



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB3632

by Rep. Dan Brady

SYNOPSIS AS INTRODUCED:

See Index

Amends the Judges Article of the Illinois Pension Code. Defines terms. Requires Tier I employees to elect (i) to have the amount of their automatic annual increases reduced and to waive their eligibility for automatic annual increases for 2 years, (ii) to make additional employee contributions and to waive their eligibility for automatic annual increases for 3 years, or (iii) to maintain their current benefit package. Specifies that a Tier I employee who has elected either item (i) or (ii) is entitled to have future increases in income treated as pensionable income and remains eligible to participate in the State-sponsored program of health benefits during retirement. Specifies that a Tier I employee who has elected item (iii) is not eligible for any of these benefits. Requires Tier I retirees to elect (i) to delay their eligibility for automatic annual increases or (ii) to maintain their current benefit package. Specifies that a Tier I retiree who elects item (ii) becomes ineligible to participate in the State-sponsored program of health benefits during retirement. Makes conforming changes in the State Employees Group Insurance Act of 1971. Includes an inseverability provision. Effective immediately.

LRB098 12142 EFG 46061 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

1 AN ACT concerning public employe 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 adding Section 6.16 as follows:

6 (5 ILCS 375/6.16 new)

7 Sec. 6.16. Health benefit election for Tier I employees and
8 Tier I retirees.

9 (a) For purposes of this Section:

10 "Eligible Tier I employee" means, except as provided in
11 subsection (g) of this Section, an individual who makes or is
12 deemed to have made an election under paragraph (1) of
13 subsection (a) of Section 18-120.5 of the Illinois Pension
14 Code.

15 "Eligible Tier I retiree" means, except as provided in
16 subsection (g) of this Section, an individual who makes or is
17 deemed to have made an election under paragraph (1) of
18 subsection (a-5) of Section 18-120.5 of the Illinois Pension
19 Code.

20 "Program of health benefits" means (i) a health plan, as
21 defined in subsection (o) of Section 3 of this Act, that is
22 designed and contracted for by the Director under this Act or
23 any successor Act or (ii) if administration of that health plan

1 is transferred to a trust established by the State or an
2 independent Board in order to provide health benefits to a
3 class of a persons that includes eligible Tier I retirees, then
4 the plan of health benefits provided through that trust.

5 (b) As adequate and legal consideration for making an
6 election under paragraph (1) of subsection (a) or (a-5) of
7 Section 18-120.5 of the Illinois Pension Code, as the case may
8 be, each eligible Tier I employee and each eligible Tier I
9 retiree shall receive a vested and enforceable contractual
10 right to participate in a program of health benefits while he
11 or she qualifies as an annuitant or retired employee. That
12 right also extends to such a person's dependents and survivors
13 who are eligible under the applicable program of health
14 benefits.

15 (c) Notwithstanding subsection (b), eligible Tier I
16 employees and eligible Tier I retirees may be required to make
17 contributions toward the cost of coverage under a program of
18 health benefits.

19 (d) The vested and enforceable contractual right to a
20 program of health benefits is not offered as, and shall not be
21 considered, a pension or retirement benefit under Article XIII,
22 Section 5 of the Illinois Constitution, the Illinois Pension
23 Code, or any subsequent or successor enactment providing
24 pension benefits.

25 (e) Notwithstanding any other provision of law, except
26 subsection (g) of this Section, a Tier I employee or Tier I

1 retiree who has made an election under paragraph (2) of
2 subsection (a) or (a-5) of Section 18-120.5 of the Illinois
3 Pension Code, as the case may be, shall not be entitled to
4 participate in any program of health benefits under this Act as
5 an annuitant or retired employee receiving a retirement
6 annuity, regardless of any contrary election pursuant to any of
7 those Sections under any other retirement system.

8 Notwithstanding any other provision of law, except
9 subsection (g) of this Section, a Tier I employee who is not
10 entitled to participate in the program of health benefits as an
11 annuitant or retired employee receiving a retirement annuity,
12 due to an election under paragraph (2) of subsection (a) or
13 (a-5) of Section 18-120.5 of the Illinois Pension Code, as the
14 case may be, shall not be required to make contributions toward
15 the program of health benefits while he or she is an employee
16 or active contributor. However, an active employee may be
17 required to make contributions toward health benefits he or she
18 receives during active service.

19 (f) The Department shall coordinate with each retirement
20 system administering an election in accordance with this
21 amendatory Act of the 98th General Assembly to provide
22 information concerning the impact of the election of health
23 benefits. Each System shall include information prepared by the
24 Department in the required election packet. The Department
25 shall make information available to Tier I employees and Tier I
26 retirees through video materials, group presentations,

1 consultation by telephone or other electronic means, or any
2 combination of these methods. The information in the election
3 packet shall include a notice that states: "YOU ARE HEREBY
4 ADVISED THAT THE PROGRAM OF HEALTH BENEFITS OFFERED IS FOR
5 ACCESS TO A GROUP HEALTHCARE PLAN ADMINISTERED BY THE
6 DEPARTMENT, AND YOU MAY BE REQUIRED TO PAY FOR THE FULL COST OF
7 COVERAGE PROVIDED BY THE PLAN, INCLUDING ALL PREMIUM,
8 DEDUCTIBLE, AND COPAY AMOUNTS."

9 (g) Nothing in this Section shall be construed as applying
10 to a person who is eligible to make or who made the election
11 under Section 15-135.1 of the Illinois Pension Code.

12 Section 10. The Illinois Pension Code is amended by
13 changing Sections 18-111, 18-125.1, 18-132, 18-133, 18-140,
14 and 18-169 and adding Sections 18-110.1, 18-110.2, 18-110.9,
15 and 18-120.5 as follows:

16 "(40 ILCS 5/18-110.1 new)

17 Sec. 18-110.1. Tier I employee. "Tier I employee": A
18 participant who first became a participant before January 1,
19 2011.

20 (40 ILCS 5/18-110.2 new)

21 Sec. 18-110.2. Tier I retiree. "Tier I retiree" means a
22 former Tier I employee who is receiving a retirement annuity.

1 (40 ILCS 5/18-110.9 new)

2 Sec. 18-110.9. Future increase in income. "Future increase
3 in income": Any increase in income in any form offered for
4 service as a judge under this Article after June 30, 2014 that
5 would qualify as "salary", as defined in Section 18-111, but
6 for the fact that the increase in income was offered to the
7 judge on the condition that it not qualify as salary and was
8 accepted by the judge subject to that condition.

9 (40 ILCS 5/18-111) (from Ch. 108 1/2, par. 18-111)

10 Sec. 18-111. Salary. "Salary": The total compensation paid
11 for personal services as a judge, by the State, or by the State
12 and a county as authorized by law. However, in the event that
13 federal law results in any judge receiving imputed income based
14 on the value of group term life insurance provided by the
15 State, such imputed income shall not be included in salary for
16 the purposes of this Article.

17 Notwithstanding any other provision of this Section,
18 "salary" does not include any future increase in income that is
19 offered for service as a judge under this Article pursuant to
20 the requirements of subsection (c) of Section 18-120.5 and
21 accepted by a Tier I employee, or a Tier I retiree returning to
22 active service, who has made the election under paragraph (2)
23 of subsection (a) or (a-5) of Section 18-120.5.

24 (Source: P.A. 86-273.)

1 (40 ILCS 5/18-120.5 new)

2 Sec. 18-120.5. Election by Tier I employees and Tier I
3 retirees.

4 (a) Each Tier I employee shall make an irrevocable election
5 either:

6 (1) to agree to item (i) or (ii) as set forth in this
7 paragraph (1):

8 (i) to have the amount of the automatic annual
9 increases in his or her retirement annuity that are
10 otherwise provided for in this Article calculated,
11 instead, as provided in subsection (a-1) of Section
12 18-125.1, and to waive his or her eligibility for 2
13 automatic annual increases in retirement annuity as
14 provided in subsection (a-2) of Section 18-125.1; or

15 (ii) to waive his or her eligibility for 3
16 automatic annual increases in retirement annuity, as
17 provided in subsection (a-3) of Section 18-125.1, and
18 to make the contributions set forth in subsection (a-5)
19 of Section 18-133; or

20 (2) to not agree to item (i) or (ii) as set forth in
21 paragraph (1) of this subsection.

22 The election required under this subsection (a) shall be
23 made by each Tier I employee no earlier than February 1, 2014
24 and no later than May 31, 2014, except that:

25 (i) a person who becomes a Tier I employee under this
26 Article on or after February 1, 2014 must make the election

1 under this subsection (a) within 60 days after becoming a
2 Tier I employee;

3 (ii) a person who returns to active service as a Tier I
4 employee under this Article on or after February 1, 2014
5 and has not yet made an election under this Section must
6 make the election under this subsection (a) within 60 days
7 after returning to active service as a Tier I employee; and

8 (iii) a person who made the election under subsection
9 (a-5) as a Tier I retiree remains bound by that election
10 and shall not make a later election under this subsection
11 (a).

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

16 (a-5) Each Tier I retiree shall make an irrevocable
17 election either:

18 (1) to agree to the following:

19 (i) to have the amount of the automatic annual
20 increases in his or her retirement annuity calculated
21 without regard to subsection (a-1), (a-2), or (a-3) of
22 Section 18-125.1; and

23 (ii) to waive his or her eligibility for 2
24 automatic annual increases in retirement annuity as
25 provided in subsection (a-4) of Section 18-125.1; or

26 (2) to not agree to items (i) and (ii) as set forth in

1 paragraph (1) of this subsection.

2 The election required under this subsection (a-5) shall be
3 made by each Tier I retiree no earlier than February 1, 2014
4 and no later than May 31, 2014, except that:

5 (i) a person who becomes a Tier I retiree under this
6 Article on or after February 1, 2014 must make the election
7 under this subsection (a-5) within 60 days after becoming a
8 Tier I retiree; and

9 (ii) a person who made the election under subsection
10 (a) as a Tier I employee remains bound by that election and
11 shall not make a later election under this subsection
12 (a-5).

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

17 (a-10) All elections under subsection (a) or (a-5) that are
18 made or deemed to be made before June 1, 2014 shall take effect
19 on July 1, 2014. Elections that are made or deemed to be made
20 on or after June 1, 2014 shall take effect on the first day of
21 the month following the month in which the election is made or
22 deemed to be made.

23 (b) As adequate and legal consideration provided under this
24 amendatory Act of the 98th General Assembly for making an
25 election under paragraph (1) of subsection (a) of this Section,
26 any future increases in income offered for service as a judge

1 under this Article to a Tier I employee who has made an
2 election under paragraph (1) of subsection (a) of this Section
3 shall be offered expressly and irrevocably as constituting
4 salary under Section 18-111.

5 As adequate and legal consideration provided under this
6 amendatory Act of the 98th General Assembly for making an
7 election under paragraph (1) of subsection (a-5) of this
8 Section, any future increases in income offered for service as
9 a judge under this Article to a Tier I retiree who returns to
10 active service after having made an election under paragraph
11 (1) of subsection (a-5) of this Section shall be offered
12 expressly and irrevocably as constituting salary under Section
13 18-111.

14 (c) A Tier I employee who makes the election under
15 paragraph (2) of subsection (a) of this Section shall not be
16 subject to either item (i) or (ii) set forth in paragraph (1)
17 of subsection (a) of this Section. However, any future
18 increases in income offered for service as a judge under this
19 Article to a Tier I employee who has made the election under
20 paragraph (2) of subsection (a) of this Section shall be
21 offered expressly and irrevocably as not constituting salary
22 under Section 18-111, and the judge may not accept any future
23 increase in income that is offered in violation of this
24 requirement.

25 A Tier I retiree who makes the election under paragraph (2)
26 of subsection (a-5) of this Section shall not be subject to

1 either item (i) or (ii) set forth in paragraph (1) of
2 subsection (a-5) of this Section. However, any future increases
3 in income offered for service as a judge under this Article to
4 a Tier I retiree who returns to active service and has made the
5 election under paragraph (2) of subsection (a-5) of this
6 Section shall be offered expressly and irrevocably as not
7 constituting salary under Section 18-111, and the judge may not
8 accept any future increase in income that is offered in
9 violation of this requirement.

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

21 Tier I employees and Tier I retirees who are subject to
22 this Section shall be provided with an election packet
23 containing information regarding their options, as well as the
24 forms necessary to make the required election. Upon request,
25 the System shall offer Tier I employees and Tier I retirees an
26 opportunity to receive information from the System before

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

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

17 In no event shall the System, its staff, or the Board be
18 held liable for any information given to a participant,
19 beneficiary, or annuitant regarding the elections under this
20 Section. The System shall coordinate with the Illinois
21 Department of Central Management Services and each other
22 retirement system administering an election in accordance with
23 this amendatory Act of the 98th General Assembly to provide
24 information concerning the impact of the election set forth in
25 this Section.

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

1 increases in income offered for service as a judge must be
2 offered expressly and irrevocably as not constituting "salary"
3 under Section 18-111 to any Tier I employee, or Tier I retiree
4 returning to active service, who has made an election under
5 paragraph (2) of subsection (a) or (a-5) of this Section
6 18-120.5. A Tier I employee, or Tier I retiree returning to
7 active service, who has made an election under paragraph (2) of
8 subsection (a) or (a-5) of this Section 18-120.5 shall not
9 accept any future increase in income that is offered for
10 service as a judge under this Article in violation of the
11 requirement set forth in this subsection.

12 (f) An election under this Section is not a prohibited
13 election under subdivision (j)(1) of Section 1-119 of this
14 Code.

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

18 (h) If this Section is determined to be unconstitutional or
19 otherwise invalid by a final unappealable decision of an
20 Illinois court or a court of competent jurisdiction as applied
21 to Tier I employees but not as applied to Tier I retirees, then
22 this Section and the changes deriving from the election
23 required under this Section shall be null and void as applied
24 to Tier I employees but shall remain in full effect for Tier I
25 retirees.

26 (i) If this Section is determined to be unconstitutional or

1 otherwise invalid by a final unappealable decision of an
2 Illinois court or a court of competent jurisdiction as applied
3 to Tier I retirees but not as applied to Tier I employees, then
4 this Section and the changes deriving from the election
5 required under this Section shall be null and void as applied
6 to Tier I retirees but shall remain in full effect for Tier I
7 employees.

8 (j) If an election created by this amendatory Act in any
9 other Article of this Code or any change deriving from that
10 election is determined to be unconstitutional or otherwise
11 invalid by a final unappealable decision of an Illinois court
12 or a court of competent jurisdiction, the invalidity of that
13 provision shall not in any way affect the validity of this
14 Section or the changes deriving from the election required
15 under this Section.

16 (40 ILCS 5/18-125.1) (from Ch. 108 1/2, par. 18-125.1)

17 Sec. 18-125.1. Automatic increase in retirement annuity.

18 (a) Except as provided in subsections (a-1), (a-2), (a-3),
19 and (a-4), a A participant who retires from service after June
20 30, 1969, shall, in January of the year next following the year
21 in which the first anniversary of retirement occurs, and in
22 January of each year thereafter, have the amount of his or her
23 originally granted retirement annuity increased as follows:
24 for each year up to and including 1971, 1 1/2%; for each year
25 from 1972 through 1979 inclusive, 2%; and for 1980 and each

1 year thereafter, 3%.

2 (a-1) Notwithstanding any other provision of this Article,
3 for a Tier I employee who made the election under item (i) of
4 paragraph (1) of subsection (a) of Section 18-120.5, the amount
5 of each automatic annual increase in retirement annuity
6 occurring on or after the effective date of that election,
7 other than the initial increase, shall be 3% of the originally
8 granted retirement annuity.

9 (a-2) Notwithstanding any other provision of this Article,
10 for a Tier I employee who made the election under item (i) of
11 paragraph (1) of subsection (a) of Section 18-120.5, once the
12 first annual increase under this Section has been granted, the
13 next 2 scheduled annual increases after the effective date of
14 that election shall be skipped, and thereafter all annual
15 increases shall be granted.

16 (a-3) Notwithstanding any other provision of this Article,
17 for a Tier I employee who made the election under item (ii) of
18 paragraph (1) of subsection (a) of Section 18-120.5, once the
19 first annual increase under this Section has been granted, the
20 next 3 scheduled annual increases after the effective date of
21 that election shall be skipped, and thereafter all annual
22 increases shall be granted.

23 (a-4) Notwithstanding any other provision of this Article,
24 for a Tier I retiree who made the election under paragraph (1)
25 of subsection (a-5) of Section 18-120.5:

26 (1) if the Tier I retiree has not received the first

1 annual increase under this Section as of the effective date
2 of that election, then once the first annual increase under
3 this Section has been granted, the next scheduled annual
4 increase shall be skipped, the following annual increase
5 shall be granted, the next annual increase shall be
6 skipped, and thereafter all annual increases shall be
7 granted; and

8 (2) if the Tier I retiree has received the first annual
9 increase under this Section as of the effective date of
10 that election, then the next annual increase after that
11 effective date shall be skipped, the following annual
12 increase shall be granted, the next annual increase shall
13 be skipped, and thereafter all annual increases shall be
14 granted.

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

1 (c) This Section is not applicable to a participant who
2 retires before he or she has made contributions at the rate
3 prescribed in Section 18-133 for automatic increases for not
4 less than the equivalent of one full year, unless such a
5 participant arranges to pay the system the amount required to
6 bring the total contributions for the automatic increase to the
7 equivalent of one year's contribution based upon his or her
8 last year's salary.

9 This Section is applicable to all participants in service
10 after June 30, 1969 unless a participant has elected, prior to
11 September 1, 1969, in a written direction filed with the board
12 not to be subject to the provisions of this Section. Any
13 participant in service on or after July 1, 1992 shall have the
14 option of electing prior to April 1, 1993, in a written
15 direction filed with the board, to be covered by the provisions
16 of the 1969 amendatory Act. Such participant shall be required
17 to make the aforesaid additional contributions with compound
18 interest at 4% per annum.

19 (d) Except as provided in subsections (a-1), (a-2), (a-3),
20 and (a-4), any ~~Any~~ participant who has become eligible to
21 receive the maximum rate of annuity and who resumes service as
22 a judge after receiving a retirement annuity under this Article
23 shall have the amount of his or her retirement annuity
24 increased by 3% of the originally granted annuity amount for
25 each year of such resumed service, beginning in January of the
26 year next following the date of such resumed service, upon

1 subsequent termination of such resumed service.

2 (e) Beginning January 1, 1990, and except as provided in
3 subsections (a-1) and (b), all automatic annual increases
4 payable under this Section shall be calculated as a percentage
5 of the total annuity payable at the time of the increase,
6 including previous increases granted under this Article.

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

8 (40 ILCS 5/18-132) (from Ch. 108 1/2, par. 18-132)

9 Sec. 18-132. Obligations of State; funding guarantee.

10 (a) The payment of (1) the required State contributions,
11 (2) all benefits granted under this system and (3) all expenses
12 in connection with the administration and operation thereof are
13 the obligations of the State to the extent specified in this
14 Article.

15 (b) The State shall be contractually obligated to
16 contribute to the System in each State fiscal year an amount
17 not less than the sum required in Section 18-131 as that
18 Section existed prior to the effective date of this amendatory
19 Act of the 98th General Assembly.

20 The obligations created under this subsection (b) are
21 contractual obligations protected and enforceable under
22 Article I, Section 16 and Article XIII, Section 5 of the
23 Illinois Constitution.

24 Notwithstanding any other provision of law, if the State
25 fails to pay in a State fiscal year the amount guaranteed under

1 this subsection (b), the System may bring a mandamus action in
2 the Circuit Court of Sangamon County to compel the State to
3 make that payment, irrespective of other remedies that may be
4 available to the System. It shall be the mandatory fiduciary
5 obligation of the Board of the System to bring that action if
6 the State fails to pay in the fiscal year the amount guaranteed
7 under this subsection (b). Before commencing that action, the
8 Board shall submit a voucher for contributions required under
9 Section 18-140. If the State fails to pay a vouchered amount
10 within 90 days after receiving a voucher for that amount, then
11 the Board shall submit a written request to the Comptroller
12 seeking payment of that amount. A copy of the request shall be
13 filed with the Secretary of State, and the Secretary of State
14 shall provide copies of the request to the Governor and General
15 Assembly. No earlier than the 16th day after filing a request
16 with the Secretary, but no later than the 21st day after filing
17 that request, the Board may commence such an action in the
18 Circuit Court. If the Board fails to commence such action on or
19 before the 21st day after filing the request with the Secretary
20 of State, then any Tier I employee or Tier I retiree who made
21 an election under paragraph (1) of subsection (a) or (a-5) of
22 Section 18-120.5 may file a mandamus action against the Board
23 to compel the Board to commence its mandamus action against the
24 State. This subsection (b) constitutes an express waiver of the
25 State's sovereign immunity. In ordering the State to make the
26 required payment, the court may order a reasonable payment

1 schedule to enable the State to make the required payment. The
2 obligations and causes of action created under this subsection
3 (b) shall be in addition to any other right or remedy otherwise
4 accorded by common law, or State or federal law, and nothing in
5 this subsection (b) shall be construed to deny, abrogate,
6 impair, or waive any such common law or statutory right or
7 remedy.

8 Any payments required to be made by the State pursuant to
9 this subsection (b) are expressly subordinated to the payment
10 of the principal, interest, and premium, if any, on any bonded
11 debt obligation of the State or any other State-created entity,
12 either currently outstanding or to be issued, for which the
13 source of repayment or security thereon is derived directly or
14 indirectly from tax revenues collected by the State or any
15 other State-created entity. Payments on such bonded
16 obligations include any statutory fund transfers or other
17 prefunding mechanisms or formulas set forth, now or hereafter,
18 in State law or bond indentures, into debt service funds or
19 accounts of the State related to such bonded obligations,
20 consistent with the payment schedules associated with such
21 obligations.

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

23 (40 ILCS 5/18-133) (from Ch. 108 1/2, par. 18-133)

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

25 (a) Effective July 1, 1967, each participant is required to

1 contribute 7 1/2% of each payment of salary toward the
2 retirement annuity. Such contributions shall continue during
3 the entire time the participant is in service, with the
4 following exceptions:

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

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

24 (3) A participant who (i) has attained age 60, (ii)
25 continues to serve as a judge after becoming eligible to
26 receive the maximum rate of annuity, and (iii) has not

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

24 (a-5) In addition to the contributions otherwise required
25 under this Article, and notwithstanding the provisions of and
26 any election under subsection (a) of this Section, each Tier I

1 employee who made the election under item (ii) of paragraph (1)
2 of subsection (a) of Section 18-120.5 shall also make the
3 following contributions toward the cost of his or her
4 retirement annuity from each payment of salary received by him
5 or her for service as a judge:

6 (1) beginning July 1, 2014 and through June 30, 2015,
7 1% of salary; and

8 (2) beginning on July 1, 2015, 2% of salary.

9 (b) Beginning July 1, 1969, each participant is required to
10 contribute 1% of each payment of salary towards the automatic
11 increase in annuity provided in Section 18-125.1. However, such
12 contributions need not be made by any participant who has
13 elected prior to September 15, 1969, not to be subject to the
14 automatic increase in annuity provisions.

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

21 (d) Notwithstanding any other provision of this Article,
22 the required contributions for a participant shall not be based
23 on any salary in excess of the salary limitation applicable to
24 that participant under Section 18-111 or subsection (b-5) of
25 Section ~~who first becomes a participant on or after January 1,~~
26 ~~2011 shall not exceed the contributions that would be due under~~

1 ~~this Article if that participant's highest salary for annuity~~
2 ~~purposes were \$106,800, plus any increase in that amount under~~
3 ~~Section 18-125.~~

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

5 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

6 Sec. 18-140. To certify required State contributions and
7 submit vouchers.

8 (a) The Board shall certify to the Governor, on or before
9 November 15 of each year through ~~until~~ November 15, 2011, the
10 amount of the required State contribution to the System for the
11 following fiscal year ~~and shall specifically identify the~~
12 ~~System's projected State normal cost for that fiscal year.~~ The
13 certification under this subsection (a) shall include a copy of
14 the actuarial recommendations upon which it is based ~~and shall~~
15 ~~specifically identify the System's projected State normal cost~~
16 ~~for that fiscal year.~~

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

1 identifying, if necessary, recommended changes in actuarial
2 assumptions that the Board must consider before finalizing its
3 certification of the required State contributions.

4 On or before January 15, 2013 and every January 15
5 thereafter, the Board shall certify to the Governor and the
6 General Assembly the amount of the required State contribution
7 for the next fiscal year. The certification shall include a
8 copy of the actuarial recommendations upon which it is based
9 and shall specifically identify the System's projected State
10 normal cost for that fiscal year. The Board's certification
11 must note any deviations from the State Actuary's recommended
12 changes, the reason or reasons for not following the State
13 Actuary's recommended changes, and the fiscal impact of not
14 following the State Actuary's recommended changes on the
15 required State contribution.

16 (a-7) On or before May 1, 2004, the Board shall recalculate
17 and recertify to the Governor the amount of the required State
18 contribution to the System for State fiscal year 2005, taking
19 into account the amounts appropriated to and received by the
20 System under subsection (d) of Section 7.2 of the General
21 Obligation Bond Act.

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

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

7 (b) Beginning in State fiscal year 1996, on or as soon as
8 possible after the 15th day of each month the Board shall
9 submit vouchers for payment of State contributions to the
10 System, in a total monthly amount of one-twelfth of the
11 required annual State contribution certified under subsection
12 (a). From the effective date of this amendatory Act of the 93rd
13 General Assembly through June 30, 2004, the Board shall not
14 submit vouchers for the remainder of fiscal year 2004 in excess
15 of the fiscal year 2004 certified contribution amount
16 determined under this Section after taking into consideration
17 the transfer to the System under subsection (c) of Section
18 6z-61 of the State Finance Act. These vouchers shall be paid by
19 the State Comptroller and Treasurer by warrants drawn on the
20 funds appropriated to the System for that fiscal year.

21 If in any month the amount remaining unexpended from all
22 other appropriations to the System for the applicable fiscal
23 year (including the appropriations to the System under Section
24 8.12 of the State Finance Act and Section 1 of the State
25 Pension Funds Continuing Appropriation Act) is less than the
26 amount lawfully vouchered under this Section, the difference

1 shall be paid from the General Revenue Fund under the
2 continuing appropriation authority provided in Section 1.1 of
3 the State Pension Funds Continuing Appropriation Act.

4 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
5 97-694, eff. 6-18-12.)

6 (40 ILCS 5/18-169)

7 Sec. 18-169. Application and expiration of new benefit
8 increases.

9 (a) As used in this Section, "new benefit increase" means
10 an increase in the amount of any benefit provided under this
11 Article, or an expansion of the conditions of eligibility for
12 any benefit under this Article, that results from an amendment
13 to this Code that takes effect after the effective date of this
14 amendatory Act of the 94th General Assembly. "New benefit
15 increase", however, does not include any benefit increase
16 resulting from the changes made to this Article by this
17 amendatory Act of the 98th General Assembly.

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

23 (c) The Public Act enacting a new benefit increase must
24 identify and provide for payment to the System of additional
25 funding at least sufficient to fund the resulting annual

1 increase in cost to the System as it accrues.

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

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

24 (e) Except as otherwise provided in the language creating
25 the new benefit increase, a new benefit increase that expires
26 under this Section continues to apply to persons who applied

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

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

9 Section 97. Severability.

10 (a) Except as otherwise provided in this Act, and except as
11 provided in subsection (b), the provisions of this Act are
12 severable under Section 1.31 of the Statute on Statutes.

13 (b) If any benefit change made by this amendatory Act
14 Article 18 of the Illinois Pension Code is determined to be
15 unconstitutional or otherwise invalid by a final unappealable
16 decision of an Illinois court or a court of competent
17 jurisdiction, then the State funding guarantee provisions
18 added to that Article by this amendatory Act shall also be
19 invalid, and those funding guarantee provisions shall be
20 contingent upon and inseverable from those benefit changes.

21 Section 99. Effective date. This Act takes effect upon
22 becoming law.

1 INDEX

2 Statutes amended in order of appearance

3 5 ILCS 375/6.16 new

4 40 ILCS 5/18-110.1 new

5 40 ILCS 5/18-110.2 new

6 40 ILCS 5/18-110.9 new

7 40 ILCS 5/18-111 from Ch. 108 1/2, par. 18-111

8 40 ILCS 5/18-120.5 new

9 40 ILCS 5/18-125.1 from Ch. 108 1/2, par. 18-125.1

10 40 ILCS 5/18-132 from Ch. 108 1/2, par. 18-132

11 40 ILCS 5/18-133 from Ch. 108 1/2, par. 18-133

12 40 ILCS 5/18-140 from Ch. 108 1/2, par. 18-140

13 40 ILCS 5/18-169