



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB3628

Introduced 2/9/2024, by Sen. Doris Turner

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. Provides that a security employee of the Department of Corrections or the Department of Juvenile Justice under the Tier 2 provisions is entitled to an annuity calculated under the alternative retirement formula, in lieu of the regular or minimum retirement annuity, only if the person has withdrawn from service with not less than 20 years of eligible creditable service and has attained age 55 (instead of age 60). With regard to Tier 2 members and participants under the Illinois Municipal Retirement Fund (IMRF), Chicago Municipal, Cook County, State Employees, and State Universities Article: changes the retirement age to age 60 with 20 years of service or age 67 with 10 years of service; changes the final average salary calculation to the total salary during the 60 months (instead of 96 months) of service within the last 120 months of service in which the total salary was the highest; rescinds an election for certain benefits for persons under the Chicago Municipal Article; provides that the automatic annual increase in retirement annuity shall be calculated at 3% or one-half the annual unadjusted increase in the consumer-price index-u, whichever is greater (instead of whichever is less) of the originally granted retirement annuity; and makes other changes. Provides that the changes made by the amendatory Act are intended to be retroactive to January 1, 2011 and are applicable without regard to whether a member or participant was in active service on or after the effective date. Amends the State Mandates Act to require implementation without reimbursement.

LRB103 37668 RPS 67795 b

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 Illinois Pension Code is amended by
5 changing Sections 1-160, 14-152.1, and 15-198 and by adding
6 Sections 1-103.4, 1-163, 7-226, 8-251.5, 9-242, 14-157, and
7 15-203 as follows:

8 (40 ILCS 5/1-103.4 new)

9 Sec. 1-103.4. Application of this amendatory Act of the
10 103rd General Assembly. The changes made by this amendatory
11 Act of the 103rd General Assembly are intended to be
12 retroactive to January 1, 2011 and are applicable without
13 regard to whether a member or participant was in active
14 service on or after the effective date of this amendatory Act
15 of the 103rd General Assembly, notwithstanding Section
16 1-103.1.

17 (40 ILCS 5/1-160)

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

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

20 (a) The provisions of this Section apply to a person who,
21 on or after January 1, 2011, first becomes a member or a
22 participant under any reciprocal retirement system or pension

1 fund established under this Code, other than a retirement
2 system or pension fund established under Article 2, 3, 4, 5, 6,
3 7, 15, or 18 of this Code, notwithstanding any other provision
4 of this Code to the contrary, but do not apply to any
5 self-managed plan established under this Code or to any
6 participant of the retirement plan established under Section
7 22-101; except that this Section applies to a person who
8 elected to establish alternative credits by electing in
9 writing after January 1, 2011, but before August 8, 2011,
10 under Section 7-145.1 of this Code. Notwithstanding anything
11 to the contrary in this Section, for purposes of this Section,
12 a person who is a Tier 1 regular employee as defined in Section
13 7-109.4 of this Code or who participated in a retirement
14 system under Article 15 prior to January 1, 2011 shall be
15 deemed a person who first became a member or participant prior
16 to January 1, 2011 under any retirement system or pension fund
17 subject to this Section. The changes made to this Section by
18 Public Act 98-596 are a clarification of existing law and are
19 intended to be retroactive to January 1, 2011 (the effective
20 date of Public Act 96-889), notwithstanding the provisions of
21 Section 1-103.1 of this Code.

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

1 under this Section and the applicable provisions of that
2 Article.

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

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

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

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

1 the applicable Article was the highest by the number of months
2 (or years) of service in that period. For the purposes of a
3 person who first becomes a member or participant of any
4 retirement system or pension fund to which this Section
5 applies on or after January 1, 2011, in this Code, "final
6 average salary" shall be substituted for the following:

7 (1) (Blank).

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

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

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

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

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

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

23 (A) the amount otherwise calculated under the first
24 paragraph of this subsection; or

25 (B) an amount calculated by the Teachers' Retirement
26 System of the State of Illinois using the average of the

1 monthly (or annual) salary obtained by dividing the total
2 salary or earnings calculated under Article 16 applicable
3 to the member or participant during the 96 months (or 8
4 years) of service within the last 120 months (or 10 years)
5 of service in which the total salary or earnings
6 calculated under the Article was the highest by the number
7 of months (or years) of service in that period.

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

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

1 boards of the retirement systems and pension funds by November
2 1 of each year.

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

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

24 Nothing in this subsection (b-10) shall cause or otherwise
25 result in any retroactive adjustment of any employee
26 contributions. Nothing in this subsection (b-10) shall cause

1 or otherwise result in any retroactive adjustment of
2 disability or other payments made between January 1, 2011 and
3 January 1, 2024.

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

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

23 (c-5) A person who first becomes a member or a participant
24 subject to this Section on or after July 6, 2017 (the effective
25 date of Public Act 100-23), notwithstanding any other
26 provision of this Code to the contrary, is entitled to a

1 retirement annuity under Article 8 or Article 11 upon written
2 application if he or she has attained age 65 and has at least
3 10 years of service credit and is otherwise eligible under the
4 requirements of Article 8 or Article 11 of this Code,
5 whichever is applicable.

6 (d) The retirement annuity of a member or participant who
7 is retiring after attaining age 62 (age 60, with respect to
8 service under Article 12 that is subject to this Section, for a
9 member or participant under Article 12 who first becomes a
10 member or participant under Article 12 on or after January 1,
11 2022 or who makes the election under item (i) of subsection
12 (d-15) of this Section) with at least 10 years of service
13 credit shall be reduced by one-half of 1% for each full month
14 that the member's age is under age 67 (age 65, with respect to
15 service under Article 12 that is subject to this Section, for a
16 member or participant under Article 12 who first becomes a
17 member or participant under Article 12 on or after January 1,
18 2022 or who makes the election under item (i) of subsection
19 (d-15) of this Section).

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

25 (d-10) Each person who first became a member or
26 participant under Article 8 or Article 11 of this Code on or

1 after January 1, 2011 and prior to July 6, 2017 (the effective
2 date of Public Act 100-23) shall make an irrevocable election
3 either:

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

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

20 The election provided for in this subsection shall be made
21 between October 1, 2017 and November 15, 2017. A person
22 subject to this subsection who makes the required election
23 shall remain bound by that election, except that an election
24 made under this subsection by a participant under Article 8 is
25 rescinded by operation of law and such person is subject to the
26 provisions otherwise applicable to a participant who first

1 became a participant under Article 8 on or after January 1,
2 2011. A person subject to this subsection who fails for any
3 reason to make the required election within the time specified
4 in this subsection shall be deemed to have made the election
5 under item (ii).

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

10 (i) to be eligible for the reduced retirement age
11 specified in subsections (c) and (d) of this Section, the
12 eligibility for which is conditioned upon the member or
13 participant agreeing to the increase in employee
14 contributions for service annuities specified in
15 subsection (b) of Section 12-150; or

16 (ii) to not agree to item (i) of this subsection
17 (d-15), in which case the member or participant shall not
18 be eligible for the reduced retirement age specified in
19 subsections (c) and (d) of this Section and shall not be
20 subject to the increase in employee contributions for
21 service annuities specified in subsection (b) of Section
22 12-150.

23 The election provided for in this subsection shall be made
24 between January 1, 2022 and April 1, 2022. A person subject to
25 this subsection who makes the required election shall remain
26 bound by that election. A person subject to this subsection

1 who fails for any reason to make the required election within
2 the time specified in this subsection shall be deemed to have
3 made the election under item (ii).

4 (e) Any retirement annuity or supplemental annuity shall
5 be subject to annual increases on the January 1 occurring
6 either on or after the attainment of age 67 (age 65, with
7 respect to service under Article 12 that is subject to this
8 Section, for a member or participant under Article 12 who
9 first becomes a member or participant under Article 12 on or
10 after January 1, 2022 or who makes the election under item (i)
11 of subsection (d-15); and beginning on July 6, 2017 (the
12 effective date of Public Act 100-23), age 65 with respect to
13 service under Article 8 or Article 11 for eligible persons
14 who: (i) are subject to subsection (c-5) of this Section; or
15 (ii) made the election under item (i) of subsection (d-10) of
16 this Section) or the first anniversary of the annuity start
17 date, whichever is later. Each annual increase shall be
18 calculated at 3% or one-half the annual unadjusted percentage
19 increase (but not less than zero) in the consumer price
20 index-u for the 12 months ending with the September preceding
21 each November 1, whichever is less, of the originally granted
22 retirement annuity. If the annual unadjusted percentage change
23 in the consumer price index-u for the 12 months ending with the
24 September preceding each November 1 is zero or there is a
25 decrease, then the annuity shall not be increased.

26 For the purposes of Section 1-103.1 of this Code, the

1 changes made to this Section by Public Act 102-263 are
2 applicable without regard to whether the employee was in
3 active service on or after August 6, 2021 (the effective date
4 of Public Act 102-263).

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

10 (f) The initial survivor's or widow's annuity of an
11 otherwise eligible survivor or widow of a retired member or
12 participant who first became a member or participant on or
13 after January 1, 2011 shall be in the amount of 66 2/3% of the
14 retired member's or participant's retirement annuity at the
15 date of death. In the case of the death of a member or
16 participant who has not retired and who first became a member
17 or participant on or after January 1, 2011, eligibility for a
18 survivor's or widow's annuity shall be determined by the
19 applicable Article of this Code. The initial benefit shall be
20 66 2/3% of the earned annuity without a reduction due to age. A
21 child's annuity of an otherwise eligible child shall be in the
22 amount prescribed under each Article if applicable. Any
23 survivor's or widow's annuity shall be increased (1) on each
24 January 1 occurring on or after the commencement of the
25 annuity if the deceased member died while receiving a
26 retirement annuity or (2) in other cases, on each January 1

1 occurring after the first anniversary of the commencement of
2 the annuity. Each annual increase shall be calculated at 3% or
3 one-half the annual unadjusted percentage increase (but not
4 less than zero) in the consumer price index-u for the 12 months
5 ending with the September preceding each November 1, whichever
6 is less, of the originally granted survivor's annuity. If the
7 annual unadjusted percentage change in the consumer price
8 index-u for the 12 months ending with the September preceding
9 each November 1 is zero or there is a decrease, then the
10 annuity shall not be increased.

11 (g) The benefits in Section 14-110 apply if the person is a
12 fire fighter in the fire protection service of a department,~~a~~
13 ~~security employee of the Department of Corrections or the~~
14 ~~Department of Juvenile Justice,~~ or a security employee of the
15 Department of Innovation and Technology, as those terms are
16 defined in subsection (b) and subsection (c) of Section
17 14-110. A person who meets the requirements of this Section is
18 entitled to an annuity calculated under the provisions of
19 Section 14-110, in lieu of the regular or minimum retirement
20 annuity, only if the person has withdrawn from service with
21 not less than 20 years of eligible creditable service and has
22 attained age 60, regardless of whether the attainment of age
23 60 occurs while the person is still in service.

24 (g-1) The benefits in Section 14-110 apply if the person
25 is a security employee of the Department of Corrections or the
26 Department of Juvenile Justice, as those terms are defined in

1 subsection (b) and subsection (c) of Section 14-110. A person
2 who meets the requirements of this Section is entitled to an
3 annuity calculated under the provisions of Section 14-110, in
4 lieu of the regular or minimum retirement annuity, only if the
5 person has withdrawn from service with not less than 20 years
6 of eligible creditable service and has attained age 55,
7 regardless of whether the attainment of age 55 occurs while
8 the person is still in service.

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

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

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

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

1 contractual employment, the person's retirement annuity or
2 retirement pension payments shall resume and, if appropriate,
3 be recalculated under the applicable provisions of this Code.

4 (i) (Blank).

5 (j) Except for conflicts between this Section and Section
6 1-163, in ~~in~~ the case of a conflict between the provisions of
7 this Section and any other provision of this Code, the
8 provisions of this Section shall control.

9 (Source: P.A. 101-610, eff. 1-1-20; 102-16, eff. 6-17-21;
10 102-210, eff. 1-1-22; 102-263, eff. 8-6-21; 102-719, eff.
11 5-6-22.)

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

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

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

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

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

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

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

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

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

24 (1) (Blank).

25 (2) In Articles 8, 9, 10, 11, and 12, "highest average
26 annual salary for any 4 consecutive years within the last

1 10 years of service immediately preceding the date of
2 withdrawal".

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

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

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

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

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

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

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

25 (b-5) Beginning on January 1, 2011, for all purposes under
26 this Code (including without limitation the calculation of

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

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

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

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

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

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

21 (c) A member or participant is entitled to a retirement
22 annuity upon written application if he or she has attained age
23 67 (age 65, with respect to service under Article 12 that is
24 subject to this Section, for a member or participant under
25 Article 12 who first becomes a member or participant under
26 Article 12 on or after January 1, 2022 or who makes the

1 election under item (i) of subsection (d-15) of this Section)
2 and has at least 10 years of service credit and is otherwise
3 eligible under the requirements of the applicable Article.

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

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

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

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

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

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

21 (i) to be eligible for the reduced retirement age
22 provided in subsections (c-5) and (d-5) of this Section,
23 the eligibility for which is conditioned upon the member
24 or participant agreeing to the increases in employee
25 contributions for age and service annuities provided in
26 subsection (a-5) of Section 8-174 of this Code (for

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

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

11 The election provided for in this subsection shall be made
12 between October 1, 2017 and November 15, 2017. A person
13 subject to this subsection who makes the required election
14 shall remain bound by that election, except that an election
15 made under this subsection by a participant under Article 8 is
16 rescinded by operation of law and such person is subject to the
17 provisions otherwise applicable to a participant who first
18 became a participant under Article 8 on or after January 1,
19 2011. A person subject to this subsection who fails for any
20 reason to make the required election within the time specified
21 in this subsection shall be deemed to have made the election
22 under item (ii).

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

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

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

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

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

1 after January 1, 2022 or who makes the election under item (i)
2 of subsection (d-15); and beginning on July 6, 2017 (the
3 effective date of Public Act 100-23), age 65 with respect to
4 service under Article 8 or Article 11 for eligible persons
5 who: (i) are subject to subsection (c-5) of this Section; or
6 (ii) made the election under item (i) of subsection (d-10) of
7 this Section) or the first anniversary of the annuity start
8 date, whichever is later. Each annual increase shall be
9 calculated at 3% or one-half the annual unadjusted percentage
10 increase (but not less than zero) in the consumer price
11 index-u for the 12 months ending with the September preceding
12 each November 1, whichever is less, of the originally granted
13 retirement annuity. If the annual unadjusted percentage change
14 in the consumer price index-u 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 Section 1-103.1 of this Code, the
18 changes made to this Section by Public Act 102-263 are
19 applicable without regard to whether the employee was in
20 active service on or after August 6, 2021 (the effective date
21 of Public Act 102-263).

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

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
16 annuity if the deceased member died while receiving a
17 retirement annuity or (2) in other cases, on each January 1
18 occurring after the first anniversary of the commencement of
19 the annuity. Each annual increase shall be calculated at 3% or
20 one-half the annual unadjusted percentage increase (but not
21 less than zero) in the consumer price index-u for the 12 months
22 ending with the September preceding each November 1, whichever
23 is less, of the originally granted survivor's annuity. If the
24 annual unadjusted percentage change in the consumer price
25 index-u for the 12 months ending with the September preceding
26 each November 1 is zero or there is a decrease, then the

1 annuity shall not be increased.

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

20 (g-1) The benefits in Section 14-110 apply if the person
21 is a security employee of the Department of Corrections or the
22 Department of Juvenile Justice, as those terms are defined in
23 subsection (b) and subsection (c) of Section 14-110. A person
24 who meets the requirements of this Section is entitled to an
25 annuity calculated under the provisions of Section 14-110, in
26 lieu of the regular or minimum retirement annuity, only if the

1 person has withdrawn from service with not less than 20 years
2 of eligible creditable service and has attained age 55,
3 regardless of whether the attainment of age 55 occurs while
4 the person is still in service.

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

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

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

12 (i) (Blank).

13 (j) Except for conflicts between this Section and Section
14 1-163, in ~~in~~ the case of a conflict between the provisions of
15 this Section and any other provision of this Code, the
16 provisions of this Section shall control.

17 (Source: P.A. 101-610, eff. 1-1-20; 102-16, eff. 6-17-21;
18 102-210, eff. 1-1-22; 102-263, eff. 8-6-21; 102-813, eff.
19 5-13-22.)

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

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

22 (a) The provisions of this Section apply to a person who,
23 on or after January 1, 2011, first becomes a member or a
24 participant under any reciprocal retirement system or pension
25 fund established under this Code, other than a retirement

1 system or pension fund established under Article 2, 3, 4, 5, 6,
2 7, 15, or 18 of this Code, notwithstanding any other provision
3 of this Code to the contrary, but do not apply to any
4 self-managed plan established under this Code or to any
5 participant of the retirement plan established under Section
6 22-101; except that this Section applies to a person who
7 elected to establish alternative credits by electing in
8 writing after January 1, 2011, but before August 8, 2011,
9 under Section 7-145.1 of this Code. Notwithstanding anything
10 to the contrary in this Section, for purposes of this Section,
11 a person who is a Tier 1 regular employee as defined in Section
12 7-109.4 of this Code or who participated in a retirement
13 system under Article 15 prior to January 1, 2011 shall be
14 deemed a person who first became a member or participant prior
15 to January 1, 2011 under any retirement system or pension fund
16 subject to this Section. The changes made to this Section by
17 Public Act 98-596 are a clarification of existing law and are
18 intended to be retroactive to January 1, 2011 (the effective
19 date of Public Act 96-889), notwithstanding the provisions of
20 Section 1-103.1 of this Code.

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

1 Article.

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

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

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

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

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

6 (1) (Blank).

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

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

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

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

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

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

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

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

1 salary or earnings calculated under Article 16 applicable
2 to the member or participant during the 96 months (or 8
3 years) of service within the last 120 months (or 10 years)
4 of service in which the total salary or earnings
5 calculated under the Article was the highest by the number
6 of months (or years) of service in that period.

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

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

1 1 of each year.

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

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

23 Nothing in this subsection (b-10) shall cause or otherwise
24 result in any retroactive adjustment of any employee
25 contributions. Nothing in this subsection (b-10) shall cause
26 or otherwise result in any retroactive adjustment of

1 disability or other payments made between January 1, 2011 and
2 January 1, 2024.

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

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

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

1 application if he or she has attained age 65 and has at least
2 10 years of service credit and is otherwise eligible under the
3 requirements of Article 8 or Article 11 of this Code,
4 whichever is applicable.

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

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

24 (d-10) Each person who first became a member or
25 participant under Article 8 or Article 11 of this Code on or
26 after January 1, 2011 and prior to July 6, 2017 (the effective

1 date of Public Act 100-23) shall make an irrevocable election
2 either:

3 (i) to be eligible for the reduced retirement age
4 provided in subsections (c-5) and (d-5) of this Section,
5 the eligibility for which is conditioned upon the member
6 or participant agreeing to the increases in employee
7 contributions for age and service annuities provided in
8 subsection (a-5) of Section 8-174 of this Code (for
9 service under Article 8) or subsection (a-5) of Section
10 11-170 of this Code (for service under Article 11); or

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

19 The election provided for in this subsection shall be made
20 between October 1, 2017 and November 15, 2017. A person
21 subject to this subsection who makes the required election
22 shall remain bound by that election, except that an election
23 made under this subsection by a participant under Article 8 is
24 rescinded by operation of law and such person is subject to the
25 provisions otherwise applicable to a participant who first
26 became a participant under Article 8 on or after January 1,

1 2011. A person subject to this subsection who fails for any
2 reason to make the required election within the time specified
3 in this subsection shall be deemed to have made the election
4 under item (ii).

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

9 (i) to be eligible for the reduced retirement age
10 specified in subsections (c) and (d) of this Section, the
11 eligibility for which is conditioned upon the member or
12 participant agreeing to the increase in employee
13 contributions for service annuities specified in
14 subsection (b) of Section 12-150; or

15 (ii) to not agree to item (i) of this subsection
16 (d-15), in which case the member or participant shall not
17 be eligible for the reduced retirement age specified in
18 subsections (c) and (d) of this Section and shall not be
19 subject to the increase in employee contributions for
20 service annuities specified in subsection (b) of Section
21 12-150.

22 The election provided for in this subsection shall be made
23 between January 1, 2022 and April 1, 2022. A person subject to
24 this subsection who makes the required election shall remain
25 bound by that election. A person subject to this subsection
26 who fails for any reason to make the required election within

1 the time specified in this subsection shall be deemed to have
2 made the election under item (ii).

3 (e) Any retirement annuity or supplemental annuity shall
4 be subject to annual increases on the January 1 occurring
5 either on or after the attainment of age 67 (age 65, with
6 respect to service under Article 12 that is subject to this
7 Section, for a member or participant under Article 12 who
8 first becomes a member or participant under Article 12 on or
9 after January 1, 2022 or who makes the election under item (i)
10 of subsection (d-15); and beginning on July 6, 2017 (the
11 effective date of Public Act 100-23), age 65 with respect to
12 service under Article 8 or Article 11 for eligible persons
13 who: (i) are subject to subsection (c-5) of this Section; or
14 (ii) made the election under item (i) of subsection (d-10) of
15 this Section) or the first anniversary of the annuity start
16 date, whichever is later. Each annual increase shall be
17 calculated at 3% or one-half the annual unadjusted percentage
18 increase (but not less than zero) in the consumer price
19 index-u for the 12 months ending with the September preceding
20 each November 1, whichever is less, of the originally granted
21 retirement annuity. If the annual unadjusted percentage change
22 in the consumer price index-u for the 12 months ending with the
23 September preceding each November 1 is zero or there is a
24 decrease, then the annuity shall not be increased.

25 For the purposes of Section 1-103.1 of this Code, the
26 changes made to this Section by Public Act 102-263 are

1 applicable without regard to whether the employee was in
2 active service on or after August 6, 2021 (the effective date
3 of Public Act 102-263).

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

9 (f) The initial survivor's or widow's annuity of an
10 otherwise eligible survivor or widow of a retired member or
11 participant who first became a member or participant on or
12 after January 1, 2011 shall be in the amount of 66 2/3% of the
13 retired member's or participant's retirement annuity at the
14 date of death. In the case of the death of a member or
15 participant who has not retired and who first became a member
16 or participant on or after January 1, 2011, eligibility for a
17 survivor's or widow's annuity shall be determined by the
18 applicable Article of this Code. The initial benefit shall be
19 66 2/3% of the earned annuity without a reduction due to age. A
20 child's annuity of an otherwise eligible child shall be in the
21 amount prescribed under each Article if applicable. Any
22 survivor's or widow's annuity shall be increased (1) on each
23 January 1 occurring on or after the commencement of the
24 annuity if the deceased member died while receiving a
25 retirement annuity or (2) in other cases, on each January 1
26 occurring after the first anniversary of the commencement of

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

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

1 regardless of whether the attainment of age 60 occurs while
2 the person is still in service.

3 (g-1) The benefits in Section 14-110 apply if the person
4 is a security employee of the Department of Corrections or the
5 Department of Juvenile Justice, as those terms are defined in
6 subsection (b) and subsection (c) of Section 14-110. A person
7 who meets the requirements of this Section is entitled to an
8 annuity calculated under the provisions of Section 14-110, in
9 lieu of the regular or minimum retirement annuity, only if the
10 person has withdrawn from service with not less than 20 years
11 of eligible creditable service and has attained age 55,
12 regardless of whether the attainment of age 55 occurs while
13 the person is still in service.

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

1 applicable Article of this Code.

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

21 (i) (Blank).

22 (j) Except for conflicts between this Section and Section
23 1-163, in ~~in~~ the case of a conflict between the provisions of
24 this Section and any other provision of this Code, the
25 provisions of this Section shall control.

26 (Source: P.A. 102-16, eff. 6-17-21; 102-210, eff. 1-1-22;

1 102-263, eff. 8-6-21; 102-956, eff. 5-27-22; 103-529, eff.
2 8-11-23.)

3 (40 ILCS 5/1-163 new)

4 Sec. 1-163. Benefits for certain Tier 2 members.

5 (a) Notwithstanding any provision of law to the contrary,
6 including Section 1-160, this Section applies to a person who
7 first becomes a member or participant of a pension fund or
8 retirement system established under Article 7, 8, 9, 14, or 15
9 on or after January 1, 2011. To the extent that any provision
10 of this Section conflicts with a provision under those
11 Articles or Section 1-160, this Section controls.

12 (b) "Final average salary" means, except as otherwise
13 provided in this subsection, the average monthly (or annual)
14 salary obtained by dividing the total salary or earnings
15 calculated under the Article applicable to the member or
16 participant during the 60 consecutive months (or 5 consecutive
17 years) of service within the last 120 months (or 10 years) of
18 service in which the total salary or earnings calculated under
19 the applicable Article was the highest by the number of months
20 (or years) of service in that period. For the purposes of a
21 person who first becomes a member or participant of any
22 retirement system or pension fund to which this Section
23 applies on or after January 1, 2011, in this Code, "final
24 average salary" shall be substituted for the following:

25 (1) In Article 7 (except for service as sheriff's law

1 enforcement employees), "final rate of earnings".

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

6 (3) In Article 14, "final average compensation".

7 (c) Beginning on January 1, 2011, for all purposes under
8 this Code (including without limitation the calculation of
9 benefits and employee contributions), the annual earnings,
10 salary, or wages (based on the plan year) of a member or
11 participant to whom this Section applies shall not exceed the
12 federal Social Security Wage Base then in effect.

13 (d) A member or participant is entitled to a retirement
14 annuity upon written application if he or she has attained age
15 60, has at least 20 years of service credit, and is otherwise
16 eligible under the requirements of the applicable Article.

17 A member or participant is entitled to a retirement
18 annuity upon written application if he or she has attained age
19 67, has at least 10 years of service credit, and is otherwise
20 eligible under the requirements of the applicable Article.

21 If the Article under which a member or participant
22 participates provides for a retirement age of under 60 with a
23 reduction in the amount of the annuity for persons who first
24 became members before January 1, 2011, then that provision
25 shall apply to the member or participant with the same age,
26 service, and other eligibility requirements and in the same

1 amount, including any reduction due to age, as provided in the
2 applicable Article.

3 (e) Any retirement annuity or supplemental annuity shall
4 be subject to annual increases on January 1 in the manner and
5 with the same eligibility requirements provided for members or
6 participants under the applicable Article who first became
7 members or participants in that Article before January 1,
8 2011, except that each annual increase shall be calculated at
9 3% or one-half the annual unadjusted percentage increase (but
10 not less than zero) in the consumer price index-u for the 12
11 months ending with the September preceding each November 1,
12 whichever is greater, of the originally granted retirement
13 annuity. If the annual unadjusted percentage change in the
14 consumer price index-u 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-u"
18 means the index published by the Bureau of Labor Statistics of
19 the United States Department of Labor that measures the
20 average change in prices of goods and services purchased by
21 all urban consumers, United States city average, all items,
22 1982-84 = 100. The new amount resulting from each annual
23 adjustment shall be determined by the Public Pension Division
24 of the Department of Insurance and made available to the
25 boards of the retirement systems and pension funds by November
26 1 of each year.

1 (40 ILCS 5/7-226 new)

2 Sec. 7-226. Application of Section 1-163. To the extent
3 that any provision of this Article conflicts with Section
4 1-163, Section 1-163 controls.

5 (40 ILCS 5/8-251.5 new)

6 Sec. 8-251.5. Application of Section 1-163. To the extent
7 that any provision of this Article conflicts with Section
8 1-163, Section 1-163 controls.

9 (40 ILCS 5/9-242 new)

10 Sec. 9-242. Application of Section 1-163. To the extent
11 that any provision of this Article conflicts with Section
12 1-163, Section 1-163 controls.

13 (40 ILCS 5/14-152.1)

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

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

1 the changes made to Article 1 or this Article by Public Act
2 96-37, Public Act 100-23, Public Act 100-587, Public Act
3 100-611, Public Act 101-10, Public Act 101-610, Public Act
4 102-210, Public Act 102-856, Public Act 102-956, or this
5 amendatory Act of the 103rd General Assembly ~~this amendatory~~
6 ~~Act of the 102nd General Assembly.~~

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

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

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

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

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

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

22 (Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19;
23 101-610, eff. 1-1-20; 102-210, eff. 7-30-21; 102-856, eff.
24 1-1-23; 102-956, eff. 5-27-22.)

25 (40 ILCS 5/14-157 new)

1 Sec. 14-157. Application of Section 1-163. To the extent
2 that any provision of this Article conflicts with Section
3 1-163, Section 1-163 controls.

4 (40 ILCS 5/15-198)

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 June 1, 2005 (the
12 effective date of Public Act 94-4). "New benefit increase",
13 however, does not include any benefit increase resulting from
14 the changes made to Article 1 or this Article by Public Act
15 100-23, Public Act 100-587, Public Act 100-769, Public Act
16 101-10, Public Act 101-610, Public Act 102-16, Public Act
17 103-80, Public Act 103-548, or this amendatory Act of the
18 103rd General Assembly ~~or this amendatory Act of the 103rd~~
19 ~~General Assembly.~~

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

25 (c) The Public Act enacting a new benefit increase must

1 identify and provide for payment to the System of additional
2 funding at least sufficient to fund the resulting annual
3 increase in cost to the System as it accrues.

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

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

26 (e) Except as otherwise provided in the language creating

1 the new benefit increase, a new benefit increase that expires
2 under this Section continues to apply to persons who applied
3 and qualified for the affected benefit while the new benefit
4 increase was in effect and to the affected beneficiaries and
5 alternate payees of such persons, but does not apply to any
6 other person, including, without limitation, a person who
7 continues in service after the expiration date and did not
8 apply and qualify for the affected benefit while the new
9 benefit increase was in effect.

10 (Source: P.A. 102-16, eff. 6-17-21; 103-80, eff. 6-9-23;
11 103-548, eff. 8-11-23; revised 8-31-23.)

12 (40 ILCS 5/15-203 new)

13 Sec. 15-203. Application of Section 1-163. To the extent
14 that any provision of this Article conflicts with Section
15 1-163, Section 1-163 controls.

16 Section 90. The State Mandates Act is amended by adding
17 Section 8.48 as follows:

18 (30 ILCS 805/8.48 new)

19 Sec. 8.48. Exempt mandate. Notwithstanding Sections 6 and
20 8 of this Act, no reimbursement by the State is required for
21 the implementation of any mandate created by this amendatory
22 Act of the 103rd General Assembly.

1 INDEX

2 Statutes amended in order of appearance

3 40 ILCS 5/1-103.4 new

4 40 ILCS 5/1-160

5 40 ILCS 5/1-163 new

6 40 ILCS 5/7-226 new

7 40 ILCS 5/8-251.5 new

8 40 ILCS 5/9-242 new

9 40 ILCS 5/14-152.1

10 40 ILCS 5/14-157 new

11 40 ILCS 5/15-198

12 40 ILCS 5/15-203 new

13 30 ILCS 805/8.48 new