 ILCS 5/2-107.10 new)

17 Sec. 2-107.10. Base pay. As used in Section 2-107.9 of  
18 this Code, "base pay" means the Tier 1 employee's annualized  
19 rate of salary as of June 30, 2018. For a person returning to  
20 active service as a Tier 1 employee after June 30, 2018,  
21 however, "base pay" means the employee's annualized rate of  
22 salary as of the employee's last date of service prior to July  
23 1, 2018. The System shall calculate the base pay of each Tier 1  
24 employee pursuant to this Section.

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

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

4 Sec. 2-108. Salary. "Salary":

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

12 (2) For the State executive officers specified in Section  
13 2-105, the total compensation paid to the member for one year  
14 of service.

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

21 However, in the event that federal law results in any  
22 participant receiving imputed income based on the value of  
23 group term life insurance provided by the State, such imputed  
24 income shall not be included in salary for the purposes of this  
25 Article.

1 Notwithstanding any other provision of this Section,  
2 "salary" does not include any future increase in income that is  
3 offered for service to a Tier 1 employee under this Article  
4 pursuant to the condition set forth in subsection (c) of  
5 Section 2-110.3 and accepted under that condition by a Tier 1  
6 employee who has made the election under paragraph (2) of  
7 subsection (a) of Section 2-110.3.

8 Notwithstanding any other provision of this Section,  
9 "salary" does not include any consideration payment made to a  
10 Tier 1 employee.

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

12 (40 ILCS 5/2-110.3 new)

13 Sec. 2-110.3. Election by Tier 1 employees.

14 (a) Each active Tier 1 employee shall make an irrevocable  
15 election either:

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

24 (2) to not agree to paragraph (1) of this subsection.

25 The election required under this subsection (a) shall be

1 made by each active Tier 1 employee no earlier than January 1,  
2 2018 and no later than March 31, 2018, except that a person who  
3 returns to active service as a Tier 1 employee under this  
4 Article on or after January 1, 2018 and has not yet made an  
5 election under this Section must make the election under this  
6 subsection (a) within 60 days after returning to active service  
7 as a Tier 1 employee.

8 If a Tier 1 employee fails for any reason to make a  
9 required election under this subsection within the time  
10 specified, then the employee shall be deemed to have made the  
11 election under paragraph (2) of this subsection.

12 (a-5) If this Section is enjoined or stayed by an Illinois  
13 court or a court of competent jurisdiction pending the entry of  
14 a final and unappealable decision, and this Section is  
15 determined to be constitutional or otherwise valid by a final  
16 unappealable decision of an Illinois court or a court of  
17 competent jurisdiction, then the election procedure set forth  
18 in subsection (a) of this Section shall commence on the 180th  
19 calendar day after the date of the issuance of the final  
20 unappealable decision and shall conclude at the end of the  
21 270th calendar day after that date.

22 (a-10) All elections under subsection (a) that are made or  
23 deemed to be made before July 1, 2018 shall take effect on July  
24 1, 2018. Elections that are made or deemed to be made on or  
25 after July 1, 2018 shall take effect on the first day of the  
26 month following the month in which the election is made or

1 deemed to be made.

2 (b) As adequate and legal consideration provided under this  
3 amendatory Act of the 100th General Assembly for making an  
4 election under paragraph (1) of subsection (a) of this Section,  
5 the State of Illinois shall be expressly and irrevocably  
6 prohibited from offering any future increases in income to a  
7 Tier 1 employee who has made an election under paragraph (1) of  
8 subsection (a) of this Section on the condition of not  
9 constituting salary under Section 2-108.

10 As adequate and legal consideration provided under this  
11 amendatory Act of the 100th General Assembly for making an  
12 election under paragraph (1) of subsection (a) of this Section,  
13 each Tier 1 employee who has made an election under paragraph  
14 (1) of subsection (a) of this Section shall receive a  
15 consideration payment equal to 10% of the contributions made by  
16 or on behalf of the employee under Section 2-126 before the  
17 effective date of that election. The State Comptroller shall  
18 pay the consideration payment to the Tier 1 employee out of  
19 funds appropriated for that purpose under Section 1.9 of the  
20 State Pension Funds Continuing Appropriation Act. The System  
21 shall calculate the amount of each consideration payment and,  
22 by July 1, 2018, shall certify to the State Comptroller the  
23 amount of the consideration payment, together with the name,  
24 address, and any other available payment information of the  
25 Tier 1 employee as found in the records of the System. The  
26 System shall make additional calculations and certifications

1 of consideration payments to the State Comptroller as the  
2 System deems necessary.

3 (c) A Tier 1 employee who makes the election under  
4 paragraph (2) of subsection (a) of this Section shall not be  
5 subject to paragraph (1) of subsection (a) of this Section.  
6 However, each future increase in income offered for service as  
7 a member under this Article to a Tier 1 employee who has made  
8 the election under paragraph (2) of subsection (a) of this  
9 Section shall be offered expressly and irrevocably on the  
10 condition of not constituting salary under Section 2-108 and  
11 that the Tier 1 employee's acceptance of the offered future  
12 increase in income shall constitute his or her agreement to  
13 that condition.

14 (d) The System shall make a good faith effort to contact  
15 each Tier 1 employee subject to this Section. The System shall  
16 mail information describing the required election to each Tier  
17 1 employee by United States Postal Service mail to his or her  
18 last known address on file with the System. If the Tier 1  
19 employee is not responsive to other means of contact, it is  
20 sufficient for the System to publish the details of any  
21 required elections on its website or to publish those details  
22 in a regularly published newsletter or other existing public  
23 forum.

24 Tier 1 employees who are subject to this Section shall be  
25 provided with an election packet containing information  
26 regarding their options, as well as the forms necessary to make

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

12 The System shall inform Tier 1 employees in the election  
13 packet required under this subsection that the Tier 1 employee  
14 may also wish to obtain information and counsel relating to the  
15 election required under this Section from any other available  
16 source, including, but not limited to, labor organizations and  
17 private counsel.

18 In no event shall the System, its staff, or the Board be  
19 held liable for any information given to a member regarding the  
20 elections under this Section. The System shall coordinate with  
21 the Illinois Department of Central Management Services and each  
22 other retirement system administering an election in  
23 accordance with this amendatory Act of the 100th General  
24 Assembly to provide information concerning the impact of the  
25 election set forth in this Section.

26 (e) Notwithstanding any other provision of law, each future

1 increase in income offered by the State of Illinois for service  
2 as a member must be offered expressly and irrevocably on the  
3 condition of not constituting "salary" under Section 2-108 to  
4 any Tier 1 employee who has made an election under paragraph  
5 (2) of subsection (a) of this Section. The offer shall also  
6 provide that the Tier 1 employee's acceptance of the offered  
7 future increase in income shall constitute his or her agreement  
8 to the condition set forth in this subsection.

9 For purposes of legislative intent, the condition set forth  
10 in this subsection shall be construed in a manner that ensures  
11 that the condition is not violated or circumvented through any  
12 contrivance of any kind.

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

16 (g) No provision of this Section shall be interpreted in a  
17 way that would cause the System to cease to be a qualified plan  
18 under Section 401(a) of the Internal Revenue Code of 1986. The  
19 provisions of this Section shall be subject to and implemented  
20 in a manner that complies with Section 11 of Article IV of the  
21 Illinois Constitution.

22 (h) If an election created by this amendatory Act in any  
23 other Article of this Code or any change deriving from that  
24 election is determined to be unconstitutional or otherwise  
25 invalid by a final unappealable decision of an Illinois court  
26 or a court of competent jurisdiction, the invalidity of that



1 provision shall not in any way affect the validity of this  
2 Section or the changes deriving from the election required  
3 under this Section.

4 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

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

8 (a) Except as provided in subsection (a-1), a participant  
9 who retires after June 30, 1967, and who has not received an  
10 initial increase under this Section before the effective date  
11 of this amendatory Act of 1991, shall, in January or July next  
12 following the first anniversary of retirement, whichever  
13 occurs first, and in the same month of each year thereafter,  
14 but in no event prior to age 60, have the amount of the  
15 originally granted retirement annuity increased as follows:  
16 for each year through 1971, 1 1/2%; for each year from 1972  
17 through 1979, 2%; and for 1980 and each year thereafter, 3%.  
18 Annuitants who have received an initial increase under this  
19 subsection prior to the effective date of this amendatory Act  
20 of 1991 shall continue to receive their annual increases in the  
21 same month as the initial increase.

22 (a-1) Notwithstanding any other provision of this Article,  
23 for a Tier 1 employee who made the election under paragraph (1)  
24 of subsection (a) of Section 2-110.3:

25 (1) The initial increase in retirement annuity under

1       this Section shall occur on the January 1 occurring either  
2       on or after the attainment of age 67 or the fifth  
3       anniversary of the annuity start date, whichever is  
4       earlier.

5           (2) The amount of each automatic annual increase in  
6       retirement annuity or survivor's annuity occurring on or  
7       after the effective date of that election shall be  
8       calculated as a percentage of the originally granted  
9       retirement annuity or survivor's annuity, equal to 3% or  
10       one-half the annual unadjusted percentage increase (but  
11       not less than zero) in the consumer price index-u for the  
12       12 months ending with the September preceding each November  
13       1, whichever is less. If the annual unadjusted percentage  
14       change in the consumer price index-u for the 12 months  
15       ending with the September preceding each November 1 is zero  
16       or there is a decrease, then the annuity shall not be  
17       increased.

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

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

15           This subsection (b) does not apply to any person who first  
16 becomes a member of the System after August 8, 2003 (the  
17 effective date of Public Act 93-494) ~~this amendatory Act of the~~  
18 ~~93rd General Assembly.~~

19           (b-5) Notwithstanding any other provision of this Article,  
20 a participant who first becomes a participant on or after  
21 January 1, 2011 (the effective date of Public Act 96-889)  
22 shall, in January or July next following the first anniversary  
23 of retirement, whichever occurs first, and in the same month of  
24 each year thereafter, but in no event prior to age 67, have the  
25 amount of the retirement annuity then being paid increased by  
26 3% or the annual unadjusted percentage increase in the Consumer

1 Price Index for All Urban Consumers as determined by the Public  
2 Pension Division of the Department of Insurance under  
3 subsection (a) of Section 2-108.1, whichever is less.

4 (c) The foregoing provisions relating to automatic  
5 increases are not applicable to a participant who retires  
6 before having made contributions (at the rate prescribed in  
7 Section 2-126) for automatic increases for less than the  
8 equivalent of one full year. However, in order to be eligible  
9 for the automatic increases, such a participant may make  
10 arrangements to pay to the system the amount required to bring  
11 the total contributions for the automatic increase to the  
12 equivalent of one year's contributions based upon his or her  
13 last salary.

14 (d) A participant who terminated service prior to July 1,  
15 1967, with at least 14 years of service is entitled to an  
16 increase in retirement annuity beginning January, 1976, and to  
17 additional increases in January of each year thereafter.

18 The initial increase shall be 1 1/2% of the originally  
19 granted retirement annuity multiplied by the number of full  
20 years that the annuitant was in receipt of such annuity prior  
21 to January 1, 1972, plus 2% of the originally granted  
22 retirement annuity for each year after that date. The  
23 subsequent annual increases shall be at the rate of 2% of the  
24 originally granted retirement annuity for each year through  
25 1979 and at the rate of 3% for 1980 and thereafter.

26 (e) Beginning January 1, 1990, and except as provided in

1 subsection (a-1), all automatic annual increases payable under  
2 this Section shall be calculated as a percentage of the total  
3 annuity payable at the time of the increase, including previous  
4 increases granted under this Article.

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

6 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

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

9 Sec. 2-124. Contributions by State.

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

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

21 (c) For State fiscal years 2018 through 2045 (except as  
22 otherwise provided for fiscal year 2019), the minimum  
23 contribution to the System to be made by the State for each  
24 fiscal year shall be an amount determined by the System to be  
25 sufficient to bring the total assets of the System up to 90% of

1 the total actuarial liabilities of the System by the end of  
2 State fiscal year 2045. In making these determinations, the  
3 required State contribution shall be calculated each year as a  
4 level percentage of total payroll, including payroll that is  
5 not deemed pensionable, but excluding payroll attributable to  
6 participants in the defined contribution plan under Section  
7 2-165.1, over the years remaining to and including fiscal year  
8 2045 and shall be determined under the projected unit credit  
9 actuarial cost method.

10 For State fiscal year 2019:

11 (1) The initial calculation and certification shall be  
12 based on the amount determined above.

13 (2) For purposes of the recertification due on or  
14 before May 1, 2018, the recalculation of the required State  
15 contribution for fiscal year 2019 shall take into account  
16 the effect on the System's liabilities of the elections  
17 made under Section 2-110.3.

18 (3) For purposes of the recertification due on or  
19 before October 1, 2018, the total required State  
20 contribution for fiscal year 2019 shall be reduced by the  
21 amount of the consideration payments made to Tier 1  
22 employees who made the election under paragraph (1) of  
23 subsection (a) of Section 2-110.3.

24 Beginning in State fiscal year 2018, any increase or  
25 decrease in State contribution over the prior fiscal year due  
26 exclusively to changes in actuarial or investment assumptions

1 adopted by the Board shall be included in the State  
2 contribution to the System, as a percentage of the applicable  
3 employee payroll, and shall be increased in equal annual  
4 increments so that by the State fiscal year occurring 5 years  
5 after the adoption of the actuarial or investment assumptions,  
6 the State is contributing at the rate otherwise required under  
7 this Section.

8 If Section 2-110.3 is determined to be unconstitutional or  
9 otherwise invalid by a final unappealable decision of an  
10 Illinois court or a court of competent jurisdiction, then the  
11 changes made to this Section by this amendatory Act of the  
12 100th General Assembly shall not take effect and are repealed  
13 by operation of law.

14 For State fiscal years 2012 through 2017 ~~2045~~, the minimum  
15 contribution to the System to be made by the State for each  
16 fiscal year shall be an amount determined by the System to be  
17 sufficient to bring the total assets of the System up to 90% of  
18 the total actuarial liabilities of the System by the end of  
19 State fiscal year 2045. In making these determinations, the  
20 required State contribution shall be calculated each year as a  
21 level percentage of payroll over the years remaining to and  
22 including fiscal year 2045 and shall be determined under the  
23 projected unit credit actuarial cost method.

24 For State fiscal years 1996 through 2005, the State  
25 contribution to the System, as a percentage of the applicable  
26 employee payroll, shall be increased in equal annual increments

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

3 Notwithstanding any other provision of this Article, the  
4 total required State contribution for State fiscal year 2006 is  
5 \$4,157,000.

6 Notwithstanding any other provision of this Article, the  
7 total required State contribution for State fiscal year 2007 is  
8 \$5,220,300.

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

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

25 Notwithstanding any other provision of this Article, the  
26 total required State contribution for State fiscal year 2011 is



1 the amount recertified by the System on or before April 1, 2011  
2 pursuant to Section 2-134 and shall be made from the proceeds  
3 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of  
4 the General Obligation Bond Act, less (i) the pro rata share of  
5 bond sale expenses determined by the System's share of total  
6 bond proceeds, (ii) any amounts received from the General  
7 Revenue Fund in fiscal year 2011, and (iii) any reduction in  
8 bond proceeds due to the issuance of discounted bonds, if  
9 applicable.

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

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

26 Notwithstanding any other provision of this Section, the

1 required State contribution for State fiscal year 2005 and for  
2 fiscal year 2008 and each fiscal year thereafter, as calculated  
3 under this Section and certified under Section 2-134, shall not  
4 exceed an amount equal to (i) the amount of the required State  
5 contribution that would have been calculated under this Section  
6 for that fiscal year if the System had not received any  
7 payments under subsection (d) of Section 7.2 of the General  
8 Obligation Bond Act, minus (ii) the portion of the State's  
9 total debt service payments for that fiscal year on the bonds  
10 issued in fiscal year 2003 for the purposes of that Section  
11 7.2, as determined and certified by the Comptroller, that is  
12 the same as the System's portion of the total moneys  
13 distributed under subsection (d) of Section 7.2 of the General  
14 Obligation Bond Act. In determining this maximum for State  
15 fiscal years 2008 through 2010, however, the amount referred to  
16 in item (i) shall be increased, as a percentage of the  
17 applicable employee payroll, in equal increments calculated  
18 from the sum of the required State contribution for State  
19 fiscal year 2007 plus the applicable portion of the State's  
20 total debt service payments for fiscal year 2007 on the bonds  
21 issued in fiscal year 2003 for the purposes of Section 7.2 of  
22 the General Obligation Bond Act, so that, by State fiscal year  
23 2011, the State is contributing at the rate otherwise required  
24 under this Section.

25 (d) For purposes of determining the required State  
26 contribution to the System, the value of the System's assets

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

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

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

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

17 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

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

20 Sec. 2-126. Contributions by participants.

21 (a) Each participant shall contribute toward the cost of  
22 his or her retirement annuity a percentage of each payment of  
23 salary received by him or her for service as a member as  
24 follows: for service between October 31, 1947 and January 1,  
25 1959, 5%; for service between January 1, 1959 and June 30,

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

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

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

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

22 (d) In addition, each participant serving as an officer of  
23 the General Assembly shall contribute, for the same purposes  
24 and at the same rates as are required of a regular participant,  
25 on each additional payment received as an officer. If the  
26 participant serves as an officer for at least 2 but less than 4

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

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

20 (f) Beginning July 1, 2018 or the effective date of the  
21 Tier 1 employee's election under paragraph (1) of subsection  
22 (a) of Section 2-110.3, whichever is later, in lieu of the  
23 contributions otherwise required under this Section, each Tier  
24 1 employee who made the election under paragraph (1) of  
25 subsection (a) of Section 2-110.3 shall contribute 8.5% of each  
26 payment of salary toward the cost of his or her retirement

1 annuity and 1.85% of each payment of salary toward the cost of  
2 the survivor's annuity.

3 (g) Notwithstanding subsection (f) of this Section,  
4 beginning July 1, 2018 or the effective date of the Tier 1  
5 employee's election under paragraph (1) of subsection (a) of  
6 Section 2-110.3, whichever is later, in lieu of the  
7 contributions otherwise required under this Section, each Tier  
8 1 employee who made the election under paragraph (1) of  
9 subsection (a) of Section 2-110.3 and has elected to cease  
10 making contributions for survivor's annuity under subsection  
11 (b) of this Section, shall contribute 8.55% of each payment of  
12 salary toward the cost of his or her retirement annuity.

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

14 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

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

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

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

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

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

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

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

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

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

14 As soon as practical after the effective date of this  
15 amendatory Act of the 100th General Assembly, the Board shall  
16 recalculate and recertify to the State Actuary, the Governor,  
17 and the General Assembly the amount of the State contribution  
18 to the System for State fiscal year 2018, taking into account  
19 the changes in required State contributions made by this  
20 amendatory Act of the 100th General Assembly. The State Actuary  
21 shall review the assumptions and valuations underlying the  
22 Board's revised certification and issue a preliminary report  
23 concerning the proposed recertification and identifying, if  
24 necessary, recommended changes in actuarial assumptions that  
25 the Board must consider before finalizing its certification of  
26 the required State contributions. The Board's final



1 certification must note any deviations from the State Actuary's  
2 recommended changes, the reason or reasons for not following  
3 the State Actuary's recommended changes, and the fiscal impact  
4 of not following the State Actuary's recommended changes on the  
5 required State contribution.

6 On or before May 1, 2018, the Board shall recalculate and  
7 recertify to the Governor and the General Assembly the amount  
8 of the required State contribution to the System for State  
9 fiscal year 2019, taking into account the effect on the  
10 System's liabilities of the elections made under Section  
11 2-110.3.

12 On or before October 1, 2018, the Board shall recalculate  
13 and recertify to the Governor and the General Assembly the  
14 amount of the required State contribution to the System for  
15 State fiscal year 2019, taking into account the reduction  
16 specified under item (3) of subsection (c) of Section 2-124.

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

1 the transfer to the System under subsection (d) of Section  
2 6z-61 of the State Finance Act. These vouchers shall be paid by  
3 the State Comptroller and Treasurer by warrants drawn on the  
4 funds appropriated to the System for that fiscal year. If in  
5 any month the amount remaining unexpended from all other  
6 appropriations to the System for the applicable fiscal year  
7 (including the appropriations to the System under Section 8.12  
8 of the State Finance Act and Section 1 of the State Pension  
9 Funds Continuing Appropriation Act) is less than the amount  
10 lawfully vouchered under this Section, the difference shall be  
11 paid from the General Revenue Fund under the continuing  
12 appropriation authority provided in Section 1.1 of the State  
13 Pension Funds Continuing Appropriation Act.

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

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

23 (40 ILCS 5/2-162)

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

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

3           (a) As used in this Section, "new benefit increase" means  
4 an increase in the amount of any benefit provided under this  
5 Article, or an expansion of the conditions of eligibility for  
6 any benefit under this Article, that results from an amendment  
7 to this Code that takes effect after the effective date of this  
8 amendatory Act of the 94th General Assembly. "New benefit  
9 increase", however, does not include any benefit increase  
10 resulting from the changes made to this Article by this  
11 amendatory Act of the 100th General Assembly.

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

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

21           Every new benefit increase is contingent upon the General  
22 Assembly providing the additional funding required under this  
23 subsection. The Commission on Government Forecasting and  
24 Accountability shall analyze whether adequate additional  
25 funding has been provided for the new benefit increase and  
26 shall report its analysis to the Public Pension Division of the

1 Department of Insurance ~~Financial and Professional Regulation~~.

2 A new benefit increase created by a Public Act that does not  
3 include the additional funding required under this subsection  
4 is null and void. If the Public Pension Division determines  
5 that the additional funding provided for a new benefit increase  
6 under this subsection is or has become inadequate, it may so  
7 certify to the Governor and the State Comptroller and, in the  
8 absence of corrective action by the General Assembly, the new  
9 benefit increase shall expire at the end of the fiscal year in  
10 which the certification is made.

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

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

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

2 (40 ILCS 5/2-165.1 new)

3 Sec. 2-165.1. Defined contribution plan.

4 (a) By July 1, 2018, the System shall prepare and implement  
5 a voluntary defined contribution plan for up to 5% of eligible  
6 active Tier 1 employees. The System shall determine the 5% cap  
7 by the number of active Tier 1 employees on the effective date  
8 of this Section. The defined contribution plan developed under  
9 this Section shall be a plan that aggregates employer and  
10 employee contributions in individual participant accounts  
11 which, after meeting any other requirements, are used for  
12 payouts after retirement in accordance with this Section and  
13 any other applicable laws.

14 As used in this Section, "defined benefit plan" means the  
15 retirement plan available under this Article to Tier 1  
16 employees who have not made the election authorized under this  
17 Section.

18 (1) Under the defined contribution plan, an active Tier  
19 1 employee of this System could elect to cease accruing  
20 benefits in the defined benefit plan under this Article and  
21 begin accruing benefits for future service in the defined  
22 contribution plan. Service credit under the defined  
23 contribution plan may be used for determining retirement  
24 eligibility under the defined benefit plan.

25 (2) Participants in the defined contribution plan

1 shall pay employee contributions at the same rate as Tier 1  
2 employees in this System who do not participate in the  
3 defined contribution plan.

4 (3) State contributions shall be paid into the accounts  
5 of all participants in the defined contribution plan at a  
6 uniform rate, expressed as a percentage of compensation and  
7 determined for each year. This rate shall be no higher than  
8 the employer's normal cost for Tier 1 employees in the  
9 defined benefit plan for that year, as determined by the  
10 System and expressed as a percentage of compensation, and  
11 shall be no lower than 3% of compensation. The State shall  
12 adjust this rate annually.

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

18 (5) The defined contribution plan may provide for  
19 participants in the plan to be eligible for defined  
20 disability benefits. If it does, the System shall reduce  
21 the employee contributions credited to the participant's  
22 defined contribution plan account by an amount determined  
23 by the 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 retirees and their  
4 survivors.

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

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

15 (b) Only persons who are active Tier 1 employees of the  
16 System on the effective date of this Section are eligible to  
17 participate in the defined contribution plan. Participation in  
18 the defined contribution plan shall be limited to the first 5%  
19 of eligible persons who elect to participate. The election to  
20 participate in the defined contribution plan is voluntary and  
21 irrevocable.

22 (c) An eligible active Tier 1 employee may irrevocably  
23 elect to participate in the defined contribution plan by filing  
24 with the System a written application to participate that is  
25 received by the System prior to its determination that 5% of  
26 eligible persons have elected to participate in the defined

1 contribution plan.

2 When the System first determines that 5% of eligible  
3 persons have elected to participate in the defined contribution  
4 plan, the System shall provide notice to previously eligible  
5 employees that the plan is no longer available and shall cease  
6 accepting applications to participate.

7 (d) The System shall make a good faith effort to contact  
8 each active Tier 1 employee who is eligible to participate in  
9 the defined contribution plan. The System shall mail  
10 information describing the option to join the defined  
11 contribution plan to each of these employees to his or her last  
12 known address on file with the System. If the employee is not  
13 responsive to other means of contact, it is sufficient for the  
14 System to publish the details of the option on its website.

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



1 they may also wish to obtain information and counsel relating  
2 to their option from any other available source, including but  
3 not limited to labor organizations, private counsel, and  
4 financial advisors.

5 (e) In no event shall the System, its staff, its authorized  
6 representatives, or the Board be liable for any information  
7 given to an employee under this Section. The System may  
8 coordinate with the Illinois Department of Central Management  
9 Services and other retirement systems administering a defined  
10 contribution plan in accordance with this amendatory Act of the  
11 100th General Assembly to provide information concerning the  
12 impact of the option set forth in this Section.

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

17 (g) The System shall report on its progress under this  
18 Section, including the available details of the defined  
19 contribution plan and the System's plans for informing eligible  
20 Tier 1 employees about the plan, to the Governor and the  
21 General Assembly on or before January 15, 2018.

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

25 (i) The intent of this amendatory Act of the 100th 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 cost  
4 is necessary to ensure cost neutrality.

5 (40 ILCS 5/2-166.1 new)

6 Sec. 2-166.1. Defined contribution plan; termination. If  
7 the defined contribution plan is terminated or becomes  
8 inoperative pursuant to law, then each participant in the plan  
9 shall automatically be deemed to have been a contributing Tier  
10 1 employee in the System's defined benefit plan during the time  
11 in which he or she participated in the defined contribution  
12 plan, and for that purpose the System shall be entitled to  
13 recover the amounts in the participant's defined contribution  
14 accounts.

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

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

18 Sec. 14-103.10. Compensation.

19 (a) For periods of service prior to January 1, 1978, the  
20 full rate of salary or wages payable to an employee for  
21 personal services performed if he worked the full normal  
22 working period for his position, subject to the following  
23 maximum amounts: (1) prior to July 1, 1951, \$400 per month or  
24 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957

1 inclusive, \$625 per month or \$7,500 per year; (3) beginning  
2 July 1, 1957, no limitation.

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

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

- 13 (1) for vacation,  
14 (2) for accumulated unused sick leave,  
15 (3) upon discharge or dismissal,  
16 (4) for approved holidays.

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

22 (d) For periods of service after September 30, 1985,  
23 compensation also includes any remuneration for personal  
24 services not included as "wages" under the Social Security  
25 Enabling Act, which is deducted for purposes of participation  
26 in a program established pursuant to Section 125 of the

1 Internal Revenue Code or its successor laws.

2 (e) For members for which Section 1-160 applies for periods  
3 of service on and after January 1, 2011, all remuneration for  
4 personal services performed defined as "wages" under the Social  
5 Security Enabling Act, excluding remuneration that is in excess  
6 of the annual earnings, salary, or wages of a member or  
7 participant, as provided in subsection (b-5) of Section 1-160,  
8 but including any benefits received by an employee under a sick  
9 pay plan in effect before January 1, 1981. Compensation shall  
10 exclude lump sum salary payments:

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

15 (f) Notwithstanding the other provisions of this Section,  
16 for service on or after July 1, 2013, "compensation" does not  
17 include any stipend payable to an employee for service on a  
18 board or commission.

19 (g) Notwithstanding any other provision of this Section,  
20 "compensation" does not include any future increase in income  
21 that is offered for service by a department to a Tier 1  
22 employee under this Article pursuant to the condition set forth  
23 in subsection (c) of Section 14-106.5 and accepted under that  
24 condition by a Tier 1 employee who has made the election under  
25 paragraph (2) of subsection (a) of Section 14-106.5.

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

1 "compensation" does not include any consideration payment made  
2 to a Tier 1 employee.

3 (Source: P.A. 98-449, eff. 8-16-13.)

4 (40 ILCS 5/14-103.41 new)

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

11 (40 ILCS 5/14-103.42 new)

12 Sec. 14-103.42. Future increase in income. "Future  
13 increase in income" means an increase to a Tier 1 employee's  
14 base pay that is offered by a department to the Tier 1 employee  
15 for service under this Article after June 30, 2019 that  
16 qualifies as "compensation", as defined in Section 14-103.10,  
17 or would qualify as "compensation" but for the fact that it was  
18 offered to and accepted by the Tier 1 employee under the  
19 condition set forth in subsection (c) of Section 14-106.5. The  
20 term "future increase in income" includes an increase to a Tier  
21 1 employee's base pay that is paid to the Tier 1 employee  
22 pursuant to an extension, amendment, or renewal of any  
23 employment contract or collective bargaining agreement after  
24 the effective date of this Section.

1 (40 ILCS 5/14-103.43 new)

2 Sec. 14-103.43. Base pay. As used in Section 14-103.42 of  
3 this Code, "base pay" means the greater of either (i) the Tier  
4 1 employee's annualized rate of compensation as of June 30,  
5 2019, or (ii) the Tier 1 employee's annualized rate of  
6 compensation immediately preceding the expiration, renewal, or  
7 amendment of an employment contract or collective bargaining  
8 agreement in effect on the effective date of this Section. For  
9 a person returning to active service as a Tier 1 employee after  
10 June 30, 2019, however, "base pay" means the employee's  
11 annualized rate of compensation as of the employee's last date  
12 of service prior to July 1, 2019. The System shall calculate  
13 the base pay of each Tier 1 employee pursuant to this Section.

14 (40 ILCS 5/14-106.5 new)

15 Sec. 14-106.5. Election by Tier 1 employees.

16 (a) Each active Tier 1 employee shall make an irrevocable  
17 election either:

18 (1) to agree to delay his or her eligibility for  
19 automatic annual increases in retirement annuity as  
20 provided in subsection (a-1) of Section 14-114 and to have  
21 the amount of the automatic annual increases in his or her  
22 retirement annuity and survivors or widow's annuity that  
23 are otherwise provided for in this Article calculated,  
24 instead, as provided in subsection (a-1) of Section 14-114;

1       or

2               (2) to not agree to paragraph (1) of this subsection.

3       The election required under this subsection (a) shall be  
4 made by each active Tier 1 employee no earlier than January 1,  
5 2019 and no later than March 31, 2019, except that:

6               (i) a person who becomes a Tier 1 employee under this  
7 Article on or after January 1, 2019 must make the election  
8 under this subsection (a) within 60 days after becoming a  
9 Tier 1 employee; and

10              (ii) a person who returns to active service as a Tier 1  
11 employee under this Article on or after January 1, 2019 and  
12 has not yet made an election under this Section must make  
13 the election under this subsection (a) within 60 days after  
14 returning to active service as a Tier 1 employee.

15       If a Tier 1 employee fails for any reason to make a  
16 required election under this subsection within the time  
17 specified, then the employee shall be deemed to have made the  
18 election under paragraph (2) of this subsection.

19       (a-5) If this Section is enjoined or stayed by an Illinois  
20 court or a court of competent jurisdiction pending the entry of  
21 a final and unappealable decision, and this Section is  
22 determined to be constitutional or otherwise valid by a final  
23 unappealable decision of an Illinois court or a court of  
24 competent jurisdiction, then the election procedure set forth  
25 in subsection (a) of this Section shall commence on the 180th  
26 calendar day after the date of the issuance of the final

1 unappealable decision and shall conclude at the end of the  
2 270th calendar day after that date.

3 (a-10) All elections under subsection (a) that are made or  
4 deemed to be made before July 1, 2019 shall take effect on July  
5 1, 2019. Elections that are made or deemed to be made on or  
6 after July 1, 2019 shall take effect on the first day of the  
7 month following the month in which the election is made or  
8 deemed to be made.

9 (b) As adequate and legal consideration provided under this  
10 amendatory Act of the 100th General Assembly for making an  
11 election under paragraph (1) of subsection (a) of this Section,  
12 the department shall be expressly and irrevocably prohibited  
13 from offering any future increases in income to a Tier 1  
14 employee who has made an election under paragraph (1) of  
15 subsection (a) of this Section on the condition of not  
16 constituting compensation under Section 14-103.10.

17 As adequate and legal consideration provided under this  
18 amendatory Act of the 100th General Assembly for making an  
19 election under paragraph (1) of subsection (a) of this Section,  
20 each Tier 1 employee who has made an election under paragraph  
21 (1) of subsection (a) of this Section shall receive a  
22 consideration payment equal to 10% of the contributions made by  
23 or on behalf of the employee before the effective date of that  
24 election. The State Comptroller shall pay the consideration  
25 payment to the Tier 1 employee out of funds appropriated for  
26 that purpose under Section 1.9 of the State Pension Funds



1 Continuing Appropriation Act. The System shall calculate the  
2 amount of each consideration payment and, by July 1, 2019,  
3 shall certify to the State Comptroller the amount of the  
4 consideration payment, together with the name, address, and any  
5 other available payment information of the Tier 1 employee as  
6 found in the records of the System. The System shall make  
7 additional calculations and certifications of consideration  
8 payments to the State Comptroller as it deems necessary.

9 (c) A Tier 1 employee who makes the election under  
10 paragraph (2) of subsection (a) of this Section shall not be  
11 subject to paragraph (1) of subsection (a) of this Section.  
12 However, each future increase in income offered by a department  
13 under this Article to a Tier 1 employee who has made the  
14 election under paragraph (2) of subsection (a) of this Section  
15 shall be offered by the department expressly and irrevocably on  
16 the condition of not constituting compensation under Section  
17 14-103.10 and that the Tier 1 employee's acceptance of the  
18 offered future increase in income shall constitute his or her  
19 agreement to that condition.

20 (d) The System shall make a good faith effort to contact  
21 each Tier 1 employee subject to this Section. The System shall  
22 mail information describing the required election to each Tier  
23 1 employee by United States Postal Service mail to his or her  
24 last known address on file with the System. If the Tier 1  
25 employee is not responsive to other means of contact, it is  
26 sufficient for the System to publish the details of any

1 required elections on its website or to publish those details  
2 in a regularly published newsletter or other existing public  
3 forum.

4 Tier 1 employees who are subject to this Section shall be  
5 provided with an election packet containing information  
6 regarding their options, as well as the forms necessary to make  
7 the required election. Upon request, the System shall offer  
8 Tier 1 employees an opportunity to receive information from the  
9 System before making the required election. The information may  
10 consist of video materials, group presentations, individual  
11 consultation with a member or authorized representative of the  
12 System in person or by telephone or other electronic means, or  
13 any combination of those methods. The System shall not provide  
14 advice or counseling with respect to which election a Tier 1  
15 employee should make or specific to the legal or tax  
16 circumstances of or consequences to the Tier 1 employee.

17 The System shall inform Tier 1 employees in the election  
18 packet required under this subsection that the Tier 1 employee  
19 may also wish to obtain information and counsel relating to the  
20 election required under this Section from any other available  
21 source, including, but not limited to, labor organizations and  
22 private counsel.

23 In no event shall the System, its staff, or the Board be  
24 held liable for any information given to a member regarding the  
25 elections under this Section. The System shall coordinate with  
26 the Illinois Department of Central Management Services and each

1 other retirement system administering an election in  
2 accordance with this amendatory Act of the 100th General  
3 Assembly to provide information concerning the impact of the  
4 election set forth in this Section.

5 (e) Notwithstanding any other provision of law, a  
6 department under this Article is required to offer each future  
7 increase in income expressly and irrevocably on the condition  
8 of not constituting "compensation" under Section 14-103.10 to  
9 any Tier 1 employee who has made an election under paragraph  
10 (2) of subsection (a) of this Section. The offer shall also  
11 provide that the Tier 1 employee's acceptance of the offered  
12 future increase in income shall constitute his or her agreement  
13 to the condition set forth in this subsection.

14 For purposes of legislative intent, the condition set forth  
15 in this subsection shall be construed in a manner that ensures  
16 that the condition is not violated or circumvented through any  
17 contrivance of any kind.

18 (f) A member's election under this Section is not a  
19 prohibited election under subdivision (j)(1) of Section 1-119  
20 of this Code.

21 (g) No provision of this Section shall be interpreted in a  
22 way that would cause the System to cease to be a qualified plan  
23 under Section 401(a) of the Internal Revenue Code of 1986. The  
24 provisions of this Section shall be subject to and implemented  
25 in a manner that complies with Section 21 of Article V of the  
26 Illinois Constitution.

1       (h) If an election created by this amendatory Act in any  
2 other Article of this Code or any change deriving from that  
3 election is determined to be unconstitutional or otherwise  
4 invalid by a final unappealable decision of an Illinois court  
5 or a court of competent jurisdiction, the invalidity of that  
6 provision shall not in any way affect the validity of this  
7 Section or the changes deriving from the election required  
8 under this Section.

9           (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

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

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

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

1 added to the member's age, would equal 85, if retirement is on  
2 or after January 1, 2001, shall have the amount of the fixed  
3 and payable retirement annuity increased by 3% on the January 1  
4 occurring on or next following (1) attainment of age 60, or (2)  
5 the first anniversary of retirement, whichever occurs later.  
6 However, for persons who receive the alternative retirement  
7 annuity under Section 14-110, references in this subsection (a)  
8 to attainment of age 60 shall be deemed to refer to attainment  
9 of age 55. For a person receiving early retirement incentives  
10 under Section 14-108.3 whose retirement annuity began after  
11 January 1, 1992 pursuant to an extension granted under  
12 subsection (e) of that Section, the first anniversary of  
13 retirement shall be deemed to be January 1, 1993. For a person  
14 who retires on or after June 28, 2001 and on or before October  
15 1, 2001, and whose retirement annuity is calculated, in whole  
16 or in part, under Section 14-110 or subsection (g) or (h) of  
17 Section 14-108, the first anniversary of retirement shall be  
18 deemed to be January 1, 2002.

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

22 Beginning January 1, 1990, and except as provided in  
23 subsection (a-1), all automatic annual increases payable under  
24 this Section shall be calculated as a percentage of the total  
25 annuity payable at the time of the increase, including previous  
26 increases granted under this Article.

1       (a-1) Notwithstanding any other provision of this Article,  
2       for a Tier 1 employee who made the election under paragraph (1)  
3       of subsection (a) of Section 14-106.5:

4           (1) The initial increase in retirement annuity under  
5       this Section shall occur on the January 1 occurring either  
6       on or after the attainment of age 67 or the fifth  
7       anniversary of the annuity start date, whichever is  
8       earlier.

9           (2) The amount of each automatic annual increase in  
10       retirement annuity or survivors or widow's annuity  
11       occurring on or after the effective date of that election  
12       shall be calculated as a percentage of the originally  
13       granted retirement annuity or survivors or widow's  
14       annuity, equal to 3% or one-half the annual unadjusted  
15       percentage increase (but not less than zero) in the  
16       consumer price index-u for the 12 months ending with the  
17       September preceding each November 1, whichever is less. If  
18       the annual unadjusted percentage change in the consumer  
19       price index-u for the 12 months ending with the September  
20       preceding each November 1 is zero or there is a decrease,  
21       then the annuity shall not be increased.

22       For the purposes of this Section, "consumer price index-u"  
23       means the index published by the Bureau of Labor Statistics of  
24       the United States Department of Labor that measures the average  
25       change in prices of goods and services purchased by all urban  
26       consumers, United States city average, all items, 1982-84 =

1 100. The new amount resulting from each annual adjustment shall  
2 be determined by the Public Pension Division of the Department  
3 of Insurance and made available to the board of the retirement  
4 system by November 1 of each year.

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

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

20 (d) In addition to other increases which may be provided by  
21 this Section, on January 1, 1981 any annuitant who was  
22 receiving a retirement annuity on or before January 1, 1971  
23 shall have his retirement annuity then being paid increased \$1  
24 per month for each year of creditable service. On January 1,  
25 1982, any annuitant who began receiving a retirement annuity on  
26 or before January 1, 1977, shall have his retirement annuity

1 then being paid increased \$1 per month for each year of  
2 creditable service.

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

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

18 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;  
19 92-651, eff. 7-11-02.)

20 (40 ILCS 5/14-131)

21 Sec. 14-131. Contributions by State.

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



1 sufficient to meet the cost of maintaining and administering  
2 the System on a 90% funded basis in accordance with actuarial  
3 recommendations.

4 For the purposes of this Section and Section 14-135.08,  
5 references to State contributions refer only to employer  
6 contributions and do not include employee contributions that  
7 are picked up or otherwise paid by the State or a department on  
8 behalf of the employee.

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

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

24 For the purposes of this Section and Section 14.1 of the  
25 State Finance Act, the term "eligible employees" includes  
26 employees who participate in the System, persons who may elect

1 to participate in the System but have not so elected, persons  
2 who are serving a qualifying period that is required for  
3 participation, and annuitants employed by a department as  
4 described in subdivision (a) (1) or (a) (2) of Section 14-111.

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

19 (c-1) Notwithstanding subsection (c) of this Section, for  
20 fiscal years 2010, 2012, 2013, 2014, 2015, 2016, and 2017 only,  
21 contributions by the several departments are not required to be  
22 made for General Revenue Funds payrolls processed by the  
23 Comptroller. Payrolls paid by the several departments from all  
24 other State funds must continue to be processed pursuant to  
25 subsection (c) of this Section.

26 (c-2) For State fiscal years 2010, 2012, 2013, 2014, 2015,

1 2016, and 2017 only, on or as soon as possible after the 15th  
2 day of each month, the Board shall submit vouchers for payment  
3 of State contributions to the System, in a total monthly amount  
4 of one-twelfth of the fiscal year General Revenue Fund  
5 contribution as certified by the System pursuant to Section  
6 14-135.08 of the Illinois Pension Code.

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

21 (e) For State fiscal years 2018 through 2045 (except as  
22 otherwise provided for fiscal year 2020), the minimum  
23 contribution to the System to be made by the State for each  
24 fiscal year shall be an amount determined by the System to be  
25 sufficient to bring the total assets of the System up to 90% of  
26 the total actuarial liabilities of the System by the end of

1 State fiscal year 2045. In making these determinations, the  
2 required State contribution shall be calculated each year as a  
3 level percentage of total payroll, including payroll that is  
4 not deemed pensionable, over the years remaining to and  
5 including fiscal year 2045 and shall be determined under the  
6 projected unit credit actuarial cost method.

7 For State fiscal year 2020:

8 (1) The initial calculation and certification shall be  
9 based on the amount determined above.

10 (2) For purposes of the recertification due on or  
11 before May 1, 2019, the recalculation of the required State  
12 contribution for fiscal year 2020 shall take into account  
13 the effect on the System's liabilities of the elections  
14 made under Section 14-106.5.

15 (3) For purposes of the recertification due on or  
16 before October 1, 2019, the total required State  
17 contribution for fiscal year 2020 shall be reduced by the  
18 amount of the consideration payments made to Tier 1  
19 employees who made the election under paragraph (1) of  
20 subsection (a) of Section 14-106.5.

21 Beginning in State fiscal year 2018, any increase or  
22 decrease in State contribution over the prior fiscal year due  
23 exclusively to changes in actuarial or investment assumptions  
24 adopted by the Board shall be included in the State  
25 contribution to the System, as a percentage of the applicable  
26 employee payroll, and shall be increased in equal annual

1 increments so that by the State fiscal year occurring 5 years  
2 after the adoption of the actuarial or investment assumptions,  
3 the State is contributing at the rate otherwise required under  
4 this Section.

5 For State fiscal years 2012 through 2017 ~~2045~~, the minimum  
6 contribution to the System to be made by the State for each  
7 fiscal year shall be an amount determined by the System to be  
8 sufficient to bring the total assets of the System up to 90% of  
9 the total actuarial liabilities of the System by the end of  
10 State fiscal year 2045. In making these determinations, the  
11 required State contribution shall be calculated each year as a  
12 level percentage of payroll over the years remaining to and  
13 including fiscal year 2045 and shall be determined under the  
14 projected unit credit actuarial cost method.

15 For State fiscal years 1996 through 2005, the State  
16 contribution to the System, as a percentage of the applicable  
17 employee payroll, shall be increased in equal annual increments  
18 so that by State fiscal year 2011, the State is contributing at  
19 the rate required under this Section; except that (i) for State  
20 fiscal year 1998, for all purposes of this Code and any other  
21 law of this State, the certified percentage of the applicable  
22 employee payroll shall be 5.052% for employees earning eligible  
23 creditable service under Section 14-110 and 6.500% for all  
24 other employees, notwithstanding any contrary certification  
25 made under Section 14-135.08 before the effective date of this  
26 amendatory Act of 1997, and (ii) in the following specified

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

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

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

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

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

1 the General Revenue Fund in fiscal year 2010, and (iii) any  
2 reduction in bond proceeds due to the issuance of discounted  
3 bonds, if applicable.

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

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

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

1 funding ratio of at least 90%. A reference in this Article to  
2 the "required State contribution" or any substantially similar  
3 term does not include or apply to any amounts payable to the  
4 System under Section 25 of the Budget Stabilization Act.

5 Notwithstanding any other provision of this Section, the  
6 required State contribution for State fiscal year 2005 and for  
7 fiscal year 2008 and each fiscal year thereafter, as calculated  
8 under this Section and certified under Section 14-135.08, shall  
9 not exceed an amount equal to (i) the amount of the required  
10 State contribution that would have been calculated under this  
11 Section for that fiscal year if the System had not received any  
12 payments under subsection (d) of Section 7.2 of the General  
13 Obligation Bond Act, minus (ii) the portion of the State's  
14 total debt service payments for that fiscal year on the bonds  
15 issued in fiscal year 2003 for the purposes of that Section  
16 7.2, as determined and certified by the Comptroller, that is  
17 the same as the System's portion of the total moneys  
18 distributed under subsection (d) of Section 7.2 of the General  
19 Obligation Bond Act. In determining this maximum for State  
20 fiscal years 2008 through 2010, however, the amount referred to  
21 in item (i) shall be increased, as a percentage of the  
22 applicable employee payroll, in equal increments calculated  
23 from the sum of the required State contribution for State  
24 fiscal year 2007 plus the applicable portion of the State's  
25 total debt service payments for fiscal year 2007 on the bonds  
26 issued in fiscal year 2003 for the purposes of Section 7.2 of



1 the General Obligation Bond Act, so that, by State fiscal year  
2 2011, the State is contributing at the rate otherwise required  
3 under this Section.

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

1 certification.

2 (g) For purposes of determining the required State  
3 contribution to the System, the value of the System's assets  
4 shall be equal to the actuarial value of the System's assets,  
5 which shall be calculated as follows:

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

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

17 (i) After the submission of all payments for eligible  
18 employees from personal services line items paid from the  
19 General Revenue Fund in fiscal year 2010 have been made, the  
20 Comptroller shall provide to the System a certification of the  
21 sum of all fiscal year 2010 expenditures for personal services  
22 that would have been covered by payments to the System under  
23 this Section if the provisions of this amendatory Act of the  
24 96th General Assembly had not been enacted. Upon receipt of the  
25 certification, the System shall determine the amount due to the  
26 System based on the full rate certified by the Board under

1 Section 14-135.08 for fiscal year 2010 in order to meet the  
2 State's obligation under this Section. The System shall compare  
3 this amount due to the amount received by the System in fiscal  
4 year 2010 through payments under this Section. If the amount  
5 due is more than the amount received, the difference shall be  
6 termed the "Fiscal Year 2010 Shortfall" for purposes of this  
7 Section, and the Fiscal Year 2010 Shortfall shall be satisfied  
8 under Section 1.2 of the State Pension Funds Continuing  
9 Appropriation Act. If the amount due is less than the amount  
10 received, the difference shall be termed the "Fiscal Year 2010  
11 Overpayment" for purposes of this Section, and the Fiscal Year  
12 2010 Overpayment shall be repaid by the System to the General  
13 Revenue Fund as soon as practicable after the certification.

14 (j) After the submission of all payments for eligible  
15 employees from personal services line items paid from the  
16 General Revenue Fund in fiscal year 2011 have been made, the  
17 Comptroller shall provide to the System a certification of the  
18 sum of all fiscal year 2011 expenditures for personal services  
19 that would have been covered by payments to the System under  
20 this Section if the provisions of this amendatory Act of the  
21 96th General Assembly had not been enacted. Upon receipt of the  
22 certification, the System shall determine the amount due to the  
23 System based on the full rate certified by the Board under  
24 Section 14-135.08 for fiscal year 2011 in order to meet the  
25 State's obligation under this Section. The System shall compare  
26 this amount due to the amount received by the System in fiscal

1 year 2011 through payments under this Section. If the amount  
2 due is more than the amount received, the difference shall be  
3 termed the "Fiscal Year 2011 Shortfall" for purposes of this  
4 Section, and the Fiscal Year 2011 Shortfall shall be satisfied  
5 under Section 1.2 of the State Pension Funds Continuing  
6 Appropriation Act. If the amount due is less than the amount  
7 received, the difference shall be termed the "Fiscal Year 2011  
8 Overpayment" for purposes of this Section, and the Fiscal Year  
9 2011 Overpayment shall be repaid by the System to the General  
10 Revenue Fund as soon as practicable after the certification.

11 (k) For fiscal years 2012 through 2017 only, after the  
12 submission of all payments for eligible employees from personal  
13 services line items paid from the General Revenue Fund in the  
14 fiscal year have been made, the Comptroller shall provide to  
15 the System a certification of the sum of all expenditures in  
16 the fiscal year for personal services. Upon receipt of the  
17 certification, the System shall determine the amount due to the  
18 System based on the full rate certified by the Board under  
19 Section 14-135.08 for the fiscal year in order to meet the  
20 State's obligation under this Section. The System shall compare  
21 this amount due to the amount received by the System for the  
22 fiscal year. If the amount due is more than the amount  
23 received, the difference shall be termed the "Prior Fiscal Year  
24 Shortfall" for purposes of this Section, and the Prior Fiscal  
25 Year Shortfall shall be satisfied under Section 1.2 of the  
26 State Pension Funds Continuing Appropriation Act. If the amount

1 due is less than the amount received, the difference shall be  
2 termed the "Prior Fiscal Year Overpayment" for purposes of this  
3 Section, and the Prior Fiscal Year Overpayment shall be repaid  
4 by the System to the General Revenue Fund as soon as  
5 practicable after the certification.

6 (Source: P.A. 98-24, eff. 6-19-13; 98-674, eff. 6-30-14; 99-8,  
7 eff. 7-9-15; 99-523, eff. 6-30-16.)

8 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

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

12 (a) Except as provided in subsection (a-5), each ~~Each~~  
13 participating employee shall make contributions to the System,  
14 based on the employee's compensation, as follows:

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

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

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

1 in 2004 and thereafter;

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

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

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

20 (a-5) Beginning July 1, 2019 or the effective date of the  
21 Tier 1 employee's election under paragraph (1) of subsection  
22 (a) of Section 14-106.5, whichever is later, in lieu of the  
23 contributions otherwise required under subsection (a), each  
24 Tier 1 employee who made the election under paragraph (1) of  
25 subsection (a) of Section 14-106.5 who is a participating  
26 employee shall make contributions to the System, based on his

1 or her compensation, as follows:

2 (1) Covered employees, except as indicated below,  
3 3.15% for retirement annuity, and 0.45% for a widow or  
4 survivors annuity;

5 (2) Noncovered employees, except as indicated below,  
6 6.3% for retirement annuity and 0.9% for a widow or  
7 survivors annuity;

8 (3) Noncovered employees serving in a position in which  
9 "eligible creditable service" as defined in Section 14-110  
10 may be earned, 10.35% for retirement annuity and 0.9% for a  
11 widow or survivors annuity;

12 (4) Covered employees serving in a position in which  
13 "eligible creditable service" as defined in Section 14-110  
14 may be earned, 7.2% for retirement annuity and 0.45% for a  
15 widow or survivors annuity;

16 (5) Each security employee of the Department of  
17 Corrections or of the Department of Human Services who is a  
18 covered employee, 10.8% for retirement annuity and 0.45%  
19 for a widow or survivors annuity;

20 (6) Each security employee of the Department of  
21 Corrections or of the Department of Human Services who is  
22 not a covered employee, 10.35% for retirement annuity and  
23 0.9% for a widow or survivors annuity.

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

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

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

6 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

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

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

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

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



1 beginning January 1, 2013, the State Actuary shall issue a  
2 preliminary report concerning the proposed certification and  
3 identifying, if necessary, recommended changes in actuarial  
4 assumptions that the Board must consider before finalizing its  
5 certification of the required State contributions. On or before  
6 January 15, 2013 and each January 15 thereafter, the Board  
7 shall certify to the Governor and the General Assembly the  
8 amount of the required State contribution for the next fiscal  
9 year. The Board's certification must note any deviations from  
10 the State Actuary's recommended changes, the reason or reasons  
11 for not following the State Actuary's recommended changes, and  
12 the fiscal impact of not following the State Actuary's  
13 recommended changes on the required State contribution.

14 (a-10) For purposes of subsection (c-5) of Section 20 of  
15 the Budget Stabilization Act, on or before November 1 of each  
16 year beginning November 1, 2019, the Board shall determine the  
17 amount of the State contribution to the System that would have  
18 been required for the next fiscal year if Section 1-161,  
19 Section 14-155.2, and the changes made to Section 1-160 by this  
20 amendatory Act of the 100th General Assembly had not taken  
21 effect, using the best and most recent available data but based  
22 on the law in effect on May 31, 2019. The Board shall submit to  
23 the State Actuary, the Governor, and the General Assembly a  
24 proposed certification, along with the relevant law, actuarial  
25 assumptions, calculations, and data upon which that  
26 certification is based. On or before January 1, 2020 and every

1 January 1 thereafter, the State Actuary shall issue a  
2 preliminary report concerning the proposed certification and  
3 identifying, if necessary, recommended changes in actuarial  
4 assumptions that the Board must consider before finalizing its  
5 certification. On or before January 15, 2020 and every January  
6 1 thereafter, the Board shall certify to the Governor and the  
7 General Assembly the amount of the State contribution to the  
8 System that would have been required for the next fiscal year  
9 if Section 1-161, Section 14-155.2, and the changes made to  
10 Section 1-160 by this amendatory Act of the 100th General  
11 Assembly had not taken effect, using the best and most recent  
12 available data but based on the law in effect on May 31, 2019.  
13 The Board's certification must note any deviations from the  
14 State Actuary's recommended changes, the reason or reasons for  
15 not following the State Actuary's recommended changes, and the  
16 impact of not following the State Actuary's recommended  
17 changes.

18 (b) The certifications under subsections (a) and (a-5)  
19 shall include an additional amount necessary to pay all  
20 principal of and interest on those general obligation bonds due  
21 the next fiscal year authorized by Section 7.2(a) of the  
22 General Obligation Bond Act and issued to provide the proceeds  
23 deposited by the State with the System in July 2003,  
24 representing deposits other than amounts reserved under  
25 Section 7.2(c) of the General Obligation Bond Act. For State  
26 fiscal year 2005, the Board shall make a supplemental

1 certification of the additional amount necessary to pay all  
2 principal of and interest on those general obligation bonds due  
3 in State fiscal years 2004 and 2005 authorized by Section  
4 7.2(a) of the General Obligation Bond Act and issued to provide  
5 the proceeds deposited by the State with the System in July  
6 2003, representing deposits other than amounts reserved under  
7 Section 7.2(c) of the General Obligation Bond Act, as soon as  
8 practical after the effective date of this amendatory Act of  
9 the 93rd General Assembly.

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

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

24 On or before April 1, 2011, the Board shall recalculate and  
25 recertify to the Governor and to each department the amount of  
26 the required State contribution to the System for State fiscal

1 year 2011, applying the changes made by Public Act 96-889 to  
2 the System's assets and liabilities as of June 30, 2009 as  
3 though Public Act 96-889 was approved on that date.

4 As soon as practical after the effective date of this  
5 amendatory Act of the 100th General Assembly, the Board shall  
6 recalculate and recertify to the State Actuary, the Governor,  
7 and the General Assembly the amount of the State contribution  
8 to the System for State fiscal year 2018, taking into account  
9 the changes in required State contributions made by this  
10 amendatory Act of the 100th General Assembly. The State Actuary  
11 shall review the assumptions and valuations underlying the  
12 Board's revised certification and issue a preliminary report  
13 concerning the proposed recertification and identifying, if  
14 necessary, recommended changes in actuarial assumptions that  
15 the Board must consider before finalizing its certification of  
16 the required State contributions. The Board's final  
17 certification must note any deviations from the State Actuary's  
18 recommended changes, the reason or reasons for not following  
19 the State Actuary's recommended changes, and the fiscal impact  
20 of not following the State Actuary's recommended changes on the  
21 required State contribution.

22 On or before May 1, 2019, the Board shall recalculate and  
23 recertify to the Governor and the General Assembly the amount  
24 of the required State contribution to the System for State  
25 fiscal year 2020, taking into account the effect on the  
26 System's liabilities of the elections made under Section

1 14-106.5.

2 On or before October 1, 2019, the Board shall recalculate  
3 and recertify to the Governor and the General Assembly the  
4 amount of the required State contribution to the System for  
5 State fiscal year 2020, taking into account the reduction  
6 specified under item (3) of subsection (e) of Section 14-131.

7 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
8 97-694, eff. 6-18-12.)

9 (40 ILCS 5/14-147.5 new)

10 Sec. 14-147.5. Accelerated pension benefit payment.

11 (a) As used in this Section:

12 "Eligible person" means a person who:

13 (1) has terminated service;

14 (2) has accrued sufficient service credit to be  
15 eligible to receive a retirement annuity under this  
16 Article;

17 (3) has not received any retirement annuity under this  
18 Article; and

19 (4) does not have a QILDRO in effect against him or her  
20 under this Article.

21 "Pension benefit" means the benefits under this Article, or  
22 Article 1 as it relates to those benefits, including any  
23 anticipated annual increases, that an eligible person is  
24 entitled to upon attainment of the applicable retirement age.

25 "Pension benefit" also includes applicable survivor's or

1 disability benefits.

2 (b) Before January 1, 2019, and annually thereafter, the  
3 System shall calculate, using actuarial tables and other  
4 assumptions adopted by the Board, the net present value of  
5 pension benefits for each eligible person and shall offer each  
6 eligible person the opportunity to irrevocably elect to receive  
7 an amount determined by the System to be equal to 70% of the  
8 net present value of his or her pension benefits in lieu of  
9 receiving any pension benefit. The offer shall specify the  
10 dollar amount that the eligible person will receive if he or  
11 she so elects and shall expire when a subsequent offer is made  
12 to an eligible person or when the System determines that 10% of  
13 eligible persons in that year have made the election under this  
14 subsection, whichever occurs first. The System shall make a  
15 good faith effort to contact every eligible person to notify  
16 him or her of the election and of the amount of the accelerated  
17 pension benefit payment.

18 Until the System determines that 10% of eligible persons in  
19 that year have made the election under this subsection, an  
20 eligible person may irrevocably elect to receive an accelerated  
21 pension benefit payment in the amount that the System offers  
22 under this subsection in lieu of receiving any pension benefit.  
23 A person who elects to receive an accelerated pension benefit  
24 payment under this Section may not elect to proceed under the  
25 Retirement Systems Reciprocal Act with respect to service under  
26 this Article.

1       (c) A person's credits and creditable service under this  
2 Article shall be terminated upon the person's receipt of an  
3 accelerated pension benefit payment under this Section, and no  
4 other benefit shall be paid under this Article based on those  
5 terminated credits and creditable service, including any  
6 retirement, survivor, or other benefit; except that to the  
7 extent that participation, benefits, or premiums under the  
8 State Employees Group Insurance Act of 1971 are based on the  
9 amount of service credit, the terminated service credit shall  
10 be used for that purpose.

11       (d) If a person who has received an accelerated pension  
12 benefit payment under this Section returns to active service  
13 under this Article, then:

14           (1) Any benefits under the System earned as a result of  
15 that return to active service shall be based solely on the  
16 person's credits and creditable service arising from the  
17 return to active service.

18           (2) The accelerated pension benefit payment may not be  
19 repaid to the System, and the terminated credits and  
20 creditable service may not under any circumstances be  
21 reinstated.

22       (e) As a condition of receiving an accelerated pension  
23 benefit payment, an eligible person must have another  
24 retirement plan or account qualified under the Internal Revenue  
25 Code of 1986, as amended, for the accelerated pension benefit  
26 payment to be rolled into. The accelerated pension benefit

1 payment under this Section may be subject to withholding or  
2 payment of applicable taxes, but to the extent permitted by  
3 federal law, a person who receives an accelerated pension  
4 benefit payment under this Section must direct the System to  
5 pay all of that payment as a rollover into another retirement  
6 plan or account qualified under the Internal Revenue Code of  
7 1986, as amended.

8 (f) Before January 1, 2020 and every January 1 thereafter,  
9 the Board shall certify to the Illinois Finance Authority and  
10 the General Assembly the amount by which the total amount of  
11 accelerated pension benefit payments made under this Section  
12 exceed the amount appropriated to the System for the purpose of  
13 making those payments.

14 (g) The Board shall adopt any rules necessary to implement  
15 this Section.

16 (h) No provision of this Section shall be interpreted in a  
17 way that would cause the applicable System to cease to be a  
18 qualified plan under the Internal Revenue Code of 1986.

19 (i) Notwithstanding any other provision of this Section, in  
20 no case shall the total amount of accelerated pension benefit  
21 payments paid under this Section, Section 15-185.5, and Section  
22 16-190.5 cause the Illinois Finance Authority to issue more  
23 than the \$250,000,000 of State Pension Obligation Acceleration  
24 Bonds authorized in subsection (c-5) of Section 801-40 of the  
25 Illinois Finance Authority Act.



1 (40 ILCS 5/14-152.1)

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

4 Sec. 14-152.1. Application and expiration of new benefit  
5 increases.

6 (a) As used in this Section, "new benefit increase" means  
7 an increase in the amount of any benefit provided under this  
8 Article, or an expansion of the conditions of eligibility for  
9 any benefit under this Article, that results from an amendment  
10 to this Code that takes effect after June 1, 2005 (the  
11 effective date of Public Act 94-4). "New benefit increase",  
12 however, does not include any benefit increase resulting from  
13 the changes made to this Article by Public Act 96-37 or by this  
14 amendatory Act of the 100th General Assembly ~~this amendatory~~  
15 ~~Act of the 96th General Assembly~~.

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

6 A new benefit increase created by a Public Act that does not  
7 include the additional funding required under this subsection  
8 is null and void. If the Public Pension Division determines  
9 that the additional funding provided for a new benefit increase  
10 under this subsection is or has become inadequate, it may so  
11 certify to the Governor and the State Comptroller and, in the  
12 absence of corrective action by the General Assembly, the new  
13 benefit increase shall expire at the end of the fiscal year in  
14 which the certification is 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. 96-37, eff. 7-13-09.)

6 (40 ILCS 5/14-155.1 new)

7 Sec. 14-155.1. Defined contribution plan.

8 (a) By July 1, 2019, the System shall prepare and implement  
9 a voluntary defined contribution plan for up to 5% of eligible  
10 active Tier 1 employees. The System shall determine the 5% cap  
11 by the number of active Tier 1 employees on the effective date  
12 of this Section. The defined contribution plan developed under  
13 this Section shall be a plan that aggregates employer and  
14 employee contributions in individual participant accounts  
15 which, after meeting any other requirements, are used for  
16 payouts after retirement in accordance with this Section and  
17 any other applicable laws.

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

22 (1) Under the defined contribution plan, an active Tier  
23 1 employee of this System could elect to cease accruing  
24 benefits in the defined benefit plan under this Article and  
25 begin accruing benefits for future service in the defined

1 contribution plan. Service credit under the defined  
2 contribution plan may be used for determining retirement  
3 eligibility under the defined benefit plan.

4 (2) Participants in the defined contribution plan  
5 shall pay employee contributions at the same rate as Tier 1  
6 employees in this System who do not participate in the  
7 defined contribution plan.

8 (3) State contributions shall be paid into the accounts  
9 of all participants in the defined contribution plan at a  
10 uniform rate, expressed as a percentage of compensation and  
11 determined for each year. This rate shall be no higher than  
12 the employer's normal cost for Tier 1 employees in the  
13 defined benefit plan for that year, as determined by the  
14 System and expressed as a percentage of compensation, and  
15 shall be no lower than 3% of compensation. The State shall  
16 adjust this rate annually.

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

22 (5) The defined contribution plan may provide for  
23 participants in the plan to be eligible for the defined  
24 disability benefits available to other participants under  
25 this Article. If it does, the System shall reduce the  
26 employee contributions credited to the member's defined

1       contribution plan account by an amount determined by the  
2       System to cover the cost of offering such benefits.

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

7       (7) The defined contribution plan shall provide a  
8       variety of options for payouts to retirees and their  
9       survivors.

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

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

20       (b) Only persons who are active Tier 1 employees of the  
21       System on the effective date of this Section are eligible to  
22       participate in the defined contribution plan. Participation in  
23       the defined contribution plan shall be limited to the first 5%  
24       of eligible persons who elect to participate. The election to  
25       participate in the defined contribution plan is voluntary and  
26       irrevocable.

1       (c) An eligible Tier 1 employee may irrevocably elect to  
2 participate in the defined contribution plan by filing with the  
3 System a written application to participate that is received by  
4 the System prior to its determination that 5% of eligible  
5 persons have elected to participate in the defined contribution  
6 plan.

7       When the System first determines that 5% of eligible  
8 persons have elected to participate in the defined contribution  
9 plan, the System shall provide notice to previously eligible  
10 employees that the plan is no longer available and shall cease  
11 accepting applications to participate.

12       (d) The System shall make a good faith effort to contact  
13 each active Tier 1 employee who is eligible to participate in  
14 the defined contribution plan. The System shall mail  
15 information describing the option to join the defined  
16 contribution plan to each of these employees to his or her last  
17 known address on file with the System. If the employee is not  
18 responsive to other means of contact, it is sufficient for the  
19 System to publish the details of the option on its website.

20       Upon request for further information describing the  
21 option, the System shall provide employees with information  
22 from the System before exercising the option to join the plan,  
23 including information on the impact to their vested benefits or  
24 non-vested service. The individual consultation shall include  
25 projections of the member's defined benefits at retirement or  
26 earlier termination of service and the value of the member's

1 account at retirement or earlier termination of service. The  
2 System shall not provide advice or counseling with respect to  
3 whether the employee should exercise the option. The System  
4 shall inform Tier 1 employees who are eligible to participate  
5 in the defined contribution plan that they may also wish to  
6 obtain information and counsel relating to their option from  
7 any other available source, including, but not limited to,  
8 labor organizations, private counsel, and financial advisors.

9 (e) In no event shall the System, its staff, its authorized  
10 representatives, or the Board be liable for any information  
11 given to an employee under this Section. The System may  
12 coordinate with the Illinois Department of Central Management  
13 Services and other retirement systems administering a defined  
14 contribution plan in accordance with this amendatory Act of the  
15 100th General Assembly to provide information concerning the  
16 impact of the option set forth in this Section.

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

21 (g) The System shall report on its progress under this  
22 Section, including the available details of the defined  
23 contribution plan and the System's plans for informing eligible  
24 Tier 1 employees about the plan, to the Governor and the  
25 General Assembly on or before January 15, 2019.

26 (h) The Illinois State Board of Investment shall be the

1 plan sponsor for the defined contribution plan established  
2 under this Section.

3 (i) The intent of this amendatory Act of the 100th General  
4 Assembly is to ensure that the State's normal cost of  
5 participation in the defined contribution plan is similar, and  
6 if possible equal, to the State's normal cost of participation  
7 in the defined benefit plan, unless a lower State's normal cost  
8 is necessary to ensure cost neutrality.

9 (40 ILCS 5/14-155.2 new)

10 Sec. 14-155.2. Defined contribution plan for certain  
11 covered employees.

12 (a) As used in this Section:

13 "Defined benefit plan" means the retirement plan available  
14 under this Article and Section 1-160 to eligible covered  
15 employees who do not make the election authorized under this  
16 Section.

17 "Eligible covered employee" means a covered employee who  
18 first becomes a participant under this Article on or after 6  
19 months after the effective date of this amendatory Act of the  
20 100th General Assembly.

21 (b) In lieu of the defined benefit plan, an eligible  
22 covered employee may irrevocably elect to participate in the  
23 defined contribution plan under this Section. The election to  
24 participate in the defined contribution plan must be made  
25 within 30 days after becoming an eligible covered employee. The



1 election to participate in the defined contribution plan under  
2 this Section is voluntary and irrevocable.

3 (c) No later than 5 months after the effective date of this  
4 amendatory Act of the 100th General Assembly, the System shall  
5 prepare and implement a voluntary defined contribution plan for  
6 eligible covered employees. The defined contribution plan  
7 developed under this Section shall be a plan that aggregates  
8 employer and employee contributions in individual participant  
9 accounts which, after meeting any other requirements, are used  
10 for payouts after retirement in accordance with this Section  
11 and any other applicable laws.

12 (1) A participant in the defined contribution plan  
13 shall contribute a minimum of 3% of his or her compensation  
14 to the defined contribution plan.

15 (2) For persons who participate in the defined  
16 contribution plan for at least one year, employer  
17 contributions shall be paid into the accounts of those  
18 participants at a rate of 3% of compensation.

19 (3) Employer contributions shall vest when those  
20 contributions are paid into a participant's account.

21 (4) The defined contribution plan shall provide a  
22 variety of options for investments. These options shall  
23 include investments handled by the Illinois State Board of  
24 Investment as well as private sector investment options.

25 (5) The defined contribution plan shall provide a  
26 variety of options for payouts to retirees and their

1 survivors.

2 (6) To the extent authorized under federal law and as  
3 authorized by the affected pension fund, the defined  
4 contribution plan shall allow former participants in the  
5 plan to transfer or roll over employee and employer  
6 contributions, and the earnings thereon, into other  
7 qualified retirement plans.

8 (7) The System shall reduce the employee contributions  
9 credited to the participant's defined contribution plan  
10 account by an amount determined by the System to cover the  
11 cost of offering the benefits under this Section and any  
12 applicable administrative fees.

13 (40 ILCS 5/14-156.1 new)

14 Sec. 14-156.1. Defined contribution plan; termination. If  
15 the defined contribution plan under Section 14-155.1 is  
16 terminated or becomes inoperative pursuant to law, then each  
17 participant in the plan shall automatically be deemed to have  
18 been a contributing Tier 1 employee in the System's defined  
19 benefit plan during the time in which he or she participated in  
20 the defined contribution plan, and for that purpose the System  
21 shall be entitled to recover the amounts in the participant's  
22 defined contribution accounts.

23 (40 ILCS 5/15-108.1)

24 Sec. 15-108.1. Tier 1 member; Tier 1 employee.

1 "Tier 1 member": A participant or an annuitant of a  
2 retirement annuity under this Article, other than a participant  
3 in the self-managed plan under Section 15-158.2, who first  
4 became a participant or member before January 1, 2011 under any  
5 reciprocal retirement system or pension fund established under  
6 this Code, other than a retirement system or pension fund  
7 established under Articles 2, 3, 4, 5, 6, or 18 of this Code.  
8 "Tier 1 member" includes a person who first became a  
9 participant under this System before January 1, 2011 and who  
10 accepts a refund and is subsequently reemployed by an employer  
11 on or after January 1, 2011.

12 "Tier 1 employee": A Tier 1 member who is a participating  
13 employee, unless he or she is a disability benefit recipient  
14 under Section 15-150. However, for the purposes of the election  
15 under Section 15-132.9, "Tier 1 employee" does not include an  
16 individual who has made an irrevocable election on or before  
17 June 1, 2017 to retire from service pursuant to the terms of an  
18 employment contract or a collective bargaining agreement in  
19 effect on June 1, 2017, excluding any extension, amendment, or  
20 renewal of that agreement on or after that date, and has  
21 notified the System of that election.

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

23 (40 ILCS 5/15-108.2)

24 Sec. 15-108.2. Tier 2 member. "Tier 2 member": A person who  
25 first becomes a participant under this Article on or after

1 January 1, 2011 and before 6 months after the effective date of  
2 this amendatory Act of the 100th General Assembly, other than a  
3 person in the self-managed plan established under Section  
4 15-158.2 or a person who makes the election under subsection  
5 (c) of Section 1-161, unless the person is otherwise a Tier 1  
6 member. The changes made to this Section by this amendatory Act  
7 of the 98th General Assembly are a correction of existing law  
8 and are intended to be retroactive to the effective date of  
9 Public Act 96-889, notwithstanding the provisions of Section  
10 1-103.1 of this Code.

11 (Source: P.A. 98-92, eff. 7-16-13; 98-596, eff. 11-19-13.)

12 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

13 Sec. 15-111. Earnings.

14 (a) "Earnings": Subject to Section 15-111.5, an amount paid  
15 for personal services equal to the sum of the basic  
16 compensation plus extra compensation for summer teaching,  
17 overtime or other extra service. For periods for which an  
18 employee receives service credit under subsection (c) of  
19 Section 15-113.1 or Section 15-113.2, earnings are equal to the  
20 basic compensation on which contributions are paid by the  
21 employee during such periods. Compensation for employment  
22 which is irregular, intermittent and temporary shall not be  
23 considered earnings, unless the participant is also receiving  
24 earnings from the employer as an employee under Section 15-107.

25 With respect to transition pay paid by the University of

1 Illinois to a person who was a participating employee employed  
2 in the fire department of the University of Illinois's  
3 Champaign-Urbana campus immediately prior to the elimination  
4 of that fire department:

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

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

21 (a-5) Notwithstanding any other provision of this Section,  
22 "earnings" does not include any future increase in income that  
23 is offered for service by an employer to a Tier 1 employee  
24 under this Article pursuant to the condition set forth in  
25 subsection (c) of Section 15-132.9 and accepted under that  
26 condition by a Tier 1 employee who has made the election under

1 paragraph (2) of subsection (a) of Section 15-132.9.

2 (a-10) Notwithstanding any other provision of this  
3 Section, "earnings" does not include any consideration payment  
4 made to a Tier 1 employee.

5 (b) For a Tier 2 member, the annual earnings shall not  
6 exceed \$106,800; however, that amount shall annually  
7 thereafter be increased by the lesser of (i) 3% of that amount,  
8 including all previous adjustments, or (ii) one half the annual  
9 unadjusted percentage increase (but not less than zero) in the  
10 consumer price index-u for the 12 months ending with the  
11 September preceding each November 1, including all previous  
12 adjustments.

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

22 (c) With each submission of payroll information in the  
23 manner prescribed by the System, the employer shall certify  
24 that the payroll information is correct and complies with all  
25 applicable State and federal laws.

26 (Source: P.A. 98-92, eff. 7-16-13; 99-897, eff. 1-1-17.)

1 (40 ILCS 5/15-112.1 new)

2 Sec. 15-112.1. Future increase in income. "Future increase  
3 in income" means an increase to a Tier 1 employee's base pay  
4 that is offered by an employer to the Tier 1 employee for  
5 service under this Article after June 30, 2018 that qualifies  
6 as "earnings", as defined in Section 15-111, or would qualify  
7 as "earnings" but for the fact that it was offered to and  
8 accepted by the Tier 1 employee under the condition set forth  
9 in subsection (c) of Section 15-132.9. The term "future  
10 increase in income" includes an increase to a Tier 1 employee's  
11 base pay that is paid to the Tier 1 employee pursuant to an  
12 extension, amendment, or renewal of any such employment  
13 contract or collective bargaining agreement after the  
14 effective date of this Section.

15 (40 ILCS 5/15-112.2 new)

16 Sec. 15-112.2. Base pay. As used in Section 15-112.1 of  
17 this Code, "base pay" means the greater of either (i) the Tier  
18 1 employee's annualized rate of earnings as of June 30, 2018,  
19 or (ii) the Tier 1 employee's annualized rate of earnings  
20 immediately preceding the expiration, renewal, or amendment of  
21 an employment contract or collective bargaining agreement in  
22 effect on the effective date of this Section. For a person  
23 returning to participating employee status as a Tier 1 employee  
24 after June 30, 2018, however, "base pay" means the employee's

1 annualized rate of earnings as of the employee's last date of  
2 service prior to July 1, 2018. The System shall calculate the  
3 base pay of each Tier 1 employee pursuant to this Section.

4 (40 ILCS 5/15-132.9 new)

5 Sec. 15-132.9. Election by Tier 1 employees.

6 (a) Each Tier 1 employee shall make an irrevocable election  
7 either:

8 (1) to agree to delay his or her eligibility for  
9 automatic annual increases in retirement annuity as  
10 provided in subsection (d-1) of Section 15-136 and to have  
11 the amount of the automatic annual increases in his or her  
12 retirement annuity and survivor annuity that are otherwise  
13 provided for in this Article calculated, instead, as  
14 provided in subsection (d-1) of Section 15-136; or

15 (2) to not agree to the provisions of paragraph (1) of  
16 this subsection.

17 The election required under this subsection (a) shall be  
18 made by each Tier 1 employee no earlier than January 1, 2018  
19 and no later than March 31, 2018, except that:

20 (i) a person who becomes a Tier 1 employee under this  
21 Article on or after January 1, 2018 must make the election  
22 under this subsection (a) within 60 days after becoming a  
23 Tier 1 employee;

24 (ii) a person who returns to participating employee  
25 status as a Tier 1 employee under this Article on or after



1 January 1, 2018 and has not yet made an election under this  
2 Section must make the election under this subsection (a)  
3 within 60 days after returning to participating employee  
4 status as a Tier 1 employee; and

5 (iii) a person who returns to participating employee  
6 status as a Tier 1 employee under this Article but who has  
7 not made an election under Section 15-134.5 must make the  
8 election under this subsection (a) at the same time as the  
9 election under Section 15-134.5 and within the timeframes  
10 required by that Section.

11 If a Tier 1 employee fails for any reason to make a  
12 required election under this subsection within the time  
13 specified, then the employee shall be deemed to have made the  
14 election under paragraph (2) of this subsection.

15 (a-5) If this Section is enjoined or stayed by an Illinois  
16 court or a court of competent jurisdiction pending the entry of  
17 a final and unappealable decision, and this Section is  
18 determined to be constitutional or otherwise valid by a final  
19 unappealable decision of an Illinois court or a court of  
20 competent jurisdiction, then the election procedure set forth  
21 in subsection (a) of this Section shall commence on the 180th  
22 calendar day after the date of the issuance of the final  
23 unappealable decision and shall conclude at the end of the  
24 270th calendar day after that date.

25 (a-10) All elections under subsection (a) that are made or  
26 deemed to be made before July 1, 2018 shall take effect on July

1 1, 2018. Elections that are made or deemed to be made on or  
2 after July 1, 2018 shall take effect on the first day of the  
3 month following the month in which the election is made or  
4 deemed to be made.

5 (b) As adequate and legal consideration provided under this  
6 amendatory Act of the 100th General Assembly for making an  
7 election under paragraph (1) of subsection (a) of this Section,  
8 the employer shall be expressly and irrevocably prohibited from  
9 offering any future increases in income to a Tier 1 employee  
10 who has made an election under paragraph (1) of subsection (a)  
11 of this Section on the condition of not constituting earnings  
12 under Section 15-111.

13 As adequate and legal consideration provided under this  
14 amendatory Act of the 100th General Assembly for making an  
15 election under paragraph (1) of subsection (a) of this Section,  
16 each Tier 1 employee who has made an election under paragraph  
17 (1) of subsection (a) of this Section shall receive a  
18 consideration payment equal to 10% of the contributions made by  
19 or on behalf of the employee under Section 15-157 before the  
20 effective date of that election. The State Comptroller shall  
21 pay the consideration payment to the Tier 1 employee out of  
22 funds appropriated for that purpose under Section 1.9 of the  
23 State Pension Funds Continuing Appropriation Act. The System  
24 shall calculate the amount of each consideration payment and,  
25 by July 1, 2018, shall certify to the State Comptroller the  
26 amount of the consideration payment, together with the name,

1 address, and any other available payment information of the  
2 Tier 1 employee as found in the records of the System. The  
3 System shall make additional calculations and certifications  
4 of consideration payments to the State Comptroller as the  
5 System deems necessary.

6 (c) A Tier 1 employee who makes the election under  
7 paragraph (2) of subsection (a) of this Section shall not be  
8 subject to paragraph (1) of subsection (a) of this Section.  
9 However, each future increase in income offered by an employer  
10 under this Article to a Tier 1 employee who has made the  
11 election under paragraph (2) of subsection (a) of this Section  
12 shall be offered by the employer expressly and irrevocably on  
13 the condition of not constituting earnings under Section 15-111  
14 and that the Tier 1 employee's acceptance of the offered future  
15 increase in income shall constitute his or her agreement to  
16 that condition.

17 (d) The System shall make a good faith effort to contact  
18 each Tier 1 employee subject to this Section. The System shall  
19 mail information describing the required election to each Tier  
20 1 employee by United States Postal Service mail to his or her  
21 last known address on file with the System. If the Tier 1  
22 employee is not responsive to other means of contact, it is  
23 sufficient for the System to publish the details of any  
24 required elections on its website or to publish those details  
25 in a regularly published newsletter or other existing public  
26 forum.

1 Tier 1 employees who are subject to this Section shall be  
2 provided with an election packet containing information  
3 regarding their options, as well as the forms necessary to make  
4 the required election. Upon request, the System shall offer  
5 Tier 1 employees an opportunity to receive information from the  
6 System before making the required election. The information may  
7 consist of video materials, benefit estimators, group  
8 presentations, individual consultation with a member or  
9 authorized representative of the System in person or by  
10 telephone or other electronic means, or any combination of  
11 these methods. The System shall not provide advice or  
12 counseling with respect to which election a Tier 1 employee  
13 should make or specific to the legal or tax circumstances of or  
14 consequences to the Tier 1 employee.

15 The System shall inform Tier 1 employees in the election  
16 packet required under this subsection that the Tier 1 employee  
17 may also wish to obtain information and counsel relating to the  
18 election required under this Section from any other available  
19 source, including, but not limited to, labor organizations and  
20 private counsel.

21 In no event shall the System, its staff, or the Board be  
22 held liable for any information given to a member regarding the  
23 elections under this Section. The System shall coordinate with  
24 the Illinois Department of Central Management Services and each  
25 other retirement system administering an election in  
26 accordance with this amendatory Act of the 100th General

1 Assembly to provide information concerning the impact of the  
2 election set forth in this Section.

3 (e) Notwithstanding any other provision of law, an employer  
4 under this Article is required to offer each future increase in  
5 income expressly and irrevocably on the condition of not  
6 constituting "earnings" under Section 15-111 to any Tier 1  
7 employee who has made an election under paragraph (2) of  
8 subsection (a) of this Section. The offer shall also provide  
9 that the Tier 1 employee's acceptance of the offered future  
10 increase in income shall constitute his or her agreement to the  
11 condition set forth in this subsection.

12 For purposes of legislative intent, the condition set forth  
13 in this subsection shall be construed in a manner that ensures  
14 that the condition is not violated or circumvented through any  
15 contrivance of any kind.

16 (f) A member's election under this Section is not a  
17 prohibited election under subdivision (j)(1) of Section 1-119  
18 of this Code.

19 (g) No provision of this Section shall be interpreted in a  
20 way that would cause the System to cease to be a qualified plan  
21 under Section 401(a) of the Internal Revenue Code of 1986.

22 (h) If an election created by this amendatory Act in any  
23 other Article of this Code or any change deriving from that  
24 election is determined to be unconstitutional or otherwise  
25 invalid by a final unappealable decision of an Illinois court  
26 or a court of competent jurisdiction, the invalidity of that

1 provision shall not in any way affect the validity of this  
2 Section or the changes deriving from the election required  
3 under this Section.

4 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

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

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

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

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

23 Rule 2: The retirement annuity shall be the sum of the  
24 following, determined from amounts credited to the participant  
25 in accordance with the actuarial tables and the effective rate

1 of interest in effect at the time the retirement annuity  
2 begins:

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

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

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

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

22 The amount of a retirement annuity calculated under this  
23 Rule 2 shall be computed solely on the basis of the  
24 participant's accumulated normal contributions, as specified  
25 in this Rule and defined in Section 15-116. Neither an employee  
26 or employer contribution for early retirement under Section

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

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

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

10 Rule 3: The retirement annuity of a participant who is  
11 employed at least one-half time during the period on which his  
12 or her final rate of earnings is based, shall be equal to the  
13 participant's years of service not to exceed 30, multiplied by  
14 (1) \$96 if the participant's final rate of earnings is less  
15 than \$3,500, (2) \$108 if the final rate of earnings is at least  
16 \$3,500 but less than \$4,500, (3) \$120 if the final rate of  
17 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if  
18 the final rate of earnings is at least \$5,500 but less than  
19 \$6,500, (5) \$144 if the final rate of earnings is at least  
20 \$6,500 but less than \$7,500, (6) \$156 if the final rate of  
21 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if  
22 the final rate of earnings is at least \$8,500 but less than  
23 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or  
24 more, except that the annuity for those persons having made an  
25 election under Section 15-154(a-1) shall be calculated and  
26 payable under the portable retirement benefit program pursuant



1 to the provisions of Section 15-136.4.

2 Rule 4: A participant who is at least age 50 and has 25 or  
3 more years of service as a police officer or firefighter, and a  
4 participant who is age 55 or over and has at least 20 but less  
5 than 25 years of service as a police officer or firefighter,  
6 shall be entitled to a retirement annuity of 2 1/4% of the  
7 final rate of earnings for each of the first 10 years of  
8 service as a police officer or firefighter, 2 1/2% for each of  
9 the next 10 years of service as a police officer or  
10 firefighter, and 2 3/4% for each year of service as a police  
11 officer or firefighter in excess of 20. The retirement annuity  
12 for all other service shall be computed under Rule 1. A Tier 2  
13 member is eligible for a retirement annuity calculated under  
14 Rule 4 only if that Tier 2 member meets the service  
15 requirements for that benefit calculation as prescribed under  
16 this Rule 4 in addition to the applicable age requirement under  
17 subsection (a-5) of Section 15-135.

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

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

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

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

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

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

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

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

25           (b-5) The retirement annuity of a Tier 2 member who is  
26          retiring after attaining age 62 with at least 10 years of

1 service credit shall be reduced by 1/2 of 1% for each full  
2 month that the member's age is under age 67.

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

10 (d) Subject to the provisions of subsection (d-1), a ~~A~~ Tier  
11 1 member whose status as an employee terminates after August  
12 14, 1969 shall receive automatic increases in his or her  
13 retirement annuity as follows:

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

1 later, to the effective date of the increase.

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

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

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

18 (d-1) Notwithstanding any other provision of this Article,  
19 for a Tier 1 employee who made the election under paragraph (1)  
20 of subsection (a) of Section 15-132.9:

21 (1) The initial increase in retirement annuity under  
22 this Section shall occur on the January 1 occurring either  
23 on or after the attainment of age 67 or the fifth  
24 anniversary of the annuity start date, whichever is  
25 earlier.

26 (2) The amount of each automatic annual increase in

1 retirement annuity or survivor annuity occurring on or  
2 after the effective date of that election shall be  
3 calculated as a percentage of the originally granted  
4 retirement annuity or survivor annuity, equal to 3% or  
5 one-half the annual unadjusted percentage increase (but  
6 not less than zero) in the consumer price index-u for the  
7 12 months ending with the September preceding each November  
8 1, whichever is less. If the annual unadjusted percentage  
9 change in the consumer price index-u for the 12 months  
10 ending with the September preceding each November 1 is zero  
11 or there is a decrease, then the annuity shall not be  
12 increased.

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

22 (d-5) A retirement annuity of a Tier 2 member shall receive  
23 annual increases on the January 1 occurring either on or after  
24 the attainment of age 67 or the first anniversary of the  
25 annuity start date, whichever is later. Each annual increase  
26 shall be calculated at 3% or one half the annual unadjusted

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

9 (e) If, on January 1, 1987, or the date the retirement  
10 annuity payment period begins, whichever is later, the sum of  
11 the retirement annuity provided under Rule 1 or Rule 2 of this  
12 Section and the automatic annual increases provided under the  
13 preceding subsection or Section 15-136.1, amounts to less than  
14 the retirement annuity which would be provided by Rule 3, the  
15 retirement annuity shall be increased as of January 1, 1987, or  
16 the date the retirement annuity payment period begins,  
17 whichever is later, to the amount which would be provided by  
18 Rule 3 of this Section. Such increased amount shall be  
19 considered as the retirement annuity in determining benefits  
20 provided under other Sections of this Article. This paragraph  
21 applies without regard to whether status as an employee  
22 terminated before the effective date of this amendatory Act of  
23 1987, provided that the annuitant was employed at least  
24 one-half time during the period on which the final rate of  
25 earnings was based.

26 (f) A participant is entitled to such additional annuity as

1 may be provided on an actuarially equivalent basis, by any  
2 accumulated additional contributions to his or her credit.  
3 However, the additional contributions made by the participant  
4 toward the automatic increases in annuity provided under this  
5 Section shall not be taken into account in determining the  
6 amount of such additional annuity.

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

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

1 January 1, 1977, shall have his or her retirement annuity then  
2 being paid increased \$1 per month for each year of creditable  
3 service.

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

9 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12;  
10 98-92, eff. 7-16-13.)

11 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

12 Sec. 15-155. Employer contributions.

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

20 The Board shall determine the amount of State contributions  
21 required for each fiscal year on the basis of the actuarial  
22 tables and other assumptions adopted by the Board and the  
23 recommendations of the actuary, using the formula in subsection  
24 (a-1).

25 (a-1) For State fiscal years 2018 through 2045 (except as



1 otherwise provided for fiscal year 2019), the minimum  
2 contribution to the System to be made by the State for each  
3 fiscal year shall be an amount determined by the System to be  
4 sufficient to bring the total assets of the System up to 90% of  
5 the total actuarial liabilities of the System by the end of  
6 State fiscal year 2045. In making these determinations, the  
7 required State contribution shall be calculated each year as a  
8 level percentage of total payroll, including payroll that is  
9 not deemed pensionable, but excluding payroll attributable to  
10 participants in the defined contribution plan under Section  
11 15-200.1, over the years remaining to and including fiscal year  
12 2045 and shall be determined under the projected unit credit  
13 actuarial cost method.

14 For State fiscal year 2019:

15 (1) The initial calculation and certification shall be  
16 based on the amount determined above.

17 (2) For purposes of the recertification due on or  
18 before May 1, 2018, the recalculation of the required State  
19 contribution for fiscal year 2019 shall take into account  
20 the effect on the System's liabilities of the elections  
21 made under Section 15-132.9.

22 (3) For purposes of the recertification due on or  
23 before October 1, 2018, the total required State  
24 contribution for fiscal year 2019 shall be reduced by the  
25 amount of the consideration payments made to Tier 1  
26 employees who made the election under paragraph (1) of

1 subsection (a) of Section 15-132.9.

2 Beginning in State fiscal year 2018, any increase or  
3 decrease in State contribution over the prior fiscal year due  
4 exclusively to changes in actuarial or investment assumptions  
5 adopted by the Board shall be included in the State  
6 contribution to the System, as a percentage of the applicable  
7 employee payroll, and shall be increased in equal annual  
8 increments so that by the State fiscal year occurring 5 years  
9 after the adoption of the actuarial or investment assumptions,  
10 the State is contributing at the rate otherwise required under  
11 this Section.

12 For State fiscal years 2012 through ~~2017~~ 2045, the minimum  
13 contribution to the System to be made by the State for each  
14 fiscal year shall be an amount determined by the System to be  
15 sufficient to bring the total assets of the System up to 90% of  
16 the total actuarial liabilities of the System by the end of  
17 State fiscal year 2045. In making these determinations, the  
18 required State contribution shall be calculated each year as a  
19 level percentage of payroll over the years remaining to and  
20 including fiscal year 2045 and shall be determined under the  
21 projected unit credit actuarial cost method.

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

1           Notwithstanding any other provision of this Article, the  
2 total required State contribution for State fiscal year 2006 is  
3 \$166,641,900.

4           Notwithstanding any other provision of this Article, the  
5 total required State contribution for State fiscal year 2007 is  
6 \$252,064,100.

7           For each of State fiscal years 2008 through 2009, the State  
8 contribution to the System, as a percentage of the applicable  
9 employee payroll, shall be increased in equal annual increments  
10 from the required State contribution for State fiscal year  
11 2007, so that by State fiscal year 2011, the State is  
12 contributing at the rate otherwise required under this Section.

13           Notwithstanding any other provision of this Article, the  
14 total required State contribution for State fiscal year 2010 is  
15 \$702,514,000 and shall be made from the State Pensions Fund and  
16 proceeds of bonds sold in fiscal year 2010 pursuant to Section  
17 7.2 of the General Obligation Bond Act, less (i) the pro rata  
18 share of bond sale expenses determined by the System's share of  
19 total bond proceeds, (ii) any amounts received from the General  
20 Revenue Fund in fiscal year 2010, (iii) any reduction in bond  
21 proceeds due to the issuance of discounted bonds, if  
22 applicable.

23           Notwithstanding any other provision of this Article, the  
24 total required State contribution for State fiscal year 2011 is  
25 the amount recertified by the System on or before April 1, 2011  
26 pursuant to Section 15-165 and shall be made from the State

1 Pensions Fund and proceeds of bonds sold in fiscal year 2011  
2 pursuant to Section 7.2 of the General Obligation Bond Act,  
3 less (i) the pro rata share of bond sale expenses determined by  
4 the System's share of total bond proceeds, (ii) any amounts  
5 received from the General Revenue Fund in fiscal year 2011, and  
6 (iii) any reduction in bond proceeds due to the issuance of  
7 discounted bonds, if applicable.

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

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

24 Notwithstanding any other provision of this Section, the  
25 required State contribution for State fiscal year 2005 and for  
26 fiscal year 2008 and each fiscal year thereafter, as calculated

1 under this Section and certified under Section 15-165, shall  
2 not exceed an amount equal to (i) the amount of the required  
3 State contribution that would have been calculated under this  
4 Section for that fiscal year if the System had not received any  
5 payments under subsection (d) of Section 7.2 of the General  
6 Obligation Bond Act, minus (ii) the portion of the State's  
7 total debt service payments for that fiscal year on the bonds  
8 issued in fiscal year 2003 for the purposes of that Section  
9 7.2, as determined and certified by the Comptroller, that is  
10 the same as the System's portion of the total moneys  
11 distributed under subsection (d) of Section 7.2 of the General  
12 Obligation Bond Act. In determining this maximum for State  
13 fiscal years 2008 through 2010, however, the amount referred to  
14 in item (i) shall be increased, as a percentage of the  
15 applicable employee payroll, in equal increments calculated  
16 from the sum of the required State contribution for State  
17 fiscal year 2007 plus the applicable portion of the State's  
18 total debt service payments for fiscal year 2007 on the bonds  
19 issued in fiscal year 2003 for the purposes of Section 7.2 of  
20 the General Obligation Bond Act, so that, by State fiscal year  
21 2011, the State is contributing at the rate otherwise required  
22 under this Section.

23 (a-2) For employees first hired on or after 6 months after  
24 the effective date of this amendatory Act of the 100th General  
25 Assembly who have elected the benefits under Section 1-161 of  
26 this Code, the employer shall annually contribute an amount,

1 expressed as a percentage of payroll, equal to the defined  
2 benefit normal cost of the defined benefit plan, less the  
3 employee contribution, plus 2%. On an annual basis, the System  
4 shall certify to each employer the amount of unfunded liability  
5 accrued in the employer's account to be paid by the employer so  
6 that the System is 90% funded by the end of State fiscal year  
7 2045. The contributions shall be divided equally over a  
8 12-month period and made monthly. The employer shall also  
9 contribute an amount equal to the employer defined  
10 contribution, as set on an individual employee basis, under  
11 paragraph (2) of subsection (k) of Section 1-161 during each  
12 pay period. The System shall have the authority to adopt rules  
13 regarding implementation of employer contributions.

14 (b) If an employee is paid from trust or federal funds, the  
15 employer shall pay to the Board contributions from those funds  
16 which are sufficient to cover the accruing normal costs on  
17 behalf of the employee. However, universities having employees  
18 who are compensated out of local auxiliary funds, income funds,  
19 or service enterprise funds are not required to pay such  
20 contributions on behalf of those employees. The local auxiliary  
21 funds, income funds, and service enterprise funds of  
22 universities shall not be considered trust funds for the  
23 purpose of this Article, but funds of alumni associations,  
24 foundations, and athletic associations which are affiliated  
25 with the universities included as employers under this Article  
26 and other employers which do not receive State appropriations

1 are considered to be trust funds for the purpose of this  
2 Article.

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

16 (c) Through State fiscal year 1995: The total employer  
17 contribution shall be apportioned among the various funds of  
18 the State and other employers, whether trust, federal, or other  
19 funds, in accordance with actuarial procedures approved by the  
20 Board. State of Illinois contributions for employers receiving  
21 State appropriations for personal services shall be payable  
22 from appropriations made to the employers or to the System. The  
23 contributions for Class I community colleges covering earnings  
24 other than those paid from trust and federal funds, shall be  
25 payable solely from appropriations to the Illinois Community  
26 College Board or the System for employer contributions.

1 (d) Beginning in State fiscal year 1996, the required State  
2 contributions to the System shall be appropriated directly to  
3 the System and shall be payable through vouchers issued in  
4 accordance with subsection (c) of Section 15-165, except as  
5 provided in subsection (g).

6 (e) The State Comptroller shall draw warrants payable to  
7 the System upon proper certification by the System or by the  
8 employer in accordance with the appropriation laws and this  
9 Code.

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

18 (g) For academic years beginning on or after June 1, 2005  
19 and before July 1, 2018, if ~~if~~ the amount of a participant's  
20 earnings for any academic year used to determine the final rate  
21 of earnings, determined on a full-time equivalent basis,  
22 exceeds the amount of his or her earnings with the same  
23 employer for the previous academic year, determined on a  
24 full-time equivalent basis, by more than 6%, the participant's  
25 employer shall pay to the System, in addition to all other  
26 payments required under this Section and in accordance with



1 guidelines established by the System, the present value of the  
2 increase in benefits resulting from the portion of the increase  
3 in earnings that is in excess of 6%. This present value shall  
4 be computed by the System on the basis of the actuarial  
5 assumptions and tables used in the most recent actuarial  
6 valuation of the System that is available at the time of the  
7 computation. The System may require the employer to provide any  
8 pertinent information or documentation.

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

24       The employer contributions required under this subsection  
25 (g) may be paid in the form of a lump sum within 90 days after  
26 receipt of the bill. If the employer contributions are not paid

1 within 90 days after receipt of the bill, then interest will be  
2 charged at a rate equal to the System's annual actuarially  
3 assumed rate of return on investment compounded annually from  
4 the 91st day after receipt of the bill. Payments must be  
5 concluded within 3 years after the employer's receipt of the  
6 bill.

7 When assessing payment for any amount due under this  
8 subsection (g), the System shall include earnings, to the  
9 extent not established by a participant under Section 15-113.11  
10 or 15-113.12, that would have been paid to the participant had  
11 the participant not taken (i) periods of voluntary or  
12 involuntary furlough occurring on or after July 1, 2015 and on  
13 or before June 30, 2017 or (ii) periods of voluntary pay  
14 reduction in lieu of furlough occurring on or after July 1,  
15 2015 and on or before June 30, 2017. Determining earnings that  
16 would have been paid to a participant had the participant not  
17 taken periods of voluntary or involuntary furlough or periods  
18 of voluntary pay reduction shall be the responsibility of the  
19 employer, and shall be reported in a manner prescribed by the  
20 System.

21 (g-1) For academic years beginning on or after July 1,  
22 2018, if the amount of a participant's earnings for any  
23 academic year used to determine the final rate of earnings,  
24 determined on a full-time equivalent basis, exceeds the amount  
25 of his or her earnings with the same employer for the previous  
26 academic year, determined on a full-time equivalent basis, by

1 more than the unadjusted percentage increase in the consumer  
2 price index-u for the calendar year immediately preceding the  
3 beginning of the academic year, published by the Public Pension  
4 Division of the Department of Insurance by November 1 of each  
5 year, then the participant's employer shall pay to the System,  
6 in addition to all other payments required under this Section  
7 and in accordance with guidelines established by the System,  
8 the present value of the increase in benefits resulting from  
9 the portion of the increase in earnings that is in excess of  
10 the unadjusted percentage increase in the consumer price  
11 index-u for the applicable calendar year. This present value  
12 shall be computed by the System on the basis of the actuarial  
13 assumptions and tables used in the most recent actuarial  
14 valuation of the System that is available at the time of the  
15 computation. The System may require the employer to provide any  
16 pertinent information or documentation.

17 Whenever it determines that a payment is or may be required  
18 under this subsection (g-1), the System shall calculate the  
19 amount of the payment and bill the employer for that amount.  
20 The bill shall specify the calculations used to determine the  
21 amount due. If the employer disputes the amount of the bill, it  
22 may, within 30 days after receipt of the bill, apply to the  
23 System in writing for a recalculation. The application must  
24 specify in detail the grounds of the dispute and, if the  
25 employer asserts that the calculation is subject to subsection  
26 (i-1) of this Section, must include an affidavit setting forth

1 and attesting to all facts within the employer's knowledge that  
2 are pertinent to the applicability of subsection (i-1). Upon  
3 receiving a timely application for recalculation, the System  
4 shall review the application and, if appropriate, recalculate  
5 the amount due.

6 The employer contributions required under this subsection  
7 (g-1) may be paid in the form of a lump sum within 90 days after  
8 receipt of the bill. If the employer contributions are not paid  
9 within 90 days after receipt of the bill, then interest shall  
10 be charged at a rate equal to the System's annual actuarially  
11 assumed rate of return on investment compounded annually from  
12 the 91st day after receipt of the bill. Payments must be  
13 concluded within 3 years after the employer's receipt of the  
14 bill.

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

24 (h) This subsection (h) applies only to payments made or  
25 salary increases given on or after June 1, 2005 but before July  
26 1, 2011. The changes made by Public Act 94-1057 shall not

1 require the System to refund any payments received before July  
2 31, 2006 (the effective date of Public Act 94-1057).

3 When assessing payment for any amount due under subsection  
4 (g), the System shall exclude earnings increases paid to  
5 participants under contracts or collective bargaining  
6 agreements entered into, amended, or renewed before June 1,  
7 2005.

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

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

26 When assessing payment for any amount due under subsection

1 (g), the System shall exclude any earnings increase resulting  
2 from (i) a promotion for which the employee moves from one  
3 classification to a higher classification under the State  
4 Universities Civil Service System, (ii) a promotion in academic  
5 rank for a tenured or tenure-track faculty position, or (iii) a  
6 promotion that the Illinois Community College Board has  
7 recommended in accordance with subsection (k) of this Section.  
8 These earnings increases shall be excluded only if the  
9 promotion is to a position that has existed and been filled by  
10 a member for no less than one complete academic year and the  
11 earnings increase as a result of the promotion is an increase  
12 that results in an amount no greater than the average salary  
13 paid for other similar positions.

14 (i) When assessing payment for any amount due under  
15 subsection (g), the System shall exclude any salary increase  
16 described in subsection (h) of this Section given on or after  
17 July 1, 2011 but before July 1, 2014 under a contract or  
18 collective bargaining agreement entered into, amended, or  
19 renewed on or after June 1, 2005 but before July 1, 2011.  
20 Notwithstanding any other provision of this Section, any  
21 payments made or salary increases given after June 30, 2014  
22 shall be used in assessing payment for any amount due under  
23 subsection (g) of this Section.

24 (i-1) When assessing payment for any amount due under  
25 subsection (g-1), the System shall exclude salary increases  
26 paid to participants under contracts or collective bargaining

1 agreements entered into, amended, or renewed before the  
2 effective date of this amendatory Act of the 100th General  
3 Assembly.

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

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

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

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

16 (4) The increase in the required State contribution  
17 resulting from the changes made to this Section by Public  
18 Act 94-1057.

19 (j-5) For academic years beginning on or after July 1,  
20 2018, if the amount of a participant's earnings for any  
21 academic year, determined on a full-time equivalent basis,  
22 exceeds \$140,000, the participant's employer shall pay to the  
23 System, in addition to all other payments required under this  
24 Section and in accordance with guidelines established by the  
25 System, the amount of the earnings that exceed \$140,000  
26 multiplied by the level percentage of payroll used in that

1 fiscal year, as determined by the System, to be sufficient to  
2 bring the total assets of the System up to 90% of the total  
3 actuarial liabilities of the System by the end of State fiscal  
4 year 2045. This amount shall be computed by the System on the  
5 basis of the actuarial assumptions and tables used in the most  
6 recent actuarial valuation of the System that is available at  
7 the time of the computation. The System may require the  
8 employer to provide any pertinent information or  
9 documentation.

10 Whenever it determines that a payment is or may be required  
11 under this subsection, the System shall calculate the amount of  
12 the payment and bill the employer for that amount. The bill  
13 shall specify the calculations used to determine the amount  
14 due. If the employer disputes the amount of the bill, it may,  
15 within 30 days after receipt of the bill, apply to the System  
16 in writing for a recalculation. The application must specify in  
17 detail the grounds of the dispute. Upon receiving a timely  
18 application for recalculation, the System shall review the  
19 application and, if appropriate, recalculate the amount due.

20 The employer contributions required under this subsection  
21 may be paid in the form of a lump sum within 90 days after  
22 receipt of the bill. If the employer contributions are not paid  
23 within 90 days after receipt of the bill, then interest will be  
24 charged at a rate equal to the System's annual actuarially  
25 assumed rate of return on investment compounded annually from  
26 the 91st day after receipt of the bill. Payments must be



1 concluded within 3 years after the employer's receipt of the  
2 bill.

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

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

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

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

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

7 (n) If Section 15-132.9 is determined to be  
8 unconstitutional or otherwise invalid by a final unappealable  
9 decision of an Illinois court or a court of competent  
10 jurisdiction, then the changes made to this Section by this  
11 amendatory Act of the 100th General Assembly shall not take  
12 effect and are repealed by operation of law.

13 (Source: P.A. 98-92, eff. 7-16-13; 98-463, eff. 8-16-13;  
14 99-897, eff. 1-1-17.)

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

16 Sec. 15-157. Employee Contributions.

17 (a) Each participating employee shall make contributions  
18 towards the retirement benefits payable under the retirement  
19 program applicable to the employee from each payment of  
20 earnings applicable to employment under this system on and  
21 after the date of becoming a participant as follows: Prior to  
22 September 1, 1949, 3 1/2% of earnings; from September 1, 1949  
23 to August 31, 1955, 5%; from September 1, 1955 to August 31,  
24 1969, 6%; from September 1, 1969, 6 1/2%. These contributions  
25 are to be considered as normal contributions for purposes of

1 this Article.

2 Each participant who is a police officer or firefighter  
3 shall make normal contributions of 8% of each payment of  
4 earnings applicable to employment as a police officer or  
5 firefighter under this system on or after September 1, 1981,  
6 unless he or she files with the board within 60 days after the  
7 effective date of this amendatory Act of 1991 or 60 days after  
8 the board receives notice that he or she is employed as a  
9 police officer or firefighter, whichever is later, a written  
10 notice waiving the retirement formula provided by Rule 4 of  
11 Section 15-136. This waiver shall be irrevocable. If a  
12 participant had met the conditions set forth in Section  
13 15-132.1 prior to the effective date of this amendatory Act of  
14 1991 but failed to make the additional normal contributions  
15 required by this paragraph, he or she may elect to pay the  
16 additional contributions plus compound interest at the  
17 effective rate. If such payment is received by the board, the  
18 service shall be considered as police officer service in  
19 calculating the retirement annuity under Rule 4 of Section  
20 15-136. While performing service described in clause (i) or  
21 (ii) of Rule 4 of Section 15-136, a participating employee  
22 shall be deemed to be employed as a firefighter for the purpose  
23 of determining the rate of employee contributions under this  
24 Section.

25 (b) Starting September 1, 1969, each participating  
26 employee shall make additional contributions of 1/2 of 1% of

1 earnings to finance a portion of the cost of the annual  
2 increases in retirement annuity provided under Section 15-136,  
3 except that with respect to participants in the self-managed  
4 plan this additional contribution shall be used to finance the  
5 benefits obtained under that retirement program. Beginning  
6 July 1, 2018 or the effective date of the Tier 1 employee's  
7 election under paragraph (1) of subsection (a) of Section  
8 15-132.9, whichever is later, each Tier 1 employee who made the  
9 election under paragraph (1) of subsection (a) of Section  
10 15-132.9 is no longer required to make contributions under this  
11 subsection.

12 (c) Except as provided in subsection (c-5), in ~~in~~ addition  
13 to the amounts described in subsections (a) and (b) of this  
14 Section, each participating employee shall make contributions  
15 of 1% of earnings applicable under this system on and after  
16 August 1, 1959. The contributions made under this subsection  
17 (c) shall be considered as survivor's insurance contributions  
18 for purposes of this Article if the employee is covered under  
19 the traditional benefit package, and such contributions shall  
20 be considered as additional contributions for purposes of this  
21 Article if the employee is participating in the self-managed  
22 plan or has elected to participate in the portable benefit  
23 package and has completed the applicable one-year waiting  
24 period. Contributions in excess of \$80 during any fiscal year  
25 beginning before August 31, 1969 and in excess of \$120 during  
26 any fiscal year thereafter until September 1, 1971 shall be

1 considered as additional contributions for purposes of this  
2 Article.

3 (c-5) Beginning July 1, 2018 or the effective date of the  
4 Tier 1 employee's election under paragraph (1) of subsection  
5 (a) of Section 15-132.9, whichever is later, in lieu of the  
6 contributions otherwise required under subsection (c), each  
7 Tier 1 employee who made the election under paragraph (1) of  
8 subsection (a) of Section 15-132.9 shall make contributions of  
9 0.7% of earnings applicable under this System and each Tier 1  
10 employee who is a police officer or firefighter who makes  
11 normal contributions of 8% of each payment of earnings  
12 applicable to employment as a police officer or firefighter  
13 under this System and who made the election under paragraph (1)  
14 of subsection (a) of Section 15-132.9 shall make contributions  
15 of 0.55% of earnings applicable under this System. The  
16 contributions made under this subsection (c-5) shall be  
17 considered as survivor's insurance contributions for purposes  
18 of this Article and such contributions shall be considered as  
19 additional contributions for purposes of this Article if the  
20 employee has elected to participate in the portable benefit  
21 package and has completed the applicable one-year waiting  
22 period.

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

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

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

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

18 (g) A participant may make contributions for the purchase  
19 of service credit under this Article; however, only a  
20 participating employee may make optional contributions under  
21 subsection (b) of Section 15-157.1 of this Article.

22 (h) A Tier 2 member shall not make contributions on  
23 earnings that exceed the limitation as prescribed under  
24 subsection (b) of Section 15-111 of this Article.

25 (Source: P.A. 98-92, eff. 7-16-13; 99-450, eff. 8-24-15.)

1 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

4 Sec. 15-165. To certify amounts and submit vouchers.

5 (a) The Board shall certify to the Governor on or before  
6 November 15 of each year until November 15, 2011 the  
7 appropriation required from State funds for the purposes of  
8 this System for the following fiscal year. The certification  
9 under this subsection (a) shall include a copy of the actuarial  
10 recommendations upon which it is based and shall specifically  
11 identify the System's projected State normal cost for that  
12 fiscal year and the projected State cost for the self-managed  
13 plan for that fiscal year.

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

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

25 On or before April 1, 2011, the Board shall recalculate and  
26 recertify to the Governor the amount of the required State

1 contribution to the System for State fiscal year 2011, applying  
2 the changes made by Public Act 96-889 to the System's assets  
3 and liabilities as of June 30, 2009 as though Public Act 96-889  
4 was approved on that date.

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

26 On or before May 1, 2018, the Board shall recalculate and



1 recertify to the Governor and the General Assembly the amount  
2 of the required State contribution to the System for State  
3 fiscal year 2019, taking into account the effect on the  
4 System's liabilities of the elections made under Section  
5 15-132.9.

6 On or before October 1, 2018, the Board shall recalculate  
7 and recertify to the Governor and the General Assembly the  
8 amount of the required State contribution to the System for  
9 State fiscal year 2019, taking into account the reduction  
10 specified under item (3) of subsection (a-1) of Section 15-155.

11 (a-10) For purposes of subsection (c-5) of Section 20 of  
12 the Budget Stabilization Act, on or before November 1 of each  
13 year beginning November 1, 2019, the Board shall determine the  
14 amount of the State contribution to the System that would have  
15 been required for the next fiscal year if Section 1-161,  
16 subsection (a-2) of Section 15-155, and the changes made to  
17 Section 1-160 by this amendatory Act of the 100th General  
18 Assembly had not taken effect, using the best and most recent  
19 available data but based on the law in effect on May 31, 2019.  
20 The Board shall submit to the State Actuary, the Governor, and  
21 the General Assembly a proposed certification, along with the  
22 relevant law, actuarial assumptions, calculations, and data  
23 upon which that certification is based. On or before January 1,  
24 2020 and every January 1 thereafter, the State Actuary shall  
25 issue a preliminary report concerning the proposed  
26 certification and identifying, if necessary, recommended

1 changes in actuarial assumptions that the Board must consider  
2 before finalizing its certification. On or before January 15,  
3 2020 and every January 1 thereafter, the Board shall certify to  
4 the Governor and the General Assembly the amount of the State  
5 contribution to the System that would have been required for  
6 the next fiscal year if Section 1-161, subsection (a-2) of  
7 Section 15-155, and the changes made to Section 1-160 by this  
8 amendatory Act of the 100th General Assembly had not taken  
9 effect, using the best and most recent available data but based  
10 on the law in effect on May 31, 2019. The Board's certification  
11 must note any deviations from the State Actuary's recommended  
12 changes, the reason or reasons for not following the State  
13 Actuary's recommended changes, and the impact of not following  
14 the State Actuary's recommended changes.

15 (a-15) As soon as practical after the effective date of  
16 this amendatory Act of the 100th General Assembly, the Board  
17 shall recalculate and recertify to the State Actuary, the  
18 Governor, and the General Assembly the amount of the State  
19 contribution to the System for State fiscal year 2018, taking  
20 into account the changes in required State contributions made  
21 by this amendatory Act of the 100th General Assembly. The State  
22 Actuary shall review the assumptions and valuations underlying  
23 the Board's revised certification and issue a preliminary  
24 report concerning the proposed recertification and  
25 identifying, if necessary, recommended changes in actuarial  
26 assumptions that the Board must consider before finalizing its

1 certification of the required State contributions. The Board's  
2 final certification must note any deviations from the State  
3 Actuary's recommended changes, the reason or reasons for not  
4 following the State Actuary's recommended changes, and the  
5 fiscal impact of not following the State Actuary's recommended  
6 changes on the required State contribution.

7 (b) The Board shall certify to the State Comptroller or  
8 employer, as the case may be, from time to time, by its  
9 chairperson and secretary, with its seal attached, the amounts  
10 payable to the System from the various funds.

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

25 If in any month the amount remaining unexpended from all  
26 other appropriations to the System for the applicable fiscal

1 year (including the appropriations to the System under Section  
2 8.12 of the State Finance Act and Section 1 of the State  
3 Pension Funds Continuing Appropriation Act) is less than the  
4 amount lawfully vouchered under this Section, the difference  
5 shall be paid from the General Revenue Fund under the  
6 continuing appropriation authority provided in Section 1.1 of  
7 the State Pension Funds Continuing Appropriation Act.

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

17 (e) In the event that the System does not receive, as a  
18 result of legislative enactment or otherwise, payments  
19 sufficient to fully fund the employer contribution to the  
20 self-managed plan established under Section 15-158.2 and to  
21 fully fund that portion of the employer's portion of the normal  
22 costs of the System, as calculated in accordance with Section  
23 15-155(a-1), then any payments received shall be applied  
24 proportionately to the optional retirement program established  
25 under Section 15-158.2 and to the employer's portion of the  
26 normal costs of the System, as calculated in accordance with

1 Section 15-155(a-1).

2 (Source: P.A. 97-694, eff. 6-18-12; 98-92, eff. 7-16-13.)

3 (40 ILCS 5/15-185.5 new)

4 Sec. 15-185.5. Accelerated pension benefit payment.

5 (a) As used in this Section:

6 "Eligible person" means a person who:

7 (1) has terminated service;

8 (2) has accrued sufficient service credit to be  
9 eligible to receive a retirement annuity under this  
10 Article;

11 (3) has not received any retirement annuity under this  
12 Article;

13 (4) does not have a QILDRO in effect against him or her  
14 under this Article; and

15 (5) is not a participant in the self-managed plan under  
16 Section 15-158.2.

17 "Pension benefit" means the benefits under this Article, or  
18 Article 1 as it relates to those benefits, including any  
19 anticipated annual increases, that an eligible person is  
20 entitled to upon attainment of the applicable retirement age.

21 "Pension benefit" also includes applicable survivor's or  
22 disability benefits.

23 (b) Before January 1, 2018, and annually thereafter, the  
24 System shall calculate, using actuarial tables and other  
25 assumptions adopted by the Board, the net present value of

1 pension benefits for each eligible person and shall offer each  
2 eligible person the opportunity to irrevocably elect to receive  
3 an amount determined by the System to be equal to 70% of the  
4 net present value of his or her pension benefits in lieu of  
5 receiving any pension benefit. The offer shall specify the  
6 dollar amount that the eligible person will receive if he or  
7 she so elects and shall expire when a subsequent offer is made  
8 to an eligible person or when the System determines that 10% of  
9 eligible persons in that year have made the election under this  
10 subsection, whichever occurs first. The System shall make a  
11 good faith effort to contact every eligible person to notify  
12 him or her of the election and of the amount of the accelerated  
13 pension benefit payment.

14 Until the System determines that 10% of eligible persons in  
15 that year have made the election under this subsection, an  
16 eligible person may irrevocably elect to receive an accelerated  
17 pension benefit payment in the amount that the System offers  
18 under this subsection in lieu of receiving any pension benefit.  
19 A person who elects to receive an accelerated pension benefit  
20 payment under this Section may not elect to proceed under the  
21 Retirement Systems Reciprocal Act with respect to service under  
22 this Article.

23 (c) A person's credits and creditable service under this  
24 Article shall be terminated upon the person's receipt of an  
25 accelerated pension benefit payment under this Section, and no  
26 other benefit shall be paid under this Article based on those

1 terminated credits and creditable service, including any  
2 retirement, survivor, or other benefit; except that to the  
3 extent that participation, benefits, or premiums under the  
4 State Employees Group Insurance Act of 1971 are based on the  
5 amount of service credit, the terminated service credit shall  
6 be used for that purpose.

7 (d) If a person who has received an accelerated pension  
8 benefit payment under this Section returns to participating  
9 employee status under this Article, then:

10 (1) Any benefits under the System earned as a result of  
11 that return to participating employee status shall be based  
12 solely on the person's credits and creditable service  
13 arising from the return to participating employee status.

14 (2) The accelerated pension benefit payment may not be  
15 repaid to the System, and the terminated credits and  
16 creditable service may not under any circumstances be  
17 reinstated.

18 (e) As a condition of receiving an accelerated pension  
19 benefit payment, an eligible person must have another  
20 retirement plan or account qualified under the Internal Revenue  
21 Code of 1986, as amended, for the accelerated pension benefit  
22 payment to be rolled into. The accelerated pension benefit  
23 payment under this Section may be subject to withholding or  
24 payment of applicable taxes, but to the extent permitted by  
25 federal law, a person who receives an accelerated pension  
26 benefit payment under this Section must direct the System to

1 pay all of that payment as a rollover into another retirement  
2 plan or account qualified under the Internal Revenue Code of  
3 1986, as amended.

4 (f) Before January 1, 2019 and every January 1 thereafter,  
5 the Board shall certify to the Illinois Finance Authority and  
6 the General Assembly the amount by which the total amount of  
7 accelerated pension benefit payments made under this Section  
8 exceed the amount appropriated to the System for the purpose of  
9 making those payments.

10 (g) The Board shall adopt any rules necessary to implement  
11 this Section.

12 (h) No provision of this Section shall be interpreted in a  
13 way that would cause the applicable System to cease to be a  
14 qualified plan under the Internal Revenue Code of 1986.

15 (i) Notwithstanding any other provision of this Section, in  
16 no case shall the total amount of accelerated pension benefit  
17 payments paid under this Section, Section 14-147.5, and Section  
18 16-190.5 cause the Illinois Finance Authority to issue more  
19 than the \$250,000,000 of State Pension Obligation Acceleration  
20 Bonds authorized in subsection (c-5) of Section 801-40 of the  
21 Illinois Finance Authority Act.

22 (40 ILCS 5/15-198)

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

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



1 increases.

2 (a) As used in this Section, "new benefit increase" means  
3 an increase in the amount of any benefit provided under this  
4 Article, or an expansion of the conditions of eligibility for  
5 any benefit under this Article, that results from an amendment  
6 to this Code that takes effect after the effective date of this  
7 amendatory Act of the 94th General Assembly. "New benefit  
8 increase", however, does not include any benefit increase  
9 resulting from the changes made to this Article by this  
10 amendatory Act of the 100th General Assembly.

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

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

20 Every new benefit increase is contingent upon the General  
21 Assembly providing the additional funding required under this  
22 subsection. The Commission on Government Forecasting and  
23 Accountability shall analyze whether adequate additional  
24 funding has been provided for the new benefit increase and  
25 shall report its analysis to the Public Pension Division of the  
26 Department of Insurance ~~Financial and Professional Regulation.~~

1 A new benefit increase created by a Public Act that does not  
2 include the additional funding required under this subsection  
3 is null and void. If the Public Pension Division determines  
4 that the additional funding provided for a new benefit increase  
5 under this subsection is or has become inadequate, it may so  
6 certify to the Governor and the State Comptroller and, in the  
7 absence of corrective action by the General Assembly, the new  
8 benefit increase shall expire at the end of the fiscal year in  
9 which the certification is made.

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

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

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

1 (40 ILCS 5/15-200.1 new)

2 Sec. 15-200.1. Defined contribution plan.

3 (a) By July 1, 2018, the System shall prepare and implement  
4 a voluntary defined contribution plan for up to 5% of eligible  
5 Tier 1 employees. The System shall determine the 5% cap by the  
6 number of Tier 1 employees on the effective date of this  
7 Section. The defined contribution plan developed under this  
8 Section shall be a plan that aggregates employer and employee  
9 contributions in individual participant accounts which, after  
10 meeting any other requirements, are used for payouts after  
11 retirement in accordance with this Section and any other  
12 applicable laws.

13 As used in this Section, "defined benefit plan" means the  
14 retirement plan available under this Article to Tier 1  
15 employees who have not made the election authorized under this  
16 Section.

17 (1) Under the defined contribution plan, a Tier 1  
18 employee of this System could elect to cease accruing  
19 benefits in the defined benefit plan under this Article and  
20 begin accruing benefits for future service in the defined  
21 contribution plan. Service credit under the defined  
22 contribution plan may be used for determining retirement  
23 eligibility under the defined benefit plan. A Tier 1  
24 employee who elects to cease accruing benefits in his or  
25 her defined benefit plan shall be prohibited from

1 purchasing service credit on or after the date of his or  
2 her election. A Tier 1 employee making the irrevocable  
3 election provided under this Section shall not receive  
4 interest accruals to his or her Rule 2 benefit on or after  
5 the date of his or her election.

6 (2) Participants in the defined contribution plan  
7 shall pay employee contributions at the same rate as other  
8 participants under this Article as determined by the  
9 System.

10 (3) State contributions shall be paid into the accounts  
11 of all participants in the defined contribution plan at a  
12 uniform rate, expressed as a percentage of earnings and  
13 determined for each year. This rate shall be no higher than  
14 the employer's normal cost for Tier 1 employees in the  
15 defined benefit plan for that year, as determined by the  
16 System and expressed as a percentage of earnings, and shall  
17 be no lower than 3% of earnings. The State shall adjust  
18 this rate annually.

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

24 (5) The defined contribution plan may provide for  
25 participants in the plan to be eligible for the defined  
26 disability benefits available to other participants under

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

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

9           (7) The defined contribution plan shall provide a  
10       variety of options for payouts to retirees and their  
11       survivors.

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

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

22           (b) Only persons who are Tier 1 employees of the System on  
23       the effective date of this Section are eligible to participate  
24       in the defined contribution plan. Participation in the defined  
25       contribution plan shall be limited to the first 5% of eligible  
26       persons who elect to participate. The election to participate

1 in the defined contribution plan is voluntary and irrevocable.

2 (c) An eligible Tier 1 employee may irrevocably elect to  
3 participate in the defined contribution plan by filing with the  
4 System a written application to participate that is received by  
5 the System prior to its determination that 5% of eligible  
6 persons have elected to participate in the defined contribution  
7 plan.

8 When the System first determines that 5% of eligible  
9 persons have elected to participate in the defined contribution  
10 plan, the System shall provide notice to previously eligible  
11 employees that the plan is no longer available and shall cease  
12 accepting applications to participate.

13 (d) The System shall make a good faith effort to contact  
14 each Tier 1 employee who is eligible to participate in the  
15 defined contribution plan. The System shall mail information  
16 describing the option to join the defined contribution plan to  
17 each of these employees to his or her last known address on  
18 file with the System. If the employee is not responsive to  
19 other means of contact, it is sufficient for the System to  
20 publish the details of the option on its website.

21 Upon request for further information describing the  
22 option, the System shall provide employees with information  
23 from the System before exercising the option to join the plan,  
24 including information on the impact to their vested benefits or  
25 non-vested service. The individual consultation shall include  
26 projections of the member's defined benefits at retirement or

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

10 (e) In no event shall the System, its staff, its authorized  
11 representatives, or the Board be liable for any information  
12 given to an employee under this Section. The System may  
13 coordinate with the Illinois Department of Central Management  
14 Services and other retirement systems administering a defined  
15 contribution plan in accordance with this amendatory Act of the  
16 100th General Assembly to provide information concerning the  
17 impact of the option set forth in this Section.

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

22 (g) The System shall report on its progress under this  
23 Section, including the available details of the defined  
24 contribution plan and the System's plans for informing eligible  
25 Tier 1 employees about the plan, to the Governor and the  
26 General Assembly on or before January 15, 2018.

1       (h) If a Tier 1 employee has not made an election under  
2       Section 15-134.5 of this Code, then the plan prescribed under  
3       this Section shall not apply to that Tier 1 employee and that  
4       Tier 1 employee shall remain eligible to make the election  
5       prescribed under Section 15-134.5.

6       (i) The intent of this amendatory Act of the 100th General  
7       Assembly is to ensure that the State's normal cost of  
8       participation in the defined contribution plan is similar, and  
9       if possible equal, to the State's normal cost of participation  
10       in the defined benefit plan, unless a lower State's normal cost  
11       is necessary to ensure cost neutrality.

12       (40 ILCS 5/15-201.1 new)

13       Sec. 15-201.1. Defined contribution plan; termination. If  
14       the defined contribution plan is terminated or becomes  
15       inoperative pursuant to law, then each participant in the plan  
16       shall automatically be deemed to have been a contributing Tier  
17       1 employee participating in the System's defined benefit plan  
18       during the time in which he or she participated in the defined  
19       contribution plan, and for that purpose the System shall be  
20       entitled to recover the amounts in the participant's defined  
21       contribution accounts.

22       (40 ILCS 5/16-107.1 new)

23       Sec. 16-107.1. Tier 1 employee. "Tier 1 employee": A  
24       teacher under this Article who first became a member or



1 participant before January 1, 2011 under any reciprocal  
2 retirement system or pension fund established under this Code  
3 other than a retirement system or pension fund established  
4 under Article 2, 3, 4, 5, 6, or 18 of this Code. However, for  
5 the purposes of the election under Section 16-122.9, "Tier 1  
6 employee" does not include a teacher under this Article who  
7 would qualify as a Tier 1 employee but who has made an  
8 irrevocable election on or before June 1, 2017 to retire from  
9 service pursuant to the terms of an employment contract or a  
10 collective bargaining agreement in effect on June 1, 2017,  
11 excluding any extension, amendment, or renewal of that  
12 agreement after that date, and has notified the System of that  
13 election.

14 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

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

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

23 Notwithstanding any other provision of this Section,  
24 "salary" does not include any future increase in income that is  
25 offered by an employer for service as a Tier 1 employee under

1 this Article pursuant to the condition set forth in subsection  
2 (c) of Section 16-122.9 and accepted under that condition by a  
3 Tier 1 employee who has made the election under paragraph (2)  
4 of subsection (a) of Section 16-122.9.

5 Notwithstanding any other provision of this Section,  
6 "salary" does not include any consideration payment made to a  
7 Tier 1 employee.

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

9 (40 ILCS 5/16-121.1 new)

10 Sec. 16-121.1. Future increase in income. "Future increase  
11 in income" means an increase to a Tier 1 employee's base pay  
12 that is offered by an employer to the Tier 1 employee for  
13 service under this Article after June 30, 2018 that qualifies  
14 as "salary", as defined in Section 16-121, or would qualify as  
15 "salary" but for the fact that it was offered to and accepted  
16 by the Tier 1 employee under the condition set forth in  
17 subsection (c) of Section 16-122.9. The term "future increase  
18 in income" includes an increase to a Tier 1 employee's base pay  
19 that is paid to the Tier 1 employee pursuant to an extension,  
20 amendment, or renewal of any such employment contract or  
21 collective bargaining agreement after the effective date of  
22 this Section.

23 (40 ILCS 5/16-121.2 new)

24 Sec. 16-121.2. Base pay. As used in Section 16-121.1 of

1 this Code, "base pay" means the greater of either (i) the Tier  
2 1 employee's annualized rate of salary as of June 30, 2018, or  
3 (ii) the Tier 1 employee's annualized rate of salary  
4 immediately preceding the expiration, renewal, or amendment of  
5 an employment contract or collective bargaining agreement in  
6 effect on the effective date of this Section. For a person  
7 returning to active service as a Tier 1 employee after June 30,  
8 2018, however, "base pay" means the employee's annualized rate  
9 of salary as of the employee's last date of service prior to  
10 July 1, 2018. The System shall calculate the base pay of each  
11 Tier 1 employee pursuant to this Section.

12 (40 ILCS 5/16-122.9 new)

13 Sec. 16-122.9. Election by Tier 1 employees.

14 (a) Each active Tier 1 employee shall make an irrevocable  
15 election either:

16 (1) to agree to delay his or her eligibility for  
17 automatic annual increases in retirement annuity as  
18 provided in subsection (a-1) of Section 16-133.1 or  
19 subsection (b-1) of Section 16-136.1, whichever is  
20 applicable, and to have the amount of the automatic annual  
21 increases in his or her retirement annuity and survivor  
22 benefit that are otherwise provided for in this Article  
23 calculated, instead, as provided in subsection (a-1) of  
24 Section 16-133.1 or subsection (b-1) of Section 16-136.1,  
25 whichever is applicable; or

1           (2) to not agree to paragraph (1) of this subsection.

2           The election required under this subsection (a) shall be  
3 made by each active Tier 1 employee no earlier than January 1,  
4 2018 and no later than March 31, 2018, except that:

5           (i) a person who becomes a Tier 1 employee under this  
6 Article on or after February 1, 2018 must make the election  
7 under this subsection (a) within 60 days after becoming a  
8 Tier 1 employee; and

9           (ii) a person who returns to active service as a Tier 1  
10 employee under this Article on or after February 1, 2018  
11 and has not yet made an election under this Section must  
12 make the election under this subsection (a) within 60 days  
13 after returning to active service as a Tier 1 employee.

14           If a Tier 1 employee fails for any reason to make a  
15 required election under this subsection within the time  
16 specified, then the employee shall be deemed to have made the  
17 election under paragraph (2) of this subsection.

18           (a-5) If this Section is enjoined or stayed by an Illinois  
19 court or a court of competent jurisdiction pending the entry of  
20 a final and unappealable decision, and this Section is  
21 determined to be constitutional or otherwise valid by a final  
22 unappealable decision of an Illinois court or a court of  
23 competent jurisdiction, then the election procedure set forth  
24 in subsection (a) of this Section shall commence on the 180th  
25 calendar day after the date of the issuance of the final  
26 unappealable decision and shall conclude at the end of the

1 270th calendar day after that date.

2 (a-10) All elections under subsection (a) that are made or  
3 deemed to be made before July 1, 2018 shall take effect on July  
4 1, 2018. Elections that are made or deemed to be made on or  
5 after July 1, 2018 shall take effect on the first day of the  
6 month following the month in which the election is made or  
7 deemed to be made.

8 (b) As adequate and legal consideration provided under this  
9 amendatory Act of the 100th General Assembly for making an  
10 election under paragraph (1) of subsection (a) of this Section,  
11 an employer shall be expressly and irrevocably prohibited from  
12 offering any future increases in income to a Tier 1 employee  
13 who has made an election under paragraph (1) of subsection (a)  
14 of this Section on the condition of not constituting salary  
15 under Section 16-121.

16 As adequate and legal consideration provided under this  
17 amendatory Act of the 100th General Assembly for making an  
18 election under paragraph (1) of subsection (a) of this Section,  
19 each Tier 1 employee who has made an election under paragraph  
20 (1) of subsection (a) of this Section shall receive a  
21 consideration payment equal to 10% of the contributions made by  
22 or on behalf of the employee under paragraphs (1), (2), and (3)  
23 of subsection (a) of Section 16-152 before the effective date  
24 of that election. The State Comptroller shall pay the  
25 consideration payment to the Tier 1 employee out of funds  
26 appropriated for that purpose under Section 1.9 of the State

1 Pension Funds Continuing Appropriation Act. The System shall  
2 calculate the amount of each consideration payment and, by July  
3 1, 2018, shall certify to the State Comptroller the amount of  
4 the consideration payment, together with the name, address, and  
5 any other available payment information of the Tier 1 employee  
6 as found in the records of the System. The System shall make  
7 additional calculations and certifications of consideration  
8 payments to the State Comptroller as the System deems  
9 necessary.

10 (c) A Tier 1 employee who makes the election under  
11 paragraph (2) of subsection (a) of this Section shall not be  
12 subject to paragraph (1) of subsection (a) of this Section.  
13 However, each future increase in income offered by an employer  
14 under this Article to a Tier 1 employee who has made the  
15 election under paragraph (2) of subsection (a) of this Section  
16 shall be offered by the employer expressly and irrevocably on  
17 the condition of not constituting salary under Section 16-121  
18 and that the Tier 1 employee's acceptance of the offered future  
19 increase in income shall constitute his or her agreement to  
20 that condition.

21 (d) The System shall make a good faith effort to contact  
22 each Tier 1 employee subject to this Section. The System shall  
23 mail information describing the required election to each Tier  
24 1 employee by United States Postal Service mail to his or her  
25 last known address on file with the System. If the Tier 1  
26 employee is not responsive to other means of contact, it is

1 sufficient for the System to publish the details of any  
2 required elections on its website or to publish those details  
3 in a regularly published newsletter or other existing public  
4 forum.

5 Tier 1 employees who are subject to this Section shall be  
6 provided with an election packet containing information  
7 regarding their options, as well as the forms necessary to make  
8 the required election. Upon request, the System shall offer  
9 Tier 1 employees an opportunity to receive information from the  
10 System before making the required election. The information may  
11 consist of video materials, group presentations, individual  
12 consultation with a member or authorized representative of the  
13 System in person or by telephone or other electronic means, or  
14 any combination of those methods. The System shall not provide  
15 advice or counseling with respect to which election a Tier 1  
16 employee should make or specific to the legal or tax  
17 circumstances of or consequences to the Tier 1 employee.

18 The System shall inform Tier 1 employees in the election  
19 packet required under this subsection that the Tier 1 employee  
20 may also wish to obtain information and counsel relating to the  
21 election required under this Section from any other available  
22 source, including, but not limited to, labor organizations and  
23 private counsel.

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

1 the Illinois Department of Central Management Services and each  
2 other retirement system administering an election in  
3 accordance with this amendatory Act of the 100th General  
4 Assembly to provide information concerning the impact of the  
5 election set forth in this Section.

6 (e) Notwithstanding any other provision of law, an employer  
7 under this Article is required to offer each future increase in  
8 income expressly and irrevocably on the condition of not  
9 constituting "salary" under Section 16-121 to any Tier 1  
10 employee who has made an election under paragraph (2) of  
11 subsection (a) of this Section. The offer shall also provide  
12 that the Tier 1 employee's acceptance of the offered future  
13 increase in income shall constitute his or her agreement to the  
14 condition set forth in this subsection.

15 For purposes of legislative intent, the condition set forth  
16 in this subsection shall be construed in a manner that ensures  
17 that the condition is not violated or circumvented through any  
18 contrivance of any kind.

19 (f) A member's election under this Section is not a  
20 prohibited election under subdivision (j)(1) of Section 1-119  
21 of this Code.

22 (g) No provision of this Section shall be interpreted in a  
23 way that would cause the System to cease to be a qualified plan  
24 under Section 401(a) of the Internal Revenue Code of 1986.

25 (h) If an election created by this amendatory Act in any  
26 other Article of this Code or any change deriving from that



1 election is determined to be unconstitutional or otherwise  
2 invalid by a final unappealable decision of an Illinois court  
3 or a court of competent jurisdiction, the invalidity of that  
4 provision shall not in any way affect the validity of this  
5 Section or the changes deriving from the election required  
6 under this Section.

7 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

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

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

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

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

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

1 January 1, 1972, plus

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

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

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

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

1 and 3% for periods after December 31, 1977.

2 (a-1) Notwithstanding any other provision of this Article,  
3 for a Tier 1 employee who made the election under paragraph (1)  
4 of subsection (a) of Section 16-122.9:

5 (1) The initial increase in retirement annuity under  
6 this Section shall occur on the January 1 occurring either  
7 on or after the attainment of age 67 or the fifth  
8 anniversary of the annuity start date, whichever is  
9 earlier.

10 (2) The amount of each automatic annual increase in  
11 retirement annuity and survivor benefit occurring on or  
12 after the effective date of that election shall be  
13 calculated as a percentage of the originally granted  
14 retirement annuity or survivor benefit, equal to 3% or  
15 one-half the annual unadjusted percentage increase (but  
16 not less than zero) in the consumer price index-u for the  
17 12 months ending with the September preceding each November  
18 1, whichever is less. If the annual unadjusted percentage  
19 change in the consumer price index-u for the 12 months  
20 ending with the September preceding each November 1 is zero  
21 or there is a decrease, then the annuity shall not be  
22 increased.

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

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

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

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

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

25 (e) In addition to the automatic annual increases in  
26 annuity provided under this Section, an annuitant who meets the

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

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

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

16 (40 ILCS 5/16-136.1) (from Ch. 108 1/2, par. 16-136.1)

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

19 Sec. 16-136.1. Annual increase for certain annuitants.

20 (a) Any annuitant receiving a retirement annuity on June  
21 30, 1969 and any member retiring after June 30, 1969 shall be  
22 eligible for the annual increases provided under this Section  
23 provided the annuitant is ineligible for the automatic annual  
24 increase in annuity provided under Section 16-133.1, and  
25 provided further that (1) retirement occurred at age 55 or over

1 and was based on 5 or more years of creditable service or (2)  
2 if retirement occurred prior to age 55, the retirement annuity  
3 was based on 20 or more years of creditable service.

4 (b) Except as otherwise provided in subsection (b-1), an ~~An~~  
5 annuitant entitled to increases under this Section shall be  
6 entitled to the initial increase as of the later of: (1)  
7 January 1 following attainment of age 65, (2) January 1  
8 following the first anniversary of retirement, or (3) the first  
9 day of the month following receipt of the required qualifying  
10 contribution from the annuitant. The initial monthly increase  
11 shall be computed on the basis of the period elapsed between  
12 the later of the date of last retirement or attainment of age  
13 50 and the date of qualification for the initial increase, at  
14 the rate of 1 1/2% of the original monthly retirement annuity  
15 per year for periods prior to September 1, 1971, and at the  
16 rate of 2% per year for periods between September 1, 1971 and  
17 September 1, 1978, and at the rate of 3% per year for periods  
18 thereafter.

19 Except as otherwise provided in subsection (b-1), if  
20 applicable, an ~~An~~ annuitant who has received an initial  
21 increase under this Section, shall be entitled, on each January  
22 1 following the granting of the initial increase, to an  
23 increase of 3% of the original monthly retirement annuity for  
24 increases granted prior to January 1, 1990, and equal to 3% of  
25 the total annuity, including previous increases under this  
26 Section, for increases granted on or after January 1, 1990. The

1 original monthly retirement annuity for computations under  
2 this subsection (b) shall be considered to be \$83.34 for any  
3 annuitant entitled to benefits under Section 16-134. The  
4 minimum original disability retirement annuity for  
5 computations under this subsection (b) shall be considered to  
6 be \$33.34 per month for any annuitant retired on account of  
7 disability.

8 (b-1) Notwithstanding any other provision of this Article,  
9 for a Tier 1 employee who made the election under paragraph (1)  
10 of subsection (a) of Section 16-122.9:

11 (1) The initial increase in retirement annuity under  
12 this Section shall occur on the January 1 occurring either  
13 on or after the attainment of age 67 or the fifth  
14 anniversary of the annuity start date, whichever is  
15 earlier.

16 (2) The amount of each automatic annual increase in  
17 retirement annuity or survivor benefit occurring on or  
18 after the effective date of that election shall be  
19 calculated as a percentage of the originally granted  
20 retirement annuity or survivor benefit, equal to 3% or  
21 one-half the annual unadjusted percentage increase (but  
22 not less than zero) in the consumer price index-u for the  
23 12 months ending with the September preceding each November  
24 1, whichever is less. If the annual unadjusted percentage  
25 change in the consumer price index-u for the 12 months  
26 ending with the September preceding each November 1 is zero

1       or there is a decrease, then the annuity shall not be  
2       increased.

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

12       (c) An annuitant who otherwise qualifies for annual  
13       increases under this Section must make a one-time payment of 1%  
14       of the monthly final average salary for each full year of the  
15       creditable service forming the basis of the retirement annuity  
16       or, if the retirement annuity was not computed using final  
17       average salary, 1% of the original monthly retirement annuity  
18       for each full year of service forming the basis of the  
19       retirement annuity.

20       (d) In addition to other increases which may be provided by  
21       this Section, regardless of creditable service, annuitants not  
22       meeting the service requirements of Section 16-133.1 and whose  
23       retirement annuity began on or before January 1, 1971 shall  
24       receive, on January 1, 1981, an increase in the retirement  
25       annuity then being paid of one dollar per month for each year  
26       of creditable service forming the basis of the retirement



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

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

10 (Source: P.A. 86-273.)

11 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

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

14 Sec. 16-152. Contributions by members.

15 (a) Except as otherwise provided in subsection (a-5), each  
16 ~~Each~~ member shall make contributions for membership service to  
17 this System as follows:

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

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

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

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

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

10 (a-5) Beginning July 1, 2018 or the effective date of the  
11 Tier 1 employee's election under paragraph (1) of subsection  
12 (a) of Section 16-122.9, whichever is later, in lieu of the  
13 contributions otherwise required under subsection (a), each  
14 Tier 1 employee who made the election under paragraph (1) of  
15 subsection (a) of Section 16-122.9 shall make contributions as  
16 follows:

17 (1) Contributions of 7.50% of salary towards the cost  
18 of the retirement annuity. Such contributions shall be  
19 deemed "normal contributions".

20 (2) Contributions of 0.60% towards the cost of survivor  
21 benefits. Such contributions shall not be credited to the  
22 individual account of the member and shall not be subject  
23 to refund except as provided in Section 16-143.2.

24 (3) Contributions of 0.40% of salary toward the cost of  
25 the early retirement without discount option provided  
26 under Section 16-133.2. This contribution shall cease upon

1       termination of the early retirement without discount  
2       option as provided in Section 16-133.2.

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

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

8       (d) A person who (i) was a member before July 1, 1998, (ii)  
9 retires with more than 34 years of creditable service, and  
10 (iii) does not elect to qualify for the augmented rate under  
11 Section 16-129.1 shall be entitled, at the time of retirement,  
12 to receive a partial refund of contributions made under this  
13 Section for service occurring after the later of June 30, 1998  
14 or attainment of 34 years of creditable service, in an amount  
15 equal to 1.00% of the salary upon which those contributions  
16 were based.

17       (e) A member's contributions toward the cost of early  
18 retirement without discount made under item (a)(4) of this  
19 Section shall not be refunded if the member has elected early  
20 retirement without discount under Section 16-133.2 and has  
21 begun to receive a retirement annuity under this Article  
22 calculated in accordance with that election. Otherwise, a  
23 member's contributions toward the cost of early retirement  
24 without discount made under item (a)(4) of this Section shall  
25 be refunded according to whichever one of the following  
26 circumstances occurs first:

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

5           (2) The contributions shall be included, without  
6           interest, in any refund claimed by the member under Section  
7           16-151.

8           (3) The contributions shall be refunded to the member's  
9           designated beneficiary (or if there is no beneficiary, to  
10          the member's estate), without interest, if the member dies  
11          without having begun to receive a retirement annuity under  
12          this Article.

13          (4) The contributions shall be refunded to the member,  
14          without interest, if the early retirement without discount  
15          option provided under subsection (d) of Section 16-133.2 is  
16          terminated. In that event, the System shall provide to the  
17          member, within 120 days after the option is terminated, an  
18          application for a refund of those contributions.

19          (Source: P.A. 98-42, eff. 6-28-13; 98-92, eff. 7-16-13; 99-642,  
20          eff. 7-28-16.)

21          (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

24          Sec. 16-158. Contributions by State and other employing  
25          units.

1           (a) The State shall make contributions to the System by  
2 means of appropriations from the Common School Fund and other  
3 State funds of amounts which, together with other employer  
4 contributions, employee contributions, investment income, and  
5 other income, will be sufficient to meet the cost of  
6 maintaining and administering the System on a 90% funded basis  
7 in accordance with actuarial recommendations.

8           The Board shall determine the amount of State contributions  
9 required for each fiscal year on the basis of the actuarial  
10 tables and other assumptions adopted by the Board and the  
11 recommendations of the actuary, using the formula in subsection  
12 (b-3).

13           (a-1) Annually, on or before November 15 until November 15,  
14 2011, the Board shall certify to the Governor the amount of the  
15 required State contribution for the coming fiscal year. The  
16 certification under this subsection (a-1) shall include a copy  
17 of the actuarial recommendations upon which it is based and  
18 shall specifically identify the System's projected State  
19 normal cost for that fiscal year.

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

26           On or before July 1, 2005, the Board shall recalculate and

1 recertify to the Governor the amount of the required State  
2 contribution to the System for State fiscal year 2006, taking  
3 into account the changes in required State contributions made  
4 by this amendatory Act of the 94th General Assembly.

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

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

1 the State Actuary's recommended changes, the reason or reasons  
2 for not following the State Actuary's recommended changes, and  
3 the fiscal impact of not following the State Actuary's  
4 recommended changes on the required State contribution.

5 On or before May 1, 2018, the Board shall recalculate and  
6 recertify to the Governor and the General Assembly the amount  
7 of the required State contribution to the System for State  
8 fiscal year 2019, taking into account the effect on the  
9 System's liabilities of the elections made under Section  
10 16-122.9.

11 On or before October 1, 2018, the Board shall recalculate  
12 and recertify to the Governor and the General Assembly the  
13 amount of the required State contribution to the System for  
14 State fiscal year 2019, taking into account the reduction  
15 specified under item (3) of subsection (b-3) of this Section.

16 (a-10) For purposes of subsection (c-5) of Section 20 of  
17 the Budget Stabilization Act, on or before November 1 of each  
18 year beginning November 1, 2019, the Board shall determine the  
19 amount of the State contribution to the System that would have  
20 been required for the next fiscal year if Section 1-161,  
21 subsection (b-4) of Section 16-158, and the changes made to  
22 Section 1-160 by this amendatory Act of the 100th General  
23 Assembly had not taken effect, using the best and most recent  
24 available data but based on the law in effect on May 31, 2019.  
25 The Board shall submit to the State Actuary, the Governor, and  
26 the General Assembly a proposed certification, along with the

1 relevant law, actuarial assumptions, calculations, and data  
2 upon which that certification is based. On or before January 1,  
3 2020 and every January 1 thereafter, the State Actuary shall  
4 issue a preliminary report concerning the proposed  
5 certification and identifying, if necessary, recommended  
6 changes in actuarial assumptions that the Board must consider  
7 before finalizing its certification. On or before January 15,  
8 2020 and every January 1 thereafter, the Board shall certify to  
9 the Governor and the General Assembly the amount of the State  
10 contribution to the System that would have been required for  
11 the next fiscal year if Section 1-161, subsection (b-4) of  
12 Section 16-158, and the changes made to Section 1-160 by this  
13 amendatory Act of the 100th General Assembly had not taken  
14 effect, using the best and most recent available data but based  
15 on the law in effect on May 31, 2019. The Board's certification  
16 must note any deviations from the State Actuary's recommended  
17 changes, the reason or reasons for not following the State  
18 Actuary's recommended changes, and the impact of not following  
19 the State Actuary's recommended changes.

20 (a-15) As soon as practical after the effective date of  
21 this amendatory Act of the 100th General Assembly, the Board  
22 shall recalculate and recertify to the State Actuary, the  
23 Governor, and the General Assembly the amount of the State  
24 contribution to the System for State fiscal year 2018, taking  
25 into account the changes in required State contributions made  
26 by this amendatory Act of the 100th General Assembly. The State



1 Actuary shall review the assumptions and valuations underlying  
2 the Board's revised certification and issue a preliminary  
3 report concerning the proposed recertification and  
4 identifying, if necessary, recommended changes in actuarial  
5 assumptions that the Board must consider before finalizing its  
6 certification of the required State contributions. The Board's  
7 final certification must note any deviations from the State  
8 Actuary's recommended changes, the reason or reasons for not  
9 following the State Actuary's recommended changes, and the  
10 fiscal impact of not following the State Actuary's recommended  
11 changes on the required State contribution.

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

15 (b-1) Beginning in State fiscal year 1996, on the 15th day  
16 of each month, or as soon thereafter as may be practicable, the  
17 Board shall submit vouchers for payment of State contributions  
18 to the System, in a total monthly amount of one-twelfth of the  
19 required annual State contribution certified under subsection  
20 (a-1). From the effective date of this amendatory Act of the  
21 93rd General Assembly through June 30, 2004, the Board shall  
22 not submit vouchers for the remainder of fiscal year 2004 in  
23 excess of the fiscal year 2004 certified contribution amount  
24 determined under this Section after taking into consideration  
25 the transfer to the System under subsection (a) of Section  
26 6z-61 of the State Finance Act. These vouchers shall be paid by

1 the State Comptroller and Treasurer by warrants drawn on the  
2 funds appropriated to the System for that fiscal year.

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

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

15 (b-3) For State fiscal years 2018 through 2045 (except as  
16 otherwise provided for fiscal year 2019), the minimum  
17 contribution to the System to be made by the State for each  
18 fiscal year shall be an amount determined by the System to be  
19 sufficient to bring the total assets of the System up to 90% of  
20 the total actuarial liabilities of the System by the end of  
21 State fiscal year 2045. In making these determinations, the  
22 required State contribution shall be calculated each year as a  
23 level percentage of total payroll, including payroll that is  
24 not deemed pensionable, but excluding payroll attributable to  
25 participants in the defined contribution plan under Section  
26 16-205.1, over the years remaining to and including fiscal year

1 2045 and shall be determined under the projected unit credit  
2 actuarial cost method.

3 For State fiscal year 2019:

4 (1) The initial calculation and certification shall be  
5 based on the amount determined above.

6 (2) For purposes of the recertification due on or  
7 before May 1, 2018, the recalculation of the required State  
8 contribution for fiscal year 2019 shall take into account  
9 the effect on the System's liabilities of the elections  
10 made under Section 16-122.9.

11 (3) For purposes of the recertification due on or  
12 before October 1, 2018, the total required State  
13 contribution for fiscal year 2019 shall be reduced by the  
14 amount of the consideration payments made to Tier 1  
15 employees who made the election under paragraph (1) of  
16 subsection (a) of Section 16-122.9.

17 Beginning in State fiscal year 2018, any increase or  
18 decrease in State contribution over the prior fiscal year due  
19 exclusively to changes in actuarial or investment assumptions  
20 adopted by the Board shall be included in the State  
21 contribution to the System, as a percentage of the applicable  
22 employee payroll, and shall be increased in equal annual  
23 increments so that by the State fiscal year occurring 5 years  
24 after the adoption of the actuarial or investment assumptions,  
25 the State is contributing at the rate otherwise required under  
26 this Section.

1           For State fiscal years 2012 through 2017 ~~2045~~, the minimum  
2 contribution to the System to be made by the State for each  
3 fiscal year shall be an amount determined by the System to be  
4 sufficient to bring the total assets of the System up to 90% of  
5 the total actuarial liabilities of the System by the end of  
6 State fiscal year 2045. In making these determinations, the  
7 required State contribution shall be calculated each year as a  
8 level percentage of payroll over the years remaining to and  
9 including fiscal year 2045 and shall be determined under the  
10 projected unit credit actuarial cost method.

11           For State fiscal years 1996 through 2005, the State  
12 contribution to the System, as a percentage of the applicable  
13 employee payroll, shall be increased in equal annual increments  
14 so that by State fiscal year 2011, the State is contributing at  
15 the rate required under this Section; except that in the  
16 following specified State fiscal years, the State contribution  
17 to the System shall not be less than the following indicated  
18 percentages of the applicable employee payroll, even if the  
19 indicated percentage will produce a State contribution in  
20 excess of the amount otherwise required under this subsection  
21 and subsection (a), and notwithstanding any contrary  
22 certification made under subsection (a-1) before the effective  
23 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%  
24 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY  
25 2003; and 13.56% in FY 2004.

26           Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2006 is  
2 \$534,627,700.

3 Notwithstanding any other provision of this Article, the  
4 total required State contribution for State fiscal year 2007 is  
5 \$738,014,500.

6 For each of State fiscal years 2008 through 2009, the State  
7 contribution to the System, as a percentage of the applicable  
8 employee payroll, shall be increased in equal annual increments  
9 from the required State contribution for State fiscal year  
10 2007, so that by State fiscal year 2011, the State is  
11 contributing at the rate otherwise required under this Section.

12 Notwithstanding any other provision of this Article, the  
13 total required State contribution for State fiscal year 2010 is  
14 \$2,089,268,000 and shall be made from the proceeds of bonds  
15 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
16 Obligation Bond Act, less (i) the pro rata share of bond sale  
17 expenses determined by the System's share of total bond  
18 proceeds, (ii) any amounts received from the Common School Fund  
19 in fiscal year 2010, and (iii) any reduction in bond proceeds  
20 due to the issuance of discounted bonds, if applicable.

21 Notwithstanding any other provision of this Article, the  
22 total required State contribution for State fiscal year 2011 is  
23 the amount recertified by the System on or before April 1, 2011  
24 pursuant to subsection (a-1) of this Section and shall be made  
25 from the proceeds of bonds sold in fiscal year 2011 pursuant to  
26 Section 7.2 of the General Obligation Bond Act, less (i) the

1 pro rata share of bond sale expenses determined by the System's  
2 share of total bond proceeds, (ii) any amounts received from  
3 the Common School Fund in fiscal year 2011, and (iii) any  
4 reduction in bond proceeds due to the issuance of discounted  
5 bonds, if applicable. This amount shall include, in addition to  
6 the amount certified by the System, an amount necessary to meet  
7 employer contributions required by the State as an employer  
8 under paragraph (e) of this Section, which may also be used by  
9 the System for contributions required by paragraph (a) of  
10 Section 16-127.

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

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

1           Notwithstanding any other provision of this Section, the  
2           required State contribution for State fiscal year 2005 and for  
3           fiscal year 2008 and each fiscal year thereafter, as calculated  
4           under this Section and certified under subsection (a-1), shall  
5           not exceed an amount equal to (i) the amount of the required  
6           State contribution that would have been calculated under this  
7           Section for that fiscal year if the System had not received any  
8           payments under subsection (d) of Section 7.2 of the General  
9           Obligation Bond Act, minus (ii) the portion of the State's  
10          total debt service payments for that fiscal year on the bonds  
11          issued in fiscal year 2003 for the purposes of that Section  
12          7.2, as determined and certified by the Comptroller, that is  
13          the same as the System's portion of the total moneys  
14          distributed under subsection (d) of Section 7.2 of the General  
15          Obligation Bond Act. In determining this maximum for State  
16          fiscal years 2008 through 2010, however, the amount referred to  
17          in item (i) shall be increased, as a percentage of the  
18          applicable employee payroll, in equal increments calculated  
19          from the sum of the required State contribution for State  
20          fiscal year 2007 plus the applicable portion of the State's  
21          total debt service payments for fiscal year 2007 on the bonds  
22          issued in fiscal year 2003 for the purposes of Section 7.2 of  
23          the General Obligation Bond Act, so that, by State fiscal year  
24          2011, the State is contributing at the rate otherwise required  
25          under this Section.

26          (b-4) For employees first hired on or after 6 months after

1 the effective date of this amendatory Act of the 100th General  
2 Assembly who have elected the benefits under Section 1-161 of  
3 this Code, the employer shall annually contribute an amount,  
4 expressed as a percentage of payroll, equal to the defined  
5 benefit normal cost of the defined benefit plan, less the  
6 employee contribution, plus 2%. On an annual basis, the System  
7 shall certify to each employer the amount of unfunded liability  
8 accrued in the employer's account to be paid by the employer so  
9 that the System is 90% funded by the end of State fiscal year  
10 2045. The contributions shall be divided equally over a  
11 12-month period and made monthly. The employer shall also  
12 contribute an amount equal to the employer defined  
13 contribution, as set on an individual employee basis, under  
14 paragraph (2) of subsection (k) of Section 1-161 during each  
15 pay period. The System shall have the authority to adopt rules  
16 regarding implementation of employer contributions.

17 (c) Payment of the required State contributions and of all  
18 pensions, retirement annuities, death benefits, refunds, and  
19 other benefits granted under or assumed by this System, and all  
20 expenses in connection with the administration and operation  
21 thereof, are obligations of the State.

22 If members are paid from special trust or federal funds  
23 which are administered by the employing unit, whether school  
24 district or other unit, the employing unit shall pay to the  
25 System from such funds the full accruing retirement costs based  
26 upon that service, which, beginning July 1, 2014, shall be at a



1 rate, expressed as a percentage of salary, equal to the total  
2 minimum contribution to the System to be made by the State for  
3 that fiscal year, including both normal cost and unfunded  
4 liability components, expressed as a percentage of payroll, as  
5 determined by the System under subsection (b-3) of this  
6 Section. Employer contributions, based on salary paid to  
7 members from federal funds, may be forwarded by the  
8 distributing agency of the State of Illinois to the System  
9 prior to allocation, in an amount determined in accordance with  
10 guidelines established by such agency and the System. Any  
11 contribution for fiscal year 2015 collected as a result of the  
12 change made by this amendatory Act of the 98th General Assembly  
13 shall be considered a State contribution under subsection (b-3)  
14 of this Section.

15 (d) Effective July 1, 1986, any employer of a teacher as  
16 defined in paragraph (8) of Section 16-106 shall pay the  
17 employer's normal cost of benefits based upon the teacher's  
18 service, in addition to employee contributions, as determined  
19 by the System. Such employer contributions shall be forwarded  
20 monthly in accordance with guidelines established by the  
21 System.

22 However, with respect to benefits granted under Section  
23 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)  
24 of Section 16-106, the employer's contribution shall be 12%  
25 (rather than 20%) of the member's highest annual salary rate  
26 for each year of creditable service granted, and the employer

1 shall also pay the required employee contribution on behalf of  
2 the teacher. For the purposes of Sections 16-133.4 and  
3 16-133.5, a teacher as defined in paragraph (8) of Section  
4 16-106 who is serving in that capacity while on leave of  
5 absence from another employer under this Article shall not be  
6 considered an employee of the employer from which the teacher  
7 is on leave.

8 (e) Beginning July 1, 1998, every employer of a teacher  
9 shall pay to the System an employer contribution computed as  
10 follows:

11 (1) Beginning July 1, 1998 through June 30, 1999, the  
12 employer contribution shall be equal to 0.3% of each  
13 teacher's salary.

14 (2) Beginning July 1, 1999 and thereafter, the employer  
15 contribution shall be equal to 0.58% of each teacher's  
16 salary.

17 The school district or other employing unit may pay these  
18 employer contributions out of any source of funding available  
19 for that purpose and shall forward the contributions to the  
20 System on the schedule established for the payment of member  
21 contributions.

22 These employer contributions are intended to offset a  
23 portion of the cost to the System of the increases in  
24 retirement benefits resulting from this amendatory Act of 1998.

25 Each employer of teachers is entitled to a credit against  
26 the contributions required under this subsection (e) with

1 respect to salaries paid to teachers for the period January 1,  
2 2002 through June 30, 2003, equal to the amount paid by that  
3 employer under subsection (a-5) of Section 6.6 of the State  
4 Employees Group Insurance Act of 1971 with respect to salaries  
5 paid to teachers for that period.

6 The additional 1% employee contribution required under  
7 Section 16-152 by this amendatory Act of 1998 is the  
8 responsibility of the teacher and not the teacher's employer,  
9 unless the employer agrees, through collective bargaining or  
10 otherwise, to make the contribution on behalf of the teacher.

11 If an employer is required by a contract in effect on May  
12 1, 1998 between the employer and an employee organization to  
13 pay, on behalf of all its full-time employees covered by this  
14 Article, all mandatory employee contributions required under  
15 this Article, then the employer shall be excused from paying  
16 the employer contribution required under this subsection (e)  
17 for the balance of the term of that contract. The employer and  
18 the employee organization shall jointly certify to the System  
19 the existence of the contractual requirement, in such form as  
20 the System may prescribe. This exclusion shall cease upon the  
21 termination, extension, or renewal of the contract at any time  
22 after May 1, 1998.

23 (f) For school years beginning on or after June 1, 2005 and  
24 before July 1, 2018, if ~~If~~ the amount of a teacher's salary for  
25 any school year used to determine final average salary exceeds  
26 the member's annual full-time salary rate with the same

1 employer for the previous school year by more than 6%, the  
2 teacher's employer shall pay to the System, in addition to all  
3 other payments required under this Section and in accordance  
4 with guidelines established by the System, the present value of  
5 the increase in benefits resulting from the portion of the  
6 increase in salary that is in excess of 6%. This present value  
7 shall be computed by the System on the basis of the actuarial  
8 assumptions and tables used in the most recent actuarial  
9 valuation of the System that is available at the time of the  
10 computation. If a teacher's salary for the 2005-2006 school  
11 year is used to determine final average salary under this  
12 subsection (f), then the changes made to this subsection (f) by  
13 Public Act 94-1057 shall apply in calculating whether the  
14 increase in his or her salary is in excess of 6%. For the  
15 purposes of this Section, change in employment under Section  
16 10-21.12 of the School Code on or after June 1, 2005 shall  
17 constitute a change in employer. The System may require the  
18 employer to provide any pertinent information or  
19 documentation. The changes made to this subsection (f) by this  
20 amendatory Act of the 94th General Assembly apply without  
21 regard to whether the teacher was in service on or after its  
22 effective date.

23 Whenever it determines that a payment is or may be required  
24 under this subsection, the System shall calculate the amount of  
25 the payment and bill the employer for that amount. The bill  
26 shall specify the calculations used to determine the amount

1 due. If the employer disputes the amount of the bill, it may,  
2 within 30 days after receipt of the bill, apply to the System  
3 in writing for a recalculation. The application must specify in  
4 detail the grounds of the dispute and, if the employer asserts  
5 that the calculation is subject to subsection (g) or (h) of  
6 this Section, must include an affidavit setting forth and  
7 attesting to all facts within the employer's knowledge that are  
8 pertinent to the applicability of that subsection. Upon  
9 receiving a timely application for recalculation, the System  
10 shall review the application and, if appropriate, recalculate  
11 the amount due.

12 The employer contributions required under this subsection  
13 (f) may be paid in the form of a lump sum within 90 days after  
14 receipt of the bill. If the employer contributions are not paid  
15 within 90 days after receipt of the bill, then interest will be  
16 charged at a rate equal to the System's annual actuarially  
17 assumed rate of return on investment compounded annually from  
18 the 91st day after receipt of the bill. Payments must be  
19 concluded within 3 years after the employer's receipt of the  
20 bill.

21 (f-1) For school years beginning on or after July 1, 2018,  
22 if the amount of a teacher's salary for any school year used to  
23 determine final average salary exceeds the member's annual  
24 full-time salary rate with the same employer for the previous  
25 school year by more than the unadjusted percentage increase in  
26 the consumer price index-u for the calendar year immediately

1 preceding the beginning of the school year, published by the  
2 Public Pension Division of the Department of Insurance by  
3 November 1 of each year, then the teacher's employer shall pay  
4 to the System, in addition to all other payments required under  
5 this Section and in accordance with guidelines established by  
6 the System, the present value of the increase in benefits  
7 resulting from the portion of the increase in salary that is in  
8 excess of the unadjusted percentage increase in the consumer  
9 price index-u for the applicable calendar year. This present  
10 value shall be computed by the System on the basis of the  
11 actuarial assumptions and tables used in the most recent  
12 actuarial valuation of the System that is available at the time  
13 of the computation. The System may require the employer to  
14 provide any pertinent information or documentation.

15 Whenever it determines that a payment is or may be required  
16 under this subsection (f-1), the System shall calculate the  
17 amount of the payment and bill the employer for that amount.  
18 The bill shall specify the calculations used to determine the  
19 amount due. If the employer disputes the amount of the bill, it  
20 may, within 30 days after receipt of the bill, apply to the  
21 System in writing for a recalculation. The application must  
22 specify in detail the grounds of the dispute and, if the  
23 employer asserts that the calculation is subject to subsection  
24 (h-1) of this Section, must include an affidavit setting forth  
25 and attesting to all facts within the employer's knowledge that  
26 are pertinent to the applicability of subsection (h-1). Upon

1 receiving a timely application for recalculation, the System  
2 shall review the application and, if appropriate, recalculate  
3 the amount due.

4 The employer contributions required under this subsection  
5 (f-1) may be paid in the form of a lump sum within 90 days after  
6 receipt of the bill. If the employer contributions are not paid  
7 within 90 days after receipt of the bill, then interest shall  
8 be charged at a rate equal to the System's annual actuarially  
9 assumed rate of return on investment compounded annually from  
10 the 91st day after receipt of the bill. Payments must be  
11 concluded within 3 years after the employer's receipt of the  
12 bill.

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

22 (g) This subsection (g) applies only to payments made or  
23 salary increases given on or after June 1, 2005 but before July  
24 1, 2011. The changes made by Public Act 94-1057 shall not  
25 require the System to refund any payments received before July  
26 31, 2006 (the effective date of Public Act 94-1057).

1           When assessing payment for any amount due under subsection  
2 (f), the System shall exclude salary increases paid to teachers  
3 under contracts or collective bargaining agreements entered  
4 into, amended, or renewed before June 1, 2005.

5           When assessing payment for any amount due under subsection  
6 (f), the System shall exclude salary increases paid to a  
7 teacher at a time when the teacher is 10 or more years from  
8 retirement eligibility under Section 16-132 or 16-133.2.

9           When assessing payment for any amount due under subsection  
10 (f), the System shall exclude salary increases resulting from  
11 overload work, including summer school, when the school  
12 district has certified to the System, and the System has  
13 approved the certification, that (i) the overload work is for  
14 the sole purpose of classroom instruction in excess of the  
15 standard number of classes for a full-time teacher in a school  
16 district during a school year and (ii) the salary increases are  
17 equal to or less than the rate of pay for classroom instruction  
18 computed on the teacher's current salary and work schedule.

19           When assessing payment for any amount due under subsection  
20 (f), the System shall exclude a salary increase resulting from  
21 a promotion (i) for which the employee is required to hold a  
22 certificate or supervisory endorsement issued by the State  
23 Teacher Certification Board that is a different certification  
24 or supervisory endorsement than is required for the teacher's  
25 previous position and (ii) to a position that has existed and  
26 been filled by a member for no less than one complete academic



1 year and the salary increase from the promotion is an increase  
2 that results in an amount no greater than the lesser of the  
3 average salary paid for other similar positions in the district  
4 requiring the same certification or the amount stipulated in  
5 the collective bargaining agreement for a similar position  
6 requiring the same certification.

7 When assessing payment for any amount due under subsection  
8 (f), the System shall exclude any payment to the teacher from  
9 the State of Illinois or the State Board of Education over  
10 which the employer does not have discretion, notwithstanding  
11 that the payment is included in the computation of final  
12 average salary.

13 (h) When assessing payment for any amount due under  
14 subsection (f), the System shall exclude any salary increase  
15 described in subsection (g) of this Section given on or after  
16 July 1, 2011 but before July 1, 2014 under a contract or  
17 collective bargaining agreement entered into, amended, or  
18 renewed on or after June 1, 2005 but before July 1, 2011.  
19 Notwithstanding any other provision of this Section, any  
20 payments made or salary increases given after June 30, 2014  
21 shall be used in assessing payment for any amount due under  
22 subsection (f) of this Section.

23 (h-1) When assessing payment for any amount due under  
24 subsection (f-1), the System shall exclude earnings increases  
25 paid to participants under contracts or collective bargaining  
26 agreements entered into, amended, or renewed before the

1 effective date of this amendatory Act of the 100th General  
2 Assembly.

3 (i) The System shall prepare a report and file copies of  
4 the report with the Governor and the General Assembly by  
5 January 1, 2007 that contains all of the following information:

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

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

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

15 (4) The increase in the required State contribution  
16 resulting from the changes made to this Section by Public  
17 Act 94-1057.

18 (i-5) For school years beginning on or after July 1, 2018,  
19 if the amount of a participant's salary for any school year,  
20 determined on a full-time equivalent basis, exceeds \$140,000,  
21 the participant's employer shall pay to the System, in addition  
22 to all other payments required under this Section and in  
23 accordance with guidelines established by the System, the  
24 amount of earnings that exceed \$140,000 multiplied by the level  
25 percentage of payroll used in that fiscal year as determined by  
26 the System to be sufficient to bring the total assets of the

1 System up to 90% of the total actuarial liabilities of the  
2 System by the end of State fiscal year 2045. This amount shall  
3 be computed by the System on the basis of the actuarial  
4 assumptions and tables used in the most recent actuarial  
5 valuation of the System that is available at the time of the  
6 computation. The System may require the employer to provide any  
7 pertinent information or documentation.

8 Whenever it determines that a payment is or may be required  
9 under this subsection, the System shall calculate the amount of  
10 the payment and bill the employer for that amount. The bill  
11 shall specify the calculations used to determine the amount  
12 due. If the employer disputes the amount of the bill, it may,  
13 within 30 days after receipt of the bill, apply to the System  
14 in writing for a recalculation. The application must specify in  
15 detail the grounds of the dispute. Upon receiving a timely  
16 application for recalculation, the System shall review the  
17 application and, if appropriate, recalculate the amount due.

18 The employer contributions required under this subsection  
19 may be paid in the form of a lump sum within 90 days after  
20 receipt of the bill. If the employer contributions are not paid  
21 within 90 days after receipt of the bill, then interest will be  
22 charged at a rate equal to the System's annual actuarially  
23 assumed rate of return on investment compounded annually from  
24 the 91st day after receipt of the bill. Payments must be  
25 concluded within 3 years after the employer's receipt of the  
26 bill.

1 (j) For purposes of determining the required State  
2 contribution to the System, the value of the System's assets  
3 shall be equal to the actuarial value of the System's assets,  
4 which shall be calculated as follows:

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

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

16 (l) If Section 16-122.9 is determined to be  
17 unconstitutional or otherwise invalid by a final unappealable  
18 decision of an Illinois court or a court of competent  
19 jurisdiction, then the changes made to this Section by this  
20 amendatory Act of the 100th General Assembly shall not take  
21 effect and are repealed by operation of law.

22 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
23 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.  
24 6-18-12; 97-813, eff. 7-13-12; 98-674, eff. 6-30-14.)

25 (40 ILCS 5/16-190.5 new)

1       Sec. 16-190.5. Accelerated pension benefit payment.

2       (a) As used in this Section:

3       "Eligible person" means a person who:

4               (1) has terminated service;

5               (2) has accrued sufficient service credit to be  
6       eligible to receive a retirement annuity under this  
7       Article;

8               (3) has not received any retirement annuity under this  
9       Article; and

10              (4) does not have a QILDRO in effect against him or her  
11      under this Article.

12      "Pension benefit" means the benefits under this Article, or  
13      Article 1 as it relates to those benefits, including any  
14      anticipated annual increases, that an eligible person is  
15      entitled to upon attainment of the applicable retirement age.

16      "Pension benefit" also includes applicable survivor's or  
17      disability benefits.

18      (b) Before January 1, 2018, and annually thereafter, the  
19      System shall calculate, using actuarial tables and other  
20      assumptions adopted by the Board, the net present value of  
21      pension benefits for each eligible person and shall offer each  
22      eligible person the opportunity to irrevocably elect to receive  
23      an amount determined by the System to be equal to 70% of the  
24      net present value of his or her pension benefits in lieu of  
25      receiving any pension benefit. The offer shall specify the  
26      dollar amount that the eligible person will receive if he or

1 she so elects and shall expire when a subsequent offer is made  
2 to an eligible person or when the System determines that 10% of  
3 eligible persons in that year have made the election under this  
4 subsection, whichever occurs first. The System shall make a  
5 good faith effort to contact every eligible person to notify  
6 him or her of the election and of the amount of the accelerated  
7 pension benefit payment.

8 Until the System determines that 10% of eligible persons in  
9 that year have made the election under this subsection, an  
10 eligible person may irrevocably elect to receive an accelerated  
11 pension benefit payment in the amount that the System offers  
12 under this subsection in lieu of receiving any pension benefit.  
13 A person who elects to receive an accelerated pension benefit  
14 payment under this Section may not elect to proceed under the  
15 Retirement Systems Reciprocal Act with respect to service under  
16 this Article.

17 (c) A person's credits and creditable service under this  
18 Article shall be terminated upon the person's receipt of an  
19 accelerated pension benefit payment under this Section, and no  
20 other benefit shall be paid under this Article based on those  
21 terminated credits and creditable service, including any  
22 retirement, survivor, or other benefit; except that to the  
23 extent that participation, benefits, or premiums under the  
24 State Employees Group Insurance Act of 1971 are based on the  
25 amount of service credit, the terminated service credit shall  
26 be used for that purpose.

1       (d) If a person who has received an accelerated pension  
2 benefit payment under this Section returns to active service  
3 under this Article, then:

4           (1) Any benefits under the System earned as a result of  
5 that return to active service shall be based solely on the  
6 person's credits and creditable service arising from the  
7 return to active service.

8           (2) The accelerated pension benefit payment may not be  
9 repaid to the System, and the terminated credits and  
10 creditable service may not under any circumstances be  
11 reinstated.

12       (e) As a condition of receiving an accelerated pension  
13 benefit payment, an eligible person must have another  
14 retirement plan or account qualified under the Internal Revenue  
15 Code of 1986, as amended, for the accelerated pension benefit  
16 payment to be rolled into. The accelerated pension benefit  
17 payment under this Section may be subject to withholding or  
18 payment of applicable taxes, but to the extent permitted by  
19 federal law, a person who receives an accelerated pension  
20 benefit payment under this Section must direct the System to  
21 pay all of that payment as a rollover into another retirement  
22 plan or account qualified under the Internal Revenue Code of  
23 1986, as amended.

24       (f) Before January 1, 2019 and every January 1 thereafter,  
25 the Board shall certify to the Illinois Finance Authority and  
26 the General Assembly the amount by which the total amount of

1 accelerated pension benefit payments made under this Section  
2 exceed the amount appropriated to the System for the purpose of  
3 making those payments.

4 (g) The Board shall adopt any rules necessary to implement  
5 this Section.

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

9 (i) Notwithstanding any other provision of this Section, in  
10 no case shall the total amount of accelerated pension benefit  
11 payments paid under this Section, Section 14-147.5, and Section  
12 15-185.5, and Section 16-190.5 cause the Illinois Finance  
13 Authority to issue more than the \$250,000,000 of State Pension  
14 Obligation Acceleration Bonds authorized in subsection (c-5)  
15 of Section 801-40 of the Illinois Finance Authority Act.

16 (40 ILCS 5/16-203)

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

19 Sec. 16-203. Application and expiration of new benefit  
20 increases.

21 (a) As used in this Section, "new benefit increase" means  
22 an increase in the amount of any benefit provided under this  
23 Article, or an expansion of the conditions of eligibility for  
24 any benefit under this Article, that results from an amendment  
25 to this Code that takes effect after June 1, 2005 (the



1 effective date of Public Act 94-4). "New benefit increase",  
2 however, does not include any benefit increase resulting from  
3 the changes made to this Article by Public Act 95-910 or this  
4 amendatory Act of the 100th General Assembly ~~this amendatory~~  
5 ~~Act of the 95th General Assembly~~.

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

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

15 Every new benefit increase is contingent upon the General  
16 Assembly providing the additional funding required under this  
17 subsection. The Commission on Government Forecasting and  
18 Accountability shall analyze whether adequate additional  
19 funding has been provided for the new benefit increase and  
20 shall report its analysis to the Public Pension Division of the  
21 Department of Insurance ~~Financial and Professional Regulation~~.

22 A new benefit increase created by a Public Act that does not  
23 include the additional funding required under this subsection  
24 is null and void. If the Public Pension Division determines  
25 that the additional funding provided for a new benefit increase  
26 under this subsection is or has become inadequate, it may so

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

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

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

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

22 (40 ILCS 5/16-205.1 new)

23 Sec. 16-205.1. Defined contribution plan.

24 (a) By July 1, 2018, the System shall prepare and implement  
25 a voluntary defined contribution plan for up to 5% of eligible

1 active Tier 1 employees. The System shall determine the 5% cap  
2 by the number of active Tier 1 employees on the effective date  
3 of this Section. The defined contribution plan developed under  
4 this Section shall be a plan that aggregates employer and  
5 employee contributions in individual participant accounts  
6 which, after meeting any other requirements, are used for  
7 payouts after retirement in accordance with this Section and  
8 any other applicable laws.

9 As used in this Section, "defined benefit plan" means the  
10 retirement plan available under this Article to Tier 1  
11 employees who have not made the election authorized under this  
12 Section.

13 (1) Under the defined contribution plan, an active Tier  
14 1 employee of this System could elect to cease accruing  
15 benefits in the defined benefit plan under this Article and  
16 begin accruing benefits for future service in the defined  
17 contribution plan. Service credit under the defined  
18 contribution plan may be used for determining retirement  
19 eligibility under the defined benefit plan. An active Tier  
20 1 employee who elects to cease accruing benefits in his or  
21 her defined benefit plan shall be prohibited from  
22 purchasing service credit on or after the date of his or  
23 her election. A Tier 1 employee making the irrevocable  
24 election provided under this Section shall not receive  
25 interest accruals to his or her benefit under paragraph (A)  
26 of subsection (a) of Section 16-133 on or after the date of

1 his or her election.

2 (2) Participants in the defined contribution plan  
3 shall pay employee contributions at the same rate as Tier 1  
4 employees in this System who do not participate in the  
5 defined contribution plan.

6 (3) State contributions shall be paid into the accounts  
7 of all participants in the defined contribution plan at a  
8 uniform rate, expressed as a percentage of salary and  
9 determined for each year. This rate shall be no higher than  
10 the employer's normal cost for Tier 1 employees in the  
11 defined benefit plan for that year, as determined by the  
12 System and expressed as a percentage of salary, and shall  
13 be no lower than 0% of salary. The State shall adjust this  
14 rate annually.

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

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

1           (6) The defined contribution plan shall provide a  
2           variety of options for investments. These options shall  
3           include investments in a fund created by the System and  
4           managed in accordance with legal and fiduciary standards,  
5           as well as investment options otherwise available.

6           (7) The defined contribution plan shall provide a  
7           variety of options for payouts to retirees and their  
8           survivors.

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

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

19          (b) Only persons who are active Tier 1 employees of the  
20          System on the effective date of this Section are eligible to  
21          participate in the defined contribution plan. Participation in  
22          the defined contribution plan shall be limited to the first 5%  
23          of eligible persons who elect to participate. The election to  
24          participate in the defined contribution plan is voluntary and  
25          irrevocable.

26          (c) An eligible Tier 1 employee may irrevocably elect to

1 participate in the defined contribution plan by filing with the  
2 System a written application to participate that is received by  
3 the System prior to its determination that 5% of eligible  
4 persons have elected to participate in the defined contribution  
5 plan.

6 When the System first determines that 5% of eligible  
7 persons have elected to participate in the defined contribution  
8 plan, the System shall provide notice to previously eligible  
9 employees that the plan is no longer available and shall cease  
10 accepting applications to participate.

11 (d) The System shall make a good faith effort to contact  
12 each active Tier 1 employee who is eligible to participate in  
13 the defined contribution plan. The System shall mail  
14 information describing the option to join the defined  
15 contribution plan to each of these employees to his or her last  
16 known address on file with the System. If the employee is not  
17 responsive to other means of contact, it is sufficient for the  
18 System to publish the details of the option on its website.

19 Upon request for further information describing the  
20 option, the System shall provide employees with information  
21 from the System before exercising the option to join the plan,  
22 including information on the impact to their vested benefits or  
23 non-vested service. The individual consultation shall include  
24 projections of the member's defined benefits at retirement or  
25 earlier termination of service and the value of the member's  
26 account at retirement or earlier termination of service. The

1 System shall not provide advice or counseling with respect to  
2 whether the employee should exercise the option. The System  
3 shall inform Tier 1 employees who are eligible to participate  
4 in the defined contribution plan that they may also wish to  
5 obtain information and counsel relating to their option from  
6 any other available source, including but not limited to labor  
7 organizations, private counsel, and financial advisors.

8 (e) In no event shall the System, its staff, its authorized  
9 representatives, or the Board be liable for any information  
10 given to an employee under this Section. The System may  
11 coordinate with the Illinois Department of Central Management  
12 Services and other retirement systems administering a defined  
13 contribution plan in accordance with this amendatory Act of the  
14 100th General Assembly to provide information concerning the  
15 impact of the option set forth in this Section.

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

20 (g) The System shall report on its progress under this  
21 Section, including the available details of the defined  
22 contribution plan and the System's plans for informing eligible  
23 Tier 1 employees about the plan, to the Governor and the  
24 General Assembly on or before January 15, 2018.

25 (h) The intent of this amendatory Act of the 100th 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 cost  
4 is necessary to ensure cost neutrality.

5 (40 ILCS 5/16-206.1 new)

6 Sec. 16-206.1. Defined contribution plan; termination. If  
7 the defined contribution plan is terminated or becomes  
8 inoperative pursuant to law, then each participant in the plan  
9 shall automatically be deemed to have been a contributing Tier  
10 1 employee in the System's defined benefit plan during the time  
11 in which he or she participated in the defined contribution  
12 plan, and for that purpose the System shall be entitled to  
13 recover the amounts in the participant's defined contribution  
14 accounts.

15 (40 ILCS 5/17-106.05 new)

16 Sec. 17-106.05. Tier 1 employee. "Tier 1 employee": A  
17 teacher under this Article who first became a member or  
18 participant before January 1, 2011 under any reciprocal  
19 retirement system or pension fund established under this Code  
20 other than a retirement system or pension fund established  
21 under Article 2, 3, 4, 5, 6, or 18 of this Code. However, for  
22 the purposes of the election under Section 17-115.5, "Tier 1  
23 employee" does not include a teacher under this Article who  
24 would qualify as a Tier 1 employee but who has made an



1 irrevocable election on or before June 1, 2017 to retire from  
2 service pursuant to the terms of an employment contract or a  
3 collective bargaining agreement in effect on June 1, 2017,  
4 excluding any extension, amendment, or renewal of that  
5 agreement after that date, and has notified the Fund of that  
6 election.

7 (40 ILCS 5/17-113.4 new)

8 Sec. 17-113.4. Salary. "Salary" means any income in any  
9 form that qualifies as "average salary" or "annual rate of  
10 salary" for purposes of paragraph (1) of subsection (c) of  
11 Section 17-116 and "salary" for payroll deduction purposes  
12 under Sections 17-130, 17-131, and 17-132.

13 Notwithstanding any other provision of this Section,  
14 "salary" does not include any future increase in income that is  
15 offered by an employer for service as a Tier 1 employee under  
16 this Article pursuant to the condition set forth in subsection  
17 (c) of Section 17-115.5 and accepted under that condition by a  
18 Tier 1 employee who has made the election under paragraph (2)  
19 of subsection (a) of Section 17-115.5.

20 (40 ILCS 5/17-113.5 new)

21 Sec. 17-113.5. Future increase in income. "Future increase  
22 in income" means an increase to a Tier 1 employee's base pay  
23 that is offered by an employer to the Tier 1 employee for  
24 service under this Article after June 30, 2018 that qualifies

1 as "salary", as defined in Section 17-113.4, or would qualify  
2 as "salary" but for the fact that it was offered to and  
3 accepted by the Tier 1 employee under the condition set forth  
4 in subsection (c) of Section 17-115.5. The term "future  
5 increase in income" includes an increase to a Tier 1 employee's  
6 base pay that is paid to the Tier 1 employee pursuant to an  
7 extension, amendment, or renewal of any employment contract or  
8 collective bargaining agreement after the effective date of  
9 this Section.

10 (40 ILCS 5/17-113.6 new)

11 Sec. 17-113.6. Base pay. As used in Section 17-113.5 of  
12 this Code, "base pay" means the greater of either (i) the Tier  
13 1 employee's annualized rate of salary as of June 30, 2018, or  
14 (ii) the Tier 1 employee's annualized rate of salary  
15 immediately preceding the expiration, renewal, or amendment of  
16 an employment contract or collective bargaining agreement in  
17 effect on the effective date of this Section. For a person  
18 returning to active service as a Tier 1 employee after June 30,  
19 2018, however, "base pay" means the employee's annualized rate  
20 of salary as of the employee's last date of service prior to  
21 July 1, 2018. The Fund shall calculate the base pay of each  
22 Tier 1 employee pursuant to this Section.

23 (40 ILCS 5/17-115.5 new)

24 Sec. 17-115.5. Election by Tier 1 employees.

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

3           (1) to agree to delay his or her eligibility for  
4 automatic annual increases in service retirement pension  
5 as provided in Section 17-119.2 and to have the amount of  
6 the automatic annual increases in his or her service  
7 retirement pension and survivor's pension that are  
8 otherwise provided for in this Article calculated,  
9 instead, as provided in Section 17-119.2; or

10          (2) to not agree to paragraph (1) of this subsection.

11       The election required under this subsection (a) shall be  
12 made by each active Tier 1 employee no earlier than January 1,  
13 2018 and no later than March 31, 2018, except that:

14           (i) a person who becomes a Tier 1 employee under this  
15 Article on or after January 1, 2018 must make the election  
16 under this subsection (a) within 60 days after becoming a  
17 Tier 1 employee; and

18           (ii) a person who returns to active service as a Tier 1  
19 employee under this Article on or after January 1, 2018 and  
20 has not yet made an election under this Section must make  
21 the election under this subsection (a) within 60 days after  
22 returning to active service as a Tier 1 employee.

23       If a Tier 1 employee fails for any reason to make a  
24 required election under this subsection within the time  
25 specified, then the employee shall be deemed to have made the  
26 election under paragraph (2) of this subsection.

1       (a-5) If this Section is enjoined or stayed by an Illinois  
2 court or a court of competent jurisdiction pending the entry of  
3 a final and unappealable decision, and this Section is  
4 determined to be constitutional or otherwise valid by a final  
5 unappealable decision of an Illinois court or a court of  
6 competent jurisdiction, then the election procedure set forth  
7 in subsection (a) of this Section shall commence on the 180th  
8 calendar day after the date of the issuance of the final  
9 unappealable decision and shall conclude at the end of the  
10 270th calendar day after that date.

11       (a-10) All elections under subsection (a) that are made or  
12 deemed to be made before July 1, 2018 shall take effect on July  
13 1, 2018. Elections that are made or deemed to be made on or  
14 after July 1, 2018 shall take effect on the first day of the  
15 month following the month in which the election is made or  
16 deemed to be made.

17       (b) As adequate and legal consideration provided under this  
18 amendatory Act of the 100th General Assembly for making an  
19 election under paragraph (1) of subsection (a) of this Section,  
20 an employer shall be expressly and irrevocably prohibited from  
21 offering any future increases in income to a Tier 1 employee  
22 who has made an election under paragraph (1) of subsection (a)  
23 of this Section on the condition of not constituting salary  
24 under Section 17-113.4.

25       As adequate and legal consideration provided under this  
26 amendatory Act of the 100th General Assembly for making an

1 election under paragraph (1) of subsection (a) of this Section,  
2 each Tier 1 employee who has made an election under paragraph  
3 (1) of subsection (a) of this Section shall receive a  
4 consideration payment equal to 10% of the contributions made by  
5 or on behalf of the employee under Section 17-130 before the  
6 effective date of that election. The State Comptroller shall  
7 pay the consideration payment to the Tier 1 employee out of  
8 funds appropriated for that purpose under Section 1.9 of the  
9 State Pension Funds Continuing Appropriation Act. The Fund  
10 shall calculate the amount of each consideration payment and,  
11 by July 1, 2018, shall certify to the State Comptroller the  
12 amount of the consideration payment, together with the name,  
13 address, and any other available payment information of the  
14 Tier 1 employee as found in the records of the Fund. The Fund  
15 shall make additional calculations and certifications of  
16 consideration payments to the State Comptroller as the Fund  
17 deems necessary.

18 (c) A Tier 1 employee who makes the election under  
19 paragraph (2) of subsection (a) of this Section shall not be  
20 subject to paragraph (1) of subsection (a) of this Section.  
21 However, each future increase in income offered by an employer  
22 under this Article to a Tier 1 employee who has made the  
23 election under paragraph (2) of subsection (a) of this Section  
24 shall be offered by the employer expressly and irrevocably on  
25 the condition of not constituting salary under Section 17-113.4  
26 and that the Tier 1 employee's acceptance of the offered future

1 increase in income shall constitute his or her agreement to  
2 that condition.

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

12 Tier 1 employees who are subject to this Section shall be  
13 provided with an election packet containing information  
14 regarding their options, as well as the forms necessary to make  
15 the required election. Upon request, the Fund shall offer Tier  
16 1 employees an opportunity to receive information from the Fund  
17 before making the required election. The information may  
18 consist of video materials, group presentations, individual  
19 consultation with a member or authorized representative of the  
20 Fund in person or by telephone or other electronic means, or  
21 any combination of those methods. The Fund shall not provide  
22 advice or counseling with respect to which election a Tier 1  
23 employee should make or specific to the legal or tax  
24 circumstances of or consequences to the Tier 1 employee.

25 The Fund shall inform Tier 1 employees in the election  
26 packet required under this subsection that the Tier 1 employee

1 may also wish to obtain information and counsel relating to the  
2 election required under this Section from any other available  
3 source, including, but not limited to, labor organizations and  
4 private counsel.

5 In no event shall the Fund, its staff, or the Board be held  
6 liable for any information given to a member regarding the  
7 elections under this Section. The Fund shall coordinate with  
8 the Illinois Department of Central Management Services and each  
9 other retirement system administering an election in  
10 accordance with this amendatory Act of the 100th General  
11 Assembly to provide information concerning the impact of the  
12 election set forth in this Section.

13 (e) Notwithstanding any other provision of law, an employer  
14 under this Article is required to offer each future increase in  
15 income expressly and irrevocably on the condition of not  
16 constituting "salary" under Section 17-113.4 to any Tier 1  
17 employee who has made an election under paragraph (2) of  
18 subsection (a) of this Section. The offer shall also provide  
19 that the Tier 1 employee's acceptance of the offered future  
20 increase in income shall constitute his or her agreement to the  
21 condition set forth in this subsection.

22 For purposes of legislative intent, the condition set forth  
23 in this subsection shall be construed in a manner that ensures  
24 that the condition is not violated or circumvented through any  
25 contrivance of any kind.

26 (f) A member's election under this Section is not a

1 prohibited election under subdivision (j)(1) of Section 1-119  
2 of this Code.

3 (g) No provision of this Section shall be interpreted in a  
4 way that would cause the Fund to cease to be a qualified plan  
5 under Section 401(a) of the Internal Revenue Code of 1986.

6 (h) If an election created by this amendatory Act in any  
7 other Article of this Code or any change deriving from that  
8 election is determined to be unconstitutional or otherwise  
9 invalid by a final unappealable decision of an Illinois court  
10 or a court of competent jurisdiction, the invalidity of that  
11 provision shall not in any way affect the validity of this  
12 Section or the changes deriving from the election required  
13 under this Section.

14 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)

15 Sec. 17-116. Service retirement pension.

16 (a) Each teacher having 20 years of service upon attainment  
17 of age 55, or who thereafter attains age 55 shall be entitled  
18 to a service retirement pension upon or after attainment of age  
19 55; and each teacher in service on or after July 1, 1971, with  
20 5 or more but less than 20 years of service shall be entitled  
21 to receive a service retirement pension upon or after  
22 attainment of age 62.

23 (b) The service retirement pension for a teacher who  
24 retires on or after June 25, 1971, at age 60 or over, shall be  
25 calculated as follows:



1           (1) For creditable service earned before July 1, 1998  
2 that has not been augmented under Section 17-119.1: 1.67%  
3 for each of the first 10 years of service; 1.90% for each  
4 of the next 10 years of service; 2.10% for each year of  
5 service in excess of 20 but not exceeding 30; and 2.30% for  
6 each year of service in excess of 30, based upon average  
7 salary as herein defined.

8           (2) For creditable service earned on or after July 1,  
9 1998 by a member who has at least 30 years of creditable  
10 service on July 1, 1998 and who does not elect to augment  
11 service under Section 17-119.1: 2.3% of average salary for  
12 each year of creditable service earned on or after July 1,  
13 1998.

14           (3) For all other creditable service: 2.2% of average  
15 salary for each year of creditable service.

16           (c) When computing such service retirement pensions, the  
17 following conditions shall apply:

18           1. Average salary shall consist of the average annual  
19 rate of salary for the 4 consecutive years of validated  
20 service within the last 10 years of service when such  
21 average annual rate was highest. In the determination of  
22 average salary for retirement allowance purposes, for  
23 members who commenced employment after August 31, 1979,  
24 that part of the salary for any year shall be excluded  
25 which exceeds the annual full-time salary rate for the  
26 preceding year by more than 20%. In the case of a member

1 who commenced employment before August 31, 1979 and who  
2 receives salary during any year after September 1, 1983  
3 which exceeds the annual full time salary rate for the  
4 preceding year by more than 20%, an Employer and other  
5 employers of eligible contributors as defined in Section  
6 17-106 shall pay to the Fund an amount equal to the present  
7 value of the additional service retirement pension  
8 resulting from such excess salary. The present value of the  
9 additional service retirement pension shall be computed by  
10 the Board on the basis of actuarial tables adopted by the  
11 Board. If a member elects to receive a pension from this  
12 Fund provided by Section 20-121, his salary under the State  
13 Universities Retirement System and the Teachers'  
14 Retirement System of the State of Illinois shall be  
15 considered in determining such average salary. Amounts  
16 paid after the effective date of this amendatory Act of  
17 1991 for unused vacation time earned after that effective  
18 date shall not under any circumstances be included in the  
19 calculation of average salary or the annual rate of salary  
20 for the purposes of this Article.

21 2. Proportionate credit shall be given for validated  
22 service of less than one year.

23 3. For retirement at age 60 or over the pension shall  
24 be payable at the full rate.

25 4. For separation from service below age 60 to a  
26 minimum age of 55, the pension shall be discounted at the

1 rate of 1/2 of one per cent for each month that the age of  
2 the contributor is less than 60, but a teacher may elect to  
3 defer the effective date of pension in order to eliminate  
4 or reduce this discount. This discount shall not be  
5 applicable to any participant who has at least 34 years of  
6 service or a retirement pension of at least 74.6% of  
7 average salary on the date the retirement annuity begins.

8 5. No additional pension shall be granted for service  
9 exceeding 45 years. Beginning June 26, 1971 no pension  
10 shall exceed the greater of \$1,500 per month or 75% of  
11 average salary as herein defined.

12 6. Service retirement pensions shall begin on the  
13 effective date of resignation, retirement, the day  
14 following the close of the payroll period for which service  
15 credit was validated, or the time the person resigning or  
16 retiring attains age 55, or on a date elected by the  
17 teacher, whichever shall be latest; provided that, for a  
18 person who first becomes a member after the effective date  
19 of this amendatory Act of the 99th General Assembly, the  
20 benefit shall not commence more than one year prior to the  
21 date of the Fund's receipt of an application for the  
22 benefit.

23 7. A member who is eligible to receive a retirement  
24 pension of at least 74.6% of average salary and will attain  
25 age 55 on or before December 31 during the year which  
26 commences on July 1 shall be deemed to attain age 55 on the

1 preceding June 1.

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

8 (d) Notwithstanding any other provision of this Section,  
9 annual salary does not include any future increase in income  
10 that is offered for service to a Tier 1 employee under this  
11 Article pursuant to the condition set forth in subsection (c)  
12 of Section 17-115.5 and accepted under that condition by a Tier  
13 1 employee who has made the election under paragraph (2) of  
14 subsection (a) of Section 17-115.5.

15 Notwithstanding any other provision of this Section,  
16 annual salary does not include any consideration payment made  
17 to a Tier 1 employee.

18 (Source: P.A. 99-702, eff. 7-29-16.)

19 (40 ILCS 5/17-119.2 new)

20 Sec. 17-119.2. Automatic annual increases in service  
21 retirement pension and survivor's pension for certain Tier 1  
22 employees. Notwithstanding any other provision of this  
23 Article, for a Tier 1 employee who made the election under  
24 paragraph (1) of subsection (a) of Section 17-115.5:

25 (1) The initial increase in service retirement pension

1 shall occur on the January 1 occurring either on or after  
2 the attainment of age 67 or the fifth anniversary of the  
3 pension start date, whichever is earlier.

4 (2) The amount of each automatic annual increase in  
5 service retirement pension or survivor's pension occurring  
6 on or after the effective date of that election shall be  
7 calculated as a percentage of the originally granted  
8 service retirement pension or survivor's pension, equal to  
9 3% or one-half the annual unadjusted percentage increase  
10 (but not less than zero) in the consumer price index-u for  
11 the 12 months ending with the September preceding each  
12 November 1, whichever is less. If the annual unadjusted  
13 percentage change in the consumer price index-u for the 12  
14 months ending with the September preceding each November 1  
15 is zero or there is a decrease, then the annuity shall not  
16 be increased.

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

1 (40 ILCS 5/17-127) (from Ch. 108 1/2, par. 17-127)

2 Sec. 17-127. Financing; revenues for the Fund.

3 (a) The revenues for the Fund shall consist of: (1) amounts  
4 paid into the Fund by contributors thereto and from employer  
5 contributions and State appropriations in accordance with this  
6 Article; (2) amounts contributed to the Fund by an Employer;  
7 (3) amounts contributed to the Fund pursuant to any law now in  
8 force or hereafter to be enacted; (4) contributions from any  
9 other source; and (5) the earnings on investments.

10 (b) The General Assembly finds that for many years the  
11 State has contributed to the Fund an annual amount that is  
12 between 20% and 30% of the amount of the annual State  
13 contribution to the Article 16 retirement system, and the  
14 General Assembly declares that it is its goal and intention to  
15 continue this level of contribution to the Fund in the future.

16 (c) Beginning in State fiscal year 1999, the State shall  
17 include in its annual contribution to the Fund an additional  
18 amount equal to 0.544% of the Fund's total teacher payroll;  
19 except that this additional contribution need not be made in a  
20 fiscal year if the Board has certified in the previous fiscal  
21 year that the Fund is at least 90% funded, based on actuarial  
22 determinations. These additional State contributions are  
23 intended to offset a portion of the cost to the Fund of the  
24 increases in retirement benefits resulting from this  
25 amendatory Act of 1998.

26 (d) In addition to any other contribution required under

1 this Article, including the contribution required under  
2 subsection (c), for State fiscal year 2017, the State shall  
3 contribute the amount of \$215,200,000 to the Fund. This amount  
4 shall be deemed a portion of the employer's required  
5 contribution.

6 (Source: P.A. 90-548, eff. 12-4-97; 90-566, eff. 1-2-98;  
7 90-582, eff. 5-27-98; 90-655, eff. 7-30-98.)

8 (40 ILCS 5/17-129) (from Ch. 108 1/2, par. 17-129)

9 Sec. 17-129. Employer contributions; deficiency in Fund.

10 (a) If in any fiscal year of the Board of Education ending  
11 prior to 1997 the total amounts paid to the Fund from the Board  
12 of Education (other than under this subsection, and other than  
13 amounts used for making or "picking up" contributions on behalf  
14 of teachers) and from the State do not equal the total  
15 contributions made by or on behalf of the teachers for such  
16 year, or if the total income of the Fund in any such fiscal  
17 year of the Board of Education from all sources is less than  
18 the total such expenditures by the Fund for such year, the  
19 Board of Education shall, in the next succeeding year, in  
20 addition to any other payment to the Fund set apart and  
21 appropriate from moneys from its tax levy for educational  
22 purposes, a sum sufficient to remove such deficiency or  
23 deficiencies, and promptly pay such sum into the Fund in order  
24 to restore any of the reserves of the Fund that may have been  
25 so temporarily applied. Any amounts received by the Fund after

1 December 4, 1997 from State appropriations, including under  
2 Section 17-127, shall be a credit against and shall fully  
3 satisfy any obligation that may have arisen, or be claimed to  
4 have arisen, under this subsection (a) as a result of any  
5 deficiency or deficiencies in the fiscal year of the Board of  
6 Education ending in calendar year 1997.

7 (b) (i) Notwithstanding any other provision of this  
8 Section, and notwithstanding any prior certification by the  
9 Board under subsection (c) for fiscal year 2011, the Board of  
10 Education's total required contribution to the Fund for fiscal  
11 year 2011 under this Section is \$187,000,000.

12 (ii) Notwithstanding any other provision of this Section,  
13 the Board of Education's total required contribution to the  
14 Fund for fiscal year 2012 under this Section is \$192,000,000.

15 (iii) Notwithstanding any other provision of this Section,  
16 the Board of Education's total required contribution to the  
17 Fund for fiscal year 2013 under this Section is \$196,000,000.

18 (iv) For fiscal years 2014 through 2059, the minimum  
19 contribution to the Fund to be made by the Board of Education  
20 in each fiscal year shall be an amount determined by the Fund  
21 to be sufficient to bring the total assets of the Fund up to  
22 90% of the total actuarial liabilities of the Fund by the end  
23 of fiscal year 2059. In making these determinations, the  
24 required Board of Education contribution shall be calculated  
25 each year as a level percentage of the applicable employee  
26 payrolls over the years remaining to and including fiscal year



1 2059 and shall be determined under the projected unit credit  
2 actuarial cost method.

3 (v) Beginning in fiscal year 2060, the minimum Board of  
4 Education contribution for each fiscal year shall be the amount  
5 needed to maintain the total assets of the Fund at 90% of the  
6 total actuarial liabilities of the Fund.

7 (vi) Notwithstanding any other provision of this  
8 subsection (b), for any fiscal year, the contribution to the  
9 Fund from the Board of Education shall not be required to be in  
10 excess of the amount calculated as needed to maintain the  
11 assets (or cause the assets to be) at the 90% level by the end  
12 of the fiscal year.

13 (vii) Any contribution by the State to or for the benefit  
14 of the Fund, including, without limitation, as referred to  
15 under Section 17-127, shall be a credit against any  
16 contribution required to be made by the Board of Education  
17 under this subsection (b).

18 (c) The Board shall determine the amount of Board of  
19 Education contributions required for each fiscal year on the  
20 basis of the actuarial tables and other assumptions adopted by  
21 the Board and the recommendations of the actuary, in order to  
22 meet the minimum contribution requirements of subsections (a)  
23 and (b). Annually, on or before February 28, the Board shall  
24 certify to the Board of Education the amount of the required  
25 Board of Education contribution for the coming fiscal year. The  
26 certification shall include a copy of the actuarial

1 recommendations upon which it is based.

2 Beginning in fiscal year 2018, any increase or decrease in  
3 the Board of Education's contribution over the prior fiscal  
4 year due exclusively to changes in actuarial or investment  
5 assumptions adopted by the Board shall be included in the Board  
6 of Education's contribution to the Fund, as a percentage of the  
7 applicable employee payroll, and shall be increased in equal  
8 annual increments so that by the fiscal year occurring 5 years  
9 after the adoption of the actuarial or investment assumptions,  
10 the Board of Education is contributing at the rate otherwise  
11 required under this Section.

12 (d) As soon as practical after the effective date of this  
13 amendatory Act of the 100th General Assembly, the Board shall  
14 recalculate and recertify to the Board of Education the amount  
15 of the required Board of Education contribution to the Fund for  
16 fiscal years 2017 and 2018, as necessary to take into account  
17 the changes in required Board of Education contributions made  
18 by this amendatory Act of the 100th General Assembly.

19 On or before May 1, 2018, the Board shall recalculate and  
20 recertify to the Board of Education the amount of the required  
21 Board of Education contribution to the Fund for fiscal year  
22 2019, taking into account the effect on the Fund's liabilities  
23 of the elections made under Section 17-115.5.

24 (Source: P.A. 96-889, eff. 4-14-10.)

25 (40 ILCS 5/17-130) (from Ch. 108 1/2, par. 17-130)

1           Sec. 17-130. Participants' contributions by payroll  
2 deductions.

3           (a) Except as provided in subsection (a-5), there ~~There~~  
4 shall be deducted from the salary of each teacher 7.50% of his  
5 salary for service or disability retirement pension and 0.5% of  
6 salary for the annual increase in base pension.

7           In addition, there shall be deducted from the salary of  
8 each teacher 1% of his salary for survivors' and children's  
9 pensions.

10           (a-5) Beginning on July 1, 2018 or the effective date of  
11 the Tier 1 employee's election under paragraph (1) of Section  
12 17-115.5, whichever is later, in lieu of the contributions  
13 otherwise required under subsection (a), each Tier 1 employee  
14 who made the election under paragraph (1) of Section 17-115.5  
15 shall make contributions of 7.50% of salary for service or  
16 disability retirement pension and 0.6% of salary for survivors'  
17 and children's pensions.

18           (b) An Employer and any employer of eligible contributors  
19 as defined in Section 17-106 is authorized to make the  
20 necessary deductions from the salaries of its teachers. Such  
21 amounts shall be included as a part of the Fund. An Employer  
22 and any employer of eligible contributors as defined in Section  
23 17-106 shall formulate such rules and regulations as may be  
24 necessary to give effect to the provisions of this Section.

25           (c) All persons employed as teachers shall, by such  
26 employment, accept the provisions of this Article and of

1 Sections 34-83 to 34-85, inclusive, of "The School Code",  
2 approved March 18, 1961, as amended, and thereupon become  
3 contributors to the Fund in accordance with the terms thereof.  
4 The provisions of this Article and of those Sections shall  
5 become a part of the contract of employment.

6 (d) A person who (i) was a member before July 1, 1998, (ii)  
7 retires with more than 34 years of creditable service, and  
8 (iii) does not elect to qualify for the augmented rate under  
9 Section 17-119.1 shall be entitled, at the time of retirement,  
10 to receive a partial refund of contributions made under this  
11 Section for service occurring after the later of June 30, 1998  
12 or attainment of 34 years of creditable service, in an amount  
13 equal to 1.00% of the salary upon which those contributions  
14 were based.

15 (Source: P.A. 97-8, eff. 6-13-11.)

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

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

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

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

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

4 (c) For State fiscal years 2018 through 2045, the minimum  
5 contribution to the System to be made by the State for each  
6 fiscal year shall be an amount determined by the System to be  
7 sufficient to bring the total assets of the System up to 90% of  
8 the total actuarial liabilities of the System by the end of  
9 State fiscal year 2045. In making these determinations, the  
10 required State contribution shall be calculated each year as a  
11 level percentage of total payroll, including payroll that is  
12 not deemed pensionable, over the years remaining to and  
13 including fiscal year 2045 and shall be determined under the  
14 projected unit credit actuarial cost method.

15 Beginning in State fiscal year 2018, any increase or  
16 decrease in State contribution over the prior fiscal year due  
17 exclusively to changes in actuarial or investment assumptions  
18 adopted by the Board shall be included in the State  
19 contribution to the System, as a percentage of the applicable  
20 employee payroll, and shall be increased in equal annual  
21 increments so that by the State fiscal year occurring 5 years  
22 after the adoption of the actuarial or investment assumptions,  
23 the State is contributing at the rate otherwise required under  
24 this Section.

25 For State fiscal years 2012 through 2017 ~~2045~~, the minimum  
26 contribution to the System to be made by the State for each

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

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

14 Notwithstanding any other provision of this Article, the  
15 total required State contribution for State fiscal year 2006 is  
16 \$29,189,400.

17 Notwithstanding any other provision of this Article, the  
18 total required State contribution for State fiscal year 2007 is  
19 \$35,236,800.

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

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2010 is  
2 \$78,832,000 and shall be made from the proceeds of bonds sold  
3 in fiscal year 2010 pursuant to Section 7.2 of the General  
4 Obligation Bond Act, less (i) the pro rata share of bond sale  
5 expenses determined by the System's share of total bond  
6 proceeds, (ii) any amounts received from the General Revenue  
7 Fund in fiscal year 2010, and (iii) any reduction in bond  
8 proceeds due to the issuance of discounted bonds, if  
9 applicable.

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

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

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

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

11 Notwithstanding any other provision of this Section, the  
12 required State contribution for State fiscal year 2005 and for  
13 fiscal year 2008 and each fiscal year thereafter, as calculated  
14 under this Section and certified under Section 18-140, shall  
15 not exceed an amount equal to (i) the amount of the required  
16 State contribution that would have been calculated under this  
17 Section for that fiscal year if the System had not received any  
18 payments under subsection (d) of Section 7.2 of the General  
19 Obligation Bond Act, minus (ii) the portion of the State's  
20 total debt service payments for that fiscal year on the bonds  
21 issued in fiscal year 2003 for the purposes of that Section  
22 7.2, as determined and certified by the Comptroller, that is  
23 the same as the System's portion of the total moneys  
24 distributed under subsection (d) of Section 7.2 of the General  
25 Obligation Bond Act. In determining this maximum for State  
26 fiscal years 2008 through 2010, however, the amount referred to



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

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

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

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

25 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
26 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.

1 7-13-12.)

2 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

3 Sec. 18-140. To certify required State contributions and  
4 submit vouchers.

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

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

1 January 15, 2013 and every January 15 thereafter, the Board  
2 shall certify to the Governor and the General Assembly the  
3 amount of the required State contribution for the next fiscal  
4 year. The Board's certification must note any deviations from  
5 the State Actuary's recommended changes, the reason or reasons  
6 for not following the State Actuary's recommended changes, and  
7 the fiscal impact of not following the State Actuary's  
8 recommended changes on the required State contribution.

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

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

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

26 As soon as practical after the effective date of this

1 amendatory Act of the 100th General Assembly, the Board shall  
2 recalculate and recertify to the State Actuary, the Governor,  
3 and the General Assembly the amount of the State contribution  
4 to the System for State fiscal year 2018, taking into account  
5 the changes in required State contributions made by this  
6 amendatory Act of the 100th General Assembly. The State Actuary  
7 shall review the assumptions and valuations underlying the  
8 Board's revised certification and issue a preliminary report  
9 concerning the proposed recertification and identifying, if  
10 necessary, recommended changes in actuarial assumptions that  
11 the Board must consider before finalizing its certification of  
12 the required State contributions. The Board's final  
13 certification must note any deviations from the State Actuary's  
14 recommended changes, the reason or reasons for not following  
15 the State Actuary's recommended changes, and the fiscal impact  
16 of not following the State Actuary's recommended changes on the  
17 required State contribution.

18 (b) Beginning in State fiscal year 1996, on or as soon as  
19 possible after the 15th day of each month the Board shall  
20 submit vouchers for payment of State contributions to the  
21 System, in a total monthly amount of one-twelfth of the  
22 required annual State contribution certified under subsection  
23 (a). From the effective date of this amendatory Act of the 93rd  
24 General Assembly through June 30, 2004, the Board shall not  
25 submit vouchers for the remainder of fiscal year 2004 in excess  
26 of the fiscal year 2004 certified contribution amount

1 determined under this Section after taking into consideration  
2 the transfer to the System under subsection (c) of Section  
3 6z-61 of the State Finance Act. These vouchers shall be paid by  
4 the State Comptroller and Treasurer by warrants drawn on the  
5 funds appropriated to the System for that fiscal year.

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

15 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
16 97-694, eff. 6-18-12.)

17 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

20 Sec. 20-121. Calculation of proportional retirement  
21 annuities.

22 (a) Upon retirement of the employee, a proportional  
23 retirement annuity shall be computed by each participating  
24 system in which pension credit has been established on the  
25 basis of pension credits under each system. The computation

1 shall be in accordance with the formula or method prescribed by  
2 each participating system which is in effect at the date of the  
3 employee's latest withdrawal from service covered by any of the  
4 systems in which he has pension credits which he elects to have  
5 considered under this Article. However, the amount of any  
6 retirement annuity payable under the self-managed plan  
7 established under Section 15-158.2 of this Code or under the  
8 defined contribution plan established under Article 2, 14, 15,  
9 or 16 of this Code depends solely on the value of the  
10 participant's vested account balances and is not subject to any  
11 proportional adjustment under this Section.

12 (a-5) For persons who participate in a defined contribution  
13 plan established under Article 2, 14, 15, or 16 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 retirement annuity that is payable by any other  
18 participating system.

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

1 which have been established under another system shall be  
2 considered in determining which range or ranges of the  
3 step-rate formula are to be applicable to the employee.

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

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

12 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

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

1 annuity which may be payable by any other participating system.

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

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

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

24 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

25 (Text of Section WITHOUT the changes made by P.A. 98-599,



1 which has been held unconstitutional)

2 Sec. 20-124. Maximum benefits.

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

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

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

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

25 (ii) For purposes of calculating the combined  
26 survivor's annuity and the proportionate reduction, if

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

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

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

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

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

23 (iii) Benefits payable under a defined contribution  
24 plan established under Article 2, 14, 15, or 16 of this  
25 Code are not subject to proportionate reduction under this  
26 Section.

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

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

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

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

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

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

24 (40 ILCS 5/2-165 rep.)

- 1 (40 ILCS 5/2-166 rep.)  
2 (40 ILCS 5/14-155 rep.)  
3 (40 ILCS 5/14-156 rep.)  
4 (40 ILCS 5/15-200 rep.)  
5 (40 ILCS 5/15-201 rep.)  
6 (40 ILCS 5/16-205 rep.)  
7 (40 ILCS 5/16-206 rep.)

8 Section 50. The Illinois Pension Code is amended by  
9 repealing Sections 2-165, 2-166, 14-155, 14-156, 15-200,  
10 15-201, 16-205, and 16-206.

11 Section 55. The State Pension Funds Continuing  
12 Appropriation Act is amended by changing Section 1.1 and adding  
13 Section 1.9 as follows:

14 (40 ILCS 15/1.1)

15 Sec. 1.1. Appropriations to certain retirement systems.

16 (a) There is hereby appropriated from the General Revenue  
17 Fund to the General Assembly Retirement System, on a continuing  
18 monthly basis, the amount, if any, by which the total available  
19 amount of all other appropriations to that retirement system  
20 for the payment of State contributions is less than the total  
21 amount of the vouchers for required State contributions  
22 lawfully submitted by the retirement system for that month  
23 under Section 2-134 of the Illinois Pension Code.

24 (b) There is hereby appropriated from the General Revenue

1 Fund to the State Universities Retirement System, on a  
2 continuing monthly basis, the amount, if any, by which the  
3 total available amount of all other appropriations to that  
4 retirement system for the payment of State contributions,  
5 including any deficiency in the required contributions of the  
6 optional retirement program established under Section 15-158.2  
7 of the Illinois Pension Code, is less than the total amount of  
8 the vouchers for required State contributions lawfully  
9 submitted by the retirement system for that month under Section  
10 15-165 of the Illinois Pension Code.

11 (c) There is hereby appropriated from the Common School  
12 Fund to the Teachers' Retirement System of the State of  
13 Illinois, on a continuing monthly basis, the amount, if any, by  
14 which the total available amount of all other appropriations to  
15 that retirement system for the payment of State contributions  
16 is less than the total amount of the vouchers for required  
17 State contributions lawfully submitted by the retirement  
18 system for that month under Section 16-158 of the Illinois  
19 Pension Code.

20 (d) There is hereby appropriated from the General Revenue  
21 Fund to the Judges Retirement System of Illinois, on a  
22 continuing monthly basis, the amount, if any, by which the  
23 total available amount of all other appropriations to that  
24 retirement system for the payment of State contributions is  
25 less than the total amount of the vouchers for required State  
26 contributions lawfully submitted by the retirement system for

1 that month under Section 18-140 of the Illinois Pension Code.

2 (e) The continuing appropriations provided by subsections  
3 (a), (b), (c), and (d) of this Section shall first be available  
4 in State fiscal year 1996. The continuing appropriations  
5 provided by subsection (h) of this Section shall first be  
6 available as provided in that subsection (h).

7 (f) For State fiscal year 2010 only, the continuing  
8 appropriations provided by this Section are equal to the amount  
9 certified by each System on or before December 31, 2008, less  
10 (i) the gross proceeds of the bonds sold in fiscal year 2010  
11 under the authorization contained in subsection (a) of Section  
12 7.2 of the General Obligation Bond Act and (ii) any amounts  
13 received from the State Pensions Fund.

14 (g) For State fiscal year 2011 only, the continuing  
15 appropriations provided by this Section are equal to the amount  
16 certified by each System on or before April 1, 2011, less (i)  
17 the gross proceeds of the bonds sold in fiscal year 2011 under  
18 the authorization contained in subsection (a) of Section 7.2 of  
19 the General Obligation Bond Act and (ii) any amounts received  
20 from the State Pensions Fund.

21 (h) For State fiscal year 2017, there is hereby  
22 appropriated from the Common School Fund to the Public School  
23 Teachers' Pension and Retirement Fund of Chicago the amount, if  
24 any, by which the total available amount of all other State  
25 appropriations to that Retirement Fund for the payment of State  
26 contributions under subsection (d) of Section 17-127 of the

1 Illinois Pension Code is less than the total amount of required  
2 State contributions under subsection (d) of Section 17-127.

3 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
4 96-1511, eff. 1-27-11.)

5 (40 ILCS 15/1.9 new)

6 Sec. 1.9. Appropriation for consideration payment. There  
7 is hereby appropriated from the General Revenue Fund to the  
8 State Comptroller, on a continuing basis, all amounts necessary  
9 for the payment of consideration payments under subsection (b)  
10 of Sections 2-110.3, 14-106.5, 15-132.9, 16-122.9, and  
11 17-115.5 of the Illinois Pension Code, in the amounts certified  
12 to the State Comptroller by the respective retirement system or  
13 pension fund.

14 Section 60. The School Code is amended by changing Sections  
15 24-1 and 24-8 and by adding Section 34-18.53 as follows:

16 (105 ILCS 5/24-1) (from Ch. 122, par. 24-1)

17 Sec. 24-1. Appointment-Salaries-Payment-School  
18 month-School term.) School boards shall appoint all teachers,  
19 determine qualifications of employment and fix the amount of  
20 their salaries subject to any limitation set forth in this Act  
21 and subject to any applicable restrictions in Section 16-122.9  
22 of the Illinois Pension Code. They shall pay the wages of  
23 teachers monthly, subject, however, to the provisions of

1 Section 24-21. The school month shall be the same as the  
2 calendar month but by resolution the school board may adopt for  
3 its use a month of 20 days, including holidays. The school term  
4 shall consist of at least the minimum number of pupil  
5 attendance days required by Section 10-19, any additional legal  
6 school holidays, days of teachers' institutes, or equivalent  
7 professional educational experiences, and one or two days at  
8 the beginning of the school term when used as a teachers'  
9 workshop.

10 (Source: P.A. 80-249.)

11 (105 ILCS 5/24-8) (from Ch. 122, par. 24-8)

12 Sec. 24-8. Minimum salary. In fixing the salaries of  
13 teachers, school boards shall pay those who serve on a  
14 full-time basis not less than a rate for the school year that  
15 is based upon training completed in a recognized institution of  
16 higher learning, as follows: for the school year beginning July  
17 1, 1980 and thereafter, less than a bachelor's degree, \$9,000;  
18 120 semester hours or more and a bachelor's degree, \$10,000;  
19 150 semester hours or more and a master's degree, \$11,000.

20 Based upon previous public school experience in this State  
21 or any other State, territory, dependency or possession of the  
22 United States, or in schools operated by or under the auspices  
23 of the United States, teachers who serve on a full-time basis  
24 shall have their salaries increased to at least the following  
25 amounts above the starting salary for a teacher in such



1 district in the same classification: with less than a  
2 bachelor's degree, \$750 after 5 years; with 120 semester hours  
3 or more and a bachelor's degree, \$1,000 after 5 years and  
4 \$1,600 after 8 years; with 150 semester hours or more and a  
5 master's degree, \$1,250 after 5 years, \$2,000 after 8 years and  
6 \$2,750 after 13 years. However, any salary increase is subject  
7 to any applicable restrictions in Section 16-122.9 of the  
8 Illinois Pension Code.

9 For the purpose of this Section a teacher's salary shall  
10 include any amount paid by the school district on behalf of the  
11 teacher, as teacher contributions, to the Teachers' Retirement  
12 System of the State of Illinois.

13 If a school board establishes a schedule for teachers'  
14 salaries based on education and experience, not inconsistent  
15 with this Section, all certificated nurses employed by that  
16 board shall be paid in accordance with the provisions of such  
17 schedule (subject to any applicable restrictions in Section  
18 16-122.9 of the Illinois Pension Code).

19 For purposes of this Section, a teacher who submits a  
20 certificate of completion to the school office prior to the  
21 first day of the school term shall be considered to have the  
22 degree stated in such certificate.

23 (Source: P.A. 83-913.)

24 (105 ILCS 5/34-18.53 new)

25 Sec. 34-18.53. Future increase in income. The Board of

1 Education must not pay, offer, or agree to pay any future  
2 increase in income, as that term is defined in Section 17-113.5  
3 of the Illinois Pension Code, to any person in a manner that  
4 violates Section 17-115.5 of the Illinois Pension Code.

5 Section 65. The State Universities Civil Service Act is  
6 amended by changing Section 36d as follows:

7 (110 ILCS 70/36d) (from Ch. 24 1/2, par. 38b3)

8 Sec. 36d. Powers and duties of the Merit Board. The Merit  
9 Board shall have the power and duty-

10 (1) To approve a classification plan prepared under its  
11 direction, assigning to each class positions of  
12 substantially similar duties. The Merit Board shall have  
13 power to delegate to its Director the duty of assigning  
14 each position in the classified service to the appropriate  
15 class in the classification plan approved by the Merit  
16 Board.

17 (2) To prescribe the duties of each class of positions  
18 and the qualifications required by employment in that  
19 class.

20 (3) To prescribe the range of compensation for each  
21 class or to fix a single rate of compensation for employees  
22 in a particular class; and to establish other conditions of  
23 employment which an employer and employee representatives  
24 have agreed upon as fair and equitable. The Merit Board

1 shall direct the payment of the "prevailing rate of wages"  
2 in those classifications in which, on January 1, 1952, any  
3 employer is paying such prevailing rate and in such other  
4 classes as the Merit Board may thereafter determine.  
5 "Prevailing rate of wages" as used herein shall be the  
6 wages paid generally in the locality in which the work is  
7 being performed to employees engaged in work of a similar  
8 character. Subject to any applicable restrictions in  
9 Section 14-106.5, 15-132.9, or 16-122.9 of the Illinois  
10 Pension Code, each ~~Each~~ employer covered by the University  
11 System shall be authorized to negotiate with  
12 representatives of employees to determine appropriate  
13 ranges or rates of compensation or other conditions of  
14 employment and may recommend to the Merit Board for  
15 establishment the rates or ranges or other conditions of  
16 employment which the employer and employee representatives  
17 have agreed upon as fair and equitable, but excluding the  
18 changes, the impact of changes, and the implementation of  
19 the changes set forth in this amendatory Act of the 100th  
20 General Assembly. Any rates or ranges established prior to  
21 January 1, 1952, and hereafter, shall not be changed except  
22 in accordance with the procedures herein provided.

23 (4) To recommend to the institutions and agencies  
24 specified in Section 36e standards for hours of work,  
25 holidays, sick leave, overtime compensation and vacation  
26 for the purpose of improving conditions of employment

1 covered therein and for the purpose of insuring conformity  
2 with the prevailing rate principal.

3 (5) To prescribe standards of examination for each  
4 class, the examinations to be related to the duties of such  
5 class. The Merit Board shall have power to delegate to the  
6 Director and his staff the preparation, conduct and grading  
7 of examinations. Examinations may be written, oral, by  
8 statement of training and experience, in the form of tests  
9 of knowledge, skill, capacity, intellect, aptitude; or, by  
10 any other method, which in the judgment of the Merit Board  
11 is reasonable and practical for any particular  
12 classification. Different examining procedures may be  
13 determined for the examinations in different  
14 classifications but all examinations in the same  
15 classification shall be uniform.

16 (6) To authorize the continuous recruitment of  
17 personnel and to that end, to delegate to the Director and  
18 his staff the power and the duty to conduct open and  
19 continuous competitive examinations for all  
20 classifications of employment.

21 (7) To cause to be established from the results of  
22 examinations registers for each class of positions in the  
23 classified service of the State Universities Civil Service  
24 System, of the persons who shall attain the minimum mark  
25 fixed by the Merit Board for the examination; and such  
26 persons shall take rank upon the registers as candidates in

1 the order of their relative excellence as determined by  
2 examination, without reference to priority of time of  
3 examination.

4 (8) To provide by its rules for promotions in the  
5 classified service. Vacancies shall be filled by promotion  
6 whenever practicable. For the purpose of this paragraph, an  
7 advancement in class shall constitute a promotion.

8 (9) To set a probationary period of employment of no  
9 less than 6 months and no longer than 12 months for each  
10 class of positions in the classification plan, the length  
11 of the probationary period for each class to be determined  
12 by the Director.

13 (10) To provide by its rules for employment at regular  
14 rates of compensation of persons with physical  
15 disabilities in positions in which the disability does not  
16 prevent the individual from furnishing satisfactory  
17 service.

18 (11) To make and publish rules, to carry out the  
19 purpose of the State Universities Civil Service System and  
20 for examination, appointments, transfers and removals and  
21 for maintaining and keeping records of the efficiency of  
22 officers and employees and groups of officers and employees  
23 in accordance with the provisions of Sections 36b to 36q,  
24 inclusive, and said Merit Board may from time to time make  
25 changes in such rules.

26 (12) To appoint a Director and such assistants and

1 other clerical and technical help as may be necessary  
2 efficiently to administer Sections 36b to 36q, inclusive.  
3 To authorize the Director to appoint an assistant resident  
4 at the place of employment of each employer specified in  
5 Section 36e and this assistant may be authorized to give  
6 examinations and to certify names from the regional  
7 registers provided in Section 36k.

8 (13) To submit to the Governor of this state on or  
9 before November 1 of each year prior to the regular session  
10 of the General Assembly a report of the University System's  
11 business and an estimate of the amount of appropriation  
12 from state funds required for the purpose of administering  
13 the University System.

14 (Source: P.A. 99-143, eff. 7-27-15.)

15 Section 70. The University of Illinois Act is amended by  
16 adding Section 100 as follows:

17 (110 ILCS 305/100 new)

18 Sec. 100. Future increases in income. The University of  
19 Illinois must not pay, offer, or agree to pay any future  
20 increase in income, as that term is defined in Section  
21 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,  
22 to any person in a manner that violates Section 14-106.5,  
23 15-132.9, or 16-122.9 of the Illinois Pension Code.

1 Section 75. The Southern Illinois University Management  
2 Act is amended by adding Section 85 as follows:

3 (110 ILCS 520/85 new)

4 Sec. 85. Future increases in income. Southern Illinois  
5 University must not pay, offer, or agree to pay any future  
6 increase in income, as that term is defined in Section  
7 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,  
8 to any person in a manner that violates Section 14-106.5,  
9 15-132.9, or 16-122.9 of the Illinois Pension Code.

10 Section 80. The Chicago State University Law is amended by  
11 adding Section 5-195 as follows:

12 (110 ILCS 660/5-195 new)

13 Sec. 5-195. Future increases in income. Chicago State  
14 University must not pay, offer, or agree to pay any future  
15 increase in income, as that term is defined in Section  
16 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,  
17 to any person in a manner that violates Section 14-106.5,  
18 15-132.9, or 16-122.9 of the Illinois Pension Code.

19 Section 85. The Eastern Illinois University Law is amended  
20 by adding Section 10-195 as follows:

21 (110 ILCS 665/10-195 new)

1       Sec. 10-195. Future increases in income. Eastern Illinois  
2 University must not pay, offer, or agree to pay any future  
3 increase in income, as that term is defined in Section  
4 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,  
5 to any person in a manner that violates Section 14-106.5,  
6 15-132.9, or 16-122.9 of the Illinois Pension Code.

7       Section 90. The Governors State University Law is amended  
8 by adding Section 15-195 as follows:

9       (110 ILCS 670/15-195 new)

10       Sec. 15-195. Future increases in income. Governors State  
11 University must not pay, offer, or agree to pay any future  
12 increase in income, as that term is defined in Section  
13 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,  
14 to any person in a manner that violates Section 14-106.5,  
15 15-132.9, or 16-122.9 of the Illinois Pension Code.

16       Section 95. The Illinois State University Law is amended by  
17 adding Section 20-200 as follows:

18       (110 ILCS 675/20-200 new)

19       Sec. 20-200. Future increases in income. Illinois State  
20 University must not pay, offer, or agree to pay any future  
21 increase in income, as that term is defined in Section  
22 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,



1 to any person in a manner that violates Section 14-106.5,  
2 15-132.9, or 16-122.9 of the Illinois Pension Code.

3 Section 100. The Northeastern Illinois University Law is  
4 amended by adding Section 25-195 as follows:

5 (110 ILCS 680/25-195 new)

6 Sec. 25-195. Future increases in income. Northeastern  
7 Illinois University must not pay, offer, or agree to pay any  
8 future increase in income, as that term is defined in Section  
9 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,  
10 to any person in a manner that violates Section 14-106.5,  
11 15-132.9, or 16-122.9 of the Illinois Pension Code.

12 Section 105. The Northern Illinois University Law is  
13 amended by adding Section 30-205 as follows:

14 (110 ILCS 685/30-205 new)

15 Sec. 30-205. Future increases in income. Northern Illinois  
16 University must not pay, offer, or agree to pay any future  
17 increase in income, as that term is defined in Section  
18 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,  
19 to any person in a manner that violates Section 14-106.5,  
20 15-132.9, or 16-122.9 of the Illinois Pension Code.

21 Section 110. The Western Illinois University Law is amended

1 by adding Section 35-200 as follows:

2 (110 ILCS 690/35-200 new)

3 Sec. 35-200. Future increases in income. Western Illinois  
4 University must not pay, offer, or agree to pay any future  
5 increase in income, as that term is defined in Section  
6 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,  
7 to any person in a manner that violates Section 14-106.5,  
8 15-132.9, or 16-122.9 of the Illinois Pension Code.

9 Section 115. The Public Community College Act is amended by  
10 changing Sections 3-26 and 3-42 as follows:

11 (110 ILCS 805/3-26) (from Ch. 122, par. 103-26)

12 Sec. 3-26. (a) To make appointments and fix the salaries of  
13 a chief administrative officer, who shall be the executive  
14 officer of the board, other administrative personnel, and all  
15 teachers, but subject to any applicable restrictions in Section  
16 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code.

17 In making these appointments and fixing the salaries, the board  
18 may make no discrimination on account of sex, race, creed,  
19 color or national origin.

20 (b) Upon the written request of an employee, to withhold  
21 from the compensation of that employee the membership dues of  
22 such employee payable to any specified labor organization as  
23 defined in the Illinois Educational Labor Relations Act. Under

1 such arrangement, an amount shall be withheld for each regular  
2 payroll period which is equal to the prorata share of the  
3 annual membership dues plus any payments or contributions and  
4 the board shall pay such withholding to the specified labor  
5 organization within 10 working days from the time of the  
6 withholding.

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

8 (110 ILCS 805/3-42) (from Ch. 122, par. 103-42)

9 Sec. 3-42. To employ such personnel as may be needed, to  
10 establish policies governing their employment and dismissal,  
11 and to fix the amount of their compensation, subject to any  
12 applicable restrictions in Section 14-106.5, 15-132.9, or  
13 16-122.9 of the Illinois Pension Code. In the employment,  
14 establishment of policies and fixing of compensation the board  
15 may make no discrimination on account of sex, race, creed,  
16 color or national origin.

17 Residence within any community college district or outside  
18 any community college district shall not be considered:

19 (a) in determining whether to retain or not retain any  
20 employee of a community college employed prior to July 1,  
21 1977 or prior to the adoption by the community college  
22 board of a resolution making residency within the community  
23 college district of some or all employees a condition of  
24 employment, whichever is later;

25 (b) in assigning, promoting or transferring any

1 employee of a community college to an office or position  
2 employed prior to July 1, 1977 or prior to the adoption by  
3 the community college board of a resolution making  
4 residency within the community college district of some or  
5 all employees a condition of employment, whichever is  
6 later; or

7 (c) in determining the salary or other compensation of  
8 any employee of a community college.

9 (Source: P.A. 80-248.)

10 Section 120. The Illinois Educational Labor Relations Act  
11 is amended by changing Sections 4, 14, and 17 and by adding  
12 Section 10.6 as follows:

13 (115 ILCS 5/4) (from Ch. 48, par. 1704)

14 Sec. 4. Employer rights. Employers shall not be required to  
15 bargain over matters of inherent managerial policy, which shall  
16 include such areas of discretion or policy as the functions of  
17 the employer, standards of services, its overall budget, the  
18 organizational structure and selection of new employees and  
19 direction of employees. Employers, however, shall be required  
20 to bargain collectively with regard to policy matters directly  
21 affecting wages (but subject to any applicable restrictions in  
22 Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the  
23 Illinois Pension Code), hours and terms and conditions of  
24 employment as well as the impact thereon upon request by

1 employee representatives, but excluding the changes, the  
2 impact of changes, and the implementation of the changes set  
3 forth in Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of  
4 the Illinois Pension Code. To preserve the rights of employers  
5 and exclusive representatives which have established  
6 collective bargaining relationships or negotiated collective  
7 bargaining agreements prior to the effective date of this Act,  
8 employers shall be required to bargain collectively with regard  
9 to any matter concerning wages (but subject to any applicable  
10 restrictions in Section 14-106.5, 15-132.9, 16-122.9, or  
11 17-115.5 of the Illinois Pension Code), hours or conditions of  
12 employment about which they have bargained for and agreed to in  
13 a collective bargaining agreement prior to the effective date  
14 of this Act, but excluding the changes, the impact of changes,  
15 and the implementation of the changes set forth in Section  
16 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the Illinois  
17 Pension Code.

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

19 (115 ILCS 5/10.6 new)

20 Sec. 10.6. No collective bargaining or interest  
21 arbitration regarding certain changes to the Illinois Pension  
22 Code.

23 (a) Notwithstanding any other provision of this Act,  
24 employers shall not be required to bargain over matters  
25 affected by the changes, the impact of the changes, and the

1 implementation of the changes to Article 14, 15, 16, or 17 of  
2 the Illinois Pension Code made by the addition of Section  
3 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the Illinois  
4 Pension Code, which are deemed to be prohibited subjects of  
5 bargaining. Notwithstanding any provision of this Act, the  
6 changes, impact of the changes, or implementation of the  
7 changes to Article 14, 15, 16, or 17 of the Illinois Pension  
8 Code made by the addition of Section 14-106.5, 15-132.9,  
9 16-122.9, or 17-115.5 of the Illinois Pension Code shall not be  
10 subject to interest arbitration or any award issued pursuant to  
11 interest arbitration. The provisions of this Section shall not  
12 apply to an employment contract or collective bargaining  
13 agreement that is in effect on the effective date of this  
14 amendatory Act of the 100th General Assembly. However, any such  
15 contract or agreement that is modified, amended, renewed, or  
16 superseded after the effective date of this amendatory Act of  
17 the 100th General Assembly shall be subject to the provisions  
18 of this Section. The provisions of this Section shall not apply  
19 to the ability of any employer and employee representative to  
20 bargain collectively with regard to the pick up of employee  
21 contributions pursuant to Section 14-133.1, 15-157.1,  
22 16-152.1, 17-130.1, or 17-130.2 of the Illinois Pension Code.

23 (b) Nothing in this Section shall be construed as otherwise  
24 limiting any of the obligations and requirements applicable to  
25 employers under any of the provisions of this Act, including,  
26 but not limited to, the requirement to bargain collectively

1 with regard to policy matters directly affecting wages, hours,  
2 and terms and conditions of employment as well as the impact  
3 thereon upon request by employee representatives, except for  
4 the matters set forth in subsection (a) of this Section that  
5 are deemed prohibited subjects of bargaining. Nothing in this  
6 Section shall be construed as otherwise limiting any of the  
7 rights of employees or employee representatives under the  
8 provisions of this Act, except for the matters set forth in  
9 subsection (a) of this Section that are deemed prohibited  
10 subjects of bargaining.

11 (c) In case of any conflict between this Section and any  
12 other provisions of this Act or any other law, the provisions  
13 of this Section shall control.

14 (115 ILCS 5/14) (from Ch. 48, par. 1714)

15 Sec. 14. Unfair labor practices.

16 (a) Educational employers, their agents or representatives  
17 are prohibited from:

18 (1) Interfering, restraining or coercing employees in  
19 the exercise of the rights guaranteed under this Act.

20 (2) Dominating or interfering with the formation,  
21 existence or administration of any employee organization.

22 (3) Discriminating in regard to hire or tenure of  
23 employment or any term or condition of employment to  
24 encourage or discourage membership in any employee  
25 organization.

1           (4) Discharging or otherwise discriminating against an  
2 employee because he or she has signed or filed an  
3 affidavit, authorization card, petition or complaint or  
4 given any information or testimony under this Act.

5           (5) Subject to and except as provided in Section 10.6,  
6 refusing ~~Refusing~~ to bargain collectively in good faith  
7 with an employee representative which is the exclusive  
8 representative of employees in an appropriate unit,  
9 including but not limited to the discussing of grievances  
10 with the exclusive representative; provided, however, that  
11 if an alleged unfair labor practice involves  
12 interpretation or application of the terms of a collective  
13 bargaining agreement and said agreement contains a  
14 grievance and arbitration procedure, the Board may defer  
15 the resolution of such dispute to the grievance and  
16 arbitration procedure contained in said agreement.  
17 However, no actions of the employer taken to implement or  
18 otherwise comply with the provisions of subsection (a) of  
19 Section 10.6 shall constitute or give rise to an unfair  
20 labor practice under this Act.

21           (6) Refusing to reduce a collective bargaining  
22 agreement to writing and signing such agreement.

23           (7) Violating any of the rules and regulations  
24 promulgated by the Board regulating the conduct of  
25 representation elections.

26           (8) Refusing to comply with the provisions of a binding



1 arbitration award.

2 (9) Expending or causing the expenditure of public  
3 funds to any external agent, individual, firm, agency,  
4 partnership or association in any attempt to influence the  
5 outcome of representational elections held pursuant to  
6 paragraph (c) of Section 7 of this Act; provided, that  
7 nothing in this subsection shall be construed to limit an  
8 employer's right to be represented on any matter pertaining  
9 to unit determinations, unfair labor practice charges or  
10 pre-election conferences in any formal or informal  
11 proceeding before the Board, or to seek or obtain advice  
12 from legal counsel. Nothing in this paragraph shall be  
13 construed to prohibit an employer from expending or causing  
14 the expenditure of public funds on, or seeking or obtaining  
15 services or advice from, any organization, group or  
16 association established by, and including educational or  
17 public employers, whether or not covered by this Act, the  
18 Illinois Public Labor Relations Act or the public  
19 employment labor relations law of any other state or the  
20 federal government, provided that such services or advice  
21 are generally available to the membership of the  
22 organization, group, or association, and are not offered  
23 solely in an attempt to influence the outcome of a  
24 particular representational election.

25 (b) Employee organizations, their agents or  
26 representatives or educational employees are prohibited from:

1           (1) Restraining or coercing employees in the exercise  
2           of the rights guaranteed under this Act, provided that a  
3           labor organization or its agents shall commit an unfair  
4           labor practice under this paragraph in duty of fair  
5           representation cases only by intentional misconduct in  
6           representing employees under this Act.

7           (2) Restraining or coercing an educational employer in  
8           the selection of his representative for the purposes of  
9           collective bargaining or the adjustment of grievances.

10          (3) Refusing to bargain collectively in good faith with  
11          an educational employer, if they have been designated in  
12          accordance with the provisions of this Act as the exclusive  
13          representative of employees in an appropriate unit.

14          (4) Violating any of the rules and regulations  
15          promulgated by the Board regulating the conduct of  
16          representation elections.

17          (5) Refusing to reduce a collective bargaining  
18          agreement to writing and signing such agreement.

19          (6) Refusing to comply with the provisions of a binding  
20          arbitration award.

21          (c) The expressing of any views, argument, opinion or the  
22          dissemination thereof, whether in written, printed, graphic or  
23          visual form, shall not constitute or be evidence of an unfair  
24          labor practice under any of the provisions of this Act, if such  
25          expression contains no threat of reprisal or force or promise  
26          of benefit.

1 (d) The actions of a Financial Oversight Panel created  
2 pursuant to Section 1A-8 of the School Code due to a district  
3 violating a financial plan shall not constitute or be evidence  
4 of an unfair labor practice under any of the provisions of this  
5 Act. Such actions include, but are not limited to, reviewing,  
6 approving, or rejecting a school district budget or a  
7 collective bargaining agreement.

8 (Source: P.A. 89-572, eff. 7-30-96.)

9 (115 ILCS 5/17) (from Ch. 48, par. 1717)

10 Sec. 17. Effect on other laws. In case of any conflict  
11 between the provisions of this Act and any other law (other  
12 than Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the  
13 Illinois Pension Code), executive order or administrative  
14 regulation, the provisions of this Act shall prevail and  
15 control. The provisions of this Act are subject to any  
16 applicable restrictions in Section 14-106.5, 15-132.9,  
17 16-122.9, or 17-115.5 of the Illinois Pension Code, as well as  
18 the changes, impact of changes, and implementation of changes  
19 set forth in Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5  
20 of the Illinois Pension Code. Nothing in this Act shall be  
21 construed to replace or diminish the rights of employees  
22 established by Section 36d of "An Act to create the State  
23 Universities Civil Service System", approved May 11, 1905, as  
24 amended or modified.

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

1 Section 900. The State Mandates Act is amended by adding  
2 Section 8.41 as follows:

3 (30 ILCS 805/8.41 new)

4 Sec. 8.41. Exempt mandate. Notwithstanding Sections 6 and 8  
5 of this Act, no reimbursement by the State is required for the  
6 implementation of any mandate created by this amendatory Act of  
7 the 100th General Assembly.

8 Section 970. Severability. Except as otherwise provided in  
9 this Act, the provisions of this Act are severable under  
10 Section 1.31 of the Statute on Statutes.

11 Section 999. Effective date. This Act takes effect upon  
12 becoming law.

1

## INDEX

2

## Statutes amended in order of appearance

3

5 ILCS 315/7.6 new

4

5 ILCS 315/10

from Ch. 48, par. 1610

5

5 ILCS 315/15

from Ch. 48, par. 1615

6

5 ILCS 375/3

from Ch. 127, par. 523

7

5 ILCS 375/10

from Ch. 127, par. 530

8

15 ILCS 205/5 new

9

15 ILCS 310/13a new

10

15 ILCS 410/13a new

11

15 ILCS 510/12a new

12

20 ILCS 5/5-647 new

13

30 ILCS 122/20

14

40 ILCS 5/1-160

15

40 ILCS 5/1-161 new

16

40 ILCS 5/1-162 new

17

40 ILCS 5/2-101

from Ch. 108 1/2, par. 2-101

18

40 ILCS 5/2-105

from Ch. 108 1/2, par. 2-105

19

40 ILCS 5/2-105.3 new

20

40 ILCS 5/2-107

from Ch. 108 1/2, par. 2-107

21

40 ILCS 5/2-107.9 new

22

40 ILCS 5/2-107.10 new

23

40 ILCS 5/2-108

from Ch. 108 1/2, par. 2-108

24

40 ILCS 5/2-110.3 new

25

40 ILCS 5/2-119.1

from Ch. 108 1/2, par. 2-119.1

1	40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
2	40 ILCS 5/2-126	from Ch. 108 1/2, par. 2-126
3	40 ILCS 5/2-134	from Ch. 108 1/2, par. 2-134
4	40 ILCS 5/2-162	
5	40 ILCS 5/2-165.1 new	
6	40 ILCS 5/2-166.1 new	
7	40 ILCS 5/14-103.10	from Ch. 108 1/2, par. 14-103.10
8	40 ILCS 5/14-103.41 new	
9	40 ILCS 5/14-103.42 new	
10	40 ILCS 5/14-103.43 new	
11	40 ILCS 5/14-106.5 new	
12	40 ILCS 5/14-114	from Ch. 108 1/2, par. 14-114
13	40 ILCS 5/14-131	
14	40 ILCS 5/14-133	from Ch. 108 1/2, par. 14-133
15	40 ILCS 5/14-135.08	from Ch. 108 1/2, par. 14-135.08
16	40 ILCS 5/14-147.5 new	
17	40 ILCS 5/14-152.1	
18	40 ILCS 5/14-155.1 new	
19	40 ILCS 5/14-155.2 new	
20	40 ILCS 5/14-156.1 new	
21	40 ILCS 5/15-108.1	
22	40 ILCS 5/15-108.2	
23	40 ILCS 5/15-111	from Ch. 108 1/2, par. 15-111
24	40 ILCS 5/15-112.1 new	
25	40 ILCS 5/15-112.2 new	
26	40 ILCS 5/15-132.9 new	

1	40 ILCS 5/15-136	from Ch. 108 1/2, par. 15-136
2	40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
3	40 ILCS 5/15-157	from Ch. 108 1/2, par. 15-157
4	40 ILCS 5/15-165	from Ch. 108 1/2, par. 15-165
5	40 ILCS 5/15-185.5 new	
6	40 ILCS 5/15-198	
7	40 ILCS 5/15-200.1 new	
8	40 ILCS 5/15-201.1 new	
9	40 ILCS 5/16-107.1 new	
10	40 ILCS 5/16-121	from Ch. 108 1/2, par. 16-121
11	40 ILCS 5/16-121.1 new	
12	40 ILCS 5/16-121.2 new	
13	40 ILCS 5/16-122.9 new	
14	40 ILCS 5/16-133.1	from Ch. 108 1/2, par. 16-133.1
15	40 ILCS 5/16-136.1	from Ch. 108 1/2, par. 16-136.1
16	40 ILCS 5/16-152	from Ch. 108 1/2, par. 16-152
17	40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158
18	40 ILCS 5/16-190.5 new	
19	40 ILCS 5/16-203	
20	40 ILCS 5/16-205.1 new	
21	40 ILCS 5/16-206.1 new	
22	40 ILCS 5/17-106.05 new	
23	40 ILCS 5/17-113.4 new	
24	40 ILCS 5/17-113.5 new	
25	40 ILCS 5/17-113.6 new	
26	40 ILCS 5/17-115.5 new	

1	40 ILCS 5/17-116	from Ch. 108 1/2, par. 17-116
2	40 ILCS 5/17-119.2 new	
3	40 ILCS 5/17-127	from Ch. 108 1/2, par. 17-127
4	40 ILCS 5/17-129	from Ch. 108 1/2, par. 17-129
5	40 ILCS 5/17-130	from Ch. 108 1/2, par. 17-130
6	40 ILCS 5/18-131	from Ch. 108 1/2, par. 18-131
7	40 ILCS 5/18-140	from Ch. 108 1/2, par. 18-140
8	40 ILCS 5/20-121	from Ch. 108 1/2, par. 20-121
9	40 ILCS 5/20-123	from Ch. 108 1/2, par. 20-123
10	40 ILCS 5/20-124	from Ch. 108 1/2, par. 20-124
11	40 ILCS 5/20-125	from Ch. 108 1/2, par. 20-125
12	40 ILCS 5/2-165 rep.	
13	40 ILCS 5/2-166 rep.	
14	40 ILCS 5/14-155 rep.	
15	40 ILCS 5/14-156 rep.	
16	40 ILCS 5/15-200 rep.	
17	40 ILCS 5/15-201 rep.	
18	40 ILCS 5/16-205 rep.	
19	40 ILCS 5/16-206 rep.	
20	40 ILCS 15/1.1	
21	40 ILCS 15/1.9 new	
22	105 ILCS 5/24-1	from Ch. 122, par. 24-1
23	105 ILCS 5/24-8	from Ch. 122, par. 24-8
24	105 ILCS 5/34-18.53 new	
25	110 ILCS 70/36d	from Ch. 24 1/2, par. 38b3
26	110 ILCS 305/100 new	



1	110 ILCS 520/85 new	
2	110 ILCS 660/5-195 new	
3	110 ILCS 665/10-195 new	
4	110 ILCS 670/15-195 new	
5	110 ILCS 675/20-200 new	
6	110 ILCS 680/25-195 new	
7	110 ILCS 685/30-205 new	
8	110 ILCS 690/35-200 new	
9	110 ILCS 805/3-26	from Ch. 122, par. 103-26
10	110 ILCS 805/3-42	from Ch. 122, par. 103-42
11	115 ILCS 5/4	from Ch. 48, par. 1704
12	115 ILCS 5/10.6 new	
13	115 ILCS 5/14	from Ch. 48, par. 1714
14	115 ILCS 5/17	from Ch. 48, par. 1717
15	30 ILCS 805/8.41 new	