



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB1924

Introduced 2/15/2019, by Sen. Chuck Weaver

SYNOPSIS AS INTRODUCED:

See Index

Amends the General Assembly Article of the Illinois Pension Code. Requires the System to prepare and implement a Tier 3 plan by July 1, 2020 that aggregates State and employee contributions in individual participant accounts which are used for payouts after retirement. Provides that a person who becomes a participant on or after July 1, 2020 shall participate in the Tier 3 plan. Provides that a Tier 1 or Tier 2 participant may irrevocably elect to participate in the Tier 3 plan instead of the defined benefit plan; makes conforming changes. Authorizes a Tier 1 or Tier 2 participant who elects to participate in the Tier 3 plan to elect to terminate all participation in the defined benefit plan and to have a specified amount credited to his or her account under the Tier 3 plan. Requires the System to report on its progress in establishing the Tier 3 plan to the Governor and the General Assembly by January 15, 2020. Excludes the amendatory Act from the new benefit increase restrictions. Authorizes a participant to terminate his or her participation in the System. Makes related changes in the Retirement Systems Reciprocal Act (Article 20 of the Code) and the State Employees Group Insurance Act of 1971. Effective immediately.

LRB101 11021 RPS 56220 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

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 Article ~~Articles~~ 2 (including an
21 employee who, in lieu of receiving an annuity under that
22 Article, has retired under the Tier 3 plan established under
23 Section 2-165.5 of that Article), 14 (including an employee who

1 has elected to receive an alternative retirement cancellation
2 payment under Section 14-108.5 of the Illinois Pension Code in
3 lieu of an annuity or who meets the criteria for retirement,
4 but in lieu of receiving an annuity under that Article has
5 elected to receive an accelerated pension benefit payment under
6 Section 14-147.5 of that Article), 15 (including an employee
7 who has retired under the optional retirement program
8 established under Section 15-158.2 or who meets the criteria
9 for retirement but in lieu of receiving an annuity under that
10 Article has elected to receive an accelerated pension benefit
11 payment under Section 15-185.5 of the Article), paragraphs (2),
12 (3), or (5) of Section 16-106 (including an employee who meets
13 the criteria for retirement, but in lieu of receiving an
14 annuity under that Article has elected to receive an
15 accelerated pension benefit payment under Section 16-190.5 of
16 the Illinois Pension Code), or Article 18 of the Illinois
17 Pension Code; (2) any person who was receiving group insurance
18 coverage under this Act as of March 31, 1978 by reason of his
19 status as an annuitant, even though the annuity in relation to
20 which such coverage was provided is a proportional annuity
21 based on less than the minimum period of service required for a
22 retirement annuity in the system involved; (3) any person not
23 otherwise covered by this Act who has retired as a
24 participating member under Article 2 of the Illinois Pension
25 Code but is ineligible for the retirement annuity under Section
26 2-119 of the Illinois Pension Code; (4) the spouse of any

1 person who is receiving a retirement annuity under Article 18
2 of the Illinois Pension Code and who is covered under a group
3 health insurance program sponsored by a governmental employer
4 other than the State of Illinois and who has irrevocably
5 elected to waive his or her coverage under this Act and to have
6 his or her spouse considered as the "annuitant" under this Act
7 and not as a "dependent"; or (5) an employee who retires, or
8 has retired, from a qualified position, as determined according
9 to rules promulgated by the Director, under a qualified local
10 government, a qualified rehabilitation facility, a qualified
11 domestic violence shelter or service, or a qualified child
12 advocacy center. (For definition of "retired employee", see (p)
13 post).

14 (b-5) (Blank).

15 (b-6) (Blank).

16 (b-7) (Blank).

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

23 (d) "Compensation" means salary or wages payable on a
24 regular payroll by the State Treasurer on a warrant of the
25 State Comptroller out of any State, trust or federal fund, or
26 by the Governor of the State through a disbursing officer of

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

18 (e) "Commission" means the State Employees Group Insurance
19 Advisory Commission authorized by this Act. Commencing July 1,
20 1984, "Commission" as used in this Act means the Commission on
21 Government Forecasting and Accountability as established by
22 the Legislative Commission Reorganization Act of 1984.

23 (f) "Contributory", when referred to as contributory
24 coverage, shall mean optional coverages or benefits elected by
25 the member toward the cost of which such member makes
26 contribution, or which are funded in whole or in part through

1 the acceptance of a reduction in earnings or the foregoing of
2 an increase in earnings by an employee, as distinguished from
3 noncontributory coverage or benefits which are paid entirely by
4 the State of Illinois without reduction of the member's salary.

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

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

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

12 (i) "Director" means the Director of the Illinois
13 Department of Central Management Services.

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

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

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

1 Occupational Disease Act as a result of injuries sustained or
2 illness contracted in the course of employment with the State
3 of Illinois, or (3) is not otherwise covered under this Act and
4 has retired as a participating member under Article 2 of the
5 Illinois Pension Code but is ineligible for the retirement
6 annuity under Section 2-119 of the Illinois Pension Code.
7 However, a person who satisfies the criteria of the foregoing
8 definition of "employee" except that such person is made
9 ineligible to participate in the State Universities Retirement
10 System by clause (4) of subsection (a) of Section 15-107 of the
11 Illinois Pension Code is also an "employee" for the purposes of
12 this Act. "Employee" also includes any person receiving or
13 eligible for benefits under a sick pay plan established in
14 accordance with Section 36 of the State Finance Act. "Employee"
15 also includes (i) each officer or employee in the service of a
16 qualified local government, including persons appointed as
17 trustees of sanitary districts regardless of hours devoted to
18 the service of the sanitary district, (ii) each employee in the
19 service of a qualified rehabilitation facility, (iii) each
20 full-time employee in the service of a qualified domestic
21 violence shelter or service, and (iv) each full-time employee
22 in the service of a qualified child advocacy center, as
23 determined according to rules promulgated by the Director.

24 (1) "Member" means an employee, annuitant, retired
25 employee or survivor. In the case of an annuitant or retired
26 employee who first becomes an annuitant or retired employee on

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

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

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

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

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

1 clause (4) of subsection (a) of Section 15-107 of the Illinois
2 Pension Code.

3 (q) "Survivor" means a person receiving an annuity as a
4 survivor of an employee or of an annuitant. "Survivor" also
5 includes: (1) the surviving dependent of a person who satisfies
6 the definition of "employee" except that such person is made
7 ineligible to participate in the State Universities Retirement
8 System by clause (4) of subsection (a) of Section 15-107 of the
9 Illinois Pension Code; (2) the surviving dependent of any
10 person formerly employed by the University of Illinois in the
11 Cooperative Extension Service who would be an annuitant except
12 for the fact that such person was made ineligible to
13 participate in the State Universities Retirement System by
14 clause (4) of subsection (a) of Section 15-107 of the Illinois
15 Pension Code; and (3) the surviving dependent of a person who
16 was an annuitant under this Act by virtue of receiving an
17 alternative retirement cancellation payment under Section
18 14-108.5 of the Illinois Pension Code.

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

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

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

1 (q-5) (Blank).

2 (q-6) (Blank).

3 (q-7) (Blank).

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

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

1 education institutions in Southern Illinois; the Illinois
2 Association of Park Districts; and any hospital provider that
3 is owned by a county that has 100 or fewer hospital beds and
4 has not already joined the program. "Qualified local
5 government" means a unit of local government approved by the
6 Director and participating in a program created under
7 subsection (i) of Section 10 of this Act.

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

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

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

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

26 (2) is receiving a monthly benefit or retirement

1 annuity under Article 16 of the Illinois Pension Code; and

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

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

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

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

26 "TRS dependent beneficiary" does not include, as indicated

1 under paragraph (2) of this subsection (w), a dependent of the
2 survivor of a TRS benefit recipient who first becomes a
3 dependent of a survivor of a TRS benefit recipient on or after
4 the effective date of this amendatory Act of the 97th General
5 Assembly unless that dependent would have been eligible for
6 coverage as a dependent of the deceased TRS benefit recipient
7 upon whom the survivor benefit is based.

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

13 (y) (Blank).

14 (z) "Community college benefit recipient" means a person
15 who:

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

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

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

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

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

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

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

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

1 benefit recipient upon whom the survivor annuity is based.

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

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

13 (Source: P.A. 99-143, eff. 7-27-15; 100-355, eff. 1-1-18;
14 100-587, eff. 6-4-18.)

15 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

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

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

20 The cost of participation in the basic program of group
21 health benefits for the dependent or survivor of a living or
22 deceased retired employee who was formerly employed by the
23 University of Illinois in the Cooperative Extension Service and
24 would be an annuitant but for the fact that he or she was made
25 ineligible to participate in the State Universities Retirement
26 System by clause (4) of subsection (a) of Section 15-107 of the

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

5 (a-1) (Blank).

6 (a-2) (Blank).

7 (a-3) (Blank).

8 (a-4) (Blank).

9 (a-5) (Blank).

10 (a-6) (Blank).

11 (a-7) (Blank).

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

21 (a-8.5) Beginning on the effective date of this amendatory
22 Act of the 97th General Assembly, the Director of Central
23 Management Services shall, on an annual basis, determine the
24 amount that the State shall contribute toward the basic program
25 of group health benefits on behalf of annuitants (including
26 individuals who (i) participated in the General Assembly

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

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

26 (a-9) No later than May 1 of each calendar year, the

1 Director of Central Management Services shall certify in
2 writing to the Executive Secretary of the State Employees'
3 Retirement System of Illinois the amounts of the Medicare
4 supplement health care premiums and the amounts of the health
5 care premiums for all other retirees who are not Medicare
6 eligible.

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

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

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

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

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

17 (a-15) For purposes of determining State contributions
18 under this Section, service established under a Tier 3 plan
19 under Article 2 of the Illinois Pension Code shall be included
20 in determining an employee's creditable service. Any credit
21 terminated as part of a transfer of contributions to a Tier 3
22 plan under Article 2 of the Illinois Pension Code shall also be
23 included in determining an employee's creditable service.

24 (b) State employees who become eligible for this program on
25 or after January 1, 1980 in positions normally requiring actual
26 performance of duty not less than 1/2 of a normal work period

1 but not equal to that of a normal work period, shall be given
2 the option of participating in the available program. If the
3 employee elects coverage, the State shall contribute on behalf
4 of such employee to the cost of the employee's benefit and any
5 applicable dependent supplement, that sum which bears the same
6 percentage as that percentage of time the employee regularly
7 works when compared to normal work period.

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

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

26 (e) Where the person is in non-pay status for a period in

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

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

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

25 (h) Those persons occupying positions with any department
26 as a result of emergency appointments pursuant to Section 8b.8

1 of the Personnel Code who are not considered employees under
2 this Act shall be given the option of participating in the
3 programs of group life insurance, health benefits and other
4 employee benefits. Such persons electing coverage may
5 participate only by making payment equal to the amount normally
6 contributed by the State for similarly situated employees. Such
7 amounts shall be determined by the Director. Such payments and
8 coverage may be continued until such time as the person becomes
9 an employee pursuant to this Act or such person's appointment
10 is terminated.

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

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

21 Employees of a participating unit of local government who
22 are not enrolled due to coverage under another group health
23 policy or plan may enroll in the event of a qualifying change
24 in status, special enrollment, special circumstance as defined
25 by the Director, or during the annual Benefit Choice Period. A
26 participating unit of local government may also elect to cover

1 its annuitants. Dependent coverage shall be offered on an
2 optional basis, with the costs paid by the unit of local
3 government, its employees, or some combination of the two as
4 determined by the unit of local government. The unit of local
5 government shall be responsible for timely collection and
6 transmission of dependent premiums.

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

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

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

24 In the case of coverage of local government employees under
25 a health maintenance organization, the Director shall annually
26 determine for each participating unit of local government the

1 maximum monthly amount the unit may contribute toward that
2 coverage, based on an analysis of (i) the age, sex, geographic
3 location, and other relevant demographic variables of the
4 unit's employees and (ii) the cost to cover those employees
5 under the State group health benefits plan. The Director may
6 similarly determine the maximum monthly amount each unit of
7 local government may contribute toward coverage of its
8 employees' dependents under a health maintenance organization.

9 Monthly payments by the unit of local government or its
10 employees for group health benefits plan or health maintenance
11 organization coverage shall be deposited in the Local
12 Government Health Insurance Reserve Fund.

13 The Local Government Health Insurance Reserve Fund is
14 hereby created as a nonappropriated trust fund to be held
15 outside the State Treasury, with the State Treasurer as
16 custodian. The Local Government Health Insurance Reserve Fund
17 shall be a continuing fund not subject to fiscal year
18 limitations. The Local Government Health Insurance Reserve
19 Fund is not subject to administrative charges or charge-backs,
20 including but not limited to those authorized under Section 8h
21 of the State Finance Act. All revenues arising from the
22 administration of the health benefits program established
23 under this Section shall be deposited into the Local Government
24 Health Insurance Reserve Fund. Any interest earned on moneys in
25 the Local Government Health Insurance Reserve Fund shall be
26 deposited into the Fund. All expenditures from this Fund shall

1 be used for payments for health care benefits for local
2 government and rehabilitation facility employees, annuitants,
3 and dependents, and to reimburse the Department or its
4 administrative service organization for all expenses incurred
5 in the administration of benefits. No other State funds may be
6 used for these purposes.

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

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

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

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

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

26 (2) In subsequent years, a further adjustment shall be

1 made to reflect the actual prior years' claims experience
2 of the employees of the rehabilitation facility.

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

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

1 violence shelter may also elect to cover its annuitants.
2 Dependent coverage shall be offered on an optional basis, with
3 employees, or some combination of the 2 as determined by the
4 domestic violence shelter or service. The domestic violence
5 shelter or service shall be responsible for timely collection
6 and transmission of dependent premiums.

7 The Director shall annually determine rates of payment,
8 subject to the following constraints:

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

20 (2) In subsequent years, a further adjustment shall be
21 made to reflect the actual prior years' claims experience
22 of the employees of the domestic violence shelter or
23 service.

24 Monthly payments by the domestic violence shelter or
25 service or its employees for group health insurance shall be
26 deposited in the Local Government Health Insurance Reserve

1 Fund.

2 (1) A public community college or entity organized pursuant
3 to the Public Community College Act may apply to the Director
4 initially to have only annuitants not covered prior to July 1,
5 1992 by the district's health plan provided health coverage
6 under this Act on a non-insured basis. The community college
7 must execute a 2-year contract to participate in the Local
8 Government Health Plan. Any annuitant may enroll in the event
9 of a qualifying change in status, special enrollment, special
10 circumstance as defined by the Director, or during the annual
11 Benefit Choice Period.

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

20 (1-5) The provisions of subsection (1) become inoperative
21 on July 1, 1999.

22 (m) The Director shall adopt any rules deemed necessary for
23 implementation of this amendatory Act of 1989 (Public Act
24 86-978).

25 (n) Any child advocacy center within the State of Illinois
26 may apply to the Director to have its employees, annuitants,

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

25 The Director shall annually determine rates of payment,
26 subject to the following constraints:

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

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

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

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

19 Section 10. The Illinois Pension Code is amended by
20 changing Sections 2-105.1, 2-117, 2-162, 20-121, 20-123,
21 20-124, and 20-125 and by adding Sections 2-105.3 and 2-165.5
22 as follows:

23 (40 ILCS 5/2-105.3 new)

24 Sec. 2-105.3. Tier 1 participant; Tier 2 participant; Tier

1 3 participant.

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

4 In the case of a Tier 1 participant who elects to
5 participate in the Tier 3 plan under Section 2-165.5 of this
6 Code, that participant shall be deemed a Tier 1 participant
7 only with respect to service performed or established before
8 the effective date of that election.

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

11 In the case of a Tier 2 participant who elects to
12 participate in the Tier 3 plan under Section 2-165.5 of this
13 Code, that Tier 2 participant shall be deemed a Tier 2
14 participant only with respect to service performed or
15 established before the effective date of that election.

16 "Tier 3 participant": A participant who becomes a
17 participant on or after July 1, 2020; or a Tier 1 or Tier 2
18 participant who elects to participate in the Tier 3 plan under
19 Section 2-165.5 of this Code, but only with respect to service
20 performed on or after the effective date of that election.

21 (40 ILCS 5/2-117) (from Ch. 108 1/2, par. 2-117)

22 Sec. 2-117. Participants - Election not to participate.

23 (a) Except as provided in subsection (c), every ~~Every~~
24 person who was a member on November 1, 1947, or in military
25 service on such date, is subject to the provisions of this

1 system beginning upon such date, unless prior to such date he
2 or she filed with the board a written notice of election not to
3 participate.

4 Every person who becomes a member after November 1, 1947,
5 and who is then not a participant becomes a participant
6 beginning upon the date of becoming a member unless, within 24
7 months from that date, he or she has filed with the board a
8 written notice of election not to participate.

9 (b) A member who has filed notice of an election not to
10 participate (and a former member who has not yet begun to
11 receive a retirement annuity under this Article) may become a
12 participant with respect to the period for which the member
13 elected not to participate upon filing with the board, before
14 April 1, 1993, a written rescission of the election not to
15 participate. Upon contributing an amount equal to the
16 contributions he or she would have made as a participant from
17 November 1, 1947, or the date of becoming a member, whichever
18 is later, to the date of becoming a participant, with interest
19 at the rate of 4% per annum until the contributions are paid,
20 the participant shall receive credit for service as a member
21 prior to the date of the rescission, both before and after
22 November 1, 1947. The required contributions shall be made
23 before commencement of the retirement annuity; otherwise no
24 credit for service prior to the date of participation shall be
25 granted.

26 (c) Notwithstanding any other provision of this Article, an

1 active participant may terminate his or her participation in
2 this System (including active participation in the Tier 3 plan,
3 if applicable) by notifying the System in writing. An active
4 participant terminating participation in this System under
5 this subsection shall be entitled to a refund of his or her
6 contributions (other than contributions to the Tier 3 plan
7 under Section 2-165.5) minus the benefits received prior to the
8 termination of participation.

9 (Source: P.A. 86-273; 87-1265.)

10 (40 ILCS 5/2-162)

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

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

15 (a) As used in this Section, "new benefit increase" means
16 an increase in the amount of any benefit provided under this
17 Article, or an expansion of the conditions of eligibility for
18 any benefit under this Article, that results from an amendment
19 to this Code that takes effect after the effective date of this
20 amendatory Act of the 94th General Assembly. "New benefit
21 increase", however, does not include any benefit increase
22 resulting from the changes made to this Article by this
23 amendatory Act of the 101st General Assembly.

24 (b) Notwithstanding any other provision of this Code or any
25 subsequent amendment to this Code, every new benefit increase

1 is subject to this Section and shall be deemed to be granted
2 only in conformance with and contingent upon compliance with
3 the provisions of this Section.

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

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

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

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

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

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

15 (40 ILCS 5/2-165.5 new)

16 Sec. 2-165.5. Tier 3 plan.

17 (a) By July 1, 2020, the System shall prepare and implement
18 a Tier 3 plan. The Tier 3 plan developed under this Section
19 shall be a plan that aggregates State and employee
20 contributions in individual participant accounts which, after
21 meeting any other requirements, are used for payouts after
22 retirement in accordance with this Section and any other
23 applicable laws.

24 As used in this Section, "defined benefit plan" means the
25 retirement plan available under this Article to Tier 1 or Tier

1 2 participants who have not made the election authorized under
2 this Section.

3 (1) All persons who begin to participate in this System
4 on or after July 1, 2020 shall participate in the Tier 3
5 plan rather than the defined benefit plan.

6 (2) A participant in the Tier 3 plan shall pay
7 participant contributions at a rate determined by the
8 participant, but not less than 3% of salary and not more
9 than a percentage of salary determined by the Board in
10 accordance with the requirements of State and federal law.

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

17 (4) The Tier 3 plan shall require 5 years of
18 participation in the Tier 3 plan before vesting in State
19 contributions. If the participant fails to vest in them,
20 the State contributions, and the earnings thereon, shall be
21 forfeited.

22 (5) The Tier 3 plan shall provide a variety of options
23 for investments. These options shall include investments
24 handled by the Illinois State Board of Investment as well
25 as private sector investment options.

26 (6) The Tier 3 plan shall provide a variety of options

1 for payouts to participants in the Tier 3 plan who are no
2 longer active in the System and their survivors.

3 (7) To the extent authorized under federal law and as
4 authorized by the System, the plan shall allow former
5 participants in the plan to transfer or roll over
6 participant and vested State contributions, and the
7 earnings thereon, from the Tier 3 plan into other qualified
8 retirement plans.

9 (8) The System shall reduce the participant
10 contributions credited to the participant's Tier 3 plan
11 account by an amount determined by the System to cover the
12 cost of offering these benefits and any applicable
13 administrative fees.

14 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
15 participant of this System may elect, in writing, to cease
16 accruing benefits in the defined benefit plan and begin
17 accruing benefits for future service in the Tier 3 plan. The
18 election to participate in the Tier 3 plan is voluntary and
19 irrevocable.

20 (1) Service credit under the Tier 3 plan may be used
21 for determining retirement eligibility under the defined
22 benefit plan.

23 (2) The System shall make a good faith effort to
24 contact all active Tier 1 and Tier 2 participants who are
25 eligible to participate in the Tier 3 plan. The System
26 shall mail information describing the option to join the

1 Tier 3 plan to each of these participants to his or her
2 last known address on file with the System. If the
3 participant is not responsive to other means of contact, it
4 is sufficient for the System to publish the details of the
5 option on its website.

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

22 (b-5) A Tier 1 or Tier 2 participant who elects to
23 participate in the Tier 3 plan may irrevocably elect to
24 terminate all participation in the defined benefit plan. Upon
25 that election, the System shall transfer to the participant's
26 individual account an amount equal to the amount of

1 contribution refund that the participant would be eligible to
2 receive if the member terminated employment on that date and
3 elected a refund of contributions, including the prescribed
4 rate of interest for the respective years. The System shall
5 make the transfer as a tax-free transfer in accordance with
6 Internal Revenue Service guidelines, for purposes of funding
7 the amount credited to the participant's individual account.

8 (c) In no event shall the System, its staff, its authorized
9 representatives, or the Board be liable for any information
10 given to a participant under this Section. The System may
11 coordinate with the Illinois Department of Central Management
12 Services and other retirement systems administering a Tier 3
13 plan in accordance with this amendatory Act of the 101st
14 General Assembly to provide information concerning the impact
15 of the Tier 3 plan set forth in this Section.

16 (d) Notwithstanding any other provision of this Section, no
17 person shall begin participating in the Tier 3 plan until it
18 has attained qualified plan status and received all necessary
19 approvals from the U.S. Internal Revenue Service.

20 (e) The System shall report on its progress under this
21 Section, including the available details of the Tier 3 plan and
22 the System's plans for informing eligible Tier 1 and Tier 2
23 participants about the plan, to the Governor and the General
24 Assembly on or before January 15, 2020.

25 (f) The Illinois State Board of Investment shall be the
26 plan sponsor for the Tier 3 plan established under this

1 Section.

2 (g) The intent of this amendatory Act of the 101st General
3 Assembly is to ensure that the State's normal cost of
4 participation in the Tier 3 plan is similar, and if possible
5 equal, to the State's normal cost of participation in the
6 defined benefit plan, unless a lower State's normal cost is
7 necessary to ensure cost neutrality.

8 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

11 Sec. 20-121. Calculation of proportional retirement
12 annuities.

13 (a) Upon retirement of the employee, a proportional
14 retirement annuity shall be computed by each participating
15 system in which pension credit has been established on the
16 basis of pension credits under each system. The computation
17 shall be in accordance with the formula or method prescribed by
18 each participating system which is in effect at the date of the
19 employee's latest withdrawal from service covered by any of the
20 systems in which he has pension credits which he elects to have
21 considered under this Article. However, the amount of any
22 retirement annuity payable under the self-managed plan
23 established under Section 15-158.2 of this Code depends solely
24 on the value of the participant's vested account balances and
25 is not subject to any proportional adjustment under this

1 Section.

2 (a-5) For persons who participate in a Tier 3 plan
3 established under Article 2 of this Code to whom the provisions
4 of this Article apply, the pension credits established under
5 the Tier 3 plan may be considered in determining eligibility
6 for or the amount of the defined benefit retirement annuity
7 that is payable by any other participating system, but pension
8 credits established in any other system shall not result in any
9 right to or increase in the value of a retirement annuity under
10 the Tier 3 plan, which depends solely on the options chosen and
11 the value of the participant's vested account balances and is
12 not subject to any proportional adjustment under this Section.

13 (b) Combined pension credit under all retirement systems
14 subject to this Article shall be considered in determining
15 whether the minimum qualification has been met and the formula
16 or method of computation which shall be applied, except as may
17 be otherwise provided with respect to vesting in State or
18 employer contributions in a Tier 3 plan. If a system has a
19 step-rate formula for calculation of the retirement annuity,
20 pension credits covering previous service which have been
21 established under another system shall be considered in
22 determining which range or ranges of the step-rate formula are
23 to be applicable to the employee.

24 (c) Interest on pension credit shall continue to accumulate
25 in accordance with the provisions of the law governing the
26 retirement system in which the same has been established during

1 the time an employee is in the service of another employer, on
2 the assumption such employee, for interest purposes for pension
3 credit, is continuing in the service covered by such retirement
4 system.

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

6 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

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

21 For persons who participate in the self-managed plan
22 established under Section 15-158.2 or the portable benefit
23 package established under Section 15-136.4, pension credit
24 established under Article 15 may be considered in determining
25 eligibility for or the amount of the survivor's annuity that is

1 payable by any other participating system, but pension credit
2 established in any other system shall not result in any right
3 to a survivor's annuity under the Article 15 system.

4 For persons who participate in a Tier 3 plan established
5 under Article 2 of this Code to whom the provisions of this
6 Article apply, the pension credits established under the Tier 3
7 plan may be considered in determining eligibility for or the
8 amount of the defined benefit survivor's annuity that is
9 payable by any other participating system, but pension credits
10 established in any other system shall not result in any right
11 to or increase in the value of a survivor's annuity under the
12 Tier 3 plan, which depends solely on the options chosen and the
13 value of the participant's vested account balances and is not
14 subject to any proportional adjustment under this Section.

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

16 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

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

19 Sec. 20-124. Maximum benefits.

20 (a) In no event shall the combined retirement or survivors
21 annuities exceed the highest annuity which would have been
22 payable by any participating system in which the employee has
23 pension credits, if all of his pension credits had been
24 validated in that system.

25 If the combined annuities should exceed the highest maximum

1 as determined in accordance with this Section, the respective
2 annuities shall be reduced proportionately according to the
3 ratio which the amount of each proportional annuity bears to
4 the aggregate of all such annuities.

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

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

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

26 (iii) Benefits payable under the self-managed plan are

1 not subject to proportionate reduction under this Section.

2 (c) In the case of a participant in a Tier 3 plan
3 established under Article 2 of this Code to whom the provisions
4 of this Article apply:

5 (i) For purposes of calculating the combined
6 retirement annuity and the proportionate reduction, if
7 any, in a defined benefit retirement annuity, any benefit
8 payable under the Tier 3 plan shall not be considered.

9 (ii) For purposes of calculating the combined
10 survivor's annuity and the proportionate reduction, if
11 any, in a defined benefit survivor's annuity, any benefit
12 payable under the Tier 3 plan shall not be considered.

13 (iii) Benefits payable under a Tier 3 plan established
14 under Article 2 of this Code are not subject to
15 proportionate reduction under this Section.

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

17 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

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

20 Sec. 20-125. Return to employment - suspension of benefits.
21 If a retired employee returns to employment which is covered by
22 a system from which he is receiving a proportional annuity
23 under this Article, his proportional annuity from all
24 participating systems shall be suspended during the period of
25 re-employment, except that this suspension does not apply to

1 any distributions payable under the self-managed plan
2 established under Section 15-158.2 of this Code or under a Tier
3 3 plan established under Article 2 of this Code.

4 The provisions of the Article under which such employment
5 would be covered shall govern the determination of whether the
6 employee has returned to employment, and if applicable the
7 exemption of temporary employment or employment not exceeding a
8 specified duration or frequency, for all participating systems
9 from which the retired employee is receiving a proportional
10 annuity under this Article, notwithstanding any contrary
11 provisions in the other Articles governing such systems.

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

13 Section 99. Effective date. This Act takes effect upon
14 becoming law.

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Statutes amended in order of appearance

- 5 ILCS 375/3 from Ch. 127, par. 523
- 5 ILCS 375/10 from Ch. 127, par. 530
- 40 ILCS 5/2-105.3 new
- 40 ILCS 5/2-117 from Ch. 108 1/2, par. 2-117
- 40 ILCS 5/2-162
- 40 ILCS 5/2-165.5 new
- 40 ILCS 5/20-121 from Ch. 108 1/2, par. 20-121
- 40 ILCS 5/20-123 from Ch. 108 1/2, par. 20-123
- 40 ILCS 5/20-124 from Ch. 108 1/2, par. 20-124
- 40 ILCS 5/20-125 from Ch. 108 1/2, par. 20-125