



## 100TH GENERAL ASSEMBLY

### State of Illinois

2017 and 2018

SB2195

Introduced 4/27/2017, by Sen. Christine Radogno

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. Provides optional separate benefits for persons who, on or after 6 months after the effective date, first become participants or members under the State Universities or Downstate Teachers Article or a noncovered participant under the State Employee Article. Contains provisions concerning retirement conditions, the amount of the retirement annuity, the amount of the annual increases to the retirement annuity, the calculation of salary, and the amount of certain survivor benefits. Sets forth the amount of employee and employer contributions. Requires those retirement systems to establish a defined contribution plan for certain members. In the Chicago Teachers Article, establishes similar benefits if the governing body of the unit of local government adopts those benefits by resolution or ordinance. In the State Employee, State Universities, and Downstate Teachers Articles, requires those Systems to offer certain inactive members the opportunity to elect to receive an accelerated pension benefit payment equal to 70% of the net present value of their pension benefits in lieu of receiving any pension benefit. In the State Employee, State Universities, and Downstate Teachers Articles, makes funding changes. In the State Universities and Downstate Teachers Articles, shifts certain costs to the local employer. Makes other changes. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB100 12227 RPS 24732 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

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

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

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

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

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

18 (b) "Annuitant" means (1) an employee who retires, or has  
19 retired, on or after January 1, 1966 on an immediate annuity  
20 under the provisions of Articles 2, 14 (including an employee  
21 who has elected to receive an alternative retirement  
22 cancellation payment under Section 14-108.5 of the Illinois  
23 Pension Code in lieu of an annuity or who meets the criteria

1 for retirement, but in lieu of receiving an annuity under that  
2 Article has elected to receive an accelerated pension benefit  
3 payment under Section 14-147.5 of that Article), 15 (including  
4 an employee who has retired under the optional retirement  
5 program established under Section 15-158.2 or who meets the  
6 criteria for retirement but in lieu of receiving an annuity  
7 under that Article has elected to receive an accelerated  
8 pension benefit payment under Section 15-185.5 of the Article),  
9 paragraphs (2), (3), or (5) of Section 16-106 (including an  
10 employee who meets the criteria for retirement, but in lieu of  
11 receiving an annuity under that Article has elected to receive  
12 an accelerated pension benefit payment under Section 16-190.5  
13 of the Illinois Pension Code), or Article 18 of the Illinois  
14 Pension Code; (2) any person who was receiving group insurance  
15 coverage under this Act as of March 31, 1978 by reason of his  
16 status as an annuitant, even though the annuity in relation to  
17 which such coverage was provided is a proportional annuity  
18 based on less than the minimum period of service required for a  
19 retirement annuity in the system involved; (3) any person not  
20 otherwise covered by this Act who has retired as a  
21 participating member under Article 2 of the Illinois Pension  
22 Code but is ineligible for the retirement annuity under Section  
23 2-119 of the Illinois Pension Code; (4) the spouse of any  
24 person who is receiving a retirement annuity under Article 18  
25 of the Illinois Pension Code and who is covered under a group  
26 health insurance program sponsored by a governmental employer

1 other than the State of Illinois and who has irrevocably  
2 elected to waive his or her coverage under this Act and to have  
3 his or her spouse considered as the "annuitant" under this Act  
4 and not as a "dependent"; or (5) an employee who retires, or  
5 has retired, from a qualified position, as determined according  
6 to rules promulgated by the Director, under a qualified local  
7 government, a qualified rehabilitation facility, a qualified  
8 domestic violence shelter or service, or a qualified child  
9 advocacy center. (For definition of "retired employee", see (p)  
10 post).

11 (b-5) (Blank).

12 (b-6) (Blank).

13 (b-7) (Blank).

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

20 (d) "Compensation" means salary or wages payable on a  
21 regular payroll by the State Treasurer on a warrant of the  
22 State Comptroller out of any State, trust or federal fund, or  
23 by the Governor of the State through a disbursing officer of  
24 the State out of a trust or out of federal funds, or by any  
25 Department out of State, trust, federal or other funds held by  
26 the State Treasurer or the Department, to any person for

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

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

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

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

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

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

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

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

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

14 (k) "Employee" means and includes each officer or employee  
15 in the service of a department who (1) receives his  
16 compensation for service rendered to the department on a  
17 warrant issued pursuant to a payroll certified by a department  
18 or on a warrant or check issued and drawn by a department upon  
19 a trust, federal or other fund or on a warrant issued pursuant  
20 to a payroll certified by an elected or duly appointed officer  
21 of the State or who receives payment of the performance of  
22 personal services on a warrant issued pursuant to a payroll  
23 certified by a Department and drawn by the Comptroller upon the  
24 State Treasurer against appropriations made by the General  
25 Assembly from any fund or against trust funds held by the State  
26 Treasurer, and (2) is employed full-time or part-time in a

1 position normally requiring actual performance of duty during  
2 not less than 1/2 of a normal work period, as established by  
3 the Director in cooperation with each department, except that  
4 persons elected by popular vote will be considered employees  
5 during the entire term for which they are elected regardless of  
6 hours devoted to the service of the State, and (3) except that  
7 "employee" does not include any person who is not eligible by  
8 reason of such person's employment to participate in one of the  
9 State retirement systems under Articles 2, 14, 15 (either the  
10 regular Article 15 system or the optional retirement program  
11 established under Section 15-158.2) or 18, or under paragraph  
12 (2), (3), or (5) of Section 16-106, of the Illinois Pension  
13 Code, but such term does include persons who are employed  
14 during the 6 month qualifying period under Article 14 of the  
15 Illinois Pension Code. Such term also includes any person who  
16 (1) after January 1, 1966, is receiving ordinary or accidental  
17 disability benefits under Articles 2, 14, 15 (including  
18 ordinary or accidental disability benefits under the optional  
19 retirement program established under Section 15-158.2),  
20 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of  
21 the Illinois Pension Code, for disability incurred after  
22 January 1, 1966, (2) receives total permanent or total  
23 temporary disability under the Workers' Compensation Act or  
24 Occupational Disease Act as a result of injuries sustained or  
25 illness contracted in the course of employment with the State  
26 of Illinois, or (3) is not otherwise covered under this Act and



1 has retired as a participating member under Article 2 of the  
2 Illinois Pension Code but is ineligible for the retirement  
3 annuity under Section 2-119 of the Illinois Pension Code.  
4 However, a person who satisfies the criteria of the foregoing  
5 definition of "employee" except that such person is made  
6 ineligible to participate in the State Universities Retirement  
7 System by clause (4) of subsection (a) of Section 15-107 of the  
8 Illinois Pension Code is also an "employee" for the purposes of  
9 this Act. "Employee" also includes any person receiving or  
10 eligible for benefits under a sick pay plan established in  
11 accordance with Section 36 of the State Finance Act. "Employee"  
12 also includes (i) each officer or employee in the service of a  
13 qualified local government, including persons appointed as  
14 trustees of sanitary districts regardless of hours devoted to  
15 the service of the sanitary district, (ii) each employee in the  
16 service of a qualified rehabilitation facility, (iii) each  
17 full-time employee in the service of a qualified domestic  
18 violence shelter or service, and (iv) each full-time employee  
19 in the service of a qualified child advocacy center, as  
20 determined according to rules promulgated by the Director.

21 (1) "Member" means an employee, annuitant, retired  
22 employee or survivor. In the case of an annuitant or retired  
23 employee who first becomes an annuitant or retired employee on  
24 or after the effective date of this amendatory Act of the 97th  
25 General Assembly, the individual must meet the minimum vesting  
26 requirements of the applicable retirement system in order to be

1 eligible for group insurance benefits under that system. In the  
2 case of a survivor who first becomes a survivor on or after the  
3 effective date of this amendatory Act of the 97th General  
4 Assembly, the deceased employee, annuitant, or retired  
5 employee upon whom the annuity is based must have been eligible  
6 to participate in the group insurance system under the  
7 applicable retirement system in order for the survivor to be  
8 eligible for group insurance benefits under that system.

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

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

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

17 (p) "Retired employee" means any person who would be an  
18 annuitant as that term is defined herein but for the fact that  
19 such person retired prior to January 1, 1966. Such term also  
20 includes any person formerly employed by the University of  
21 Illinois in the Cooperative Extension Service who would be an  
22 annuitant but for the fact that such person was made ineligible  
23 to participate in the State Universities Retirement System by  
24 clause (4) of subsection (a) of Section 15-107 of the Illinois  
25 Pension Code.

26 (q) "Survivor" means a person receiving an annuity as a

1 survivor of an employee or of an annuitant. "Survivor" also  
2 includes: (1) the surviving dependent of a person who satisfies  
3 the definition of "employee" except that such person is made  
4 ineligible to participate in the State Universities Retirement  
5 System by clause (4) of subsection (a) of Section 15-107 of the  
6 Illinois Pension Code; (2) the surviving dependent of any  
7 person formerly employed by the University of Illinois in the  
8 Cooperative Extension Service who would be an annuitant except  
9 for the fact that such person was made ineligible to  
10 participate in the State Universities Retirement System by  
11 clause (4) of subsection (a) of Section 15-107 of the Illinois  
12 Pension Code; and (3) the surviving dependent of a person who  
13 was an annuitant under this Act by virtue of receiving an  
14 alternative retirement cancellation payment under Section  
15 14-108.5 of the Illinois Pension Code.

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

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

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

24 (q-5) (Blank).

25 (q-6) (Blank).

26 (q-7) (Blank).

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

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

1 has not already joined the program. "Qualified local  
2 government" means a unit of local government approved by the  
3 Director and participating in a program created under  
4 subsection (i) of Section 10 of this Act.

5 (t) "Qualified rehabilitation facility" means any  
6 not-for-profit organization that is accredited by the  
7 Commission on Accreditation of Rehabilitation Facilities or  
8 certified by the Department of Human Services (as successor to  
9 the Department of Mental Health and Developmental  
10 Disabilities) to provide services to persons with disabilities  
11 and which receives funds from the State of Illinois for  
12 providing those services, approved by the Director and  
13 participating in a program created under subsection (j) of  
14 Section 10 of this Act.

15 (u) "Qualified domestic violence shelter or service" means  
16 any Illinois domestic violence shelter or service and its  
17 administrative offices funded by the Department of Human  
18 Services (as successor to the Illinois Department of Public  
19 Aid), approved by the Director and participating in a program  
20 created under subsection (k) of Section 10.

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

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

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

25 (3) either (i) has at least 8 years of creditable  
26 service under Article 16 of the Illinois Pension Code, or

1 (ii) was enrolled in the health insurance program offered  
2 under that Article on January 1, 1996, or (iii) is the  
3 survivor of a benefit recipient who had at least 8 years of  
4 creditable service under Article 16 of the Illinois Pension  
5 Code or was enrolled in the health insurance program  
6 offered under that Article on the effective date of this  
7 amendatory Act of 1995, or (iv) is a recipient or survivor  
8 of a recipient of a disability benefit under Article 16 of  
9 the Illinois Pension Code.

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

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

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

23 "TRS dependent beneficiary" does not include, as indicated  
24 under paragraph (2) of this subsection (w), a dependent of the  
25 survivor of a TRS benefit recipient who first becomes a  
26 dependent of a survivor of a TRS benefit recipient on or after

1 the effective date of this amendatory Act of the 97th General  
2 Assembly unless that dependent would have been eligible for  
3 coverage as a dependent of the deceased TRS benefit recipient  
4 upon whom the survivor benefit is based.

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

10 (y) (Blank).

11 (z) "Community college benefit recipient" means a person  
12 who:

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

14 (2) is receiving a monthly survivor's annuity or  
15 retirement annuity under Article 15 of the Illinois Pension  
16 Code; and

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

1 Public Community College Act) or an association of  
2 community college boards, or (ii) is the survivor of a  
3 person described in item (i).

4 (aa) "Community college dependent beneficiary" means a  
5 person who:

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

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

16 "Community college dependent beneficiary" does not  
17 include, as indicated under paragraph (2) of this subsection  
18 (aa), a dependent of the survivor of a community college  
19 benefit recipient who first becomes a dependent of a survivor  
20 of a community college benefit recipient on or after the  
21 effective date of this amendatory Act of the 97th General  
22 Assembly unless that dependent would have been eligible for  
23 coverage as a dependent of the deceased community college  
24 benefit recipient upon whom the survivor annuity is based.

25 (bb) "Qualified child advocacy center" means any Illinois  
26 child advocacy center and its administrative offices funded by



1 the Department of Children and Family Services, as defined by  
2 the Children's Advocacy Center Act (55 ILCS 80/), approved by  
3 the Director and participating in a program created under  
4 subsection (n) of Section 10.

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

6 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

8 (a) The State shall pay the cost of basic non-contributory  
9 group life insurance and, subject to member paid contributions  
10 set by the Department or required by this Section and except as  
11 provided in this Section, the basic program of group health  
12 benefits on each eligible member, except a member, not  
13 otherwise covered by this Act, who has retired as a  
14 participating member under Article 2 of the Illinois Pension  
15 Code but is ineligible for the retirement annuity under Section  
16 2-119 of the Illinois Pension Code, and part of each eligible  
17 member's and retired member's premiums for health insurance  
18 coverage for enrolled dependents as provided by Section 9. The  
19 State shall pay the cost of the basic program of group health  
20 benefits only after benefits are reduced by the amount of  
21 benefits covered by Medicare for all members and dependents who  
22 are eligible for benefits under Social Security or the Railroad  
23 Retirement system or who had sufficient Medicare-covered  
24 government employment, except that such reduction in benefits  
25 shall apply only to those members and dependents who (1) first

1 become eligible for such Medicare coverage on or after July 1,  
2 1992; or (2) are Medicare-eligible members or dependents of a  
3 local government unit which began participation in the program  
4 on or after July 1, 1992; or (3) remain eligible for, but no  
5 longer receive Medicare coverage which they had been receiving  
6 on or after July 1, 1992. The Department may determine the  
7 aggregate level of the State's contribution on the basis of  
8 actual cost of medical services adjusted for age, sex or  
9 geographic or other demographic characteristics which affect  
10 the costs of such programs.

11 The cost of participation in the basic program of group  
12 health benefits for the dependent or survivor of a living or  
13 deceased retired employee who was formerly employed by the  
14 University of Illinois in the Cooperative Extension Service and  
15 would be an annuitant but for the fact that he or she was 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 shall not be greater than the cost of  
19 participation that would otherwise apply to that dependent or  
20 survivor if he or she were the dependent or survivor of an  
21 annuitant under the State Universities Retirement System.

22 (a-1) (Blank).

23 (a-2) (Blank).

24 (a-3) (Blank).

25 (a-4) (Blank).

26 (a-5) (Blank).

1 (a-6) (Blank).

2 (a-7) (Blank).

3 (a-8) Any annuitant, survivor, or retired employee may  
4 waive or terminate coverage in the program of group health  
5 benefits. Any such annuitant, survivor, or retired employee who  
6 has waived or terminated coverage may enroll or re-enroll in  
7 the program of group health benefits only during the annual  
8 benefit choice period, as determined by the Director; except  
9 that in the event of termination of coverage due to nonpayment  
10 of premiums, the annuitant, survivor, or retired employee may  
11 not re-enroll in the program.

12 (a-8.5) Beginning on the effective date of this amendatory  
13 Act of the 97th General Assembly, the Director of Central  
14 Management Services shall, on an annual basis, determine the  
15 amount that the State shall contribute toward the basic program  
16 of group health benefits on behalf of annuitants (including  
17 individuals who (i) participated in the General Assembly  
18 Retirement System, the State Employees' Retirement System of  
19 Illinois, the State Universities Retirement System, the  
20 Teachers' Retirement System of the State of Illinois, or the  
21 Judges Retirement System of Illinois and (ii) qualify as  
22 annuitants under subsection (b) of Section 3 of this Act),  
23 survivors (including individuals who (i) receive an annuity as  
24 a survivor of an individual who participated in the General  
25 Assembly Retirement System, the State Employees' Retirement  
26 System of Illinois, the State Universities Retirement System,

1 the Teachers' Retirement System of the State of Illinois, or  
2 the Judges Retirement System of Illinois and (ii) qualify as  
3 survivors under subsection (q) of Section 3 of this Act), and  
4 retired employees (as defined in subsection (p) of Section 3 of  
5 this Act). The remainder of the cost of coverage for each  
6 annuitant, survivor, or retired employee, as determined by the  
7 Director of Central Management Services, shall be the  
8 responsibility of that annuitant, survivor, or retired  
9 employee.

10 Contributions required of annuitants, survivors, and  
11 retired employees shall be the same for all retirement systems  
12 and shall also be based on whether an individual has made an  
13 election under Section 15-135.1 of the Illinois Pension Code.  
14 Contributions may be based on annuitants', survivors', or  
15 retired employees' Medicare eligibility, but may not be based  
16 on Social Security eligibility.

17 (a-9) No later than May 1 of each calendar year, the  
18 Director of Central Management Services shall certify in  
19 writing to the Executive Secretary of the State Employees'  
20 Retirement System of Illinois the amounts of the Medicare  
21 supplement health care premiums and the amounts of the health  
22 care premiums for all other retirees who are not Medicare  
23 eligible.

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

26 The Director of Central Management Services shall provide

1 to the Executive Secretary of the State Employees' Retirement  
2 System of Illinois such information, statistics, and other data  
3 as he or she may require to review the premium amounts  
4 certified by the Director of Central Management Services.

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

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

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

18      (c) The basic non-contributory coverage from the basic  
19      program of group health benefits shall be continued for each  
20      employee not in pay status or on active service by reason of  
21      (1) leave of absence due to illness or injury, (2) authorized  
22      educational leave of absence or sabbatical leave, or (3)  
23      military leave. This coverage shall continue until expiration  
24      of authorized leave and return to active service, but not to  
25      exceed 24 months for leaves under item (1) or (2). This  
26      24-month limitation and the requirement of returning to active

1 service shall not apply to persons receiving ordinary or  
2 accidental disability benefits or retirement benefits through  
3 the appropriate State retirement system or benefits under the  
4 Workers' Compensation or Occupational Disease Act.

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

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

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

24 (g) The State shall not pay the cost of the basic  
25 non-contributory group life insurance, program of health  
26 benefits and other employee benefits for members who are

1 survivors as defined by paragraphs (1) and (2) of subsection  
2 (q) of Section 3 of this Act. The costs of benefits for these  
3 survivors shall be paid by the survivors or by the University  
4 of Illinois Cooperative Extension Service, or any combination  
5 thereof. However, the State shall pay the amount of the  
6 reduction in the cost of participation, if any, resulting from  
7 the amendment to subsection (a) made by this amendatory Act of  
8 the 91st General Assembly.

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

21 (i) Any unit of local government within the State of  
22 Illinois may apply to the Director to have its employees,  
23 annuitants, and their dependents provided group health  
24 coverage under this Act on a non-insured basis. To participate,  
25 a unit of local government must agree to enroll all of its  
26 employees, who may select coverage under either the State group



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

1 component of the district's cafeteria plan. For the purposes of  
2 this subsection, "participating school district" includes a  
3 unit of local government whose primary purpose is education as  
4 defined by the Department's rules.

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

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

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

1 variables, plus an amount sufficient to pay for the  
2 additional administrative costs of providing coverage to  
3 employees of the unit of local government and their  
4 dependents.

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

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

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

23 The Local Government Health Insurance Reserve Fund is  
24 hereby created as a nonappropriated trust fund to be held  
25 outside the State Treasury, with the State Treasurer as  
26 custodian. The Local Government Health Insurance Reserve Fund

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

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

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

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

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

25 (1) In the first year of coverage, the rates shall be  
26 equal to the amount normally charged to State employees for

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

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

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

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

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

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

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

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

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

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

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

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



1 participation, and other factors; and in the second year, a  
2 further adjustment of rates shall be made to reflect the actual  
3 first year's claims experience of the covered annuitants.

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

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

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

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

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

11 (1) In the first year of coverage, the rates shall be  
12 equal to the amount normally charged to State employees 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 child advocacy center 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 child advocacy center 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 child advocacy center.

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

1 the Local Government Health Insurance Reserve Fund.

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

3 Section 10. The Illinois Pension Code is amended by  
4 changing Sections 1-160, 14-131, 14-135.08, 14-152.1,  
5 15-108.1, 15-108.2, 15-155, 15-165, 15-198, 16-158, 16-203,  
6 17-129, 20-121, 20-123, 20-124, and 20-125 and by adding  
7 Sections 1-161, 1-162, 14-103.41, 14-147.5, 14-155.1,  
8 14-155.2, 14-156.1, 15-185.5, 15-200.1, 15-201.1, 16-107.1,  
9 16-190.5, 16-205.1, 16-206.1, and 17-106.05 as follows:

10 (40 ILCS 5/1-160)

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

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

14 (a) The provisions of this Section apply to a person who,  
15 on or after January 1, 2011, first becomes a member or a  
16 participant under any reciprocal retirement system or pension  
17 fund established under this Code, other than a retirement  
18 system or pension fund established under Article 2, 3, 4, 5, 6,  
19 15 or 18 of this Code, notwithstanding any other provision of  
20 this Code to the contrary, but do not apply to any self-managed  
21 plan established under this Code, to any person with respect to  
22 service as a sheriff's law enforcement employee under Article  
23 7, or to any participant of the retirement plan established  
24 under Section 22-101. Notwithstanding anything to the contrary

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

11 This Section does not apply to a person who, on or after 6  
12 months after the effective date of this amendatory Act of the  
13 100th General Assembly, first becomes a member or participant  
14 under Article 14 or 16, unless that person (i) is a covered  
15 employee under Article 14 who has not elected to participate in  
16 the defined contribution plan under Section 14-155.2 or (ii)  
17 elects under subsection (b) of Section 1-161 to receive the  
18 benefits provided under this Section and the applicable  
19 provisions of Article 17. This Section also does not apply to a  
20 person who first becomes a member or participant of an affected  
21 pension fund on or after 6 months after the resolution or  
22 ordinance date, as defined in Section 1-162, unless that person  
23 elects under subsection (c) of Section 1-162 to receive the  
24 benefits provided under this Section and the applicable  
25 provisions of Article 17.

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

1 annual) salary obtained by dividing the total salary or  
2 earnings calculated under the Article applicable to the member  
3 or participant during the 96 consecutive months (or 8  
4 consecutive years) of service within the last 120 months (or 10  
5 years) of service in which the total salary or earnings  
6 calculated under the applicable Article was the highest by the  
7 number of months (or years) of service in that period. For the  
8 purposes of a person who first becomes a member or participant  
9 of any retirement system or pension fund to which this Section  
10 applies on or after January 1, 2011, in this Code, "final  
11 average salary" shall be substituted for the following:

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

14 (2) In Articles 8, 9, 10, 11, and 12, "highest average  
15 annual salary for any 4 consecutive years within the last  
16 10 years of service immediately preceding the date of  
17 withdrawal".

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

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

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

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

23 (b-5) Beginning on January 1, 2011, for all purposes under  
24 this Code (including without limitation the calculation of  
25 benefits and employee contributions), the annual earnings,  
26 salary, or wages (based on the plan year) of a member or

1 participant to whom this Section applies shall not exceed  
2 \$106,800; however, that amount shall annually thereafter be  
3 increased by the lesser of (i) 3% of that amount, including all  
4 previous adjustments, or (ii) one-half the annual unadjusted  
5 percentage increase (but not less than zero) in the consumer  
6 price index-u for the 12 months ending with the September  
7 preceding each November 1, including all previous adjustments.

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

17 (c) A member or participant is entitled to a retirement  
18 annuity upon written application if he or she has attained age  
19 67 (beginning January 1, 2015, age 65 with respect to service  
20 under Article 12 of this Code that is subject to this Section)  
21 and has at least 10 years of service credit and is otherwise  
22 eligible under the requirements of the applicable Article.

23 A member or participant who has attained age 62 (beginning  
24 January 1, 2015, age 60 with respect to service under Article  
25 12 of this Code that is subject to this Section) and has at  
26 least 10 years of service credit and is otherwise eligible

1 under the requirements of the applicable Article may elect to  
2 receive the lower retirement annuity provided in subsection (d)  
3 of this Section.

4 (d) The retirement annuity of a member or participant who  
5 is retiring after attaining age 62 (beginning January 1, 2015,  
6 age 60 with respect to service under Article 12 of this Code  
7 that is subject to this Section) with at least 10 years of  
8 service credit shall be reduced by one-half of 1% for each full  
9 month that the member's age is under age 67 (beginning January  
10 1, 2015, age 65 with respect to service under Article 12 of  
11 this Code that is subject to this Section).

12 (e) Any retirement annuity or supplemental annuity shall be  
13 subject to annual increases on the January 1 occurring either  
14 on or after the attainment of age 67 (beginning January 1,  
15 2015, age 65 with respect to service under Article 12 of this  
16 Code that is subject to this Section) or the first anniversary  
17 of the annuity start date, whichever is later. Each annual  
18 increase shall be calculated at 3% or one-half the annual  
19 unadjusted percentage increase (but not less than zero) in the  
20 consumer price index-u for the 12 months ending with the  
21 September preceding each November 1, whichever is less, of the  
22 originally granted retirement annuity. If the annual  
23 unadjusted percentage change in the consumer price index-u for  
24 the 12 months ending with the September preceding each November  
25 1 is zero or there is a decrease, then the annuity shall not be  
26 increased.

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



1 increased.

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

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

1 recalculated if recalculation is provided for under the  
2 applicable Article of this Code.

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

22 (i) (Blank).

23 (j) Except for Sections 1-161 and 1-162, in ~~In~~ the case of  
24 a conflict between the provisions of this Section and any other  
25 provision of this Code, the provisions of this Section shall  
26 control.

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

3 (40 ILCS 5/1-161 new)

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

6 (a) Notwithstanding any other provision of this Code to the  
7 contrary, the provisions of this Section apply to a person who,  
8 on or after 6 months after the effective date of this  
9 amendatory Act of the 100th General Assembly, first becomes a  
10 member or a participant under Article 14, 15, or 16 and who  
11 does not make the election under subsection (b) or (c),  
12 whichever is applicable. The provisions of this Section do not  
13 apply to any participant in a self-managed plan or to a covered  
14 employee under Article 14.

15 (b) In lieu of the benefits provided under this Section, a  
16 member or participant, except for a participant under Article  
17 15, may irrevocably elect the benefits under Section 1-160 and  
18 the benefits otherwise applicable to that member or  
19 participant. The election must be made within 30 days after  
20 becoming a member or participant. Each retirement system shall  
21 establish procedures for making this election.

22 (c) A participant under Article 15 may irrevocably elect  
23 the benefits otherwise provided to a Tier 2 participant under  
24 Article 15. The election must be made within 30 days after  
25 becoming a participant. The retirement system under Article 15

1 shall establish procedures for making this election.

2 (d) "Final average salary" means the average monthly (or  
3 annual) salary obtained by dividing the total salary or  
4 earnings calculated under the Article applicable to the member  
5 or participant during the last 120 months (or 10 years) of  
6 service in which the total salary or earnings calculated under  
7 the applicable Article was the highest by the number of months  
8 (or years) of service in that period. For the purposes of a  
9 person who first becomes a member or participant of any  
10 retirement system to which this Section applies on or after 6  
11 months after the effective date of this amendatory Act of the  
12 100th General Assembly, in this Code, "final average salary"  
13 shall be substituted for "final average compensation" in  
14 Article 14.

15 (e) Beginning 6 months after the effective date of this  
16 amendatory Act of the 100th General Assembly, for all purposes  
17 under this Code (including without limitation the calculation  
18 of benefits and employee contributions), the annual earnings,  
19 salary, or wages (based on the plan year) of a member or  
20 participant to whom this Section applies shall not at any time  
21 exceed the federal Social 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 effective date of this amendatory Act  
5 of the 100th General Assembly shall be in the amount of 66 2/3%  
6 of the retired member's or participant's retirement annuity at  
7 the date of death. In the case of the death of a member or  
8 participant who has not retired and who first became a member  
9 or participant on or after 6 months after the effective date of  
10 this amendatory Act of the 100th General Assembly, eligibility  
11 for a survivor's or widow's annuity shall be determined by the  
12 applicable Article of this Code. The benefit shall be 66 2/3%  
13 of the earned annuity without a reduction due to age. A child's  
14 annuity of an otherwise eligible child shall be in the amount  
15 prescribed under each Article if applicable.

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

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

22 (k) No later than 5 months after the effective date of this  
23 amendatory Act of the 100th General Assembly, each retirement  
24 system under Article 14, 15, or 16 shall prepare and implement  
25 a defined contribution plan for members or participants who are  
26 subject to this Section. The defined contribution plan

1 developed under this subsection shall be a plan that aggregates  
2 employer and employee contributions in individual participant  
3 accounts which, after meeting any other requirements, are used  
4 for payouts after retirement in accordance with this subsection  
5 and any other applicable laws.

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

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

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

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

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

26 (6) To the extent authorized under federal law and as



1 authorized by the retirement system, the defined  
2 contribution plan shall allow former participants in the  
3 plan to transfer or roll over employee and employer  
4 contributions, and the earnings thereon, into other  
5 qualified retirement plans.

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

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

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

1 regard to the members or participants under that unit of local  
2 government.

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

6 (40 ILCS 5/1-162 new)

7 Sec. 1-162. Optional benefits for certain Tier 2 members of  
8 the pension fund under Article 17.

9 (a) As used in this Section:

10 "Affected pension fund" means the pension fund established  
11 under Article 17 if the governing body of the unit of local  
12 government designates it as an affected pension fund by  
13 adoption of a resolution or ordinance.

14 "Resolution or ordinance date" means the date on which the  
15 governing body of the unit of local government designates the  
16 pension fund under Article 17 as an affected pension fund by  
17 adoption of a resolution or ordinance.

18 (b) Notwithstanding any other provision of this Code to the  
19 contrary, the provisions of this Section apply to a person who  
20 first becomes a member in the affected pension fund on or after  
21 6 months after the resolution or ordinance date and who does  
22 not make the election under subsection (c).

23 (c) In lieu of the benefits provided under this Section, a  
24 member may irrevocably elect the benefits under Section 1-160  
25 and the benefits otherwise applicable to that member. The

1 election must be made within 30 days after becoming a member.  
2 The affected pension fund shall establish procedures for making  
3 this election.

4 (d) "Final average salary" means the average monthly (or  
5 annual) salary obtained by dividing the total salary or  
6 earnings calculated under Article 17 to the member during the  
7 last 120 months (or 10 years) of service in which the total  
8 salary or earnings calculated under Article 17 was the highest  
9 by the number of months (or years) of service in that period.  
10 For the purposes of a person who first becomes a member of the  
11 affected pension fund on or after 6 months after the ordinance  
12 or resolution date, in this Code, "final average salary" shall  
13 be substituted for "average salary" in Article 17.

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

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

1 Article 17.

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

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

15 For the purposes of this Section, "consumer price index-w"  
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 Urban Wage  
19 Earners and Clerical Workers, United States city average, all  
20 items, 1982-84 = 100. The new amount resulting from each annual  
21 adjustment shall be determined by the Public Pension Division  
22 of the Department of Insurance and made available to the boards  
23 of the retirement systems and pension funds by November 1 of  
24 each year.

25 (i) The initial survivor's pension of an otherwise eligible  
26 surviving spouse of a retired member who first became a member

1 on or after 6 months after the resolution or ordinance date  
2 shall be in the amount of 66 2/3% of the retired member's  
3 retirement annuity at the date of death. In the case of the  
4 death of a member who has not retired and who first became a  
5 member on or after 6 months after the resolution or ordinance  
6 date, eligibility for a survivor's pension shall be determined  
7 under Article 17. The benefit shall be 66 2/3% of the earned  
8 annuity without a reduction due to age. A children's pension of  
9 an otherwise eligible child shall be in the amount prescribed  
10 under Article 17.

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

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

17 (k) No later than 5 months after the resolution or  
18 ordinance date, the affected pension fund shall prepare and  
19 implement a defined contribution plan for members who are  
20 subject to this Section. The defined contribution plan  
21 developed under this subsection shall be a plan that aggregates  
22 employer and employee contributions in individual participant  
23 accounts which, after meeting any other requirements, are used  
24 for payouts after retirement in accordance with this subsection  
25 and any other applicable laws.

26 (1) Each member shall contribute a minimum of 4% of his

1 or her salary to the defined contribution plan.

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

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

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

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

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

25 (7) The affected pension fund shall reduce the employee  
26 contributions credited to the member's defined

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

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

9           (l) By accepting the benefits under this Section, a member  
10      acknowledges and consents that benefits once earned may not be  
11      diminished, but that future benefits may be modified,  
12      including, but not limited to, changes in the retirement age at  
13      which a member becomes eligible to receive future benefits,  
14      changes in the amount of the automatic annual increase for  
15      those future benefits, or the amount of the retirement annuity.  
16      Any increase in benefits under this Section does not apply  
17      unless it is approved by resolution or ordinance of the  
18      governing body of the unit of local 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 5/14-103.41 new)

23           Sec. 14-103.41. Tier 1 employee. "Tier 1 employee": An  
24      employee under this Article who first became a member or  
25      participant before January 1, 2011 under any reciprocal



1 retirement system or pension fund established under this Code  
2 other than a retirement system or pension fund established  
3 under Article 2, 3, 4, 5, 6, or 18 of this Code.

4 (40 ILCS 5/14-131)

5 Sec. 14-131. Contributions by State.

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

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

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

22 The Board shall also determine a State contribution rate  
23 for each fiscal year, expressed as a percentage of payroll,  
24 based on the total required State contribution for that fiscal  
25 year (less the amount received by the System from

1 appropriations under Section 8.12 of the State Finance Act and  
2 Section 1 of the State Pension Funds Continuing Appropriation  
3 Act, if any, for the fiscal year ending on the June 30  
4 immediately preceding the applicable November 15 certification  
5 deadline), the estimated payroll (including all forms of  
6 compensation) for personal services rendered by eligible  
7 employees, and the recommendations of the actuary.

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

15 (c) Contributions shall be made by the several departments  
16 for each pay period by warrants drawn by the State Comptroller  
17 against their respective funds or appropriations based upon  
18 vouchers stating the amount to be so contributed. These amounts  
19 shall be based on the full rate certified by the Board under  
20 Section 14-135.08 for that fiscal year. From the effective date  
21 of this amendatory Act of the 93rd General Assembly through the  
22 payment of the final payroll from fiscal year 2004  
23 appropriations, the several departments shall not make  
24 contributions for the remainder of fiscal year 2004 but shall  
25 instead make payments as required under subsection (a-1) of  
26 Section 14.1 of the State Finance Act. The several departments

1 shall resume those contributions at the commencement of fiscal  
2 year 2005.

3 (c-1) Notwithstanding subsection (c) of this Section, for  
4 fiscal years 2010, 2012, 2013, 2014, 2015, 2016, and 2017 only,  
5 contributions by the several departments are not required to be  
6 made for General Revenue Funds payrolls processed by the  
7 Comptroller. Payrolls paid by the several departments from all  
8 other State funds must continue to be processed pursuant to  
9 subsection (c) of this Section.

10 (c-2) For State fiscal years 2010, 2012, 2013, 2014, 2015,  
11 2016, and 2017 only, on or as soon as possible after the 15th  
12 day of each month, the Board shall submit vouchers for payment  
13 of State contributions to the System, in a total monthly amount  
14 of one-twelfth of the fiscal year General Revenue Fund  
15 contribution as certified by the System pursuant to Section  
16 14-135.08 of the Illinois Pension Code.

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

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

5 (e) For State fiscal years 2018 through 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 total payroll, including payroll that is  
13 not deemed pensionable, over the years remaining to and  
14 including fiscal year 2045 and shall be determined under the  
15 projected unit credit actuarial cost method.

16 Beginning in State fiscal year 2018, any increase or  
17 decrease in State contribution over the prior fiscal year due  
18 exclusively to changes in actuarial or investment assumptions  
19 adopted by the Board shall be included in the State  
20 contribution to the System, as a percentage of the applicable  
21 employee payroll, and shall be increased in equal annual  
22 increments so that by the State fiscal year occurring 5 years  
23 after the adoption of the actuarial or investment assumptions,  
24 the State is contributing at the rate otherwise required under  
25 this Section.

26 For State fiscal years 2012 through 2017 ~~2045~~, the minimum

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

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

1 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY  
2 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

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

25 Notwithstanding any other provision of this Article, the  
26 total required State General Revenue Fund contribution for

1 State fiscal year 2011 is the amount recertified by the System  
2 on or before April 1, 2011 pursuant to Section 14-135.08 and  
3 shall be made from the proceeds of bonds sold in fiscal year  
4 2011 pursuant to Section 7.2 of the General Obligation Bond  
5 Act, less (i) the pro rata share of bond sale expenses  
6 determined by the System's share of total bond proceeds, (ii)  
7 any amounts received from the General Revenue Fund in fiscal  
8 year 2011, and (iii) any reduction in bond proceeds due to the  
9 issuance of discounted bonds, if 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 14-135.08, shall  
4 not exceed an amount equal to (i) the amount of the required  
5 State contribution that would have been calculated under this  
6 Section 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 (f) After the submission of all payments for eligible  
26 employees from personal services line items in fiscal year 2004



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

23 (g) For purposes of determining the required State  
24 contribution to the System, the value of the System's assets  
25 shall be equal to the actuarial value of the System's assets,  
26 which shall be calculated as follows:

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

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

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

1       termed the "Fiscal Year 2010 Shortfall" for purposes of this  
2       Section, and the Fiscal Year 2010 Shortfall shall be satisfied  
3       under Section 1.2 of the State Pension Funds Continuing  
4       Appropriation Act. If the amount due is less than the amount  
5       received, the difference shall be termed the "Fiscal Year 2010  
6       Overpayment" for purposes of this Section, and the Fiscal Year  
7       2010 Overpayment shall be repaid by the System to the General  
8       Revenue Fund as soon as practicable after the certification.

9       (j) After the submission of all payments for eligible  
10       employees from personal services line items paid from the  
11       General Revenue Fund in fiscal year 2011 have been made, the  
12       Comptroller shall provide to the System a certification of the  
13       sum of all fiscal year 2011 expenditures for personal services  
14       that would have been covered by payments to the System under  
15       this Section if the provisions of this amendatory Act of the  
16       96th General Assembly had not been enacted. 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 fiscal year 2011 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 in fiscal  
22       year 2011 through payments under this Section. If the amount  
23       due is more than the amount received, the difference shall be  
24       termed the "Fiscal Year 2011 Shortfall" for purposes of this  
25       Section, and the Fiscal Year 2011 Shortfall shall be satisfied  
26       under Section 1.2 of the State Pension Funds Continuing

1 Appropriation Act. If the amount due is less than the amount  
2 received, the difference shall be termed the "Fiscal Year 2011  
3 Overpayment" for purposes of this Section, and the Fiscal Year  
4 2011 Overpayment shall be repaid by the System to the General  
5 Revenue Fund as soon as practicable after the certification.

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

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

3 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

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

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

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

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

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

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

1 practical after the effective date of this amendatory Act of  
2 the 93rd General Assembly.

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

10 On or before July 1, 2005, 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 2006, taking into account the changes in required State  
15 contributions made by this amendatory Act of the 94th General  
16 Assembly.

17 On or before April 1, 2011, 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 for State fiscal  
20 year 2011, applying the changes made by Public Act 96-889 to  
21 the System's assets and liabilities as of June 30, 2009 as  
22 though Public Act 96-889 was approved on that date.

23 As soon as practical after the effective date of this  
24 amendatory Act of the 100th General Assembly, the Board shall  
25 recalculate and recertify to the State Actuary, the Governor,  
26 and the General Assembly the amount of the State contribution

1 to the System for State fiscal year 2018, taking into account  
2 the changes in required State contributions made by this  
3 amendatory Act of the 100th General Assembly. The State Actuary  
4 shall review the assumptions and valuations underlying the  
5 Board's revised certification and issue a preliminary report  
6 concerning the proposed recertification and identifying, if  
7 necessary, recommended changes in actuarial assumptions that  
8 the Board must consider before finalizing its certification of  
9 the required State contributions. The Board's final  
10 certification must note any deviations from the State Actuary's  
11 recommended changes, the reason or reasons for not following  
12 the State Actuary's recommended changes, and the fiscal impact  
13 of not following the State Actuary's recommended changes on the  
14 required State contribution.

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 5/14-147.5 new)

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

19 (a) As used in this Section:

20 "Eligible person" means a person who:

21 (1) has terminated service;

22 (2) has accrued sufficient service credit to be  
23 eligible to receive a retirement annuity under this  
24 Article;

25 (3) has not received any retirement annuity under this



1 Article; and

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

4 "Pension benefit" means the benefits under this Article, or  
5 Article 1 as it relates to those benefits, including any  
6 anticipated annual increases, that an eligible person is  
7 entitled to upon attainment of the applicable retirement age.  
8 "Pension benefit" also includes applicable survivor's or  
9 disability benefits.

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

26 Until the System determines that 10% of eligible persons in

1 that year have made the election under this subsection, an  
2 eligible person may irrevocably elect to receive an accelerated  
3 pension benefit payment in the amount that the System offers  
4 under this subsection in lieu of receiving any pension benefit.  
5 A person who elects to receive an accelerated pension benefit  
6 payment under this Section may not elect to proceed under the  
7 Retirement Systems Reciprocal Act with respect to service under  
8 this Article.

9 (c) A person's credits and creditable service under this  
10 Article shall be terminated upon the person's receipt of an  
11 accelerated pension benefit payment under this Section, and no  
12 other benefit shall be paid under this Article based on those  
13 terminated credits and creditable service, including any  
14 retirement, survivor, or other benefit or refund; except that  
15 to the extent that participation, benefits, or premiums under  
16 the State Employees Group Insurance Act of 1971 are based on  
17 the amount of service credit, the terminated service credit  
18 shall be used for that purpose.

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

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

26 (2) The accelerated pension benefit payment may not be

1       repaid to the System, and the terminated credits and  
2       creditable service may not under any circumstances be  
3       reinstated.

4       (e) As a condition of receiving an accelerated pension  
5       benefit payment, an eligible person must have another  
6       retirement plan or account qualified under the Internal Revenue  
7       Code of 1986, as amended, for the accelerated pension benefit  
8       payment to be rolled into. The accelerated pension benefit  
9       payment under this Section may be subject to withholding or  
10       payment of applicable taxes, but to the extent permitted by  
11       federal law, a person who receives an accelerated pension  
12       benefit payment under this Section must direct the System to  
13       pay all of that payment as a rollover into another retirement  
14       plan or account qualified under the Internal Revenue Code of  
15       1986, as amended.

16       (f) Before January 1, 2020 and every January 1 thereafter,  
17       the Board shall certify to the Illinois Finance Authority and  
18       the General Assembly the amount by which the total amount of  
19       accelerated pension benefit payments made under this Section  
20       exceed the amount appropriated to the System for the purpose of  
21       making those payments.

22       (g) The Board shall adopt any rules necessary to implement  
23       this Section.

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

1        (i) Notwithstanding any other provision of this Section, in  
2        no case shall the total amount of accelerated pension benefit  
3        payments paid under this Section, Section 15-185.5, and Section  
4        16-190.5 cause the Illinois Finance Authority to issue more  
5        than the \$250,000,000 of State Pension Obligation Acceleration  
6        Bonds authorized in subsection (c-5) of Section 801-40 of the  
7        Illinois Finance Authority Act.

8            (40 ILCS 5/14-152.1)

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

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

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

23        (b) Notwithstanding any other provision of this Code or any  
24        subsequent amendment to this Code, every new benefit increase  
25        is subject to this Section and shall be deemed to be granted

1 only in conformance with and contingent upon compliance with  
2 the provisions of this Section.

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

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

23 (d) Every new benefit increase shall expire 5 years after  
24 its effective date or on such earlier date as may be specified  
25 in the language enacting the new benefit increase or provided  
26 under subsection (c). This does not prevent the General

1 Assembly from extending or re-creating a new benefit increase  
2 by law.

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

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

14 (40 ILCS 5/14-155.1 new)

15 Sec. 14-155.1. Defined contribution plan.

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

1       As used in this Section, "defined benefit plan" means the  
2 retirement plan available under this Article to Tier 1  
3 employees who have not made the election authorized under this  
4 Section.

5           (1) Under the defined contribution plan, an active Tier  
6 1 employee of this System could elect to cease accruing  
7 benefits in the defined benefit plan under this Article and  
8 begin accruing benefits for future service in the defined  
9 contribution plan. Service credit under the defined  
10 contribution plan may be used for determining retirement  
11 eligibility under the defined benefit plan.

12           (2) Participants in the defined contribution plan  
13 shall pay employee contributions at the same rate as Tier 1  
14 employees in this System who do not participate in the  
15 defined contribution plan.

16           (3) State contributions shall be paid into the accounts  
17 of all participants in the defined contribution plan at a  
18 uniform rate, expressed as a percentage of compensation and  
19 determined for each year. This rate shall be no higher than  
20 the employer's normal cost for Tier 1 employees in the  
21 defined benefit plan for that year, as determined by the  
22 System and expressed as a percentage of compensation, and  
23 shall be no lower than 3% of compensation. The State shall  
24 adjust this rate annually.

25           (4) The defined contribution plan shall require 5 years  
26 of participation in the defined contribution plan before

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

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

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

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

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

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



1       fees.

2       (b) Only persons who are active Tier 1 employees of the  
3 System on the effective date of this Section are eligible to  
4 participate in the defined contribution plan. Participation in  
5 the defined contribution plan shall be limited to the first 5%  
6 of eligible persons who elect to participate. The election to  
7 participate in the defined contribution plan is voluntary and  
8 irrevocable.

9       (c) An eligible Tier 1 employee may irrevocably elect to  
10 participate in the defined contribution plan by filing with the  
11 System a written application to participate that is received by  
12 the System prior to its determination that 5% of eligible  
13 persons have elected to participate in the defined contribution  
14 plan.

15       When the System first determines that 5% of eligible  
16 persons have elected to participate in the defined contribution  
17 plan, the System shall provide notice to previously eligible  
18 employees that the plan is no longer available and shall cease  
19 accepting applications to participate.

20       (d) The System shall make a good faith effort to contact  
21 each active Tier 1 employee who is eligible to participate in  
22 the defined contribution plan. The System shall mail  
23 information describing the option to join the defined  
24 contribution plan to each of these employees to his or her last  
25 known address on file with the System. If the employee is not  
26 responsive to other means of contact, it is sufficient for the

1 System to publish the details of the option on its website.

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

17 (e) In no event shall the System, its staff, its authorized  
18 representatives, or the Board be liable for any information  
19 given to an employee under this Section. The System may  
20 coordinate with the Illinois Department of Central Management  
21 Services and other retirement systems administering a defined  
22 contribution plan in accordance with this amendatory Act of the  
23 100th General Assembly to provide information concerning the  
24 impact of the option set forth in this Section.

25 (f) Notwithstanding any other provision of this Section, no  
26 person shall begin participating in the defined contribution

1 plan until it has attained qualified plan status and received  
2 all necessary approvals from the U.S. Internal Revenue Service.

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

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

11 (i) The intent of this amendatory Act of the 100th General  
12 Assembly is to ensure that the State's normal cost of  
13 participation in the defined contribution plan is similar, and  
14 if possible equal, to the State's normal cost of participation  
15 in the defined benefit plan, unless a lower State's normal cost  
16 is necessary to ensure cost neutrality.

17 (40 ILCS 5/14-155.2 new)

18 Sec. 14-155.2. Defined contribution plan for certain  
19 covered employees.

20 (a) As used in this Section:

21 "Defined benefit plan" means the retirement plan available  
22 under this Article and Section 1-160 to eligible covered  
23 employees who do not make the election authorized under this  
24 Section.

25 "Eligible covered employee" means a covered employee who

1 first becomes a participant under this Article on or after 6  
2 months after the effective date of this amendatory Act of the  
3 100th General Assembly.

4 (b) In lieu of the defined benefit plan, an eligible  
5 covered employee may irrevocably elect to participate in the  
6 defined contribution plan under this Section. The election to  
7 participate in the defined contribution plan must be made  
8 within 30 days after becoming an eligible covered employee. The  
9 election to participate in the defined contribution plan under  
10 this Section is voluntary and irrevocable.

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

20 (1) A participant in the defined contribution plan  
21 shall contribute a minimum of 3% of his or her compensation  
22 to the defined contribution plan.

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

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

3           (4) 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           (5) The defined contribution plan shall provide a  
8           variety of options for payouts to retirees and their  
9           survivors.

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

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

20           (40 ILCS 5/14-156.1 new)

21           Sec. 14-156.1. Defined contribution plan; termination. If  
22           the defined contribution plan under Section 14-155.1 is  
23           terminated or becomes inoperative pursuant to law, then each  
24           participant in the plan shall automatically be deemed to have  
25           been a contributing Tier 1 employee in the System's defined

1 benefit plan during the time in which he or she participated in  
2 the defined contribution plan, and for that purpose the System  
3 shall be entitled to recover the amounts in the participant's  
4 defined contribution accounts.

5 (40 ILCS 5/15-108.1)

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

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

18 "Tier 1 employee": A Tier 1 member who is a participating  
19 employee, unless he or she is a disability benefit recipient  
20 under Section 15-150.

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

22 (40 ILCS 5/15-108.2)

23 Sec. 15-108.2. Tier 2 member. "Tier 2 member": A person who  
24 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 5/15-155) (from Ch. 108 1/2, par. 15-155)

13 Sec. 15-155. Employer contributions.

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

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

1           (a-1) For State fiscal years 2018 through 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 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           Beginning in State fiscal year 2018, any increase or  
15 decrease in State contribution over the prior fiscal year due  
16 exclusively to changes in actuarial or investment assumptions  
17 adopted by the Board shall be included in the State  
18 contribution to the System, as a percentage of the applicable  
19 employee payroll, and shall be increased in equal annual  
20 increments so that by the State fiscal year occurring 5 years  
21 after the adoption of the actuarial or investment assumptions,  
22 the State is contributing at the rate otherwise required under  
23 this Section.

24           For State fiscal years 2012 through 2017 ~~2045~~, the minimum  
25 contribution to the System to be made by the State for each  
26 fiscal year shall be an amount determined by the System to be



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

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

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

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

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

25 Notwithstanding any other provision of this Article, the  
26 total required State contribution for State fiscal year 2010 is

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

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

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

24 Amounts received by the System pursuant to Section 25 of  
25 the Budget Stabilization Act or Section 8.12 of the State  
26 Finance Act in any fiscal year do not reduce and do not

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

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

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

9 (a-2) For employees first hired on or after 6 months after  
10 the effective date of this amendatory Act of the 100th General  
11 Assembly who have elected the benefits under Section 1-161 of  
12 this Code, the employer shall annually contribute an amount,  
13 expressed as a percentage of payroll, equal to the defined  
14 benefit normal cost of the defined benefit plan, less the  
15 employee contribution, plus 2%. On an annual basis, the System  
16 shall certify to each employer the amount of unfunded liability  
17 accrued in the employer's account to be paid by the employer so  
18 that the System is 90% funded by the end of State fiscal year  
19 2045. The contributions shall be divided equally over a  
20 12-month period and made monthly. The employer shall also  
21 contribute an amount equal to the employer defined  
22 contribution, as set on an individual employee basis, under  
23 paragraph (2) of subsection (k) of Section 1-161 during each  
24 pay period. The System shall have the authority to adopt rules  
25 regarding implementation of employer contributions.

26 (b) If an employee is paid from trust or federal funds, the

1 employer shall pay to the Board contributions from those funds  
2 which are sufficient to cover the accruing normal costs on  
3 behalf of the employee. However, universities having employees  
4 who are compensated out of local auxiliary funds, income funds,  
5 or service enterprise funds are not required to pay such  
6 contributions on behalf of those employees. The local auxiliary  
7 funds, income funds, and service enterprise funds of  
8 universities shall not be considered trust funds for the  
9 purpose of this Article, but funds of alumni associations,  
10 foundations, and athletic associations which are affiliated  
11 with the universities included as employers under this Article  
12 and other employers which do not receive State appropriations  
13 are considered to be trust funds for the purpose of this  
14 Article.

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

1 in the same manner as employee contributions.

2 (c) Through State fiscal year 1995: The total employer  
3 contribution shall be apportioned among the various funds of  
4 the State and other employers, whether trust, federal, or other  
5 funds, in accordance with actuarial procedures approved by the  
6 Board. State of Illinois contributions for employers receiving  
7 State appropriations for personal services shall be payable  
8 from appropriations made to the employers or to the System. The  
9 contributions for Class I community colleges covering earnings  
10 other than those paid from trust and federal funds, shall be  
11 payable solely from appropriations to the Illinois Community  
12 College Board or the System for employer contributions.

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

18 (e) The State Comptroller shall draw warrants payable to  
19 the System upon proper certification by the System or by the  
20 employer in accordance with the appropriation laws and this  
21 Code.

22 (f) Normal costs under this Section means liability for  
23 pensions and other benefits which accrues to the System because  
24 of the credits earned for service rendered by the participants  
25 during the fiscal year and expenses of administering the  
26 System, but shall not include the principal of or any

1 redemption premium or interest on any bonds issued by the Board  
2 or any expenses incurred or deposits required in connection  
3 therewith.

4 (g) For academic years beginning on or after June 1, 2005  
5 and before July 1, 2018, if ~~if~~ the amount of a participant's  
6 earnings for any academic year used to determine the final rate  
7 of earnings, determined on a full-time equivalent basis,  
8 exceeds the amount of his or her earnings with the same  
9 employer for the previous academic year, determined on a  
10 full-time equivalent basis, by more than 6%, the participant's  
11 employer shall pay to the System, in addition to all other  
12 payments required under this Section and in accordance with  
13 guidelines established by the System, the present value of the  
14 increase in benefits resulting from the portion of the increase  
15 in earnings that is in excess of 6%. This present value shall  
16 be computed by the System on the basis of the actuarial  
17 assumptions and tables used in the most recent actuarial  
18 valuation of the System that is available at the time of the  
19 computation. The System may require the employer to provide any  
20 pertinent information or documentation.

21 Whenever it determines that a payment is or may be required  
22 under this subsection (g), the System shall calculate the  
23 amount of the payment and bill the employer for that amount.  
24 The bill shall specify the calculations used to determine the  
25 amount due. If the employer disputes the amount of the bill, it  
26 may, within 30 days after receipt of the bill, apply to the

1 System in writing for a recalculation. The application must  
2 specify in detail the grounds of the dispute and, if the  
3 employer asserts that the calculation is subject to subsection  
4 (h) or (i) of this Section, must include an affidavit setting  
5 forth and attesting to all facts within the employer's  
6 knowledge that are pertinent to the applicability of subsection  
7 (h) or (i). Upon receiving a timely application for  
8 recalculation, the System shall review the application and, if  
9 appropriate, recalculate the amount due.

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

19 When assessing payment for any amount due under this  
20 subsection (g), the System shall include earnings, to the  
21 extent not established by a participant under Section 15-113.11  
22 or 15-113.12, that would have been paid to the participant had  
23 the participant not taken (i) periods of voluntary or  
24 involuntary furlough occurring on or after July 1, 2015 and on  
25 or before June 30, 2017 or (ii) periods of voluntary pay  
26 reduction in lieu of furlough occurring on or after July 1,



1 2015 and on or before June 30, 2017. Determining earnings that  
2 would have been paid to a participant had the participant not  
3 taken periods of voluntary or involuntary furlough or periods  
4 of voluntary pay reduction shall be the responsibility of the  
5 employer, and shall be reported in a manner prescribed by the  
6 System.

7 (g-1) For academic years beginning on or after July 1,  
8 2018, if the amount of a participant's earnings for any  
9 academic year used to determine the final rate of earnings,  
10 determined on a full-time equivalent basis, exceeds the amount  
11 of his or her earnings with the same employer for the previous  
12 academic year, determined on a full-time equivalent basis, by  
13 more than the unadjusted percentage increase in the consumer  
14 price index-u for the calendar year immediately preceding the  
15 beginning of the academic year, published by the Public Pension  
16 Division of the Department of Insurance by November 1 of each  
17 year, then the participant's employer shall pay to the System,  
18 in addition to all other payments required under this Section  
19 and in accordance with guidelines established by the System,  
20 the present value of the increase in benefits resulting from  
21 the portion of the increase in earnings that is in excess of  
22 the unadjusted percentage increase in the consumer price  
23 index-u for the applicable calendar year. This present value  
24 shall be computed by the System on the basis of the actuarial  
25 assumptions and tables used in the most recent actuarial  
26 valuation of the System that is available at the time of the

1 computation. The System may require the employer to provide any  
2 pertinent information or documentation.

3 Whenever it determines that a payment is or may be required  
4 under this subsection (g-1), the System shall calculate the  
5 amount of the payment and bill the employer for that amount.  
6 The bill shall specify the calculations used to determine the  
7 amount due. If the employer disputes the amount of the bill, it  
8 may, within 30 days after receipt of the bill, apply to the  
9 System in writing for a recalculation. The application must  
10 specify in detail the grounds of the dispute and, if the  
11 employer asserts that the calculation is subject to subsection  
12 (i-1) of this Section, must include an affidavit setting forth  
13 and attesting to all facts within the employer's knowledge that  
14 are pertinent to the applicability of subsection (i-1). Upon  
15 receiving a timely application for recalculation, the System  
16 shall review the application and, if appropriate, recalculate  
17 the amount due.

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

10       (h) This subsection (h) applies only to payments made or  
11       salary increases given on or after June 1, 2005 but before July  
12       1, 2011. The changes made by Public Act 94-1057 shall not  
13       require the System to refund any payments received before July  
14       31, 2006 (the effective date of Public Act 94-1057).

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

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

24       When assessing payment for any amount due under subsection  
25       (g), the System shall exclude earnings increases resulting from  
26       overload work, including a contract for summer teaching, or

1 overtime when the employer has certified to the System, and the  
2 System has approved the certification, that: (i) in the case of  
3 overloads (A) the overload work is for the sole purpose of  
4 academic instruction in excess of the standard number of  
5 instruction hours for a full-time employee occurring during the  
6 academic year that the overload is paid and (B) the earnings  
7 increases are equal to or less than the rate of pay for  
8 academic instruction computed using the participant's current  
9 salary rate and work schedule; and (ii) in the case of  
10 overtime, the overtime was necessary for the educational  
11 mission.

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

26 (i) When assessing payment for any amount due under

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

10 (i-1) When assessing payment for any amount due under  
11 subsection (g-1), the System shall exclude salary increases  
12 paid to participants under contracts or collective bargaining  
13 agreements entered into, amended, or renewed before the  
14 effective date of this amendatory Act of the 100th General  
15 Assembly.

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

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

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

25 (3) The total amount the System received from each  
26 employer as a result of the changes made to this Section by

1 Public Act 94-4.

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

5 (j-5) For academic years beginning on or after July 1,  
6 2018, if the amount of a participant's earnings for any  
7 academic year, determined on a full-time equivalent basis,  
8 exceeds \$140,000, the participant's employer shall pay to the  
9 System, in addition to all other payments required under this  
10 Section and in accordance with guidelines established by the  
11 System, the amount of the earnings that exceed \$140,000  
12 multiplied by the level percentage of payroll used in that  
13 fiscal year, as determined by the System, to be sufficient to  
14 bring the total assets of the System up to 90% of the total  
15 actuarial liabilities of the System by the end of State fiscal  
16 year 2045. This amount shall be computed by the System on the  
17 basis of the actuarial assumptions and tables used in the most  
18 recent actuarial valuation of the System that is available at  
19 the time of the computation. The System may require the  
20 employer to provide any pertinent information or  
21 documentation.

22 Whenever it determines that a payment is or may be required  
23 under this subsection, the System shall calculate the amount of  
24 the payment and bill the employer for that amount. The bill  
25 shall specify the calculations used to determine the amount  
26 due. If the employer disputes the amount of the bill, it may,

1 within 30 days after receipt of the bill, apply to the System  
2 in writing for a recalculation. The application must specify in  
3 detail the grounds of the dispute. Upon receiving a timely  
4 application for recalculation, the System shall review the  
5 application and, if appropriate, recalculate the amount due.

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

15 (k) The Illinois Community College Board shall adopt rules  
16 for recommending lists of promotional positions submitted to  
17 the Board by community colleges and for reviewing the  
18 promotional lists on an annual basis. When recommending  
19 promotional lists, the Board shall consider the similarity of  
20 the positions submitted to those positions recognized for State  
21 universities by the State Universities Civil Service System.  
22 The Illinois Community College Board shall file a copy of its  
23 findings with the System. The System shall consider the  
24 findings of the Illinois Community College Board when making  
25 determinations under this Section. The System shall not exclude  
26 any earnings increases resulting from a promotion when the

1 promotion was not submitted by a community college. Nothing in  
2 this subsection (k) shall require any community college to  
3 submit any information to the Community College Board.

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

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

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

19 (Source: P.A. 98-92, eff. 7-16-13; 98-463, eff. 8-16-13;  
20 99-897, eff. 1-1-17.)

21 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

24 Sec. 15-165. To certify amounts and submit vouchers.

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



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

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

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

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

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

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

21 (a-15) As soon as practical after the effective date of  
22 this amendatory Act of the 100th General Assembly, the Board  
23 shall recalculate and recertify to the State Actuary, the  
24 Governor, and the General Assembly the amount of the State  
25 contribution to the System for State fiscal year 2018, taking  
26 into account the changes in required State contributions made

1 by this amendatory Act of the 100th General Assembly. The State  
2 Actuary shall review the assumptions and valuations underlying  
3 the Board's revised certification and issue a preliminary  
4 report concerning the proposed recertification and  
5 identifying, if necessary, recommended changes in actuarial  
6 assumptions that the Board must consider before finalizing its  
7 certification of the required State contributions. The Board's  
8 final certification must note any deviations from the State  
9 Actuary's recommended changes, the reason or reasons for not  
10 following the State Actuary's recommended changes, and the  
11 fiscal impact of not following the State Actuary's recommended  
12 changes on the required State contribution.

13 (b) The Board shall certify to the State Comptroller or  
14 employer, as the case may be, from time to time, by its  
15 chairperson and secretary, with its seal attached, the amounts  
16 payable to the System from the various funds.

17 (c) 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 (b) 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.

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

14 (d) So long as the payments received are the full amount  
15 lawfully vouchered under this Section, payments received by the  
16 System under this Section shall be applied first toward the  
17 employer contribution to the self-managed plan established  
18 under Section 15-158.2. Payments shall be applied second toward  
19 the employer's portion of the normal costs of the System, as  
20 defined in subsection (f) of Section 15-155. The balance shall  
21 be applied toward the unfunded actuarial liabilities of the  
22 System.

23 (e) In the event that the System does not receive, as a  
24 result of legislative enactment or otherwise, payments  
25 sufficient to fully fund the employer contribution to the  
26 self-managed plan established under Section 15-158.2 and to

1 fully fund that portion of the employer's portion of the normal  
2 costs of the System, as calculated in accordance with Section  
3 15-155(a-1), then any payments received shall be applied  
4 proportionately to the optional retirement program established  
5 under Section 15-158.2 and to the employer's portion of the  
6 normal costs of the System, as calculated in accordance with  
7 Section 15-155(a-1).

8 (Source: P.A. 97-694, eff. 6-18-12; 98-92, eff. 7-16-13.)

9 (40 ILCS 5/15-185.5 new)

10 Sec. 15-185.5. 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;

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

21 (5) is not a participant in the self-managed plan under  
22 Section 15-158.2.

23 "Pension benefit" means the benefits under this Article, or  
24 Article 1 as it relates to those benefits, including any  
25 anticipated annual increases, that an eligible person is

1 entitled to upon attainment of the applicable retirement age.  
2 "Pension benefit" also includes applicable survivor's or  
3 disability benefits.

4 (b) Before January 1, 2018, and annually thereafter, the  
5 System shall calculate, using actuarial tables and other  
6 assumptions adopted by the Board, the net present value of  
7 pension benefits for each eligible person and shall offer each  
8 eligible person the opportunity to irrevocably elect to receive  
9 an amount determined by the System to be equal to 70% of the  
10 net present value of his or her pension benefits in lieu of  
11 receiving any pension benefit. The offer shall specify the  
12 dollar amount that the eligible person will receive if he or  
13 she so elects and shall expire when a subsequent offer is made  
14 to the eligible person or when the System determines that 10%  
15 of eligible persons in that year have made the election under  
16 this subsection, whichever occurs first. The System shall make  
17 a good faith effort to contact every eligible person to notify  
18 him or her of the election and of the amount of the accelerated  
19 pension benefit payment.

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

1 Retirement Systems Reciprocal Act with respect to service under  
2 this Article.

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

13 (d) If a person who has received an accelerated pension  
14 benefit payment under this Section returns to participating  
15 employee status under this Article, then:

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

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

24 (e) As a condition of receiving an accelerated pension  
25 benefit payment, an eligible person must have another  
26 retirement plan or account qualified under the Internal Revenue

1 Code of 1986, as amended, for the accelerated pension benefit  
2 payment to be rolled into. The accelerated pension benefit  
3 payment under this Section may be subject to withholding or  
4 payment of applicable taxes, but to the extent permitted by  
5 federal law, a person who receives an accelerated pension  
6 benefit payment under this Section must direct the System to  
7 pay all of that payment as a rollover into another retirement  
8 plan or account qualified under the Internal Revenue Code of  
9 1986, as amended.

10 (f) Before January 1, 2019 and every January 1 thereafter,  
11 the Board shall certify to the Illinois Finance Authority and  
12 the General Assembly the amount by which the total amount of  
13 accelerated pension benefit payments made under this Section  
14 exceed the amount appropriated to the System for the purpose of  
15 making those payments.

16 (g) The Board shall adopt any rules necessary to implement  
17 this Section.

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

21 (i) Notwithstanding any other provision of this Section, in  
22 no case shall the total amount of accelerated pension benefit  
23 payments paid under this Section, Section 14-147.5, and Section  
24 16-190.5 cause the Illinois Finance Authority to issue more  
25 than the \$250,000,000 of State Pension Obligation Acceleration  
26 Bonds authorized in subsection (c-5) of Section 801-40 of the



1 Illinois Finance Authority Act.

2 (40 ILCS 5/15-198)

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

5 Sec. 15-198. Application and expiration of new benefit  
6 increases.

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

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

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

22 (e) Except as otherwise provided in the language creating  
23 the new benefit increase, a new benefit increase that expires  
24 under this Section continues to apply to persons who applied  
25 and qualified for the affected benefit while the new benefit  
26 increase was in effect and to the affected beneficiaries and

1 alternate payees of such persons, but does not apply to any  
2 other person, including without limitation a person who  
3 continues in service after the expiration date and did not  
4 apply and qualify for the affected benefit while the new  
5 benefit increase was in effect.

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

7 (40 ILCS 5/15-200.1 new)

8 Sec. 15-200.1. Defined contribution plan.

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

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

23 (1) Under the defined contribution plan, a Tier 1  
24 employee of this System could elect to cease accruing  
25 benefits in the defined benefit plan under this Article and

1 begin accruing benefits for future service in the defined  
2 contribution plan. Service credit under the defined  
3 contribution plan may be used for determining retirement  
4 eligibility under the defined benefit plan. A Tier 1  
5 employee who elects to cease accruing benefits in his or  
6 her defined benefit plan shall be prohibited from  
7 purchasing service credit on or after the date of his or  
8 her election. A Tier 1 employee making the irrevocable  
9 election provided under this Section shall not receive  
10 interest accruals to his or her Rule 2 benefit on or after  
11 the date of his or her election.

12 (2) Participants in the defined contribution plan  
13 shall pay employee contributions at the same rate as other  
14 participants under this Article as determined by the  
15 System.

16 (3) State contributions shall be paid into the accounts  
17 of all participants in the defined contribution plan at a  
18 uniform rate, expressed as a percentage of earnings and  
19 determined for each year. This rate shall be no higher than  
20 the employer's normal cost for Tier 1 employees in the  
21 defined benefit plan for that year, as determined by the  
22 System and expressed as a percentage of earnings, and shall  
23 be no lower than 3% of earnings. The State shall adjust  
24 this rate annually.

25 (4) The defined contribution plan shall require 5 years  
26 of participation in the defined contribution plan before

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

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

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

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

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

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

1       fees.

2       (b) Only persons who are Tier 1 employees of the System on  
3 the effective date of this Section are eligible to participate  
4 in the defined contribution plan. Participation in the defined  
5 contribution plan shall be limited to the first 5% of eligible  
6 persons who elect to participate. The election to participate  
7 in the defined contribution plan is voluntary and irrevocable.

8       (c) An eligible Tier 1 employee may irrevocably elect to  
9 participate in the defined contribution plan by filing with the  
10 System a written application to participate that is received by  
11 the System prior to its determination that 5% of eligible  
12 persons have elected to participate in the defined contribution  
13 plan.

14       When the System first determines that 5% of eligible  
15 persons have elected to participate in the defined contribution  
16 plan, the System shall provide notice to previously eligible  
17 employees that the plan is no longer available and shall cease  
18 accepting applications to participate.

19       (d) The System shall make a good faith effort to contact  
20 each Tier 1 employee who is eligible to participate in the  
21 defined contribution plan. The System shall mail information  
22 describing the option to join the defined contribution plan to  
23 each of these employees to his or her last known address on  
24 file with the System. If the employee is not responsive to  
25 other means of contact, it is sufficient for the System to  
26 publish the details of the option on its website.

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

16       (e) In no event shall the System, its staff, its authorized  
17 representatives, or the Board be liable for any information  
18 given to an employee under this Section. The System may  
19 coordinate with the Illinois Department of Central Management  
20 Services and other retirement systems administering a defined  
21 contribution plan in accordance with this amendatory Act of the  
22 100th General Assembly to provide information concerning the  
23 impact of the option set forth in this Section.

24       (f) Notwithstanding any other provision of this Section, no  
25 person shall begin participating in the defined contribution  
26 plan until it has attained qualified plan status and received

1 all necessary approvals from the U.S. Internal Revenue Service.

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

7 (h) If a Tier 1 employee has not made an election under  
8 Section 15-134.5 of this Code, then the plan prescribed under  
9 this Section shall not apply to that Tier 1 employee and that  
10 Tier 1 employee shall remain eligible to make the election  
11 prescribed under Section 15-134.5.

12 (i) The intent of this amendatory Act of the 100th General  
13 Assembly is to ensure that the State's normal cost of  
14 participation in the defined contribution plan is similar, and  
15 if possible equal, to the State's normal cost of participation  
16 in the defined benefit plan, unless a lower State's normal cost  
17 is necessary to ensure cost neutrality.

18 (40 ILCS 5/15-201.1 new)

19 Sec. 15-201.1. Defined contribution plan; termination. If  
20 the defined contribution plan under Section 15-200.1 is  
21 terminated or becomes inoperative pursuant to law, then each  
22 participant in the plan shall automatically be deemed to have  
23 been a contributing Tier 1 employee participating in the  
24 System's defined benefit plan during the time in which he or  
25 she participated in the defined contribution plan, and for that



1 purpose the System shall be entitled to recover the amounts in  
2 the participant's defined contribution accounts.

3 (40 ILCS 5/16-107.1 new)

4 Sec. 16-107.1. Tier 1 employee. "Tier 1 employee": A  
5 teacher under this Article who first became a member or  
6 participant before January 1, 2011 under any reciprocal  
7 retirement system or pension fund established under this Code  
8 other than a retirement system or pension fund established  
9 under Article 2, 3, 4, 5, 6, or 18 of this Code.

10 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

13 Sec. 16-158. Contributions by State and other employing  
14 units.

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

22 The Board shall determine the amount of State contributions  
23 required for each fiscal year on the basis of the actuarial  
24 tables and other assumptions adopted by the Board and the

1 recommendations of the actuary, using the formula in subsection  
2 (b-3).

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

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

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

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

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

21 (a-15) As soon as practical after the effective date of  
22 this amendatory Act of the 100th General Assembly, the Board  
23 shall recalculate and recertify to the State Actuary, the  
24 Governor, and the General Assembly the amount of the State  
25 contribution to the System for State fiscal year 2018, taking  
26 into account the changes in required State contributions made

1 by this amendatory Act of the 100th General Assembly. The State  
2 Actuary shall review the assumptions and valuations underlying  
3 the Board's revised certification and issue a preliminary  
4 report concerning the proposed recertification and  
5 identifying, if necessary, recommended changes in actuarial  
6 assumptions that the Board must consider before finalizing its  
7 certification of the required State contributions. The Board's  
8 final certification must note any deviations from the State  
9 Actuary's recommended changes, the reason or reasons for not  
10 following the State Actuary's recommended changes, and the  
11 fiscal impact of not following the State Actuary's recommended  
12 changes on the required State contribution.

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

16 (b-1) Beginning in State fiscal year 1996, on the 15th day  
17 of each month, or as soon thereafter as may be practicable, the  
18 Board shall submit vouchers for payment of State contributions  
19 to the System, in a total monthly amount of one-twelfth of the  
20 required annual State contribution certified under subsection  
21 (a-1). From the effective date of this amendatory Act of the  
22 93rd General Assembly through June 30, 2004, the Board shall  
23 not submit vouchers for the remainder of fiscal year 2004 in  
24 excess of the fiscal year 2004 certified contribution amount  
25 determined under this Section after taking into consideration  
26 the transfer to the System under subsection (a) of Section

1 6z-61 of the State Finance Act. These vouchers shall be paid by  
2 the State Comptroller and Treasurer by warrants drawn on the  
3 funds appropriated to the System for that fiscal year.

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

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

16 (b-3) For State fiscal years 2018 through 2045, 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 Beginning in State fiscal year 2018, any increase or  
4 decrease in State contribution over the prior fiscal year due  
5 exclusively to changes in actuarial or investment assumptions  
6 adopted by the Board shall be included in the State  
7 contribution to the System, as a percentage of the applicable  
8 employee payroll, and shall be increased in equal annual  
9 increments so that by the State fiscal year occurring 5 years  
10 after the adoption of the actuarial or investment assumptions,  
11 the State is contributing at the rate otherwise required under  
12 this Section.

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

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

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

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

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

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

24 Notwithstanding any other provision of this Article, the  
25 total required State contribution for State fiscal year 2010 is  
26 \$2,089,268,000 and shall be made from the proceeds of bonds

1 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
2 Obligation Bond Act, less (i) the pro rata share of bond sale  
3 expenses determined by the System's share of total bond  
4 proceeds, (ii) any amounts received from the Common School Fund  
5 in fiscal year 2010, and (iii) any reduction in bond proceeds  
6 due to the issuance of discounted bonds, if applicable.

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

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



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

13           Notwithstanding any other provision of this Section, the  
14 required State contribution for State fiscal year 2005 and for  
15 fiscal year 2008 and each fiscal year thereafter, as calculated  
16 under this Section and certified under subsection (a-1), shall  
17 not exceed an amount equal to (i) the amount of the required  
18 State contribution that would have been calculated under this  
19 Section for that fiscal year if the System had not received any  
20 payments under subsection (d) of Section 7.2 of the General  
21 Obligation Bond Act, minus (ii) the portion of the State's  
22 total debt service payments for that fiscal year on the bonds  
23 issued in fiscal year 2003 for the purposes of that Section  
24 7.2, as determined and certified by the Comptroller, that is  
25 the same as the System's portion of the total moneys  
26 distributed under subsection (d) of Section 7.2 of the General

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

12 (b-4) For employees first hired on or after 6 months after  
13 the effective date of this amendatory Act of the 100th General  
14 Assembly who have elected the benefits under Section 1-161 of  
15 this Code, the employer shall annually contribute an amount,  
16 expressed as a percentage of payroll, equal to the defined  
17 benefit normal cost of the defined benefit plan, less the  
18 employee contribution, plus 2%. On an annual basis, the System  
19 shall certify to each employer the amount of unfunded liability  
20 accrued in the employer's account to be paid by the employer so  
21 that the System is 90% funded by the end of State fiscal year  
22 2045. The contributions shall be divided equally over a  
23 12-month period and made monthly. The employer shall also  
24 contribute an amount equal to the employer defined  
25 contribution, as set on an individual employee basis, under  
26 paragraph (2) of subsection (k) of Section 1-161 during each

1 pay period. The System shall have the authority to adopt rules  
2 regarding implementation of employer contributions.

3 (c) Payment of the required State contributions and of all  
4 pensions, retirement annuities, death benefits, refunds, and  
5 other benefits granted under or assumed by this System, and all  
6 expenses in connection with the administration and operation  
7 thereof, are obligations of the State.

8 If members are paid from special trust or federal funds  
9 which are administered by the employing unit, whether school  
10 district or other unit, the employing unit shall pay to the  
11 System from such funds the full accruing retirement costs based  
12 upon that service, which, beginning July 1, 2014, shall be at a  
13 rate, expressed as a percentage of salary, equal to the total  
14 minimum contribution to the System to be made by the State for  
15 that fiscal year, including both normal cost and unfunded  
16 liability components, expressed as a percentage of payroll, as  
17 determined by the System under subsection (b-3) of this  
18 Section. Employer contributions, based on salary paid to  
19 members from federal funds, may be forwarded by the  
20 distributing agency of the State of Illinois to the System  
21 prior to allocation, in an amount determined in accordance with  
22 guidelines established by such agency and the System. Any  
23 contribution for fiscal year 2015 collected as a result of the  
24 change made by this amendatory Act of the 98th General Assembly  
25 shall be considered a State contribution under subsection (b-3)  
26 of this Section.

1           (d) Effective July 1, 1986, any employer of a teacher as  
2 defined in paragraph (8) of Section 16-106 shall pay the  
3 employer's normal cost of benefits based upon the teacher's  
4 service, in addition to employee contributions, as determined  
5 by the System. Such employer contributions shall be forwarded  
6 monthly in accordance with guidelines established by the  
7 System.

8           However, with respect to benefits granted under Section  
9 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)  
10 of Section 16-106, the employer's contribution shall be 12%  
11 (rather than 20%) of the member's highest annual salary rate  
12 for each year of creditable service granted, and the employer  
13 shall also pay the required employee contribution on behalf of  
14 the teacher. For the purposes of Sections 16-133.4 and  
15 16-133.5, a teacher as defined in paragraph (8) of Section  
16 16-106 who is serving in that capacity while on leave of  
17 absence from another employer under this Article shall not be  
18 considered an employee of the employer from which the teacher  
19 is on leave.

20           (e) Beginning July 1, 1998, every employer of a teacher  
21 shall pay to the System an employer contribution computed as  
22 follows:

23                 (1) Beginning July 1, 1998 through June 30, 1999, the  
24 employer contribution shall be equal to 0.3% of each  
25 teacher's salary.

26                 (2) Beginning July 1, 1999 and thereafter, the employer

1 contribution shall be equal to 0.58% of each teacher's  
2 salary.

3 The school district or other employing unit may pay these  
4 employer contributions out of any source of funding available  
5 for that purpose and shall forward the contributions to the  
6 System on the schedule established for the payment of member  
7 contributions.

8 These employer contributions are intended to offset a  
9 portion of the cost to the System of the increases in  
10 retirement benefits resulting from this amendatory Act of 1998.

11 Each employer of teachers is entitled to a credit against  
12 the contributions required under this subsection (e) with  
13 respect to salaries paid to teachers for the period January 1,  
14 2002 through June 30, 2003, equal to the amount paid by that  
15 employer under subsection (a-5) of Section 6.6 of the State  
16 Employees Group Insurance Act of 1971 with respect to salaries  
17 paid to teachers for that period.

18 The additional 1% employee contribution required under  
19 Section 16-152 by this amendatory Act of 1998 is the  
20 responsibility of the teacher and not the teacher's employer,  
21 unless the employer agrees, through collective bargaining or  
22 otherwise, to make the contribution on behalf of the teacher.

23 If an employer is required by a contract in effect on May  
24 1, 1998 between the employer and an employee organization to  
25 pay, on behalf of all its full-time employees covered by this  
26 Article, all mandatory employee contributions required under

1 this Article, then the employer shall be excused from paying  
2 the employer contribution required under this subsection (e)  
3 for the balance of the term of that contract. The employer and  
4 the employee organization shall jointly certify to the System  
5 the existence of the contractual requirement, in such form as  
6 the System may prescribe. This exclusion shall cease upon the  
7 termination, extension, or renewal of the contract at any time  
8 after May 1, 1998.

9 (f) For school years beginning on or after June 1, 2005 and  
10 before July 1, 2018, if ~~if~~ the amount of a teacher's salary for  
11 any school year used to determine final average salary exceeds  
12 the member's annual full-time salary rate with the same  
13 employer for the previous school year by more than 6%, the  
14 teacher's employer shall pay to the System, in addition to all  
15 other payments required under this Section and in accordance  
16 with guidelines established by the System, the present value of  
17 the increase in benefits resulting from the portion of the  
18 increase in salary that is in excess of 6%. This present value  
19 shall be computed by the System on the basis of the actuarial  
20 assumptions and tables used in the most recent actuarial  
21 valuation of the System that is available at the time of the  
22 computation. If a teacher's salary for the 2005-2006 school  
23 year is used to determine final average salary under this  
24 subsection (f), then the changes made to this subsection (f) by  
25 Public Act 94-1057 shall apply in calculating whether the  
26 increase in his or her salary is in excess of 6%. For the

1 purposes of this Section, change in employment under Section  
2 10-21.12 of the School Code on or after June 1, 2005 shall  
3 constitute a change in employer. The System may require the  
4 employer to provide any pertinent information or  
5 documentation. The changes made to this subsection (f) by this  
6 amendatory Act of the 94th General Assembly apply without  
7 regard to whether the teacher was in service on or after its  
8 effective date.

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

24 The employer contributions required under this subsection  
25 (f) 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 (f-1) For school years beginning on or after July 1, 2018,  
8 if the amount of a teacher's salary for any school year used to  
9 determine final average salary exceeds the member's annual  
10 full-time salary rate with the same employer for the previous  
11 school year by more than the unadjusted percentage increase in  
12 the consumer price index-u for the calendar year immediately  
13 preceding the beginning of the school year, published by the  
14 Public Pension Division of the Department of Insurance by  
15 November 1 of each year, then the teacher's employer shall pay  
16 to the System, in addition to all other payments required under  
17 this Section and in accordance with guidelines established by  
18 the System, the present value of the increase in benefits  
19 resulting from the portion of the increase in salary that is in  
20 excess of the unadjusted percentage increase in the consumer  
21 price index-u for the applicable calendar year. This present  
22 value shall be computed by the System on the basis of the  
23 actuarial assumptions and tables used in the most recent  
24 actuarial valuation of the System that is available at the time  
25 of the computation. The System may require the employer to  
26 provide any pertinent information or documentation.



1 Whenever it determines that a payment is or may be required  
2 under this subsection (f-1), the System shall calculate the  
3 amount of the payment and bill the employer for that amount.  
4 The bill shall specify the calculations used to determine the  
5 amount due. If the employer disputes the amount of the bill, it  
6 may, within 30 days after receipt of the bill, apply to the  
7 System in writing for a recalculation. The application must  
8 specify in detail the grounds of the dispute and, if the  
9 employer asserts that the calculation is subject to subsection  
10 (h-1) of this Section, must include an affidavit setting forth  
11 and attesting to all facts within the employer's knowledge that  
12 are pertinent to the applicability of subsection (h-1). Upon  
13 receiving a timely application for recalculation, the System  
14 shall review the application and, if appropriate, recalculate  
15 the amount due.

16 The employer contributions required under this subsection  
17 (f-1) may be paid in the form of a lump sum within 90 days after  
18 receipt of the bill. If the employer contributions are not paid  
19 within 90 days after receipt of the bill, then interest shall  
20 be charged at a rate equal to the System's annual actuarially  
21 assumed rate of return on investment compounded annually from  
22 the 91st day after receipt of the bill. Payments must be  
23 concluded within 3 years after the employer's receipt of the  
24 bill.

25 For the purposes of this Section, "consumer price index-u"  
26 means the index published by the Bureau of Labor Statistics of

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

8 (g) This subsection (g) applies only to payments made or  
9 salary increases given on or after June 1, 2005 but before July  
10 1, 2011. The changes made by Public Act 94-1057 shall not  
11 require the System to refund any payments received before July  
12 31, 2006 (the effective date of Public Act 94-1057).

13 When assessing payment for any amount due under subsection  
14 (f), the System shall exclude salary increases paid to teachers  
15 under contracts or collective bargaining agreements entered  
16 into, amended, or renewed before June 1, 2005.

17 When assessing payment for any amount due under subsection  
18 (f), the System shall exclude salary increases paid to a  
19 teacher at a time when the teacher is 10 or more years from  
20 retirement eligibility under Section 16-132 or 16-133.2.

21 When assessing payment for any amount due under subsection  
22 (f), the System shall exclude salary increases resulting from  
23 overload work, including summer school, when the school  
24 district has certified to the System, and the System has  
25 approved the certification, that (i) the overload work is for  
26 the sole purpose of classroom instruction in excess of the

1 standard number of classes for a full-time teacher in a school  
2 district during a school year and (ii) the salary increases are  
3 equal to or less than the rate of pay for classroom instruction  
4 computed on the teacher's current salary and work schedule.

5 When assessing payment for any amount due under subsection  
6 (f), the System shall exclude a salary increase resulting from  
7 a promotion (i) for which the employee is required to hold a  
8 certificate or supervisory endorsement issued by the State  
9 Teacher Certification Board that is a different certification  
10 or supervisory endorsement than is required for the teacher's  
11 previous position and (ii) to a position that has existed and  
12 been filled by a member for no less than one complete academic  
13 year and the salary increase from the promotion is an increase  
14 that results in an amount no greater than the lesser of the  
15 average salary paid for other similar positions in the district  
16 requiring the same certification or the amount stipulated in  
17 the collective bargaining agreement for a similar position  
18 requiring the same certification.

19 When assessing payment for any amount due under subsection  
20 (f), the System shall exclude any payment to the teacher from  
21 the State of Illinois or the State Board of Education over  
22 which the employer does not have discretion, notwithstanding  
23 that the payment is included in the computation of final  
24 average salary.

25 (h) When assessing payment for any amount due under  
26 subsection (f), the System shall exclude any salary increase

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

9 (h-1) When assessing payment for any amount due under  
10 subsection (f-1), the System shall exclude earnings increases  
11 paid to participants under contracts or collective bargaining  
12 agreements entered into, amended, or renewed before the  
13 effective date of this amendatory Act of the 100th General  
14 Assembly.

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

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

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

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

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

4           (i-5) For school years beginning on or after July 1, 2018,  
5           if the amount of a participant's salary for any school year,  
6           determined on a full-time equivalent basis, exceeds \$140,000,  
7           the participant's employer shall pay to the System, in addition  
8           to all other payments required under this Section and in  
9           accordance with guidelines established by the System, the  
10           amount of earnings that exceed \$140,000 multiplied by the level  
11           percentage of payroll used in that fiscal year as determined by  
12           the System to be sufficient to bring the total assets of the  
13           System up to 90% of the total actuarial liabilities of the  
14           System by the end of State fiscal year 2045. This amount shall  
15           be computed by the System on the basis of the actuarial  
16           assumptions and tables used in the most recent actuarial  
17           valuation of the System that is available at the time of the  
18           computation. The System may require the employer to provide any  
19           pertinent information or documentation.

20           Whenever it determines that a payment is or may be required  
21           under this subsection, the System shall calculate the amount of  
22           the payment and bill the employer for that amount. The bill  
23           shall specify the calculations used to determine the amount  
24           due. If the employer disputes the amount of the bill, it may,  
25           within 30 days after receipt of the bill, apply to the System  
26           in writing for a recalculation. The application must specify in

1 detail the grounds of the dispute. Upon receiving a timely  
2 application for recalculation, the System shall review the  
3 application and, if appropriate, recalculate the amount due.

4 The employer contributions required under this subsection  
5 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 will be  
8 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 (j) For purposes of determining the required State  
14 contribution to the System, the value of the System's assets  
15 shall be equal to the actuarial value of the System's assets,  
16 which shall be calculated as follows:

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

24 (k) For purposes of determining the required State  
25 contribution to the system for a particular year, the actuarial  
26 value of assets shall be assumed to earn a rate of return equal

1 to the system's actuarially assumed rate of return.  
2 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
3 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.  
4 6-18-12; 97-813, eff. 7-13-12; 98-674, eff. 6-30-14.)

5 (40 ILCS 5/16-190.5 new)

6 Sec. 16-190.5. Accelerated pension benefit payment.

7 (a) As used in this Section:

8 "Eligible person" means a person who:

9 (1) has terminated service;

10 (2) has accrued sufficient service credit to be  
11 eligible to receive a retirement annuity under this  
12 Article;

13 (3) has not received any retirement annuity under this  
14 Article; and

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

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 the eligible person or when the System determines that 10%  
9 of eligible persons in that year have made the election under  
10 this subsection, whichever occurs first. The System shall make  
11 a 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 or refund; except that  
3 to the extent that participation, benefits, or premiums under  
4 the State Employees Group Insurance Act of 1971 are based on  
5 the amount of service credit, the terminated service credit  
6 shall be used for that purpose.

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

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

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 15-185.5, and Section 16-190.5 cause the Illinois Finance  
19 Authority to issue more than the \$250,000,000 of State Pension  
20 Obligation Acceleration Bonds authorized in subsection (c-5)  
21 of Section 801-40 of the Illinois Finance Authority Act.

22 (40 ILCS 5/16-203)

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

25 Sec. 16-203. 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 June 1, 2005 (the  
7 effective date of Public Act 94-4). "New benefit increase",  
8 however, does not include any benefit increase resulting from  
9 the changes made to this Article by Public Act 95-910 or this  
10 amendatory Act of the 100th General Assembly ~~this amendatory~~  
11 ~~Act of the 95th 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; 95-910, eff. 8-26-08.)

2 (40 ILCS 5/16-205.1 new)

3 Sec. 16-205.1. 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. An active Tier  
25 1 employee who elects to cease accruing benefits in his or

1 her defined benefit plan shall be prohibited from  
2 purchasing service credit on or after the date of his or  
3 her election. A Tier 1 employee making the irrevocable  
4 election provided under this Section shall not receive  
5 interest accruals to his or her benefit under paragraph (A)  
6 of subsection (a) of Section 16-133 on or after the date of  
7 his or her election.

8 (2) Participants in the defined contribution plan  
9 shall pay employee contributions at the same rate as Tier 1  
10 employees in this System who do not participate in the  
11 defined contribution plan.

12 (3) State contributions shall be paid into the accounts  
13 of all participants in the defined contribution plan at a  
14 uniform rate, expressed as a percentage of salary and  
15 determined for each year. This rate shall be no higher than  
16 the employer's normal cost for Tier 1 employees in the  
17 defined benefit plan for that year, as determined by the  
18 System and expressed as a percentage of salary, and shall  
19 be no lower than 0% of salary. The State shall adjust this  
20 rate annually.

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

26 (5) The defined contribution plan may provide for

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

7 (6) The defined contribution plan shall provide a  
8 variety of options for investments. These options shall  
9 include investments in a fund created by the System and  
10 managed in accordance with legal and fiduciary standards,  
11 as well as investment options otherwise available.

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

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

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

25 (b) Only persons who are active Tier 1 employees of the  
26 System on the effective date of this Section are eligible to

1 participate in the defined contribution plan. Participation in  
2 the defined contribution plan shall be limited to the first 5%  
3 of eligible persons who elect to participate. The election to  
4 participate in the defined contribution plan is voluntary and  
5 irrevocable.

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

12 When the System first determines that 5% of eligible  
13 persons have elected to participate in the defined contribution  
14 plan, the System shall provide notice to previously eligible  
15 employees that the plan is no longer available and shall cease  
16 accepting applications to participate.

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

25 Upon request for further information describing the  
26 option, the System shall provide employees with information



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

14 (e) In no event shall the System, its staff, its authorized  
15 representatives, or the Board be liable for any information  
16 given to an employee under this Section. The System may  
17 coordinate with the Illinois Department of Central Management  
18 Services and other retirement systems administering a defined  
19 contribution plan in accordance with this amendatory Act of the  
20 100th General Assembly to provide information concerning the  
21 impact of the option set forth in this Section.

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

26 (g) The System shall report on its progress under this

1 Section, including the available details of the defined  
2 contribution plan and the System's plans for informing eligible  
3 Tier 1 employees about the plan, to the Governor and the  
4 General Assembly on or before January 15, 2018.

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

11 (40 ILCS 5/16-206.1 new)

12 Sec. 16-206.1. Defined contribution plan; termination. If  
13 the defined contribution plan under Section 16-205.1 is  
14 terminated or becomes inoperative pursuant to law, then each  
15 participant in the plan shall automatically be deemed to have  
16 been a contributing Tier 1 employee in the System's defined  
17 benefit plan during the time in which he or she participated in  
18 the defined contribution plan, and for that purpose the System  
19 shall be entitled to recover the amounts in the participant's  
20 defined contribution accounts.

21 (40 ILCS 5/17-106.05 new)

22 Sec. 17-106.05. Tier 1 employee. "Tier 1 employee": A  
23 teacher under this Article who first became a member or  
24 participant before January 1, 2011 under any reciprocal

1 retirement system or pension fund established under this Code  
2 other than a retirement system or pension fund established  
3 under Article 2, 3, 4, 5, 6, or 18 of this Code.

4 (40 ILCS 5/17-129) (from Ch. 108 1/2, par. 17-129)

5 Sec. 17-129. Employer contributions; deficiency in Fund.

6 (a) If in any fiscal year of the Board of Education ending  
7 prior to 1997 the total amounts paid to the Fund from the Board  
8 of Education (other than under this subsection, and other than  
9 amounts used for making or "picking up" contributions on behalf  
10 of teachers) and from the State do not equal the total  
11 contributions made by or on behalf of the teachers for such  
12 year, or if the total income of the Fund in any such fiscal  
13 year of the Board of Education from all sources is less than  
14 the total such expenditures by the Fund for such year, the  
15 Board of Education shall, in the next succeeding year, in  
16 addition to any other payment to the Fund set apart and  
17 appropriate from moneys from its tax levy for educational  
18 purposes, a sum sufficient to remove such deficiency or  
19 deficiencies, and promptly pay such sum into the Fund in order  
20 to restore any of the reserves of the Fund that may have been  
21 so temporarily applied. Any amounts received by the Fund after  
22 December 4, 1997 from State appropriations, including under  
23 Section 17-127, shall be a credit against and shall fully  
24 satisfy any obligation that may have arisen, or be claimed to  
25 have arisen, under this subsection (a) as a result of any

1 deficiency or deficiencies in the fiscal year of the Board of  
2 Education ending in calendar year 1997.

3 (b) (i) Notwithstanding any other provision of this  
4 Section, and notwithstanding any prior certification by the  
5 Board under subsection (c) for fiscal year 2011, the Board of  
6 Education's total required contribution to the Fund for fiscal  
7 year 2011 under this Section is \$187,000,000.

8 (ii) Notwithstanding any other provision of this Section,  
9 the Board of Education's total required contribution to the  
10 Fund for fiscal year 2012 under this Section is \$192,000,000.

11 (iii) Notwithstanding any other provision of this Section,  
12 the Board of Education's total required contribution to the  
13 Fund for fiscal year 2013 under this Section is \$196,000,000.

14 (iv) For fiscal years 2014 through 2059, the minimum  
15 contribution to the Fund to be made by the Board of Education  
16 in each fiscal year shall be an amount determined by the Fund  
17 to be sufficient to bring the total assets of the Fund up to  
18 90% of the total actuarial liabilities of the Fund by the end  
19 of fiscal year 2059. In making these determinations, the  
20 required Board of Education contribution shall be calculated  
21 each year as a level percentage of the applicable employee  
22 payrolls over the years remaining to and including fiscal year  
23 2059 and shall be determined under the projected unit credit  
24 actuarial cost method.

25 (v) Beginning in fiscal year 2060, the minimum Board of  
26 Education contribution for each fiscal year shall be the amount

1 needed to maintain the total assets of the Fund at 90% of the  
2 total actuarial liabilities of the Fund.

3 (vi) Notwithstanding any other provision of this  
4 subsection (b), for any fiscal year, the contribution to the  
5 Fund from the Board of Education shall not be required to be in  
6 excess of the amount calculated as needed to maintain the  
7 assets (or cause the assets to be) at the 90% level by the end  
8 of the fiscal year.

9 (vii) Any contribution by the State to or for the benefit  
10 of the Fund, including, without limitation, as referred to  
11 under Section 17-127, shall be a credit against any  
12 contribution required to be made by the Board of Education  
13 under this subsection (b).

14 (c) The Board shall determine the amount of Board of  
15 Education contributions required for each fiscal year on the  
16 basis of the actuarial tables and other assumptions adopted by  
17 the Board and the recommendations of the actuary, in order to  
18 meet the minimum contribution requirements of subsections (a)  
19 and (b). Annually, on or before February 28, the Board shall  
20 certify to the Board of Education the amount of the required  
21 Board of Education contribution for the coming fiscal year. The  
22 certification shall include a copy of the actuarial  
23 recommendations upon which it is based.

24 Beginning in fiscal year 2018, any increase or decrease in  
25 the Board of Education's contribution over the prior fiscal  
26 year due exclusively to changes in actuarial or investment

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

8 (d) As soon as practical after the effective date of this  
9 amendatory Act of the 100th General Assembly, the Board shall  
10 recalculate and recertify to the Board of Education the amount  
11 of the required Board of Education contribution to the Fund for  
12 fiscal year 2018, as necessary to take into account the changes  
13 in required Board of Education contributions made by this  
14 amendatory Act of the 100th General Assembly.

15 (Source: P.A. 96-889, eff. 4-14-10.)

16 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

19 Sec. 20-121. Calculation of proportional retirement  
20 annuities.

21 (a) Upon retirement of the employee, a proportional  
22 retirement annuity shall be computed by each participating  
23 system in which pension credit has been established on the  
24 basis of pension credits under each system. The computation  
25 shall be in accordance with the formula or method prescribed by

1 each participating system which is in effect at the date of the  
2 employee's latest withdrawal from service covered by any of the  
3 systems in which he has pension credits which he elects to have  
4 considered under this Article. However, the amount of any  
5 retirement annuity payable under the self-managed plan  
6 established under Section 15-158.2 of this Code or under the  
7 defined contribution plan established under Article 14, 15, or  
8 16 of this Code depends solely on the value of the  
9 participant's vested account balances and is not subject to any  
10 proportional adjustment under this Section.

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

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

1 considered in determining which range or ranges of the  
2 step-rate formula are to be applicable to the employee.

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

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

11 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

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



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

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

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

23 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

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

1           Sec. 20-124. Maximum benefits.

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

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

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

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

24           (ii) For purposes of calculating the combined  
25 survivor's annuity and the proportionate reduction, if  
26 any, in a survivor's annuity other than one payable under

1 the self-managed plan, the amount of the Article 15  
2 survivor's annuity shall be deemed to be the highest  
3 survivor's annuity to which the survivor would have been  
4 entitled if the deceased employee had participated in the  
5 traditional benefit package as defined in Section 15-103.1  
6 rather than the self-managed plan.

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

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

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

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

22 (iii) Benefits payable under a defined contribution  
23 plan established under Article 14, 15, or 16 of this Code  
24 are not subject to proportionate reduction under this  
25 Section.

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

1 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)  
2 (Text of Section WITHOUT the changes made by P.A. 98-599,  
3 which has been held unconstitutional)

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

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

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

23 (40 ILCS 5/14-155 rep.)

24 (40 ILCS 5/14-156 rep.)

1 (40 ILCS 5/15-200 rep.)

2 (40 ILCS 5/15-201 rep.)

3 (40 ILCS 5/16-205 rep.)

4 (40 ILCS 5/16-206 rep.)

5 Section 20. The Illinois Pension Code is amended by  
6 repealing Sections 14-155, 14-156, 15-200, 15-201, 16-205, and  
7 16-206.

8 Section 900. The State Mandates Act is amended by adding  
9 Section 8.41 as follows:

10 (30 ILCS 805/8.41 new)

11 Sec. 8.41. Exempt mandate. Notwithstanding Sections 6 and 8  
12 of this Act, no reimbursement by the State is required for the  
13 implementation of any mandate created by this amendatory Act of  
14 the 100th General Assembly.

15 Section 970. Severability. The provisions of this Act are  
16 severable under Section 1.31 of the Statute on Statutes.

17 Section 999. Effective date. This Act takes effect upon  
18 becoming law.

1

## INDEX

2

## Statutes amended in order of appearance

3	5 ILCS 375/3	from Ch. 127, par. 523
4	5 ILCS 375/10	from Ch. 127, par. 530
5	40 ILCS 5/1-160	
6	40 ILCS 5/1-161 new	
7	40 ILCS 5/1-162 new	
8	40 ILCS 5/14-103.41 new	
9	40 ILCS 5/14-131	
10	40 ILCS 5/14-135.08	from Ch. 108 1/2, par. 14-135.08
11	40 ILCS 5/14-147.5 new	
12	40 ILCS 5/14-152.1	
13	40 ILCS 5/14-155.1 new	
14	40 ILCS 5/14-155.2 new	
15	40 ILCS 5/14-156.1 new	
16	40 ILCS 5/15-108.1	
17	40 ILCS 5/15-108.2	
18	40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
19	40 ILCS 5/15-165	from Ch. 108 1/2, par. 15-165
20	40 ILCS 5/15-185.5 new	
21	40 ILCS 5/15-198	
22	40 ILCS 5/15-200.1 new	
23	40 ILCS 5/15-201.1 new	
24	40 ILCS 5/16-107.1 new	
25	40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158

1	40 ILCS 5/16-190.5 new	
2	40 ILCS 5/16-203	
3	40 ILCS 5/16-205.1 new	
4	40 ILCS 5/16-206.1 new	
5	40 ILCS 5/17-106.05 new	
6	40 ILCS 5/17-129	from Ch. 108 1/2, par. 17-129
7	40 ILCS 5/20-121	from Ch. 108 1/2, par. 20-121
8	40 ILCS 5/20-123	from Ch. 108 1/2, par. 20-123
9	40 ILCS 5/20-124	from Ch. 108 1/2, par. 20-124
10	40 ILCS 5/20-125	from Ch. 108 1/2, par. 20-125
11	40 ILCS 5/14-155 rep.	
12	40 ILCS 5/14-156 rep.	
13	40 ILCS 5/15-200 rep.	
14	40 ILCS 5/15-201 rep.	
15	40 ILCS 5/16-205 rep.	
16	40 ILCS 5/16-206 rep.	
17	30 ILCS 805/8.41 new	